

## **Strathclyde Partnership for Transport**

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

**22 February 2019**

held in 131 St Vincent Street, Glasgow

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**Minute of the meeting of Strathclyde Partnership for Transport's  
Audit and Standards Committee held in 131 St Vincent Street, Glasgow on 22 February 2019**

**Present** Councillors Marie McGurk (Chair), Ian Cochrane, Maureen Devlin, Iain McLaren (Substitute for Cllr Finn) and David Shearer; appointed members Jim McNally and Ann Faulds; and Gary Devlin of Scott Moncrieff.

**Attending** Gordon Maclennan, Chief Executive; Valerie Davidson, Assistant Chief Executive/Partnership Secretary; Neil Wylie, Director of Finance & HR; Iain McNicol, Audit & Assurance Manager and Pamela Lawrence, PA to Assistant Chief Executive.

**Chair's Remarks**

In absence of Cllr Finn, all members were in agreement that Cllr McGurk chair the meeting. Thereafter, Cllr McGurk took the Chair.

**1. Apologies**

Apologies were received from Cllrs Jim Finn and Colin Cameron and appointed member Brian Davidson.

**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 30 November 2018 was submitted and approved as a correct record.

Mr McNicol advised that a supplementary report on Complaints Statistics would be discussed under Agenda Item 16.

**4. External Audit – Scott Moncrieff Report: External Audit Plan 2018/19**

There was submitted a report (issued) of 6 February 2019 by Scott Moncrieff advising the committee of the External Audit Plan for 2018/19. After consideration and having heard from Mr Devlin, the committee noted the contents of the report.

**5. Conclusion of previously reported theft of SPT property**

There was submitted a report (issued) of 7 February 2019 by the Assistant Chief Executive advising the committee of the recovery of funds arising from a previously reported theft and subsequent Audit and Assurance review of internal controls at East Kilbride Bus Station. After consideration and having heard from Mrs Davidson, Mr Wylie and Mr McNicol that all stolen monies had now been recovered and revised controls were in place, the committee noted the contents of the report.

**6. Corporate Risk Register update**

There was submitted a report (issued) of 29 January 2019 by the Assistant Chief Executive appending the current Corporate Risk Register, and advising members that since the last Audit and Standards committee meeting, two risks continued to require close attention:

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- SPT 7: Loss of digital infrastructure: close attention continues to be given to this risk from Scottish and UK government correspondence in relation to cyber threats with no change to the risk score;
- SPT 26: EU (withdrawal) Act 2018 – Brexit implications: this risk, effect and mitigation, risk score and fall back plan have been informed by government advice as at the date of this report.

After discussion, the committee noted the contents of the report and the Corporate Risk Register, as at January 2019.

#### **7. Assurance Framework Update**

There was submitted a report (issued) dated 4 February 2019 by the Assistant Chief Executive providing an update on the assurance framework within SPT from internal and external sources. After discussion, the committee noted the contents of the report and the Assurance Framework Map, as at February 2019.

#### **8. Local Code of Corporate Governance Update**

There was submitted a report (issued) dated 29 January 2019 by the Assistant Chief Executive providing an update on the arrangements for the production of the Annual Governance Statement for 2018/19 and the Local Code of Corporate Governance used to inform this statement.

After discussion, the committee noted the arrangements for the production of the Annual Governance Statement for 2018/19 and the summary of documents to support the Local Code of Corporate Governance.

#### **9. Core financial systems review of payroll administration**

There was submitted a report (issued) dated 29 January 2019 by the Assistant Chief Executive advising the committee on the findings of a core financial systems review of payroll administration, which has resulted in two recommendations. This engagement is included in the annual Internal Audit Plan for 2018/19.

The Chair noted a follow-up report was planned to be provided to the committee in 6 months and requested this be moved to the next committee meeting instead.

After consideration and having heard Mr McNicol, the committee noted the contents of the report and agreed that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to the next committee meeting in June 2019.

#### **10. Regularity audit of contract variations**

There was submitted a report (issued) dated 29 January 2019 by the Assistant Chief Executive advising the committee on the findings of a regularity audit of contract variations. This engagement is included in the annual Internal Audit Plan for 2018/19.

On request from the Chair, Mr McNicol confirmed that a follow-up report would be provided to the next committee meeting.

After consideration and having heard Mr McNicol, the committee noted the contents of the report and agreed that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to the next committee meeting in June 2019.

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#### **11. Regularity audit of complaints handling and reporting**

There was submitted a report (issued) dated 5 February 2019 by the Assistant Chief Executive advising the committee on the findings of a regularity audit of complaints handling and reporting, which has resulted in four recommendations. This engagement is included in the annual Internal Audit Plan for 2018/19.

On request from the Chair, Mr McNicol confirmed that a follow-up report would be provided to the next committee meeting.

