



Audit & Standards committee annual report 2019/2020

Date of meeting 26 June 2020

Date of report 12 June 2020

Report by Assistant Chief Executive

1. Object of report

Following consideration by the Audit & Standards Committee, and in compliance with accepted good practice, to recommend that the Partnership consider and note the Audit & Standards committee annual report for financial year 2019/2020.

2. Background

Role of the Audit & Standards committee

As members will be aware, the Audit & Standards Committee play an important role in the governance arrangements of SPT. Recognised good practice from CIPFA suggests that the Committee in undertaking their role effectively, also consider a work plan and report more fully on the scale of the committee activities. As in previous years it is considered appropriate that the annual report of activity is presented to the Partnership, thus ensuring that all members of the Partnership are sighted on the activities of this important Committee.

The role of the Audit & Standards committee is to:

- consider the effectiveness of the Partnership's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements;
- seek assurances that action is being taken on risk-related issues identified by auditors and inspectors; and
- be satisfied that the Partnership's assurance statements, including the Statement on the System of Internal Financial Control, properly reflect the risk environment and any actions required to improve it.

The full terms of reference for Audit & Standards committee can be found in Appendix 1.

3. Outline of proposals

At its meeting of 12 June 2020, the Audit & Standards committee discussed an annual report on the work of the committee throughout the 2019/2020 financial year and considered a provisional work plan for the 2020/2021 financial year (see Appendix 2).

The Audit & Standards committee met four (4) times in the 2019/2020 financial year and considered fifty-two (52) reports at these meetings.

The core functions of the Audit & Standards committee include reviewing the Partnership's arrangements for the provision of assurance frameworks, counter fraud, financial reporting, governance and ethical values, and risk management.

The committee receive reports from the external auditor, internal audit and other assurance providers throughout the year. In line with good practice, the external auditors are invited to attend all meetings of the Committee as observers, contributing if requested by the Committee.

4. Conclusion

At its meeting of 12 June 2020, the Audit & Standards committee discussed an annual report on the work of the committee throughout the 2019/2020 financial year and considered a provisional work plan for the 2020/2021 financial year.

5. Partnership action

The Partnership is recommended to note the Audit & standards committee annual report 2019/2020.

6. Consequences

Policy consequences	<i>In accordance with Strathclyde Partnership for Transport committee terms of reference.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>None.</i>

Name Valerie Davidson

Name Gordon MacIannan

Title Assistant Chief Executive

Title Chief Executive

For further information, please contact Valerie Davidson, Assistant Chief Executive, on telephone number 0141 333 3298.

APPENDIX 1

Audit and Standards committee – Terms of Reference

Number of members:	9
Meetings:	Quarterly and as and when required
Quorum:	3 always provided that in order to form a quorum at any meeting of the Partnership, or committee, at least three of the constituent councils must be represented

Subject to the exclusions and limitations to delegation, the compliance with the policies of the Partnership and the requirement to ensure that the appropriate financial provision is available if any decisions are taken which will have any budgetary implications, this committee is authorised:-

1. To consider the effectiveness of the Partnership's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
2. To seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
3. To be satisfied that the Partnership's assurance statements, including the Statement on the System of Internal Financial Control, properly reflect the risk environment and any actions required to improve it.
4. To approve (but not direct) internal audit's strategy plan and monitor performance.
5. To review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
6. To receive the annual report of internal audit.
7. To consider the Partnership's annual financial statements.
8. To consider the reports of external audit and inspection agencies.
9. To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
10. To review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
11. To promote the delivery by members and officers of high standards of conduct, including scrutiny of the relevant Register of Interests.
12. To promote value for money studies.
13. To promote and monitor financial controls, civic management and corporate governance.
14. To assist members to observe the Code of Conduct in accordance with any guidance issued by the Standards Commission for Scotland.

Audit and Standards Committee annual report 2019/2020

Committee Audit and Standards

Date of meeting 12 June 2020

Date of report 21 February 2020

Report by Assistant Chief Executive

1. Object of report

To provide an annual report on the work of the Audit and Standards committee in 2019/2020.

