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journeys



committee minute

## **Strathclyde Partnership for Transport**

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

**23 March 2012**

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 23 March 2012.

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**Present** Councillors Ian Gray (Chair) and Gilbert Davidson and appointed members Tom Hart and Bill Ure.

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

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

### 1. Quorum

In terms of Standing Order no. 3.1.1, although more than 25% of the members of the committee were in attendance, the meeting was deemed to be inquorate as three councils were not represented. Thereon, members present discussed the following items of business.

### 2. Election of Chair

In the absence of Councillor MacIntyre, it was agreed that Councillor Gray take the Chair.

### 3. Apologies

Apologies were submitted from Councillors Bill Grant, William Hendrie and Duncan MacIntyre.

### 4. Declaration of interest

The committee noted that there were no declarations of interest.

### 5. Minute of previous meeting

The minute of the meeting of 18 November 2011 was submitted and noted.

### 6. Corporate Risk Register update

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There was submitted and noted a report (issued) of 8 March 2012 by the Assistant Chief Executive (Business Support)

23 March 2012

- (1) reminding 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) informing members of the following changes which had been made to the Corporate Risk Register:-
  - changes to the narrative of SPT1 to reflect the reduction in public sector finances;
  - changes to the narrative of SPT2 to reflect that SPT was succeeding in the reduction of sickness levels, not exclusively Subway; and
  - changes to the narrative of SPT6 to include Transec issues with regard to security.
- (3) appending the revised corporate risk register which also highlighted all risks which had been deleted.

## **7. Internal Audit reports**

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There was submitted and noted a report (issued) of 7 March 2012 by the Assistant Chief Executive (Business Support)

- (1) appending a summary report from recently completed internal audit reviews on the following systems;
  - Subway ticketing income; and
  - Data protection;
- (2) explaining that the remedial actions recommended in the report, together with implementation dates, had been agreed with the relevant departmental managers;
- (3) informing members 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 further improvement existed and that these had been addressed by the audit recommendations; and
- (4) intimating 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.

## **8. Follow up of Internal Audit recommendations**

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There was submitted and noted a report (issued) of 7 March 2012 by the Assistant Chief Executive (Business Support),

- (1) appending a report detailing

23 March 2012

- (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 16 September 2011:-
    - Tendering; and
    - Expenses; and
- (2) indicating that the progress in implementing the agreed internal audit recommendations reported to the committee was satisfactory.

## 9. Internal Audit Plan 2011/2012 - progress

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With reference to the minute of 25 March 2011 (page 5, paragraph 13) when the committee had approved an internal audit plan for 2011/2012, there was submitted and noted a report (issued) of 8 March 2012 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) intimating
  - (a) that at the end of February 2012, the plan was broadly on target to achieve the agreed audit coverage of 490 productive days; and
  - (b) that during the previous eleven months, 426 of the 449 planned productive days for that period had been achieved;
- (3) informing members that it was anticipated that by the year end, there would be a shortfall of approximately 25 days; and
- (4) advising members of the following actions proposed to address that shortfall:-
  - to seek assistance from SPT's external auditors in raising fraud awareness amongst staff; and
  - to carry forward the completion of a planned value for money review into the early part of the next financial year; and

23 March 2012

## 10. Audit investigations – SPT's Fraud Response Plan

[Click here to view report](#)

There was submitted and noted a report (issued) of 8 March 2012 by the Assistant Chief Executive (Business Support)

- (1) reminding members
  - (a) that the Chief Internal Auditor was required under the Partnership's Fraud Response plan and Whistleblowing policy to investigate alleged or suspected irregularities; and
  - (b) 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:-
  - Ticket stock discrepancy;
  - Invalid subway ticketing; and
  - Allegation of contractual irregularities; and
- (3) explaining that the investigations had been designed to assist management with their responsibility for the prevention of fraud and irregularity.

## 11. Internal Audit Plan 2012/2013

[Click here to view report](#)

There was submitted and noted a report (issued) of 7 March 2012 by the Assistant Chief Executive (Business Support)

- (1) appending an internal audit plan for 2012/2013 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;
- (2) reminding members that the main objectives of the annual audit plan were to
  - translate the audit strategy into a schedule of audit assignments;
  - define the purpose and duration of each audit assignment; and
  - provide a framework for direction and control;
- (3) informing members
  - (a) that the risk assessment used to support the 2009/2012 Audit Strategy had been undertaken at a time when the Partnership's departmental risk registers were still being developed;
  - (b) that recent developments in SPT's risk registers had offered the opportunity to align better audit coverage with all key risks and their associated mitigating controls; and

