

Strathclyde Partnership for Transport

Minute of the Audit & Standards Committee

30 November 2018

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 30 November 2018**

Present Councillors Marie McGurk (Chair), Ian Cochrane, Colin Cameron, Jim Finn and David Shearer; and appointed members Jim McNally and Ann Faulds.

Attending Gordon Maclennan, Chief Executive; Neil Wylie, Director of Finance & HR; Iain McNicol, Audit & Assurance Manager; Jim Griffin, Solicitor; and Pamella Lawrence, PA to Assistant Chief Executive.

Chair's Remarks

Cllr Finn proposed that Cllr McGurk be appointed as Chair for today's Committee meeting and this was agreed by all members in attendance. Thereafter, Cllr McGurk chaired the meeting.

1. Apologies

Apologies were received from Cllr Maureen Devlin, appointed member Brian Davidson and external auditors Scott Moncrieff.

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 14 September 2018 was submitted and approved as a correct record subject to the Chair seeking an update on Item 12. Mr McNicol advised this would be discussed under Agenda Item 15.

4 Corporate Risk Register update

There was submitted a report (issued) of 7 November 2018 by the Assistant Chief Executive appending the current corporate risk register, and advising members that since the last Audit and Standards committee meeting, the following amendments have been made:

- 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 11: Current economic conditions continue to adversely impact on SPT's return on cash reserves: this risk, effect and mitigation have been updated. The risk score was unchanged;
- 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. **Note:** a separate paper on this matter will be presented to the next Partnership meeting of 14 December 2018.

Following discussion, and hearing Messrs McNicol, Wylie and Maclennan in answer to members' questions, the committee noted the terms of the report.

5. Digital Assurance Framework

There was submitted a report (issued) dated 7 November 2018 by the Assistant Chief Executive detailing:

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- (1) the digital assurance framework within SPT from internal and external sources which had been prepared as part of the Internal Audit plan for 2018/19; and
- (2) advising members
 - (a) that SPT seeks and receives digital assurance from internal and external sources with the digital assurance map outlining the key risk areas and mitigation, assurance provider(s) and the date of the last review;
 - (b) that the Audit and Assurance team has assisted in the development of the digital assurance map, areas for improvement have been identified and three recommendations have been agreed; and
 - (c) that key controls exist and are applied consistently and effectively in the majority of areas tested in this engagement, from which reasonable assurance can be taken.

After consideration and having heard Messrs McNicol and Wylie, the committee noted the contents of the report including the digital assurance map as at October 2018, and agreed that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to a meeting in approximately six months.

6. Regularity audit of procurement outcomes

There was submitted a report (issued) dated 9 October 2018 by the Assistant Chief Executive outlining:

- (1) the findings of a planned regularity audit of procurement outcomes; and
- (2) advising members
 - (a) that the Partnership spent over £150 million in 2016/17 and 2017/18 for the supply of goods, services and works in accordance with EU and Scottish Government legislation;
 - (b) that SPT use the Procurement Contract Scotland portal to engage with suppliers directly, with requests for quotations (Quick Quotes) for lower value contracts (up to £50,000);
 - (c) that engagement testing (as at September 2018) found that spend on procured goods, services and works was in accordance with legislation and internal procurement arrangements, and that the engagement identified a requirement to review contract planning arrangements for lead times and the recording of contract numbers in the financial ledger; and
 - (d) that there are areas for improvement, and these areas have been addressed by four audit recommendations, which Procurement management have agreed to implement.

After consideration and further discussion, 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 recommendations to a meeting in approximately 6 months.

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7. Regularity audit of the HR system administration

There was submitted a report (issued) dated 7 November 2018 by the Assistant Chief Executive:

- (1) detailing the findings of a regularity audit of the HR system administration (a digital system - Chris21);
- (2) explaining that the objective of this engagement was to review the administration and application of the Chris21 digital HR software system; and
- (3) advising members
 - (a) that four recommendations have been agreed from this engagement; and
 - (b) that key controls exist and are applied consistently and effectively in the majority of areas tested and reasonable assurance can be taken from the areas covered in this engagement.

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 a meeting in approximately six months.

8. Regularity audit of the Public Bodies Climate Change Duties report

There was submitted a report (issued) dated 20 November 2018 by the Assistant Chief Executive:

- (1) detailing the findings of a regularity audit of the Public Bodies Climate Change Duties report for 2017/18; and
- (2) advising members
 - (a) that key controls exist and are applied consistently and effectively in most areas covered in this engagement; and
 - (b) that sound assurance can be placed on energy usage reported in the Public Bodies Climate Change Duties submission for 2017/18.

After consideration and having heard Mr McNicol, the committee noted the contents of the report.

