

## **Strathclyde Partnership for Transport**

### **Minute of the Audit & Standards Committee**

**22 March 2013**

held in Consort House, Glasgow

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**Minute of the meeting of Strathclyde Partnership for Transport's  
Audit and Standards Committee held in Consort House, Glasgow, on 22 March 2013**

- Present** Councillors David Wilson (Chair), Duncan Cumming (substitute), Bobby McDill and Paul Welsh and appointed members Tom Hart and Jim McNally.
- Attending** Valerie Davidson, Assistant Chief Executive (Business Support); Valerie A Bowen, Senior Clerk; Neil Wylie, Director of Finance & HR; Iain McNicol, Audit & Assurance Manager and Donald Baddon, IT Manager
- Also attending** John F Anderson, Adviser and Stephen Reid, KPMG.

**1. Apologies**

Apologies were submitted from Councillors John Bruce, Bill Grant, Pauline McKeever and Alan Moir and appointed member Ann Faulds.

**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**

The minute of the meeting of 16 November 2012 was submitted and noted.

**4. SPT's response to the consultation on Ethical Standards in Public Life: Proposals for amendments to be made to the Model Code of Conduct for Members of devolved public bodies**

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With reference to the minute of the Partnership of 24 March 2006 (page 5, paragraph 8) when the Partnership had approved, inter alia, a Code of Conduct based on the Members' Code as required by the Ethical Standards in Public Life etc. (Scotland) Act 2000, there was submitted a report (issued) of 26 February 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members of a current consultation by the Scottish Government on proposed amendments to be made to the Model Code of Conduct for members of devolved public bodies;
- (2) appending the revised model code;
- (3) intimating that the main changes would include revisions to the following paragraphs:-
  - Section 2: Key Principles – the changes in this section emphasised that the key principles should be used for guidance and interpretation only;
  - Section 3: General Conduct – there are some changes throughout this section but the main one saw the introduction of a monetary ceiling of £50 for declaring gifts received;

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- Section 4: Registration of Interests –some additional wording had been inserted into this section to clarify category five, shares and securities and also category six, gifts and hospitality; and
  - Section 5: Declaration of Interests – this section had been redrafted to make the section easier to follow and to apply an “objective” test. This test related to whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it was likely to prejudice members' discussion or decision making in their role as a member of a public body; and
- (4) recommending that the committee
- (a) approve SPT's proposed response to the consultation which welcomed the proposed revisions to the Members' Code as bringing consistency with the Councillors' Code in introducing useful clarifications; and
  - (b) note that an amended Code of Conduct would be presented to the committee for consideration once the revised Members' Code was reissued by the Scottish Government.

After consideration, the committee approved the recommendations at (4) above.

## 5. Corporate Risk Register update

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There was submitted and noted a report (issued) of 27 February 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT's Corporate Risk Register which highlighted the key risks currently identified for the organisation, together with their consequences, mitigating controls and assessed risk scores, was reviewed and amended on a frequent basis;
- (2) appending the current corporate risk register; and
- (3) advising members that there had been no changes to the register since the last Audit & Standards committee meeting held on 16 November 2012.

## 6. Systems review of the comments and complaints procedure

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There was submitted a report (issued) of 30 January 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members of SPT's current comments and complaints procedure;
- (2) detailing the audit findings of a systems review of that procedure;
- (3) explaining that the objective of the audit was to to identify, assess and evaluate the current system for recording and reporting comments and complaints within SPT, in accordance with best practice guidance;

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- (4) advising members
  - (a) that some areas of improvement had been identified and fourteen recommendations had been agreed which would be implemented by departmental management;
  - (b) that key controls existed and had been applied consistently and effectively in the majority of areas; and
  - (c) that reasonable assurance could be taken from the controls in place in those areas covered in the assignment; and
- (5) intimating that the Audit and Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

After consideration and having heard Mrs Davidson in answer to members' questions, the committee agreed that investigations be made into providing the Audit & Standards Committee with a regular report on the type and nature of complaints received by SPT.

