

Strathclyde Partnership for Transport

Minute of the Audit & Standards Committee

20 June 2014

held in Consort House, Glasgow

contact officers:

Valerie A Bowen

phone: 0141 333 3130

Kirsten Clubb

phone: 0141 333 3576

Minute of the meeting of Strathclyde Partnership for Transport's Audit and Standards Committee held in Consort House, Glasgow on 20 June 2014

- Present** Councillors David Wilson (Chair), Bobby McDill, Pauline McKeever and Paul Welsh and appointed members Ann Faulds, Tom Hart and Jim McNally.
- Attending** Valerie Davidson, Assistant Chief Executive (Business Support); Iain McNicol, Audit & Assurance Manager and Neil Wylie, Director of Finance and HR.
- Also attending** Andy Shaw, KPMG and John F Anderson, Adviser.

1. Apologies

Apologies were submitted from Councillors John Bruce, Bill Grant and Alan Moir.

2. Declaration of interest in terms of the Ethical Standards in Public Life etc (Scotland) Act 2000

The committee noted that there were no declarations of interest.

3. Minute of previous meeting

[Click here to view minute](#)

The minute of the meeting of 28 March 2014 was submitted and approved as a correct record.

4. Corporate Risk Register update

[Click here to view report](#)

There was submitted and noted a report (issued) of 21 May 2014 by the Assistant Chief Executive (Business Support)

- (1) appending the current corporate risk register; and
- (2) advising members that since the last committee, the following change had been made to the risk register:-
 - the removal of SPT risk reference SPT16 – reduction in earned income impacts negatively on SPT services.

Following a discussion relating to risk SPT21 (adverse publicity), the committee agreed that a review and subsequent report considering how SPT managed and monitored press coverage, including reputational management on social media, be presented to the next committee.

5. 2013/2014 Abstract of Accounts – Strathclyde Partnership for Transport

[Click here to view report](#)

There was submitted and approved a report (issued) of 2 June 2014 by the Assistant Chief Executive (Business Support) requesting that the Committee agree that the draft abstract of the annual accounts for the Partnership for the financial year ending 31 March 2014 (appended to the report), be submitted to the Controller of Audit no later than 30 June 2014.

20 June 2014

6. 2013/2014 Abstract of Accounts – Strathclyde Concessionary Travel Scheme Joint Committee

[Click here to view report](#)

There was submitted and approved a report (issued) of 30 May 2014 by the Assistant Chief Executive (Business Support) requesting that the Committee agree that the draft abstract of the annual accounts for the Strathclyde Concessionary Travel Scheme Joint Committee for the financial year ending 31 March 2014 (appended to the report), be submitted to the Controller of Audit no later than 30 June 2014.

7. Counter Fraud Strategy

[Click here to view report](#)

There was submitted and approved a report (issued) of 28 May 2014 by the Assistant Chief Executive (Business Support) appending SPT's updated Counter Fraud Strategy which had been reviewed and enhanced to reflect recent organisational change and to provide best practice guidance to all staff.

8. Audit Scotland report on Options Appraisal: Are you getting it right ?

[Click here to view report](#)

There was submitted and noted a report (issued) of 8 April 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members that Audit Scotland had published a report " Options appraisal: Are you getting it right ? " in March 2014;
- (2) appending a copy of the report;
- (3) indicating that the report was aimed at
 - Members – who were responsible for setting strategic direction, taking policy decisions and scrutinising performance. Appendix 2 to the report offered a set of prompt questions for members to use to appraise critically arrangements;
 - Chief Executives and corporate management teams – who were responsible for delivering the strategic objectives and ensuring that members received the information they needed to make informed decisions; and
 - Managers – who were responsible for managing a robust options appraisal process; and
- (4) outlining the key messages for all local government organisations.

9. Audit Scotland report: An Overview of Local Government in Scotland 2014

[Click here to view report](#)

There was submitted and noted a report (issued) of 17 April 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members that Audit Scotland had published a report " An overview of local government in Scotland 2014 " in March 2014;
- (2) appending a copy of the report;

20 June 2014

- (3) explaining that the report had intimated
 - (a) that as public sector organisations continued to face significant challenges, they needed to review how services were currently delivered and to consider options as to how services might be delivered in future; and
 - (b) that they needed also to increase the focus on partnership working and longer-term resource planning, as public sector organisations which placed Best Value at the heart of all they did were best placed to deal with the challenges in 2014 and beyond;
- (3) advising members that the report was primarily for members as a source of information to support them in their role, as members would need to work closely with officers to identify the position in their organisation(s) and to address the priorities identified; and
- (4) highlighting the key messages from the Audit Scotland report.

10. Location Audits: Subway Stations

[Click here to view report](#)

There was submitted and noted a report (issued) of 30 May 2014 by the Assistant Chief Executive (Business Support)

- (1) reminding members that there were 15 stations within the Subway network, three of which offered Park & Ride services;
- (2) detailing the findings of location audits of SPT's Subway Stations;
- (3) explaining that the objective of this engagement was to assess the systems in place for cash handling and ticket administration; and
- (4) advising members
 - (a) that some areas for improvement had been identified and twelve recommendations had been agreed;
 - (b) that, as at the date of the report, ten of the twelve recommendations had been implemented;
 - (c) that key controls existed and were applied consistently and effectively in the majority of areas covered in the engagement; and
 - (d) that reasonable assurance could be taken from the areas covered in the engagement.