23 March 2012

- (c) that where possible the proposed audit coverage would be directed to offer assurance on the effectiveness of controls identified in SPT's corporate risk register and departmental register;
- (4) advising members
  - (a) that, as some departmental risk registers were subject to review as part of organisational changes, it was not possible to formulate an audit need assessment and to plan based exclusively on risk registers;
  - (b) that in order to overcome this, the Chief Internal Auditor had completed an audit needs assessment using other valuable information to ensure that the allocation of audit resources was correctly prioritised against key risks and controls; and
  - (c) that this risk assessment would therefore be informed by relevant sections of risk registers, previous internal audit work, intelligence, discussions with the Strategy Group, Service Directors and the Audit and Standards Committee; and
- (5) highlighting the fact that the delivery of the annual plan would ensure that the audit coverage anticipated in the Audit Strategy 2009/2012 was achieved.

## **12. Members' and Directors' expenses 2011/2012**

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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 14 March 2012 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses for the period from 1 April 2011 to 25 February 2012.

## **13. Audit Scotland: The role of Community Planning Partnerships in economic development**

[Click here to view report](#)

There was submitted and noted a report (issued) of 5 March 2012 by the Assistant Chief Executive (Business Support)

- (1) detailing the findings of a report published by Audit Scotland entitled 'The Role of Community Planning Partnerships in Economic Development';
- (2) informing members that the overall aim of the audit was to assess whether Community Planning Partnerships had made a difference to local communities, specifically with regard to contributing to economic development;
- (3) explaining

23 March 2012

- (a) that publication of the report came at a time when there were a variety of different reviews being undertaken regarding community planning in Scotland; and
  - (b) that these reviews were happening at a local level by individual Community Planning Partnerships, COSLA and by the Scottish Parliament and Scottish Government, taking into account the outcome of the Christie Commission;
- (4) informing members that as a committed and statutory community planning partner, there would be impacts for SPT regarding the outcomes of the report and the reviews, specifically in relation to the recommendation that Community Planning Partnership partners would take account of Single Outcome Agreement commitments in their own plans, which would have impacts for SPT in planning and strategy development and budget setting; and
- (5) concluding
- (a) that officers would continue to engage fully in the community planning process; and
  - (b) that progress reports would be submitted to future committees on the outcomes of the reviews which were currently underway.

**14. Audit Scotland: Transport for Health and Social Care Report**

[Click here to view report](#)

There was submitted a report (issued) of 5 March 2012 by the Assistant Chief Executive (Business Support)

- (1) detailing the findings of a published report by Audit Scotland entitled 'Transport for Health and Social Care';
- (2) informing members that the overall aim of the audit was to assess the efficiency and effectiveness of transport for health and social care in Scotland;
- (3) explaining
  - (a) that the report recommended more collaboration between organisations involved in health and social care including councils, NHS boards, RTPs and the Scottish Ambulance Service which included coordinating local services, making better use of joint scheduling, sharing more between partners and providing better information to the public; and
  - (b) that the findings and recommendations supported and strengthened the case for the collective approach to shared services which SPT had been advocating and developing; and
- (4) concluding

23 March 2012

- (a) that officers would complete the checklist included within the report for submission to a future committee; and
- (b) that SPT would continue to work in partnership with partner councils, the NHS and the Scottish Ambulance Service to achieve where possible the recommendations in the report.

**15. External Audit – Audit Strategy and Plan for the year ending 31 March 2012**

[Click here to view report](#)

There was submitted the Audit Strategy and Plan by the External Auditors, KPMG, for the year ended 31 March 2012 which summarised KPMG findings regarding the following:-

- Audit approach and communication;
- Presentation of financial statements;
- Governance and scrutiny arrangements;
- National Fraud Initiative; and
- Performance management.

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

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

[Click here to view report](#)

There was submitted the Interim Management Report issued by the External Auditors, KPMG, for the year ended 31 March 2012 which summarised KPMG findings regarding the following:-

- Service overview and financial position;
- Update on audit focus areas;
- Internal audit;
- Corporate governance;
- Control framework; and
- Other audit areas.

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

**17. Valedictory**

The Chair,

- (1) as this was the last committee meeting before the elections, thanked all members and staff for their help and support over the past five years; and

23 March 2012

- (2) as this would be the last meeting of the committee that Mr Hendry would attend, on behalf of the committee, thanked him for his hard work, professionalism and the immense contribution which he had given to the work of SPT, and wished him a long and happy retirement.