After consideration and having heard Mr McNicol, the committee noted the contents of the report and agreed that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to the next committee meeting in June 2019.

#### **12. Engagement follow up performance December 2018 to February 2019**

There was submitted a report (issued) dated 4 February 2019 by the Assistant Chief Executive:

- (1) advising the committee on the performance and implementation rate of recommendations from follow-up engagements undertaken between December 2018 to February 2019;
- (2) that the objective of each follow-up engagement is to test and evaluate management actions taken to address the agreed identified areas for improvement from the initial engagement; and
- (3) advising members that management action has been taken, with the percentage implementation rate from the recommendations of 89%.

After consideration and having heard Mr McNicol, the committee noted the contents of the report and the implementation rate of the recommendations from assurance engagements previously reported to the committee.

#### **13 Internal Audit plan 2019/20**

There was submitted a report (issued) dated 12 February 2019 by the Assistant Chief Executive seeking committee approval for the Internal Audit Plan 2019/20, which has been prepared in accordance with the Public Sector Internal Audit Standards (PSIAS) and the Internal Audit Charter.

In answer to members' questions, Mr Devlin advised it was the role of the Audit & Standards Committee members to seek assurance that the Internal Audit Plan adequately reflects the content of the Corporate Risk Register.

After consideration and having heard further from Mr Devlin and Mr McNicol, the committee approved the Internal Audit Plan for 2019/20.

#### **14 Audit and Standards Committee work plan 2019/20**

There was submitted a report (issued) dated 12 February 2019 by the Assistant Chief Executive providing the committee with a provisional work plan for the 2019/20 financial year.

After consideration and having heard Mrs Davidson and Mr Wylie, the committee noted the contents of the report and the Audit and Standards Committee work plan for 2019/20.

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**15. Audit Scotland report: 'Local Government in Scotland – Financial Overview 2017/18'**

There was submitted a report (issued) dated 3 December 2018 by the Assistant Chief Executive, advising the committee on the issue of an Audit Scotland report titled 'Local Government in Scotland – Financial Overview 2017/18' advising members:

- (1) that in November 2018, Audit Scotland published a report titled 'Local Government in Scotland – Financial Overview 2017/18';
- (2) that the report details that the Scottish Government revenue funding to councils reduced in 2017/18, in cash terms by 0.6% (£0.06bn) and in real terms for 2.3% (£0.22bn);
- (3) that in 2017/18 councils managed funding gaps of 4% in their net expenditure budgets of £12bn mainly through savings and planned use of reserves;
- (4) that 18 councils ended 2017/18 with lower levels of usable reserves than they had at the start of the year;
- (5) that funding to the Integration Joint Boards increased in 2017/18 by 3% in cash terms (1.4% in real terms);
- (6) that the financial outlook is for reductions in Scottish Government revenue funding to councils. This will mean continued and increased financial pressures on council services, especially those that are not protected; and
- (7) that the impact of EU withdrawal is not yet clear, but councils need to identify the risks and develop contingency plans to manage these risks.

Mr McNicol also highlighted to members of the Scrutiny Tool for Councillors included in the Audit Scotland report.

After discussion and hearing from Mrs Davidson and Mr McNicol, the committee noted the contents of the report and the Audit Scotland report titled 'Local Government in Scotland – Financial Overview 2017/18'.

**16 Public reporting complaints statistics 2018/19 - Q3**

There was submitted a report (issued) dated 29 January 2019, together with a supplementary report circulated at the meeting, by the Assistant Chief Executive:

- (1) advising the statistics for the third quarter of 2018/2019 for SPT complaints;
- (2) informing members that of the 252 complaints received in the second quarter of 2018/2019, 31 did not concern SPT services and 90% had been responded to within the prescribed timescale; and
- (3) Including a trend analysis requested at the last meeting.

Mr McNicol confirmed that severe weather warnings impacted on the number of complaints during the previous quarter and will include specific matters in future reports where applicable.

After discussion, the committee noted the level of complaints received in the context of the volume of service provided.

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#### **17. Members' and Directors' expenses 2018/2019**

There was submitted and noted a report (issued) of 5 February 2019 by the Assistant Chief Executive detailing members' and directors' expenses to 19 January 2019.

Following questions from members specifically in relation to professional fees, the committee noted the details of the report.

#### **18. Whistleblowing Report**

**The Committee resolved in terms of Section 50A(4) of the Local Government (Scotland) Act 1973 to exclude the press and public from the meeting as exempt information, as defined in paragraphs 6 and 10, schedule 7a, was likely to be disclosed.**

There was submitted and noted a report (issued) of 6 February 2019 by the Assistant Chief Executive advising the committee that the Assistant Chief Executive had implemented the Whistleblowing Policy to review concerns raised. The report detailed the concerns, findings and subsequent actions.

After discussion, the committee noted the contents of the report.

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