Strathclyde Partnership for Transport

Minute of Audit and Standards Committee meeting

29 March 2007

held at: Consort House, Glasgow

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Minute of the meeting of the Strathclyde Partnership for Transport's Audit and Standards Committee held in Consort House, Glasgow, on 29 March 2007

Present	Councillors Eileen Logan (Chair), Barry McCulloch and John Mason and appointed members Tom Hart and Bill Ure.
Apologies	Councillors Eric Forbes, Davie McLachlan and Alan Stewart.
Attending	Valerie Davidson, Secretary; Neil Wylie, Director of Finance and Owen Hendry, Chief Internal Auditor.
Also attending	Grant Macrae, KPMG.

1.   **Minute of previous meeting**

The minute of the meeting of 1 February 2007 was submitted and approved.

2.   **Internal Audit Annual Plan – progress report**
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With reference to the minute of 1 February 2007 (page 2, paragraph 4), when the committee had noted an updated Internal Audit Annual Plan for 2006/07, there was submitted and noted a report (issued) of 12 March 2007 by the Assistant Chief Executive (Business Support),

(1)   advising members of the progress in achieving the internal audit plan for 2006/07;

(2)   enclosing as appendices to the report an Executive summary of audit reports which had now been completed by the internal audit team covering the following topics:-

- Tendering;
- Payment of creditors; and
- Subway cash income;

(3)   explaining that a follow up report would be provided by the Chief Internal Auditor on the implementation of the recommendations contained within the audit reports;

(4)   informing members

(a)   that the internal audit team were currently working on the following assignments:-

- three system audit reviews relating to concessionary fares, Dial-a-Bus and inventories;

- a contract audit involving the evaluation and testing of the internal control procedures for the Larkhall/Milngavie project; and

- the continuing programme of audit visits to travel centres and Subway stations; and

(b) that the results of all three assignments would be reported, as appropriate, to future meetings of the committee.

3. **Development of Strategic Risk Register**
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With reference to the minute of 1 February 2007 (page 1, paragraph 2), when the committee had noted

(1) the establishment of a risk management group comprising a cross section of the management team chaired by the Assistant Chief Executive (Customer Services); and

(2) that the first priority for that group was the establishment of a risk register for SPT,

there was submitted a report (issued) of 12 March 2007 by the Assistant Chief Executive (Business Support),

(a) informing members that, following the first meeting of the risk management group on 12 March 2007, a draft strategic risk register containing risks, consequences, risk assessments and proposed control measures had been developed which would be further refined with direct input from the Executive team; and

(b) advising members that the following keys risk areas had been identified by the group:-

- Funding;
- Security;
- Liaison with partner organisations;
- Managerial skills;
- Business continuity;
- Programme/project management skills;
- Staff sickness levels; and
- Industrial disputes.

After discussion, the committee noted the current position and agreed that the risk register, as approved by the Executive Team, be submitted to the next meeting of the committee for detailed consideration.

4. Whistle blowing arrangements
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   With reference to the minute of 26 October 2006 (page 3, paragraph 5) when the committee had approved a whistleblowing policy and fraud response plan to encourage staff to report serious concerns and provide protection for them in accordance with the Public Interest Disclosure Act, there was submitted a report (issued) of 12 March 2007 by the Assistant Chief Executive (Business Support),

   (1)   informing members that the Partnership's current anti fraud arrangements set out how suspected irregularities would be reported but did not offer guidance regarding how members of the public could report such matters to the Partnership;

   (2)   proposing

          (a)   that the fraud response plan be revised to offer guidance to members of the public on how they could raise concerns on fraud and corruption; and

          (b)   that in line with the Partnership's stated corporate governance objective of openness, any complainant should also be advised on the timetable of any investigation and, where appropriate the outcome; and

   (3)   advising members that in order to raise awareness of the proposed revised arrangements, the Chief Internal Auditor would consult with the Director of Communication on how the arrangements could be better publicised both internally and externally.

   After discussion and having heard Mrs Davidson and Mr Wylie in answer to members' questions, the committee agreed to amend the current fraud response plan to accommodate external reports of suspected fraud or corruption.

5. Code of Corporate Governance
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   There was submitted and noted a report, (issued) of 12 March 2007 by the Assistant Chief Executive (Business Support),

   (1)   enclosing as an appendix to the report, the Code of Corporate Governance which had been carried forward from SPTA and was currently being operated within the Partnership;

   (2)   advising members that the Partnership's current Code of Corporate Governance was based on the best practice guidance developed jointly for the public sector by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE); and

   (3)   informing members that the code had been updated to reflect the Partnership's current management structure and was based upon the five interlocking dimensions of corporate governance:-

          • Community focus;

- Service delivery arrangements;
- Structures and processes;
- Risk management and internal controls; and
- Standards of conduct;0

(4)   highlighting that a review of compliance with the code would be undertaken and reported to the next meeting of the committee.

6.   Interim Audit Report
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There was submitted the Interim Audit Report issued by the External Auditors, KPMG, for the year ending 31 March 2007 which summarised KPMG findings regarding the following:-

- Corporate governance arrangements;
- IT general controls; and
- Key financial controls.

After considerable discussion and having heard Mr Macrae, KPMG, and Mrs Davidson in answered to members' questions, the committee

(1)   noted the Interim Audit report; and

(2)   agreed that a report highlighting indicative timescales on general business continuity would be submitted to the next meeting of the committee.