

*joining up
journeys*

SPT

committee minute

Strathclyde Partnership for Transport

Minute of Audit and Standards Committee meeting

19 November 2010

held at Consort House, Glasgow

contact officers:

Valerie A Bowen phone: 0141 333 3130
Kirsten Clubb phone: 0141 333 3576

Minute of the meeting of the Strathclyde Partnership for Transport's Audit and Standards Committee held in Glasgow on 19 November 2010.

- Present** Councillors Duncan MacIntyre (Chair), Bill Grant, Ian Gray, William Hendrie and Matthew Kerr (Deputy) and appointed member Bill Ure.
- Attending** Valerie Davidson, Assistant Chief Executive (Business Support), Valerie A Bowen, Senior Clerk; Gordon Maclennan, Chief Executive; Neil Wylie, Director of Finance & HR and Owen Hendry, Chief Internal Auditor.
- Apologies** Councillor Tommy Morrison and appointed member Tom Hart.
- 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 17 September 2010 was submitted and approved as a correct record, subject to word "approved" being replaced by the word "noted" in the last line of paragraph 9 on page 4.

3. Corporate Risk Register update

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There was submitted a report (issued) of 10 November 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) appending the Corporate Risk Register which highlighted the key risks currently identified for the organisation, together with their consequences, mitigating controls and assessed risk scores; and
- (3) advising members that no changes had been made to the Register since the last meeting of the Committee.

After discussion and having heard Mr Wylie in answer to members' questions and also indicate that a further meeting of the Risk Management Group had been arranged from which it was likely that there would be some changes to the Risk Register, the committee noted the Corporate Risk Register.

19 November 2010

4. Internal Audit reports

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There was submitted a report (issued) of 9 November 2010 by the Assistant Chief Executive (Business Support)

- (1) appending summary reports from recently completed internal audit reviews on the following systems;
 - Debtors; and
 - Information Technology controls;
- (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.

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 10 November 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;
 - 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 October 2010, the plan was broadly on target to achieve the agreed audit coverage of 490 productive days; and
 - (b) that during the first seven months, 270 of the 286 planned productive days for that period had been achieved; and

19 November 2010

- (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. Follow up of Internal Audit recommendations

[Click here to view report](#)

There was submitted and noted a report (issued) of 9 November 2010 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 the committee on 11 June 2010:-
 - Asset Management;
 - Risk Management; and
 - Payroll acting up allowances; and
- (2) informing members that, although the progress in implementing the agreed internal audit recommendations reported to the committee was satisfactory, they would be subject to further review.

7. Audit investigations – SPT's Fraud Response Plan

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There was submitted a report (issued) of 11 November 2010 by the Assistant Chief Executive (Business Support),

- (1) reminding members that senior management could request an internal audit investigation of selected areas of SPT activities where significant areas of concern were identified;
- (2) detailing the results of three recent internal audit investigations into the following areas:-
 - Allegation of irregularity in purchasing process;
 - Payment scam – alteration of bank details; and
 - National Fraud Initiative;
- (3) explaining that the investigations had been designed to assist management with their responsibility for the prevention of fraud.

After considerable discussion and having heard Mr Hendry in further explanation and in answer to members' questions, the committee noted the recent audit investigations conducted by the Internal Audit Team.

19 November 2010

8. External Audit Annual Report 2009/2010

[Click here to view report](#)

There was submitted a report (issued) of 10 November 2010 by the Assistant Chief Executive (Business Support)

- (1) enclosing the external audit annual report for 2009/2010, produced by KPMG, 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 documents set out to provide an opinion on the Partnership's financial statements together with the organisation's corporate governance arrangements as they related to:-
 - systems of internal control;
 - the prevention and detection of fraud and irregularity;
 - prevention and detection of corruption; and
 - the Partnership's financial position; and
- (3) informing members
 - (a) that, although the conclusions of the external audit report were satisfactory, a small number of remedial actions to improve the financial statements and strengthen corporate governance arrangements had been identified; and
 - (b) that the implementation of these actions had been agreed with the Partnership's management.

After considerable discussion and having heard Mr Reid and Mrs Davidson in further explanation of the report and in answer to members' questions, the committee noted the terms of the report and the planned actions.

9. Results of expenses benchmarking study

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There was submitted and noted a report (issued) of 11 November 2010 by the Assistant Chief Executive (Business Support)

- (1) reminding members that SPT had opted to undertake a benchmarking exercise to identify whether or not its practices in relation to travel and expense arrangements were in line with similar organisations and how best to ensure that SPT complied with best practice in this area;
- (2) appending KPMG's summary findings which had concluded that, although there were areas where SPT already complied with best practice, there were some areas where SPT practice could be more explicit, thus minimizing risk to the organisation; and
- (3) informing members that, as many of the current arrangements were matters of employment terms and conditions, SPT would now seek to amend these following the appropriate consultation process and consideration by the Personnel Committee.