

Strathclyde Partnership for Transport

Minute of the Audit & Standards Committee

28 June 2013

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 June 2013**

Present	Councillors David Wilson (Chair), Bobby McDill, Paul Welsh and appointed members Ann Faulds, Tom Hart and Jim McNally.
Attending	Valerie Davidson, Assistant Chief Executive (Business Support); Kirsten Clubb, Committee Support Officer; Iain McNicol, Audit & Assurance Manager and Charlie Kaur, Senior Internal Auditor.
Also attending	John F Anderson, Adviser and Stephen Reid, KPMG.

1. Apologies

Apologies were submitted from Councillors John Bruce, Bill Grant and Pauline McKeever.

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

The committee noted that there were no declarations of interest.

3. Minute of previous meeting

The minute of the meeting of 22 March 2013 was submitted and noted.

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4. Corporate Risk Register update

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There was submitted and noted a report (issued) of 22 May 2013 by the Assistant Chief Executive (Business Support)

- (1) informing 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) advising members of an increase in the scoring of SPT 20 to reflect the current consultation on changes to bus routes; and
- (3) appending the revised corporate risk register.

5. National Fraud Initiative

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With reference to the minute of 14 September 2012 (page 4, paragraph 11) when the committee had

- (1) noted that SPT would be participating in the fourth National Fraud Initiative (NFI), a UK wide data matching exercise of computerised payroll, pension and benefit data held by public and local authorities; and
- (2) agreed that a report on the outcome of the exercise would be presented to the committee following investigation of any data matches found,

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there was submitted and noted a report (issued) of 27 March 2013 by the Assistant Chief Executive (Business Support)

- (1) detailing the findings of the NFI exercise in 2012/2013; and
- (2) explaining that all data matches had been analysed and investigated with no error or fraud found.

6. Systems review of the creditor payments

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There was submitted and noted a report (issued) of 27 March 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members of SPT's current arrangement for the processing of creditor payments;
- (2) detailing the audit findings of a systems review of that procedure;
- (3) explaining that the objective of the audit was to evaluate the procedures and internal controls in relation to creditor payments to ensure payments were authorised, paid at the appropriate time and were recorded in the financial ledger;
- (4) advising members
 - (a) that some areas of improvement had been identified and ten recommendations had been agreed which would be implemented by departmental management;
 - (b) that key controls existed and had been applied consistently and effectively in the majority of areas; and
 - (c) that reasonable assurance could be taken from the controls in place in those areas covered in the assignment; and
- (5) intimating that the Audit and Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

7. Location Audits: Travel Centre Visits

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There was submitted and noted a report (issued) of 27 March 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT operated five travel centres which were located within the bus stations at Glasgow, East Kilbride, Greenock and Hamilton and within St Enoch's Subway station;
- (2) detailing the audit findings of location audits to Travel Centres during the year;
- (3) explaining that the objective of the audit was to to assess and evaluate the internal controls in place for cash handling and ticket administration at each Travel Centre;
- (4) advising members

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- (a) that some areas of improvement had been identified and five recommendations had been agreed which would be implemented by departmental management;
 - (b) that key controls existed and had been applied consistently and effectively in the majority of areas; and
 - (c) that reasonable assurance could be taken from the controls in place in those areas covered in the assignment; and
- (5) intimating that the Audit and Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

8. Location Audits: Subway Station Visits

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There was submitted and noted a report (issued) of 24 April 2013 by the Assistant Chief Executive (Business Support)

- (1) detailing the audit findings of location audits to Subway station ticket offices during the year;
- (2) explaining that the objective of the audit was to to assess and evaluate the internal controls in place for cash handling and ticket administration at each Subway station ticket offices;
- (3) advising members
 - (a) that some areas of improvement had been identified and four recommendations had been agreed which would be implemented by departmental management
 - (b) that key controls existed and had been applied consistently and effectively in the majority of areas; and
 - (c) that reasonable assurance could be taken from the controls in place in those areas covered in the assignment; and
- (4) intimating that the Audit and Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

9. Systems review of HR reporting

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There was submitted a report (issued) of 24 April 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members of SPT's current arrangement for Human Resources (HR) reporting;
- (2) detailing the audit findings of a systems review of that procedure;
- (3) explaining that the objective of the audit was to review, analyse and evaluate the internal controls, policy and procedures and recording systems in place to support HR reporting;

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- (4) advising members
 - (a) that some areas of improvement had been identified and twelve recommendations had been agreed which would be implemented by departmental management;
 - (b) that key controls existed and had been applied consistently and effectively in the majority of areas; and
 - (c) that reasonable assurance could be taken from the controls in place in those areas covered in the assignment; and
- (5) intimating that the Audit and Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

10. Systems review of budgetary control

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There was submitted a report (issued) of 23 May 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members of SPT's current arrangement for budgetary control;
- (2) detailing the audit findings of a systems review of that procedure;
- (3) explaining that the objective of the audit was evaluate the procedure and internal controls in relation to budgetary control and the monitoring of capital and revenue budgets;
- (4) advising members
 - (a) that some areas of improvement had been identified and four recommendations had been agreed which would be implemented by departmental management;
 - (b) that key controls existed and had been applied consistently and effectively in the majority of areas; and
 - (c) that reasonable assurance could be taken from the controls in place in those areas covered in the assignment; and
- (5) intimating that the Audit and Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

11. Annual Internal Audit opinion and report 2012/2013

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There was submitted and noted a report (issued) of 23 May 2013 by the Assistant Chief Executive (Business Support)

- (1) explaining that as Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme Joint Committee shared many common systems, a joint internal audit plan had been compiled for the two organisations and had been approved at the Partnership's Audit & Standards Committee on 23 March 2013;

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- (2) informing members that the main objective of the plan was to provide an assurance service which assessed the effectiveness and efficiency of the Partnership and Joint Committee systems for internal control, including consultancy services and fraud related work;
- (3) appending all assurance engagements completed in 2012/2013, together with the levels of assurance assigned to each engagement; and
- (4) concluding that it was the opinion of the Audit and Assurance Manager that reasonable assurance could be placed upon the adequacy and effectiveness of the Partnership and Joint Committee's framework of governance, risk management and control in the year to 31 March 2013.

12. **Members' and Directors' expenses 2012/2013 and 2013/2014**

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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 11 June 2013 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses to the end of 2012/2013 and to 18 May 2013 in 2013/2014.

After considerable discussion and having heard Mrs Davidson and Mr McNicol in further explanation and in answer to members' questions, the committee

- (1) agreed
 - (a) that options for presenting and allocating costs for Directors' expenses be considered to ensure that only relevant costs were included, and
 - (b) that further clarification be provided to members with regard to the Gifts and Hospitality register; and
- (2) otherwise noted the terms of the report.