

Committee minute



Strathclyde Partnership for Transport

Minute of the Audit & Standards Committee

1 December 2017

held in 131 St Vincent Street, Glasgow

contact officers:

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

**Minute of the meeting of Strathclyde Partnership for Transport's
Audit and Standards Committee held in 131 St Vincent Street, Glasgow on 1 December 2017**

Present Councillor Jim Finn (Chair), Colin Cameron, Allan Casey, Ian Cochrane, Alistair Mackay (Substitute), and appointed members Ann Faulds and Jim McNally.

Attending Valerie Davidson Secretary/Assistant Chief Executive (Business Support); Gordon Maclennan, Chief Executive; Neil Wylie, Director of Finance and HR and Iain McNicol, Audit & Assurance Manager.

Also attending Gary Devlin, Scott-Moncrieff.

1. Apologies

Apologies were submitted from Councillor Marie McGurk 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 15 September 2017 was submitted and approved as a correct record.

4. Corporate Risk Register update

There was submitted and noted a report (issued) of 7 November 2017 by the Assistant Chief Executive (Business Support)

- (1) appending the current corporate risk register; and
- (2) advising members that, since the last committee, no changes had been made to the risk register although close attention continued to be given to "SPT6: Security" as a result of heightened security alerts from the UK and Scottish Governments.

After discussion and having heard Mr McNicol in further explanation and in answer to members' questions, the committee noted the terms of the report.

5. Assurance engagements completed in 2016/2017

There was submitted a report (issued) of 27 April 2017 by the Assistant Chief Executive (Business Support)

- (1) detailing the findings of the following assurance engagements completed in 2016/2017:-
 - regularity audit of Travel Centre administration;
 - systems review of Health & Safety reporting; and
 - regularity audit of Subway station office administration.

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- (2) explaining that those engagements tested elements of the internal controls and mitigation against SPT 6: security and SPT 22: governance arrangements, as identified in the corporate risk register;
- (3) advising members
 - (a) that there were areas for improvement and those areas had been addressed by nine, seven and nine recommendations respectively;
 - (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 engagements.

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

- (i) noted the terms of the report; and
- (ii) agreed
 - (A) that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations to a future meeting; and
 - (B) that the format of the supplementary report be reviewed to bring clarity to the relative priority of recommendations.

6. Engagement follow-up performance 2016/2017

There was submitted and noted a report (issued) of 27 April 2017 by the Assistant Chief Executive (Business Support)

- (1) informing 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 and then subsequently presented to the Audit and Standards Committee required to be established;
- (2) appending a summary of follow-up performance reviews for ten engagements which had been completed between November 2016 and March 2017; and
- (3) informing members that the percentage implementation rate of the recommendations from the ten follow-up engagements was found to be 81%.

7. Annual Internal Audit opinion and report 2016/2017

There was submitted and noted a report (issued) of 23 May 2017 by the Assistant Chief Executive (Business Support)

- (1) informing members that as Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme Joint Committee shared many common systems, a joint

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internal audit plan had been compiled for the two organisations and had been approved at the Partnership's Audit & Standards Committee on 17 June 2016;

- (2) explaining 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 prevention;
- (3) appending a record of all assurance engagements completed in 2016/2017, 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's and Joint Committee's framework of governance, risk management and control in the year to 31 March 2017.

8. Internal Audit plan 2017/2018

There was submitted and approved a report (issued) of 28 April 2017 by the Assistant Chief Executive (Business Support)

- (1) appending an internal audit plan for 2017/2018 which had been prepared in accordance with the Public Sector Internal Audit Standards and SPT's Internal Audit Charter;
- (2) explaining
 - (a) that the plan provided the direction of travel and a framework for audit engagements in the forthcoming year;
 - (b) that, although the plan was aligned to the Partnership's strategic objectives, the code of corporate governance and assurance framework, there was scope to be responsive to change; and
 - (c) that the plan also included provision for consulting activities and prevention work;
- (3) informing members that the risk-based plan and the scope of each audit engagement had been informed by:
 - The Assurance framework;
 - Risk registers;
 - Strategy Group consultation; and
 - External factors (e.g. government initiatives, intelligence, networking, etc.); and
- (4) recommending approval of the Internal Audit Plan for 2017/2018.

9. Regularity audit of Subway annual stockcount

There was submitted a report (issued) of 21 June 2017 by the Assistant Chief Executive (Business Support)

- (1) detailing the findings of a regularity audit of Subway annual stockcount;

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- (2) explaining that the objective of this engagement was to review the Subway annual stockcount arrangements; and
- (3) advising members
 - (a) that four areas for improvement had been identified and 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.

