

## **Strathclyde Partnership for Transport**

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

**28 November 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 November 2014**

**Present** Councillors David Wilson (Chair), Bill Grant and 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; Neil Wylie, Director of Finance and HR and Kirsten Sweeney, Communications Officer.

**Also attending** John F Anderson, Adviser and Andy Shaw and Michael Wilkie, KPMG.

**1. Apologies**

Apologies were submitted from Councillors John Bruce, Bobby McDill, Pauline McKeever and Alan Moir.

**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**

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The minute of the meeting of 12 September 2014 was submitted and approved as a correct record.

**4. Corporate Risk Register update**

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There was submitted a report (issued) of 14 November 2014 by the Assistant Chief Executive (Business Support)

- (1) appending the current corporate risk register; and
- (2) advising members that since the last committee, the following changes had been made to the register:-
  - an increase in the scoring of SPT risk reference SPT1 Capital funding to reflect the requirement to increase capital funding for Subway modernisation;
  - the removal of SPT risk reference SPT3 Introduction of new terms and conditions;
  - the removal of SPT risk reference SPT 18 Staff morale during period of economic and fiscal downturn; and
  - an increase in the scoring of risk reference SPT 20 Failure or disruption to bus market to reflect recent service delivery matters.

After considerable discussion on the scorings of SPT risk references 21, 22 & 23, the committee noted

- (a) the revised risk register; and

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- (b) that the register would be reviewed at the next meeting of the Strategy Group, taking into account all comments made by members.

## 5. **Regularity audit of communications monitoring and reporting**

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There was submitted a report (issued) of 14 November 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members of the findings of a regularity audit of communications monitoring and reporting;
- (2) explaining that the objective of this engagement was to identify, assess and evaluate the current policy and procedures for communications monitoring and reporting including social media usage;
- (3) enclosing a supplementary report which provided performance information for 2014/2015 on external communications, including press coverage and social media; and
- (4) advising members
  - (a) that some areas for improvement had been identified and seven 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 Mr McNicol and Ms Sweeney in answer to members' questions, the committee

- (i) noted the terms of the report; and
- (ii) agreed that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations, together with update information specifically on the use of the corporate twitter account, to a future meeting.

## 6. **Contract Audit - Advertising**

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There was submitted a report (issued) of 5 November 2014 by the Assistant Chief Executive (Business Support)

- (1) reminding members that the Partnership had approved the award of a contract to Primesight Ltd for the management, development, selling and maintenance of SPT advertising space from 1 April 2012 for a three year period, with an option to extend for a further two years;
- (2) detailing the findings of a contract audit of advertising;

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- (3) explaining that the objective of this engagement was to review and evaluate the current procedures and monitoring arrangements in place for the advertising contract;
- (4) advising members
  - (a) that some areas for improvement had been identified and seven recommendations had been agreed;
  - (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 those areas covered in the engagement.

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

- (i) noted the terms of the report; and
- (ii) agreed that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations to a future meeting.

## **7. Regularity audit of Ibrox Subway station office**

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There was submitted a report (issued) of 2 October 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members that the Subway Operations manual(s) provided procedural guidance to service delivery officers on cash administration and ticketing arrangements in Subway station offices and had been supplemented with training courses for all service delivery staff;
- (2) detailing the findings of a regularity audit of Ibrox Subway station office;
- (3) explaining that the objective of the engagement was to assess and evaluate the current internal controls and procedures operating within Ibrox Subway station office, in relating to cash administration; and
- (4) advising members
  - (a) that some areas for improvement had been identified and six recommendations had been agreed;
  - (b) that, although key controls existed, they were not applied consistently and effectively; and
  - (c) that reasonable assurance could be taken from the areas covered in the engagement, with the exception of CCTV coverage and station access monitoring.

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

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- (i) noted the terms of the report; and
- (ii) agreed that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations to a future meeting.

**8. IT Controls: application(s) and change**

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There was submitted a report (issued) of 2 October 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members
  - (a) that IT services were provided in-house to support and meet SPT's business and operational objectives; and
  - (b) that the use of IT equipment was governed by policy, strategy and user guidance documents found on the intranet;
- (2) detailing the findings of a review of IT controls for application(s) and change;
- (3) explaining that the objective of the engagement was to assess and evaluate the current IT application(s) and change controls in place; and
- (4) advising members
  - (a) that some areas for improvement had been identified and six recommendations had been agreed;
  - (b) that, although key controls existed, they were not applied consistently and effectively; and
  - (c) that reasonable assurance could be taken from the areas covered in the engagement, with the exception of stakeholder engagement and performance monitoring arrangements.

After consideration, the committee

- (i) noted the terms of the report; and
- (ii) agreed that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations to a future meeting.