## **7. Systems review of Contract Register(s)**

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There was submitted and noted a report (issued) of 30 January 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members of SPT's current arrangement for recording contracts with external providers for a wide range of goods and services;
- (2) detailing the audit findings of a systems review of that procedure;
- (3) explaining that the objective of the audit was to to identify the process for identifying, recording and reviewing contracts;
- (4) advising members
  - (a) that some areas of improvement had been identified and seven recommendations had been agreed which would be implemented by departmental management
  - (b) that key controls existed and had been applied consistently and effectively in the majority of areas; and
  - (c) that reasonable assurance could be taken from the controls in place in those areas covered in the assignment; and
- (5) intimating that the Audit and Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

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**8. Value for money study – mobile phones**

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There was submitted and noted a report (issued) of 30 January 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members of SPT's current arrangements for the provision of mobile phones to staff where a genuine business case existed;
- (2) intimating that the objective of the audit engagement was to identify and assess the adequacy of internal controls in relation to access, monitoring and reporting of mobile phone usage and to analyse and evaluate summary data in the context of economy, efficiency and effectiveness of resource allocation;
- (3) concluding
  - (a) that policy and guidance on the purchase and usage of mobile phones required to be reviewed and communicated to all stakeholders;
  - (b) that audit work analysis of the spend on the current arrangements as against current rate business contracts had suggested that a contract package (including a mobile phone) would offer better value for money for high volume users; and
  - (c) that the records of mobile phone requests and the issue/return of handsets were not up to date;
- (4) advising members
  - (a) that some areas of improvement had been identified and five recommendations had been agreed which would be implemented by departmental management;
  - (b) that key controls existed and had been applied consistently and effectively in the majority of areas; and
  - (c) that reasonable assurance could be taken from the controls in place in those areas covered in the assignment; and
- (5) intimating that the Audit and Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

**9. Follow up of IT controls (physical and environmental)**

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With reference to the minute of 16 November 2012 (page 4, paragraph 12) when the committee had

- (1) considered the findings of a systems review of IT controls (physical and environmental); and
- (2) noted that the Audit and Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting,

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there was submitted a report (issued) of 1 March 2013 by the Assistant Chief Executive (Business Support)

- (a) informing members that twenty two of the twenty six recommendations had been implemented as per the agreed timetable; and
- (b) that progress had been made on the remaining recommendations and assurances had been given that all recommendations would be implemented.

Following consideration,

- (i) the Chair, on behalf of the committee, complimented the IT manager on the actions of his staff in implementing the recommendations; and
- (ii) the committee noted the terms of the report.

#### **10. New Public Sector Internal Audit Standards**

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There was submitted and approved a report (issued) of 15 February 2013 by the Assistant Chief Executive (Business Support)

- (1) advising members
  - (a) that new Public Sector Internal Audit Standards (PSIAS), would come into force on 1 April 2013;
  - (b) that the new PSIAS had been developed to provide a consistent standard across the UK public sector and applied to central government, local government and NHS organisations; and
  - (c) that the new PSIAS replaced the current CIPFA Code of Practice for Internal Audit in Local Government in the UK, last published in 2006;
- (2) outlining the objectives of the new PSIAS;
- (3) appending a revised Internal Audit Charter which had been reviewed to take account of the new standards; and
- (4) recommending that the committee
  - (a) approve the revised Internal Audit Charter; and
  - (b) agree that the new Public Sector Internal Audit Standards be adopted.

#### **11. Internal Audit Plan 2013/2014**

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There was submitted and approved a report (issued) of 27 February 2013 by the Assistant Chief Executive (Business Support)

- (1) appending an internal audit plan for 2013/2014 which had been prepared in accordance with the Public Sector Internal Audit Standards;

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- (2) reminding members that the main objectives of the annual audit plan were to provide a framework for audit engagements in the forthcoming year and to ensure that the plan was aligned to the Partnership's strategic objectives and corporate governance arrangements;
- (3) informing members that the risk-based plan and the scope of each audit engagement had been informed by:
  - Risk registers;
  - External factors (e.g. government initiatives, intelligence, networking, etc.); and
  - Strategy team and senior management consultation; and
- (4) recommending approval of the Internal Audit Plan for 2013/2014.

## 12. **Members' and Directors' expenses 2012/2013**

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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 agreed, *inter alia*, that the Audit and Standards Committee review the expenses of all members and senior officers on an ongoing basis, there was submitted and noted a report (issued) of 1 March 2013 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses for the period from 1 April 2012 to 23 February 2013.

## 13. **External Audit – Audit Strategy and Plan for the year ending 31 March 2013**

[Click here to view report](#)

There was submitted the Audit Strategy and Plan by the External Auditors, KPMG, for the year ended 31 March 2013 which summarised KPMG proposals regarding the Audit Strategy & Planning for the financial year ending 31 March 2013.

After discussion and having heard Mr Reid in further amplification of the report and in answer to members' questions, the committee noted the External Auditors Audit Strategy and Plan.

## 14. **External Audit - Interim Management Report for the year ending 31 March 2013**

[Click here to view report](#)

There was submitted the Interim Management Report issued by the External Auditors, KPMG, for the year ended 31 March 2013 which summarised KPMG findings regarding corporate governance, financial statements and other matters which included the audit timeline.

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