

Strathclyde Partnership for Transport

Minute of Audit and Standards Committee meeting

28 March 2008

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 28 March 2008

Present	Councillors Duncan McIntyre (Chair), William Hendrie, Eileen Logan and Tommy Morrison and appointed member Tom Hart.
Apologies	Councillor Bill McIntosh and appointed member Bill Ure.
Attending	John Anderson for Secretary; Neil Wylie, Director of Finance and Owen Hendry, Chief Internal Auditor.
Also attending	Grant Macrae, KPMG.

1. Minute of previous meeting

The minute of the meeting of 16 November 2007 (issued) was submitted and approved as a correct record.

2. Risk management progress

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With reference to the minute of 16 November 2007 (page 3, paragraph 7) when the committee had noted various improvements to the risk management arrangements within SPT including the creation of a Risk Management Group and the continuous review of risk registers, there was submitted a report (issued) of 14 March 2008 by the Assistant Chief Executive (Business Support)

- (1) informing members of the progress in improving risk management arrangements within SPT;
- (2) appending SPT's updated Corporate Risk Register which highlighted the 9 key risks currently identified for the organisation, together with their consequences, mitigating controls and assessed risk scores; and
- (3) providing detail on the following key risks which had been considered by SPT's Executive Team:-
 - Level of sickness;
 - Fiscal changes; and
 - Security.

After discussion and having heard Mr Wylie in answer to members' questions and advise that further revisions would be made to the risk register following the transfer of responsibility for implementing the GARL project from SPT to Transport Scotland, as agreed at the Partnership meeting held earlier that day the committee noted the recent progress in risk management arrangements within SPT.

28 March 2008

3. Business continuity arrangements progress

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With reference to the minute of 16 November 2007 (page 4, paragraph 8) when the committee had noted

(1) proposals to strengthen business continuity arrangements within SPT, including the introduction of a series of workshops for SPT senior management to expedite the drafting of a business continuity policy and to compile a business continuity plan for Consort House; and

(2) that plans already existed for Subway and bus activities within SPT,

there was submitted a report (issued) of 18 March 2008 by the Assistant Chief Executive (Business Support)

(a) appending a proposed SPT Business Continuity Management Policy;

(b) outlining the key objectives of the policy;

(c) explaining that the policy

(i) outlined the roles and responsibilities of members and staff; and

(ii) provided guidance on the compilation of business continuity plans to assist in the delivery of the policy; and

(d) advising members that it was intended that the business continuity plan for Consort House which was almost complete would be used as a template to align all of the business continuity plans within SPT.

After considerable discussion and having heard Messrs Wylie and Hendry in further explanation and in answer to members' questions, the committee

(A) noted

(I) that the Business Continuity Plan for Consort House would be completed by April 2008; and

(II) that the IT Disaster Recovery Plan would be completed by September 2008, and

(B) approved the proposed Business Continuity Management Policy, subject to the minor amendments made at the meeting.

4. Internal Audit Plan 2007/08 progress

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With reference to the minutes of

28 March 2008

- (1) 26 October 2006 (page 2, paragraph 4) when the committee had approved the Internal Audit Strategic Plan 2006/09; and
- (2) 16 November 2007 (page 2, paragraph 4) when the committee had
 - (a) approved an Internal Audit Plan for 2007/08 which covered the second year of the Internal Audit Strategic Plan for 2006/2009; and
 - (b) noted, *inter alia*, that the internal audit staffing level in the original plan had been revised from 510 to 430 days due to vacancies,

there was submitted and noted a report (issued) of 13 March 2008, by the Assistant Chief Executive (Business Support),

- (i) appending a progress statement for the Internal Audit Plan 2007/08 which highlighted that the plan was broadly on target to achieve the 430 planned audit days;
- (ii) 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; and
- (iii) explaining that as a result of the plan being on target it had been possible to accommodate an additional assignment on best value requested by the external auditor by revising the allocation of days for the assignments on partnership funding and subway maintenance from 20 to 15 days each.

5. Internal Audit reports

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There was submitted a report (issued) of 13 March 2008 by the Assistant Chief Executive (Business Support),

- (1) appending summary reports from three recently completed audit reviews which had involved the evaluation of controls in the following systems:-
 - Debtors;
 - Budgetary Control; and
 - Risk Management;
- (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.

28 March 2008

After discussion and having heard Messrs Wylie and Hendry in answer to members' questions, the committee noted that internal audit would carry out a follow up review to confirm the implementation of the recommendations detailed in the report.

6. Audit investigations – SPT's Fraud Response Plan

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There was submitted a report (issued) of 13 March 2008 by the Assistant Chief Executive (Business Support),

- (1) reminding members
 - (a) that the Chief Internal Auditor was required under SPT's Fraud Response Plan and Whistle Blowing Policy to investigate alleged or suspected irregularities; and
 - (b) that senior management could also request an internal audit investigation where significant areas of concern had been identified;
- (2) detailing the results of five recent internal audit investigations into the following areas:-
 - Alleged irregularities in the award of contracts;
 - Loss of bank lodgement;
 - Subway staff bus contract;
 - Provision of cycle lockers; and
 - Project budget overspend; and
- (3) explaining that the above investigations had been designed to assist management with their responsibility for the prevention of fraud and promote the better achievement of value for money in the delivery of service.

After considerable discussion and having heard Messrs Wylie and Hendry in further explanation and in answer to members' questions, the committee

- (i) noted the recent audit investigations conducted under SPT's Fraud Response Plan; and
- (ii) agreed that further reports would be submitted to a subsequent committee on the operation of the Subway staff bus service and the provision of cycle lockers at railways stations.

7. Internal Audit Plan 2008/09

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There was submitted and approved a report (issued) of 14 March 2008 by the Assistant Chief Executive (Business Support),

28 March 2008

- (1) appending an internal audit plan for 2008/09 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) informing members that the plan covered the third and final year of the Internal Audit Strategic Plan for 2006/2009;
- (3) 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;
- (4) explaining that although the original plan had anticipated a three year staffing level of 1570 days and staffing levels achieved during the first two years of the plan had amounted to a combined total of 920 days leaving a residual of 650 days to be achieved in the third year, the proposed audit days for 2008/09 would be 610; and
- (5) highlighting that the delivery of the annual plan would ensure that the audit coverage anticipated in the Strategic Audit Plan 2006/09 was achieved.

8. **Audit plan overview**

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There was submitted an Audit Plan Overview issued by the External Auditors, KPMG, for the year ending 31 March 2008 which summarised KPMG findings regarding the following:-

- Financial statements and corporate governance arrangements;
- Performance management; and
- Reporting the audit.

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

9. **Interim Management Report**

[Click here to view report](#)

There was submitted the Interim Management Report issued by the External Auditors, KPMG, for the year ending 31 March 2008 which summarised KPMG findings regarding the following:-

- Organisation-wide and IT controls;
- Key financial controls; and
- National Fraud Initiative.

After considerable discussion and having heard Mr Macrae, KPMG, in further amplification of the report and in answer to members' questions, the committee noted the Interim Management report.