**9. Regularity audit of the CRC Energy Efficiency Scheme**

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There was submitted a report (issued) of 2 October 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme which was operated by the Scottish Government and was designed to improve energy efficiency and reduce carbon dioxide emissions in private and public sector organisations with high energy use;

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- (2) detailing the findings of a regularity audit of the CRC Energy Efficiency Scheme;
- (3) explaining that the objective of the engagement was to provide a level of assurance on the CRC annual summary report for 2013/2014 and test supporting information; and
- (4) advising members
  - (a) that some areas for improvement had been identified and four recommendations had been agreed;
  - (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 areas covered in the engagement.

After consideration, the committee

- (i) noted the terms of the report; and
- (ii) agreed that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations to a future meeting.

#### **10. Systems review of subsidised bus service returns**

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There was submitted a report (issued) of 5 November 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT's conditions of contract required bus operators to complete traffic returns for the duration of each subsidised local bus service awarded by SPT;
- (2) detailing the findings of a systems review of subsidised bus service returns;
- (3) explaining that the objective of the engagement was to review and evaluate the current procedures and monitoring arrangements in place for subsidised bus service returns; and
- (4) advising members
  - (a) that some areas for improvement had been identified and three recommendations had been agreed;
  - (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 areas covered in the engagement.

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

- (i) noted the terms of the report; and

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- (ii) agreed that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations to a future meeting.

#### **11. Value for money study: fleet vehicles (non-bus)**

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There was submitted a report (issued) of 5 November 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT operated a small fleet of vehicles (non-bus) which transported supplies and enabled staff to undertake operational duties in accordance with service objectives and to facilitate winter resilience arrangements;
- (2) detailing the findings of a value for money study of fleet vehicles (non-bus);
- (3) explaining that the objective of the engagement was to assess the adequacy of internal controls in relation to access, monitoring and reporting of the use of fleet vehicles; and
- (4) advising members
  - (a) that some areas for improvement had been identified and eight recommendations had been agreed;
  - (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 areas covered in the engagement.

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

- (i) noted the terms of the report; and
- (ii) agreed that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations to a future meeting.

#### **12. Regularity audit of insurance claims**

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There was submitted a report (issued) of 5 November 2014 by the Assistant Chief Executive (Business Support)

- (1) informing members
  - (a) that the Scheme of Delegated functions, the Financial Regulations and the Standing Orders Relating to Contracts contained within SPT's Governance Manual outlined the insurance arrangements within SPT; and
  - (b) that in accordance with those arrangements, insurance policies had been taken out to cover employer's liability, public liability and third party claims made against the Partnership;

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- (2) detailing the findings of a regularity audit of insurance claims made against the Partnership;
- (3) explaining that the objective of the engagement was to document the internal system for processing insurance claims and to test internal controls against best practice guidance by undertaking an end-to-end review; and
- (4) advising members
  - (a) that some areas for improvement had been identified and four recommendations had been agreed;
  - (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 areas covered in the engagement.

After consideration, the committee

- (i) noted the terms of the report; and
- (ii) agreed that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations to a future meeting.

### **13. Engagement follow-up performance July to November 2014**

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There was submitted and noted a report (issued) of 20 November 2014 by the Assistant Chief Executive (Business Support)

- (1) reminding members that in accordance with the Public Sector Internal Audit Standards and the Internal Audit Charter, a follow up process to monitor and ensure that management actions arising from internal audit work were implemented effectively required to be established and then subsequently presented to the Audit and Standards Committee;
- (2) appending a summary of six follow up engagements which had been completed between July to November 2014;
- (3) concluding that of the 29 recommendations contained in those engagements, 27 (93%) had been implemented; and
- (4) informing members that, where a recommendation had not been implemented as at the date of the follow up engagement, a client assurance statement had been agreed with the lead officer(s) to record a revised timescale to complete the outstanding recommendation.

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**14. Internal Audit Plan 2014/2015 – mid-year progress report**

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With reference to the minute of the Committee of 28 March 2013 (page 4, paragraph 10) when the committee had approved the Internal Audit Plan 2014/2015, there was submitted and noted a report (issued) of 5 November 2014 by the Assistant Chief Executive (Business Support),

- (a) advising members that as at 31 October 2014, 260 of the 500 planned audit days (52%) had been achieved;
- (b) appending a summary of the recommendations arising from the nine assurance engagements which had been completed and reported to committee, together with the level of assurance offered to each engagement; and
- (c) concluding that good progress was being made in achieving the Internal Audit Plan for 2014/2015.

**15. Public Reporting Complaints Statistics**

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There was submitted a report (issued) of 5 November 2014 by the Assistant Chief Executive (Business Support)

- (1) providing members with the statistics for the second quarter and also cumulatively for the year for SPT customer complaints; and
- (2) explaining
  - (a) that all complaints were considered and investigated thoroughly; and
  - (b) that SPT would continue to monitor customer complaints using the information to learn and improve services delivered.

Having heard Mrs Davidson provide an overview summary of the types of complaints received, the committee noted the position.

**16. Members' and Directors' expenses 2014/2015**

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There was submitted and noted a report (issued) of 4 November 2014 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses to 1 November 2014.