9. Core financial systems review of treasury management

There was submitted a report (issued) dated 7 November 2018 by the Assistant Chief Executive:

- (1) detailing the findings of a core financial systems review of treasury management;
- (2) explaining that the objective of the engagement was to assess and evaluate the treasury management system and test internal controls by undertaking an end to end review in accordance with statute, Scottish Government Finance Circulars and CIPFA codes of practice; and
- (3) advising members

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- (a) that one recommendation has been agreed from this engagement;
- (b) that key controls exist and are applied consistently and effectively in most areas tested; and
- (c) that sound assurance can be taken from the internal controls in place.

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 a meeting in approximately six months.

10. Engagement follow up performance September to November 2018

There was submitted a report (issued) dated 20 November 2018 by the Assistant Chief Executive:

- (1) advising the committee on the performance and implementation rate of recommendations from follow-up engagements undertaken between September and November 2018; and
- (2) explaining that the objective of each follow-up is to test and evaluate management actions taken to address the agreed identified areas for improvement from the initial engagement.

On hearing from Mr McNicol in further elaboration advising members that further management action has been taken since the papers were issued, the revised number of recommendations now implemented was 20, an equivalent percentage implementation rate of 80%, the committee noted the report and the revised implementation rate.

11. Internal Audit plan 2018/19 – mid-year progress report

There was submitted a report (issued) dated 20 November 2018 by the Assistant Chief Executive:

- (1) advising members that in the year to 26 October 2018, 235 of the 500 audit plan days (47%) have been achieved; and
- (2) that good progress has been made, to date, in achieving the Internal Audit plan recommendations for 2018/19.

Mr McNicol advised members that with reference to the previous item, follow-up reviews confirmed that 41 of the 46 recommendations (89%) had been implemented.

The committee thereafter noted the report and the revised implementation rate.

12. Counter Fraud Strategy update

There was submitted a report (issued) dated 9 October 2018 by the Assistant Chief Executive:

- (1) appending a revised Counter Fraud Strategy last approved by the Audit and Standards committee at its meeting on 20 June 2014 and noting this is included in the governance manual; and.

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- (2) advising members that the Counter Fraud Strategy incorporating the fraud response plan and whistleblowing policy, had been reviewed and enhanced to reflect recent organisational change and providing good practice guidance to all staff.

The committee approved the updated Counter Fraud Strategy.

13. Risk Management Strategy update

There was submitted a report (issued) dated 9 October 2018 by the Assistant Chief Executive:

- (1) detailing the updated Risk Management Strategy; and
- (2) advising members
 - (a) that SPT is committed to maintaining and promoting a risk managed culture to service delivery; and
 - (b) that the updated Risk Management Strategy has been reviewed and enhanced to reflect recent organisational change and provide good practice guidance to all staff.

The committee approved the updated Risk Management Strategy.

14. Audit Scotland report: 'Scotland's new financial powers'

There was submitted a report (issued) dated 25 October 2018 by the Assistant Chief Executive,

- (1) advising members
 - (a) that on 16 October 2018, Audit Scotland published a report titled 'Scotland's new financial powers – Operation of the Fiscal Framework';
 - (b) that the report details the Scottish Parliament's new financial and social security powers and responsibilities from the 2012 and 2016 Scotland Acts and how these fundamentally change the Scottish public finances, noting that many of the components of the Fiscal Framework are now operating, including tax raising, borrowing and reserve powers; and
 - (c) the Scottish Government grant funds SPT's capital and revenue budgets.

The committee noted the report.

15. Public reporting complaints statistics Q2 2018/19

There was submitted a report (issued) dated 7 October 2018 by the Assistant Chief Executive:

- (1) advising members of the statistics for the second quarter of 2018/19 for SPT complaints;
- (2) informing members that of the complaints received in the second quarter 25 did not relate directly to SPT services and 84% had been responded to within the prescribed timescale;
- (3) providing members with a breakdown of the areas of service delivery within SPT to where complaints related to in quarter 2; and
- (4) intimating

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- (a) that all complaints had been considered and investigated thoroughly; and
- (b) that SPT would continue to monitor customer complaints using the information to learn and improve on services delivered.

With reference to the minute of the previous meeting, Mr McNicol advised members that additional information has been provided on complaints by reason and that management had intimated a review of the categories and reporting of complaints will be conducted for the new financial year.

After consideration, and hearing Messrs McNicol and Maclennan in answer to members' questions, the committee noted the report and requested that future reports provide additional information on complaints by trend.

16. Members' and Directors' expenses 2018/2019

There was submitted and noted a report (issued) of 21 November 2018 by the Assistant Chief Executive detailing members' and directors' expenses to 27 October 2018.

After consideration, the committee noted the terms of the report.