

Strathclyde Partnership for Transport

Minute of the Audit & Standards Committee

29 November 2013

held in Consort House, Glasgow

contact officers:

Valerie A Bowen phone: 0141 333 3130
Kirsten Clubb phone: 0141 333 3576

**Minute of the meeting of Strathclyde Partnership for Transport's
Audit and Standards Committee held in Consort House, Glasgow, on 29 November 2013**

Present Councillors David Wilson (Chair), Denis McKenna and Paul Welsh and appointed members Ann Faulds, Tom Hart and Jim McNally.

Attending Valerie Davidson, Assistant Chief Executive (Business Support); Valerie Bowen, Senior Committee Officer; Iain McNicol, Audit & Assurance Manager; Michael Auld, Assistant Auditor; Neil Wylie, Director, Finance & HR; Brian Bell, Director, Subway and Peter Svensson, Planning and Logistics Manager.

Also attending John F Anderson, Adviser.

1. Apologies

Apologies were submitted from Councillors John Bruce, Bill Grant, Bobby McDill, Brian McGinley (substitute) and Stephen Reid, KPMG.

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

[Click here to view report](#)

The minute of the meeting of 20 September 2013 was submitted and approved as a correct record.

4. Subway follow up reports: Position statement

[Click here to view report](#)

With reference to the minute of 20 September 2013 (page 4, paragraph 9) when the committee had agreed

(1) that the Audit and Assurance Manager would submit a follow up report on the implementation of the recommendations relating to the following reports to a future meeting:-

- regularity audit of Subway stores and inventories;
- system review of Subway procurement (supplies and services);
- system review of scrap metal billing;
- contract audit of security uplifts (Subway stations); and

(2) that the Director of Subway Operations, together with the Subway Planning and Logistics Manager be in attendance at the next meeting of the committee to answer members' questions on the implementation of the recommendations from the four reports,

there was submitted a report (issued) of 11 November 2013 by the Assistant Chief Executive (Business Support)

29 November 2013

- (a) detailing a follow-up review of the implementation of the recommendations as at November 2013 from the above four reports; and
- (b) intimating that good progress has been made to date in the implementation of recommendations previously agreed.

After discussion and having heard Mr McNicol in further explanation of the report and Mr Bell in answer to members' questions,

- (i) the Chair, on behalf of the committee, thanked Messrs Bell and Svensson for their attendance at the committee; and
- (ii) the committee noted the report.

5. Internal Audit Plan 2013/2014 – mid-year progress report

[Click here to view report](#)

With reference to the minute of the Audit and Standards Committee of 22 March 2013 (page 5, paragraph 11) when the committee had approved the Internal Audit Plan 2013/2014, there was submitted and noted a report (issued) of 11 November 2013 by the Assistant Chief Executive (Business Support),

- (a) advising members that as at November 2013, 310 of the 500 planned audit days (62%) 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 2013/2014.

6. Systems review of Strathclyde Concessionary Travel Scheme operator payments

[Click here to view report](#)

There was submitted a report (issued) of 8 October 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT's systems and business processes were used also to administer the Strathclyde Concessionary Travel Scheme;
- (2) detailing the audit findings of a system review of Strathclyde Concessionary Travel Scheme operator payments;
- (3) explaining that the objective of the audit engagement was to review and evaluate the system for operator payments and to ensure that those payments were made in accordance with the Strathclyde Concessionary Travel scheme;
- (4) advising members
 - (a) that some areas for improvement had been identified and five recommendations had been agreed which would be implemented by departmental management;

29 November 2013

- (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 consideration, the committee noted the position and agreed that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations to a future meeting.

7. Systems review of the hiring of agency staff

[Click here to view report](#)

There was submitted a report (issued) of 6 November 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT hired agency staff to fill a range of posts which were mostly of a specific nature to support the Subway modernisation programme.
- (2) explaining that the objective of the audit was to review, analyse and evaluate the current internal control, procedures and documentation in place for the hiring of agency staff;
- (3) advising members
 - (a) that areas for improvement had been identified and ten 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 noted the position and agreed that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations to a future meeting.

8. Systems review of overtime documentation and reporting

[Click here to view report](#)

There was submitted a report (issued) of 8 October 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members that overtime working within SPT was required to meet demand and service delivery objectives;
- (2) explaining that the objective of the audit review was to analyse and evaluate the current internal controls, procedures and documentation in place for recording, authorisation, payment and reporting of non-contractual overtime;
- (3) advising members

29 November 2013

- (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 consideration, 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. Systems review of changes to creditors standing data

[Click here to view report](#)

There was submitted a report (issued) of 6 November 2013 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT paid creditors for a wide range of goods and services to support the delivery of strategic priorities which included bus subsidies, contractual payment and grants;
- (2) informing members that in July 2013, a fraudulent request to change a creditors' standing data had been received from a person(s) purporting to be from a service provider contracted by SPT; and
- (3) detailing the audit findings of a system review of changes to creditors standing data;
- (4) explaining that the objective of the audit review was to investigate this specific and subsequent occurrence which occurred since, neither of which had resulted in a financial loss to SPT and review the current system in place for changes to creditors standing data;
- (5) 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 consideration, the committee agreed that the Audit & Assurance Manager would submit a follow up report on the implementation of the recommendations to a future meeting.

10. Follow up performance report to 2 November 2013

[Click here to view report](#)

There was submitted and noted a report (issued) of 6 November 2013 by the Assistant Chief Executive (Business Support)

29 November 2013

- (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 was effectively implemented must be established and then subsequently presented to the Audit and Standards Committee;
- (2) appending a summary of ten assurance engagements which had been completed in the year to November 2013; and
- (3) concluding that all recommendations from those engagements had been implemented.

11. Corporate Risk Register update

[Click here to view report](#)

There was submitted and noted a report (issued) of 6 November 2013 by the Assistant Chief Executive (Business Support)

- (1) reminding 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) appending the current corporate risk register;
- (3) advising members that there had been no changes to the register since the last Audit & Standards committee meeting held on 20 September 2013; and
- (4) Indicating that the risks associated with the forthcoming Commonwealth Games to be held in Glasgow in 2014 as referred to at the last meeting would be taken into account in the publication of the next Corporate Risk Register.

12. Audit Scotland report: responding to challenges and change

[Click here to view report](#)

There was submitted and noted a report (issued) of 6 November 2013 by the Assistant Chief Executive (Business Support)

- (1) appending Audit Scotland's report entitled "Responding to Challenges and Change" which had been published in March 2013;
- (2) explaining that the report outlined the many challenges faced by local government including managing financial pressure, dealing with welfare reform and continuing to provide Best Value; and
- (3) detailing SPT's response to the key messages within the report.

13. Members' and Directors' expenses 2013/2014

[Click here to view report](#)

There was submitted and noted a report (issued) of 13 November 2013 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses to 2 November 2013.