

joining up
journeys



committee minute

Strathclyde Partnership for Transport

Minute of Audit and Standards Committee meeting

17 September 2010

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 17 September 2010.

Present	Councillors Duncan MacIntyre (Chair), Bill Grant, Ian Gray and Tommy Morrison and appointed member Tom Hart.
Attending	Valerie Davidson, Assistant Chief Executive (Business Support), Neil Wylie, Director of Finance & HR and Owen Hendry, Chief Internal Auditor.
Apologies	Councillor William Hendrie and appointed member Bill Ure.
Also attending	Stephen Reid, KPMG.

1. Declaration of interest

The committee noted that there were no declarations of interest.

2. Minute of previous meeting

The minute of the meeting of 11 June was submitted and approved as a correct record.

3. Corporate Risk Register update

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There was submitted a report (issued) of 8 September 2010 by the Assistant Chief Executive (Business Support),

- (1) reminding members of the role of SPT's Risk Management Group which met quarterly to monitor and review the risks faced by SPT within its working environment;
- (2) highlighting various amendments to the Corporate Risk Register which had been made at a recent meeting of the Risk Management Group, including the addition of risk reference SPT18 to reflect the current changes in the economic climate and the deletion of SPT10 to reflect the progress made in that area; and
- (3) appending a revised Corporate Risk Register which highlighted the key risks currently identified for the organisation, together with their consequences, mitigating controls and assessed risk scores.

After discussion and having heard Mr Wylie in answer to members' questions and having heard various members of the committee commend the work of SPT's staff in the transport arrangements for the recent papal visit, the committee noted the revised Corporate Risk Register.

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4. Local Code of Corporate Governance

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With reference to the minute of the committee of 29 March 2007 (page 3, paragraph 5) when the committee had noted the Partnership's code of governance which had been based on a best practice framework developed jointly for the public sector by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), there was submitted and noted a report (issued) of 8 September 2010 by the Assistant Chief Executive (Business Support)

- (1) informing members that the original framework had now been replaced by the CIPFA/SOLACE publication 'Delivering Good Governance in Local Government';
- (2) providing details of the changes contained in the new framework which included best practice objectives to provide the basis for each local authority to develop and maintain a local code of governance reflecting its type, size, functions and nature;
- (3) explaining
 - (a) that the new framework now required authorities in England and Wales to produce an annual governance statement; and
 - (b) that although there was no statutory obligation for a governance statement in Scotland, Scottish Authorities were encouraged similarly to produce such a statement;
- (4) appending
 - (a) SPT's draft Local Code of Corporate Governance which would support future annual governance statements; and
 - (b) an action plan for implementing the recommendations contained in the new framework; and
- (5) advising members that progress on the delivery of the action plan would be reported to future committees.

5. Internal Audit Plan 2010/2011 - progress

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With reference to the minute of 11 June 2010 (page 5, paragraph 10) when the committee had approved an internal audit plan for 2010/2011 which had been prepared in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom, issued in 2006 by the Chartered Institute of Public Finance and Accountancy, there was submitted and noted a report (issued) of 8 September 2010 by the Assistant Chief Executive (Business Support),

- (1) reminding members that the main objectives of the annual audit plan were to
 - translate the strategic plan into a schedule of audit assignments;
 - define the purpose and duration of each audit assignment;

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- provide a framework for direction and control; and
 - align audit coverage to SPT's risk registers;
- (2) informing members
- (a) that at the end of August 2010, the plan was broadly on target to achieve the agreed audit coverage of 490 productive days; and
- (b) that during the first five months, 198 of the 204 planned productive days for that period had been achieved; and
- (3) indicating that the implementation of the audit plan was on target and would allow delivery of the planned audit coverage for 2010/11.

6. Internal Audit reports

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There was submitted a report (issued) of 7 September 2010 by the Assistant Chief Executive (Business Support)

- (1) appending summary reports from recently completed internal audit reviews on the following systems;
- Payment Procedures;
 - Procurement; and
 - Budgetary Control;
- (2) explaining that the remedial actions recommended in the reports, 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.

7. Follow up of Internal Audit Recommendations

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There was submitted and noted a report (issued) of 8 September 2010 by the Assistant Chief Executive (Business Support),

- (1) appending a report detailing

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- (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 the committee on 13 November 2009 and 26 February 2009:-
 - Subway Income;
 - Allocation of Zonocard Revenue; and
 - Main Accounting Systems; and
- (2) informing members that the progress in implementing the agreed internal audit recommendations reported to the committee were generally satisfactory.