11. Regularity audit of lost property

[Click here to view report](#)

There was submitted and noted a report (issued) of 8 April 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members that, in 2013, SPT administered 1,681 items of lost property;

20 June 2014

- (2) detailing the findings of a regularity audit of lost property;
- (3) explaining that the objective of the engagement was to assess and evaluate the policy and procedures for dealing with lost property and to analyse the lost property records for 2013; and
- (4) advising members
 - (a) that some areas for improvement had been identified and eight recommendations had been agreed;
 - (a) that, although key controls existed, they were not applied consistently and effectively; and
 - (c) that reasonable assurance could be taken from the areas covered in the engagement, with the exception of disposal arrangements and record keeping where recommendations for improvement had been made.

After discussion and having heard Messrs McNicol and Wylie in answer to members' questions, the committee agreed that the Audit & Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

12. Core Financial System review of payroll

[Click here to view report](#)

There was submitted a report (issued) of 27 May 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members that all SPT employees and members' allowances and expenses were paid on a 4-weekly pay cycle through SPT's in-house Chris 21 system;
- (2) detailing the findings of a core system review of payroll;
- (3) explaining that the objective of the engagement was to undertake an end to end review of the payroll systems and identify, assess and evaluate the current system by testing internal controls; and
- (4) advising members
 - (a) that some areas for improvement had been identified and five recommendations had been agreed;
 - (b) that, key controls existed and were applied consistently and effectively in the majority of areas covered in the engagement; and
 - (c) that reasonable assurance could be taken from the areas covered in the engagement.

After discussion and having heard Messrs McNicol and Wylie in answer to members' questions, the committee agreed that the Audit & Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

20 June 2014

13. Systems review of ZoneCard on-line ticket sales

[Click here to view report](#)

There was submitted a report (issued) of 10 June 2014 by the Assistant Chief Executive (Business Support)

- (1) reminding members that ZoneCard was a flexible season ticket, administered by SPT, for unlimited travel by rail, Subway, most buses and some ferries in the Strathclyde region;
- (2) informing members that SPT offered a service for existing ZoneCard holders to renew their Zonocard on-line, which accounted for 1% of all ZoneCard income;
- (3) detailing the audit findings of a system review of on-line ticket sales;
- (4) explaining that the objective of the audit review was to assess and evaluate the current system in place for ZoneCard on-line ticket sales; and
- (5) advising members
 - (a) that some areas for improvement had been identified and six recommendations had been agreed;
 - (b) that key controls existed and were applied consistently and effectively in the majority of areas covered in the engagement; and
 - (c) that reasonable assurance could be taken from the areas covered in the engagement.

After consideration and having heard that additional training had been provided to Bus Operations staff as part of this engagement, the committee agreed that the Audit & Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

14. Engagement follow-up performance December 2013 to June 2014

[Click here to view report](#)

There was submitted and noted a report (issued) of 30 May 2014 by the Assistant Chief Executive (Business Support)

- (1) reminding members that in accordance with the Public Sector Internal Audit Standards and the Internal Audit Charter, a follow up process to monitor and ensure that management actions arising from internal audit work were implemented effectively must be established and then subsequently presented to the Audit and Standards Committee;
- (2) appending a summary of ten assurance engagements which had been completed between December 2013 and June 2014;
- (3) concluding that of the 90 recommendations contained in those engagements, 78 (87%) had been implemented; and
- (4) informing members that, where a recommendation had not been implemented as at the date of the follow up engagement, a client assurance statement had been agreed

20 June 2014

with the lead officer(s) to record a revised timescale to complete the outstanding recommendation.

15. Annual Internal Audit opinion and report 2013/2014

[Click here to view report](#)

There was submitted and noted a report (issued) of 10 June 2014 by the Assistant Chief Executive (Business Support)

- (1) explaining that as Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme Joint Committee shared many common systems, a joint internal audit plan had been compiled for the two organisations and had been approved at the Partnership's Audit & Standards Committee on 22 March 2013;
- (2) informing members that the main objective of the plan was to provide an assurance service which assessed the effectiveness and efficiency of the Partnership and Joint Committee systems for internal control, including consultancy services and fraud related work;
- (3) appending all assurance engagements completed in 2013/2014, together with the levels of assurance assigned to each engagement; and
- (4) concluding that it was the opinion of the Audit and Assurance Manager that reasonable assurance could be placed upon the adequacy and effectiveness of the Partnership's and Joint Committee's framework of governance, risk management and control in the year to 31 March 2014.

16. Members' and Directors' expenses 2013/2014 and 2014/2015

[Click here to view report](#)

There was submitted a report (issued) of 2 June 2014 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses to 31 March 2014 for the financial year 2013/2014 and to 17 May 2014 for the financial year 2014/2015

Following discussion, the committee agreed that the previous full year comparator would be included on future reports as additional information.