2. Background

Good practice guidance

The Chartered Institute of Public Finance & Accountancy (CIPFA) recently published updated practical guidance on audit committees. This standard setter guidance states:

'the (audit) committee should report regularly on its work to those charged with governance, and at least annually report an assessment of their performance'.

3. Outline of findings

Audit and Standards committee 2019/2020

The Audit and Standards committee met four (4) times in the 2019/20 financial year (7 June 2019, 30 August 2019, 29 November 2019 and 14 February 2020).

A total of fifty-two (52) reports were presented to and considered by the Audit and Standards committee at these meetings.

The core functions of the audit committee and reports presented were categorised as:

Assurance frameworks and assurance planning: including the assurance framework update(s).

Countering fraud and corruption: including International Fraud Awareness week initiatives.

External Audit: reports included the 2018/2019 annual audit report to members of Strathclyde Partnership for Transport, the Strathclyde Concessionary Travel Scheme Joint Committee and the Controller of Audit and the External Audit plan 2019/2020.

Financial reporting: reports included the 2018/2019 draft and final abstract of accounts for Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme.

Good governance and the annual governance statement: reports included the Audit and Standards committee work plan, Audit Scotland reports, the annual governance statement (AGS) and the local code of corporate governance update.

Governance and Ethical values: reports included minutes of meetings, public reporting complaints statistics and members and directors expenses at each meeting.

Internal Audit: reports included an annual opinion and report for 2018/2019, assurance engagement reports, a mid-year progress report, and follow-up performance reports during 2019/2020 and the Internal Audit plan 2020/2021.

Risk Management: reports included Corporate Risk register updates as at the date of each meeting in 2019/2020.

A separate work plan for 2020/2021 Audit and Standards committee business was noted at its meeting of 14 February 2020. To assist members the provisional Audit and Standards work plan for 2020/21, is provided to the committee (see Appendix 1).

Note: the provisional work plan can be supplemented with additional reports from assurance providers in accordance with the Audit and Standards Committee Terms of Reference.

4. Committee action

The committee is asked to:

- (i) note the Audit and Standards committee annual report 2019/2020;
- (ii) commend this report to the next Partnership meeting of 26 June 2020.

5. Consequences

Policy consequences	<i>In accordance with the Audit and Standards Committee Terms of Reference.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>None.</i>

Name Valerie Davidson

Name Gordon MacLennan

Title Assistant Chief Executive

Title Chief Executive

For further information, please contact Valerie Davidson, Assistant Chief Executive on 0141 333 3298.

Audit and Standards Committee 12 June 2020
Audit and Standards provisional work plan 2020/2021

Date of meeting	Assurance provider report source			Other planned reports
	Finance	Internal Audit	External Audit	
12 June 2020	Draft 2019/2020 Abstract of Accounts for Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme	Assurance engagement reports	None scheduled	Corporate Risk Register update
		Engagement follow-up performance reports		Audit Scotland report(s)
		Annual Internal Audit opinion and report 2019/2020		Audit & Standards committee annual report 2019/2020
28 August 2020	Final draft 2019/2020 Abstract of Accounts for Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme	Assurance engagement reports	2019/20 Annual Audit report to members of Strathclyde Partnership for Transport, the Strathclyde Concessionary Travel Scheme Joint Committee and Controller of Audit	Corporate Risk Register update
		Engagement follow-up performance reports		Audit Scotland report(s)
				Members and Directors expenses 2020/2021
27 November 2020	None scheduled	Assurance engagement reports	None scheduled	Corporate Risk Register update
		Engagement follow-up performance reports		Audit Scotland report(s)
		Internal Audit plan 2020/2021 Mid-year progress report		Members and Directors expenses 2020/2021
12 February 2021 (provisional date)	None scheduled	Assurance framework update	Strathclyde Partnership for Transport, the Strathclyde Concessionary Travel Scheme Joint Committee External Audit plan 2020/2021	Corporate Risk Register update
		Local Code of Corporate Governance update		Audit Scotland report(s)
		Internal Audit plan 2021/2022		Audit & Standards committee provisional work plan 2021/2022
		Assurance engagement reports		Members and Directors expenses 2020/2021
		Engagement follow-up performance reports		