

joining up
journeys



committee minute

Strathclyde Partnership for Transport

Minute of Audit and Standards Committee meeting

26 February 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 26 February 2010.

Present Councillors Duncan MacIntyre (Chair), Bill Grant, Ian Gray, William Hendrie and Tommy Morrison and appointed members Tom Hart and Bill Ure.

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

Also attending Stephen Reid and Brian Curran, 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 13 November 2010 (issued) was submitted and approved as a correct record.

Arising from the minute with regard to page 3, paragraph 7, Mr Wylie advised members that due to the resources required to respond to a considerable number of press enquiries, the expenses of SPT's senior staff had not yet been published on the SPT web site. He explained that expenses claimed for February 2010 would be the first to be reported on the web. Considerable discussion then took place on the ongoing audit process being carried out by KPMG at SPT's request following recent adverse media reports. Mr Reid advised members that he had received the full cooperation of SPT's management in agreeing the scope of works and the findings of the audit would be reported in due course. Thereon the committee agreed that a special meeting of the committee would take place at a future date to review the findings of the KPMG investigations which would be submitted also to Audit Scotland.

3. Implementation of International Financial Reporting Standards (IFRS)

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There was submitted and noted a report (issued) of 17 February 2010 by the Assistant Chief Executive (Business Support)

- (1) informing members that from 2010/11, SPT, in line with local authorities, would be required to prepare annual accounts in accordance with International Financial Reporting Standards (IFRS) which was essentially an accounting change which required revisions to accounting policies, changes in the format of financial statements and a significant number of additional disclosures;

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- (2) advising members of the composition of the SPT's IFRS Steering Group which had been established to assist early planning and preparation for the transition to IFRS;
- (3) indicating that PricewaterhouseCoopers would be providing technical advice and support throughout the IFRS transition; and
- (4) intimating
 - (a) that work had commenced satisfactorily on all aspects of the transition required at this stage; and
 - (b) that, following a high level impact assessment with specific reference to the draft IFRS based Code of Practice on Local Authority accounting, a draft project plan had been developed including timelines and milestones.

4. Internal Audit reports

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There was submitted a report (issued) of 17 February 2010 by the Assistant Chief Executive (Business Support),

- (1) appending a summary report from recently completed internal audit reviews on the main accounting and subway income systems;
- (2) explaining that the remedial actions recommended in the report, 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. Follow up of Internal Audit recommendations

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There was submitted and noted a report (issued) of 17 February 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

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- (b) the progress in the implementation of the following internal audit recommendations reported to the committee on 12 June 2009:-
- Procurement;
 - Concessionary Travel; and
 - Travel and Subsistence; and
- (2) concluding that the progress in implementing the agreed internal audit recommendations reported to the committee on 12 June 2009 was generally satisfactory.

6. Internal Audit Plan 2009/2010 – Progress report

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There was submitted and noted a report (issued) of 17 February 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 register;
- (2) appending a progress report for the internal audit plan for 2009/2010 which had been approved by the committee on 27 March 2009;
- (3) informing members that although the plan had previously indicated a projected shortfall of 66 person days against the 580 total annual planned days, the projected shortfall had now increased to 75 days;
- (4) advising members that although the original planned days anticipated that a full time chief internal auditor, a full time audit technician and a part time senior internal auditor would be in post, the agency senior auditor recruited to provide maternity cover for the senior internal auditor during the year had left at the end of 2009 which was earlier than planned; and
- (5) explaining
- (a) that in order to address this shortfall, it was proposed to carry forward some low risk reviews into the audit coverage for next year; and
 - (b) that the reviews would not significantly affect the annual assurance which could be offered to the committee or the reliance which the external auditors could place on the internal audit coverage.

7. Corporate Risk Register update

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There was submitted a report (issued) of 15 February 2010 by the Assistant Chief Executive (Business Support),

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- (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 likelihood of risk reference SPT6 increasing to reflect the heightened state of UK security, the reduction in the scoring of risk reference SPT9 to reflect the growing strength of business continuity and the reduction both in the likelihood and impact of risk reference SPT13 to reflect the impact of the current pandemic flu outbreak; 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 advise members that the risk assessment impact of risk reference SPT5 had increased to a scoring of 20 as a result of the Scottish Government's projected 20% reduction in revenue budgets over the next five to six years, the committee noted the revised Corporate Risk Register.

8. External Audit Plan overview 2009/2010

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There was submitted an Audit Plan Overview issued by the External Auditors, KPMG, for the year ending 31 March 2010

- (1) outlining KPMG's audit methodology; and
- (2) summarising KPMG's findings regarding the following:-
 - corporate governance arrangements and financial statements;
 - performance management; and
 - reporting the audit.

After discussion and having heard Mr Curran, KPMG, in further amplification of the report and in answer to members' questions, the committee noted the Audit Plan Overview for 2009/2010.