10. Regularity audit of investment property administration

There was submitted a report (issued) of 16 November 2017 by the Assistant Chief Executive (Business Support)

- (1) detailing the findings of a regularity audit of investment property administration;
- (2) explaining that the objective of the engagement was to undertake an end to end review of the administration of the investment property portfolio;
- (3) advising members
 - (a) that eleven areas for improvement had been identified and recommendations had been agreed;
 - (b) that key controls existed but had not been applied consistently and effectively in the areas tested; and
 - (c) that reasonable assurance could be taken from the areas covered in the engagement with the exception of records management arrangements.

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.

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11. Regularity audit of Buchanan Bus Station security uplift arrangements

There was submitted a report (issued) of 16 November 2017 by the Assistant Chief Executive (Business Support)

- (1) detailing the findings of a regularity audit of Buchanan Bus Station (BBS) security uplift arrangements;
- (2) explaining that the objective of the engagement was to undertake an end to end review of the current security uplift system in operation at BBS; and
- (3) advising members
 - (a) that four areas for improvement had been identified and 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 controls in place for those 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.

12. Regularity audit of Subway station ticket offices

There was submitted a report (issued) of 16 November 2017 by the Assistant Chief Executive (Business Support)

- (1) detailing the findings of a regularity audit of Subway station ticket offices;
- (2) explaining that the objective of the engagement was to review cash handling and lost property arrangements within Subway station ticket offices; and
- (3) advising members
 - (a) that four areas for improvement had been identified and 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 controls in place for those areas covered in the engagement.

After consideration, 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.

13. Regularity audit of Subway station TVMs security uplift arrangements

There was submitted a report (issued) of 16 November 2017 by the Assistant Chief Executive (Business Support)

- (1) detailing the findings of a regularity audit of Subway station ticket vending machine (TVM) security uplift arrangements;
- (2) explaining that the objective of the engagement was to undertake an end to end review of the current security uplift system in operation for Subway station ticket vending machines; and
- (3) advising members
 - (a) that three areas for improvement had been identified and 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 controls in place for 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.

14. Regularity audit of the CRC energy efficiency scheme reporting

There was submitted and noted a report (issued) of 16 November 2017 by the Assistant Chief Executive (Business Support)

- (1) detailing the findings of a regularity audit of the carbon reduction commitment (CRC) energy efficiency scheme reporting;
- (2) explaining that the objective of the engagement was to provide a level of assurance on the CRC annual summary report for 2016/2017 and test supporting information; and
- (3) advising members
 - (a) that some areas for improvement had been identified and had been addressed prior to the submission of the annual summary report 2016/2017;
 - (b) that key controls existed and had been applied consistently and effectively in most areas; and

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- (c) that sound assurance could be taken from the energy consumption levels reported in the CRC annual summary report for 2016/2017.

15. National Fraud Initiative 2016/2017 additional data matches

There was submitted a report (issued) of 16 November 2017 by the Assistant Chief Executive (Business Support)

- (1) reminding members that in accordance with the Partnership's Counter Fraud Strategy, SPT had participated in the National Fraud Initiative (NFI), a UK wide data matching exercise of mandatory and risk based datasets held by public bodies during 2016/2017;
- (2) detailing the findings of the NFI for 2016/2017; and
- (3) informing members that, following the analysis of all data matches no error or fraud had been found.

16. Systems review of subsidised bus services

There was submitted a report (issued) of 16 November 2017 by the Assistant Chief Executive (Business Support)

- (1) detailing the findings of a systems review of subsidised bus services;
- (2) explaining that the objective of the engagement was to review the current internal control systems in place for local/rural subsidised services; and
- (3) advising members
 - (a) that four areas for improvement had been identified and 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 controls in place for those 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.

17. Contract audit of advertising income

There was submitted a report (issued) of 16 November 2017 by the Assistant Chief Executive (Business Support)

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- (1) detailing the findings of a contract audit of advertising income;
- (2) explaining that the objective of the engagement was to review and evaluate the contract management arrangements including an analysis of all income received throughout the duration of the expired contract (up to 31 March 2017) and to review the arrangements for the new existing contract(s) commencing 1 April 2017;
- (3) advising members
 - (a) that six areas for improvement had been identified and 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 controls in place for those 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.

18. Public Reporting Complaints Statistics 2017/2018

There was submitted and noted a report (issued) of 20 October 2017 by the Assistant Chief Executive (Business Support)

- (1) advising members of the statistics for the first two quarters of 2017/2018 for SPT customer complaints;
- (2) informing members that 275 complaints had been received in the first two quarters of 2017/2018, of which 88 did not concern SPT services, and that 100% had been responded to within the prescribed timescale;
- (3) providing members with a breakdown of the areas of service delivery within SPT where complaints had been received in quarters 1 and 2; and
- (4) intimating
 - (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 services delivered.

19. Members' and Directors' expenses 2017/2018

There was submitted and noted a report (issued) of 9 November 2017 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses to 30 September 2017.