8. 2009/2010 SPT Abstract of Accounts

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There was submitted a report (issued) of 7 September 2010 by the Assistant Chief Executive (Business Support) requesting that the committee agree that the finalised SPT abstract of accounts for the financial year ending 31 March 2010 (appended to the report) be submitted to the Controller of Audit no later than 30 September 2010.

After considerable discussion and having heard Mr Wylie and Mrs Davidson in answer to members' questions, the committee

- (1) approved the finalised abstract of accounts; and
- (2) agreed that, following the recent debates on the national review of pension arrangements and the current economic climate, it would be appropriate to scrutinise the voluntary severance and redundancy policy at a future committee.

9. 2009/2010 Strathclyde Concessionary Travel Scheme Joint Committee Abstract of Accounts

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There was submitted a report (issued) of 8 September 2010 by the Assistant Chief Executive (Business Support) requesting that the committee agree that the finalised Strathclyde Concessionary Travel Scheme Joint Committee abstract of accounts for the financial year ending 31 March 2010 (appended to the report) be submitted to the Controller of Audit no later than 30 September 2010.

After considerable discussion on the ferry and age elements of the scheme and the potential capping of fares and having heard Mr Wylie and Mrs Davidson in answer to members' questions, the committee noted the finalised abstract of accounts.

10. Implementation of External Audit Recommendations

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With reference to the minute of 2 June 2010 (page 1, paragraph 2) when the committee had noted

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- (1) that SPT had invited KPMG to assist in a desk top review of expenses, following a number of formal complaints against SPT to Audit Scotland who had requested that KPMG, as SPT's external auditors, perform an independent review in respect of the formal complaints; and
- (2) KPMG's report which had detailed the work performed, together with the outcome of their review and the remedial actions SPT had taken to address the findings in each section of the report,

there was submitted and noted a report (issued) of 9 September 2010 by the Assistant Chief Executive (Business Support)

- (a) enclosing a copy of the action plan prepared by KPMG for implementation by SPT;
- (b) explaining
 - (i) that six out of the seven action points contained in the plan had now been implemented; and
 - (ii) that the remaining action on the review of SPT's expenses policy was currently in progress.

After considerable discussion and having heard Mrs Davidson in answer to members' questions and advise

- (A) that all recommendations had now been implemented or were in the final process of implementation; and
- (B) that arrangements were being made for further CIPFA training for all Partnership members on roles and responsibilities,

the committee

- (I) noted the report; and
- (II) agreed that the Secretary, in conjunction with the Director of Finance and HR, would discuss how the committee could be proactive in the scrutiny of conflict of interest issues in relation to the procurement process.

11. Members' and Directors' Expenses 2010/11

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With reference to the minute of 2 June 2010 (page 2, paragraph 2) when the committee had agreed that all members' and directors' expenses should be provided to the committee for scrutiny on a regular basis, there was submitted a report (issued) of 9 September 2010 by the Assistant Chief Executive (Business Support) appending members' and directors' expenses paid from 1 April to 11 September 2010.

After discussion and having heard Mr Wylie advise that following the recent restructuring of the senior management team, three of the individuals on the list were no longer at

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Director level and could be deleted from the list as their posts would no longer be covered by the disclosure process, the committee noted the terms of the report.

12. External Audit - report to those charged with governance

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There was submitted a report (issued) of 8 September 2010 by the Assistant Chief Executive (Business Support)

- (1) enclosing the external audit annual report for 2009/2010 for Strathclyde Partnership for Transport which had been consolidated with the annual report for the Strathclyde Concessionary Travel Scheme Joint Committee;
- (2) explaining that the report had been compiled in accordance with Audit Scotland's Code of Practice and included consideration of the Partnership's arrangements for preparation of the financial statements and other information accompanying the financial statements;
- (3) informing members
 - (a) that, the conclusions of the external audit report were satisfactory and had indicated that the financial statements for the Partnership for the financial year 2009/10 were unqualified;
 - (b) that a small number of remedial actions to improve the financial statements and strengthen corporate governance arrangements had been identified; and
 - (c) that the implementation of these actions had been agreed with the Partnership's management.

After considerable discussion and having heard

- (i) Mr Reid in answer to members' questions and in further explanation of the report;
- (ii) various members raise concerns regarding the additional pressures which had impacted the control environment relating to the production of financial reporting information since 2008/09;
- (iii) Mr Wylie advise members that although there had been additional pressures on Finance staff during that year, he had every confidence in them for the year ahead; and
- (iv) Mrs Davidson and the Chair commend the Finance team for their hard work and professionalism and stress that SPT would continue to ensure good governance and robust financial management at all times,

the committee noted the terms of the report and the planned actions.