

## **Strathclyde Partnership for Transport**

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

**28 March 2014**

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 28 March 2014**

- Present** Councillors David Wilson (Chair), Bobby McDill and Paul Welsh and appointed members Ann Faulds, and Jim McNally.
- Attending** Valerie Davidson, Assistant Chief Executive (Business Support); Kirsten Clubb, Committee Support Officer; Iain McNicol, Audit & Assurance Manager; Charlie Kaur, Senior Internal Auditor and Neil Wylie, Director, Finance & HR.
- Also attending** Andy Shaw and Aaron Williams, KPMG and John F Anderson, Adviser.

**1. Apologies**

Apologies were submitted from Councillors John Bruce, Bill Grant, Alan Moir, Pauline McKeever and Appointed Member Tom Hart.

**2. Declaration of interest in terms of the Ethical Standards in Public Life etc (Scotland) Act 2000**

Ann Faulds declared an interest in agenda item no 4 in respect of "Risk Reference SPT 23: Disruption and uncertainty arising from Network Rail statements regarding Consort House" as she had been advising Buchanan Galleries Partnership on Compulsory Purchase Order matters.

**3. Minute of previous meeting**

[Click here to view minute](#)

The minute of the meeting of 29 November 2013 was submitted and approved as a correct record.

**4. Corporate Risk Register update**

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There was submitted and noted a report (issued) of 10 March 2014 by the Assistant Chief Executive (Business Support)

- (1) appending the current corporate risk register;
- (2) advising members that since the last committee, the following changes had been made to the risk register:-
  - the addition of risk reference SPT 23 to reflect the potential disruption and uncertainty arising from Network Rail statements regarding Consort House;
  - the addition of risk reference SPT 24 to reflect any unplanned/late requests to support the Commonwealth Games; and
  - the removal of SPT risk reference SPT2 - increased potential for rising levels of staff sickness during SPT restructuring.

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**5. Audit Scotland report: Scotland's public sector workforce**

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There was submitted and noted a report (issued) of 19 February 2014 by the Assistant Chief Executive (Business Support)

- (1) appending Audit Scotland's report entitled "Scotland's Public Sector Workforce" which outlined workforce reductions and the reduction in staff costs within the public sector from March 2009 to March 2013;
- (2) detailing SPT's response to the key messages in the report; and
- (3) explaining
  - (a) that SPT had and continued to review service provision in line with best value principles; and
  - (b) that these reviews had focussed on cost reduction and service redesign which had resulted in reduced staff numbers in recent years.

**6. IT controls – PTIS systems administration and integration**

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There was submitted a report (issued) of 29 January 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members that the Partnership Transport Information System (PTIS) was an in-house suite of applications used to administer bus contacts, bus infrastructure and related bus services;
- (2) detailing the findings of a review of IT controls within the PTIS system;
- (3) explaining that the objective of the audit was to review the access controls, assess the system for paying bus contractors and ensure these payments were made in accordance with contractual obligations; and
- (4) advising members
  - (a) that some areas for improvement had been identified and fourteen recommendations had been agreed;
  - (b) that, key controls existed and were applied consistently and effectively in the majority of areas covered in the engagement; and
  - (c) that reasonable assurance could be taken from the areas covered in the engagement.

After discussion, the committee agreed that the Audit & Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

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**7. Systems review of the administration of staff Subway travel passes**

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There was submitted a report (issued) of 29 January 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members that all SPT employees were issued with a staff Subway travel pass which entitled them to travel on the Glasgow Subway free of charge;
- (2) detailing the findings of an audit to review and assess the administration of staff Subway travel passes; and
- (3) advising members
  - (a) that some areas for improvement had been identified and five recommendations had been agreed;
  - (a) that, key controls existed and were applied consistently and effectively in the majority of areas covered in the engagement; and
  - (c) that reasonable assurance could be taken from the areas covered in the engagement.

After discussion and having heard Messrs McNicol and Wylie in answer to members' questions, the committee agreed

- (i) that further information would be provided to the next committee on the number and value of staff passes being utilised, including those of former employees; and
- (ii) that the Audit & Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

**8. Value for money study – hire of plant and equipment**

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There was submitted a report (issued) of 29 January 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT hired a range of plant and equipment to provide a solution to service demands and assist in the delivery of service objectives;
- (2) detailing the findings of a Value for Money study on the hire of plant and equipment;
- (3) explaining that the objective of this engagement was to identify and assess the adequacy of internal controls in relation to the monitoring and reporting of hired plant and equipment usage and analyse and evaluate summary data in the context of economy, efficiency and effectiveness of resource allocation; and
- (4) advising members
  - (a) that some areas for improvement had been identified and three recommendations had been agreed;

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- (b) that, key controls existed and were applied consistently and effectively in the majority of areas covered in the engagement; and
- (c) that reasonable assurance could be taken from the areas covered in the engagement.

After discussion, the committee agreed that the Audit & Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

## 9. Location Audits: Travel Centres

[Click here to view report](#)

There was submitted a report (issued) of 7 March 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT operated five Travel Centres located within the Bus stations at Buchanan Street, Glasgow, East Kilbride, Greenock and Hamilton and one at St Enoch within the Subway Station;
- (2) detailing the findings of location audits to SPT's Travel Centres;
- (3) explaining that the objective of this engagement was to assess and evaluate the internal controls in place for cash handling and ticket administration at each Travel Centre; and
- (4) advising members
  - (a) that some areas for improvement had been identified and six recommendations had been agreed;
  - (b) that, key controls existed and were applied consistently and effectively in the majority of areas covered in the engagement; and
  - (c) that reasonable assurance could be taken from the areas covered in the engagement.

After discussion and having heard Messrs McNicol and Wylie in answer to members' questions, the committee agreed

- (i) that further information should be provided to the next committee on cost centre reporting for each of the travel centres; and
- (ii) that the Audit & Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

## 10. Internal Audit Plan 2014/2015

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There was submitted and approved a report (issued) of 7 March 2014 by the Assistant Chief Executive (Business Support)

- (1) appending an internal audit plan for 2014/2015 which had been prepared in accordance with the Public Sector Internal Audit Standards and SPT's Internal Audit Charter;

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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 2014/2015.

**11. Members' and Directors' expenses 2013/2014**

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There was submitted and noted a report (issued) of 10 March 2014 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses to 22 February 2014.

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

[Click here to view report](#)

The Chair welcomed Andy Shaw, Director (Assurance) to the meeting who had taken over from his predecessor, Stephen Reid. Thereon, Mr Shaw presented KPMG's Audit Strategy, Plan and Interim Report for the year ending 31 March 2014.

After discussion and having heard Mr Shaw in further amplification of the report and in answer to members' questions, the committee noted the report, taking into account the amendments discussed at committee in terms of expanding SPT's service overview in page 93 and the removal of the references to material errors in page 97 of the report.