

Strathclyde Partnership for Transport

Minute of Audit and Standards Committee meeting

27 March 2009

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 27 March 2009.

- Present** Councillors Duncan MacIntyre (Chair), Ian Gray, Bill Grant and Tommy Morrison.
- Apologies** Councillor William Hendrie and appointed members Elizabeth Cameron, Tom Harte and Bill Ure.
- Attending** Valerie A Bowen, Senior Clerk; Neil Wylie, Director of Finance and Owen Hendry, Chief Internal Auditor.
- Also attending** John Anderson, Consultant Adviser, SPT and Stephen Reid, KPMG.

1. Minute of previous meeting

The minute of the meeting of 14 November 2008 (issued) was submitted and approved as a correct record.

Arising from the minute (page 1, paragraph 1(1)), Mr Wylie updated the committee on the 2009/10 funding bid for the provision of covered cycle racks to replace the existing cycle lockers at railway stations. He informed members that a proposal would be contained within the capital programme scheduled to be submitted to the Partnership for consideration at its meeting on 17 April 2009.

2. Corporate Risk Register update

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There was submitted a report (issued) of 10 March 2009 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) highlighting various amendments to the Corporate Risk Register which had been made at a recent meeting of the Risk Management Group including the inclusion of a risk to cover staff morale during the voluntary severance process; 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, the committee noted the revised Corporate Risk Register.

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3. **Business Continuity Planning**

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With reference to the minute of 13 June 2008 (page 2, paragraph 4) when the committee had noted proposals to strengthen business continuity arrangements within SPT and the development of the Consort House business continuity plan, there was submitted a report (issued) of 12 March 2009 by the Assistant Chief Executive (Business Support),

- (1) advising members that a second exercise to test the Consort House plan had been carried out successfully on 20 January 2009 whereby a close to real life situation had been recreated to test both the plan and incident team members and lessons learned had been incorporated into the business continuity plan;
- (2) informing members
 - (a) that on Monday, 9 March, 2009 Consort House had suffered flood damage to a greater or lesser extent on all floors causing the loss of the majority of welfare facilities for staff; and
 - (b) that the incident team and business continuity planning arrangements had been invoked and, following a period of decision making based upon fact finding, the situation had been resolved safely, speedily and with no loss of staff time; and
- (3) concluding that the establishment of an incident team and testing of the continuity plan had helped to ensure that there was no loss of business within Consort House, no damage to SPT's reputation and that no members of the travelling public in the west of Scotland were affected.

Following discussion, the committee

- (i) congratulated the Consort House incident team for dealing quickly and efficiently with what could have been a debilitating incident;
- (ii) agreed that the report be remitted to the Partnership for its consideration; and
- (iii) noted that business continuity training and planning continued to be developed to a high standard within SPT.

4. **Audit Strategy 2009/2012**

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P There was submitted a report (issued) of 12 March 2009 by the Assistant Chief Executive (Business Support),

- (1) enclosing a proposed Internal Audit Strategic Plan for 2009/2012 for the Partnership which had been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government in the United Kingdom 2006;

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- (2) informing members that the plan was a high level statement of how the internal audit service would be delivered and developed in accordance with the terms of reference, how it linked to the organisational objectives and priorities and set out the context within which more detailed plans could be developed; and
- (3) indicating that the code also required that the audit strategy should communicate the contribution which internal audit made to the Partnership and, in that respect, should specify:
 - internal audit objectives and outcomes;
 - how the Chief Internal Auditor would form and evidence his opinion on the control environment to support the annual statement on internal control;
 - how internal audit work would identify and address significant local and national issues and risks;
 - how the service would be provided; and
 - the resources and skills required to deliver the strategy.

After discussion, the committee agreed to recommend approval of the Internal Audit Strategy for the three years from 1 April 2009 to 31 March 2012 to the Partnership.

5. Internal Audit Plan 2009/2010

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There was submitted and noted a report (issued) of 12 March 2009 by the Assistant Chief Executive (Business Support),

- (1) appending an internal audit plan for 2009/2010 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 strategic plan 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 2009/12 Audit Strategy had been undertaken at a time when the Partnership's departmental risk registers were not fully complete for audit purposes;
 - (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
 - (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; and

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- (4) advising members
 - (a) that as some departmental risk registers were subject to review as part of organisational changes, it was not possible to format 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 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 Cabinet, Service Directors and the Audit and Standards Committee; and
- (5) highlighting that the delivery of the annual plan would ensure that the audit coverage anticipated in the Audit Strategy 2009/2010 was achieved.

6. Internal audit reports

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There was submitted a report (issued) of 17 March 2009 by the Assistant Chief Executive (Business Support),

- (1) appending summary reports from four recently completed audit reviews of the following systems:-
 - Ferry Income;
 - Treasury Management
 - Advertising revenue; and
 - Value for Money review of Subway stores;
- (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 frameworks, there were some areas where scope for improvement existed and these had been addressed by the audit recommendations.

After discussion and having heard Mr Hendry and Mr Wylie in answer to members' questions, the committee

- (a) expressed concern at the findings in the internal audit reports "Advertising revenue" and "Value for money review of Subway stores";

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- (b) noted that internal audit would carry out a follow up review to confirm the implementation of the recommendations detailed in the report and report back to the committee within six months;
- (c) requested that officers make arrangements for members to visit the Subway stores; and
- (d) agreed that David Wallace, Director, Subway, be asked to give a presentation on the Subway and its history to members at the next meeting of the Audit & Standards Committee.

7. Internal Audit Plan 2008/2009 – progress report

[Click here to view report](#)

There was submitted and noted a report (issued) of 11 March 2009 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; and
 - provide a framework for direction and control;
- (2) appending a progress report for the internal audit plan for 2008/2009;
- (3) informing members
 - (a) that the level of productive days had decreased from 89% to 86% during the five months to 27 February 2009; and
 - (b) that although it had been anticipated that 260 days would be achieved during this period, the actual number of days achieved was 224 due to an increase in the level of sick leave;
- (4) explaining that a part-time agency auditor had been recruited to remedy the shortfall in productive days and provide cover for a period of maternity leave which had commenced in February 2009; and
- (5) concluding that the 2008/2009 audit plan was broadly on target to deliver the agreed audit coverage.

8. External Audit Plan overview 2008/2009

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There was submitted an External Audit Plan Overview issued by the External Auditors, KPMG, for the year ending 31 March 2009

- (1) outlining KPMG's audit methodology;
- (2) summarising KPMG's findings regarding the following:-

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- financial statements and corporate governance arrangements;
- performance management; and
- reporting the audit.

After discussion and having heard Mr Reid, KPMG, in further amplification of the report and in answer to members' questions, the committee noted the Audit Plan overview for 2008/2009.

9. Date of next meeting

It was agreed that the next meeting of the Audit and Standards Committee would be held on Friday, 12 June, 2009 in Consort House, Glasgow at 12.30 pm following the meeting of the Strategy and Programmes Committee scheduled to take place that day.