

Committee minute



Strathclyde Partnership for Transport

Minute of the Audit & Standards Committee

27 November 2020

held by video conference

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Minute of the meeting of Strathclyde Partnership for Transport's Audit and Standards Committee held by video conference on 27 November 2020

Present Councillors Marie McGurk (Chair), Richard Bell, Ian Cochrane, Maureen Devlin and appointed members Brian Davidson, Ann Faulds and Jim McNally.

Attending Gordon Maclennan, Chief Executive; Valerie Davidson, Assistant Chief Executive/Partnership Secretary; Neil Wylie, Director of Finance; Iain McNicol, Audit & Assurance Manager; Stuart Paul, Chief Accountant and Karen Jones of Azets (External Auditors).

1. Apologies

Apologies were received from Councillors Marie McNair and David Shearer.

2. Declaration of interest in terms of the Ethical Standards in Public Life etc (Scotland) Act 2000

The Committee noted there were no declarations of interest.

3. Minute of previous meeting

[Click here to view the minute](#)

The minute of the meeting of 28 August 2020, having been considered at the Partnership meeting of 18 September 2020, was submitted and approved as a correct record.

Mr Wylie updated the Committee with reference to Agenda Item 11 of the minute, advising that progress had been made since the last report, with a focus on Supplier Management Cyber Controls and System Access Controls and identification of the need for specific cyber resource internally, and that a more detailed report on the progress will be presented to the February 2021 meeting.

4. Appointment of auditor extension to 2021/2022

[Click here to view the report](#)

There was submitted a report (issued) of 23 October 2020 by the Assistant Chief Executive advising the Committee of the extension of the external auditor for both Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme Joint Committee.

After hearing from Mrs Davidson, the Committee noted the extension of Azets Audit Services as auditor for both Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme Joint Committee for the 2021/2022 financial year by the Accounts Commission for Scotland.

5. Corporate Risk Register update

[Click here to view the report](#)

There was submitted a report (issued) of 4 November 2020 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/updates have been made:

- SPT 11: Current economic conditions adversely impact on SPT's operational income and return on cash reserves: close attention continues to be given to this risk from reports presented to the Strategy & Programmes Committee;
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- SPT 20: Continual network reviews/service withdrawals by commercial operators in bus market: close attention continues to be given to this risk from reports presented to the Operations committee;
- SPT 26: EU (withdrawal) Act 2018 – Brexit implications: close attention continues to be given to this risk from Scottish and UK government information provision;
- SPT 28: Impact of climate change: close attention continues to be given to this risk from reports presented to the Strategy & Programmes committee;
- SPT 29: Impact of coronavirus (Covid-19): close attention continues to be given to this risk from Scottish and UK government information provision. Note: Covid-secure workplace risk assessments have been completed and return to work risk assessments for all individual office based staff have been undertaken in accordance with Scottish government guidelines.

After having heard from Mr McNicol, the Committee noted the contents of the report and the Corporate Risk Register.

6. Regularity audit of bus infrastructure outcomes

[Click here to view the report](#)

There was submitted a report (issued) dated 7 October 2020 by the Assistant Chief Executive advising the Committee on the findings of a regularity audit of bus infrastructure outcomes. This engagement is included in the annual Internal Audit Plan for 2020/21.

The Committee noted the contents of the report and agreed that Mr McNicol submits a follow-up report on the implementation of the recommendations to a meeting in approximately six months.

7. Regularity audit of Subway station office administration

[Click here to view the report](#)

There was submitted a report (issued) dated 7 October 2020 by the Assistant Chief Executive advising the Committee on the findings of a regularity audit of Subway station office administration. This engagement is included in the annual Internal Audit Plan for 2020/21.

After discussion and having heard Mr McNicol and Mrs Davidson in answer to members' questions, and seeking clarity of the assurance level prior to the implementation of the recommendations, the Committee:

- (i) noted the contents of the report, and clarification that prior to the recommendation implementation the assurance level was "reasonable with exceptions";
- (ii) noted that recommendation 4 removed reference to the word "change" to avoid any misinterpretation; and
- (iii) agreed that a supplementary report outlining the background to the recommendations be presented to the next Committee.

8 Regularity audit of the Public Bodies Climate Change Duties report 2019/2020

[Click here to view the report](#)

There was submitted and noted a report (issued) of 3 November 2020 by the Assistant Chief Executive advising the Committee on the findings of a regularity audit of the Public Bodies Climate Change Duties report 2019/2020. This engagement is included in the annual Internal Audit plan for 2020/2021.

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After consideration, the Committee noted the contents of the report.

9. Regularity audit of petty cash administration

[Click here to view the report](#)

There was submitted a report (issued) dated 4 November 2020 by the Assistant Chief Executive advising the Committee on the findings of a regularity audit of petty cash administration. This engagement is included in the annual Internal Audit plan for 2020/2021.

After consideration, and clarifications concerning the proposal to remove a petty cash facility and what it had previously been used for, the Committee requested additional information on this item be presented to the next Committee meeting.

10. Engagement follow up performance September to November 2020

[Click here to view the report](#)

There was submitted and noted a report (issued) dated 4 November 2020 by the Assistant Chief Executive advising the Committee on the performance and implementation rate of recommendations from follow-up engagements undertaken between September and November 2020. Follow-up reviews are included in the annual Internal Audit plan for 2020/2021.

After consideration, the Committee noted the contents of the report and the implementation rate of the recommendations from assurance engagements previously reported to the Committee.

11. Internal Audit Plan 2020/2021 – mid year progress report

[Click here to view the report](#)

There was submitted a report (issued) dated 6 November 2020 by the Assistant Chief Executive asking the Committee to note the progress made to date in achieving the Internal Audit plan and performance objectives for 2020/2021.

After consideration, the Committee noted the contents of the report, the in-year changes to the Internal Audit plan and the progress made to date in achieving the Internal Audit plan for 2020/2021.

12 Audit Scotland report: Covid-19 implications for public finance in Scotland

[Click here to view the report](#)

There was submitted a report (issued) dated 7 October 2020 by the Assistant Chief Executive advising the Committee on the issue of an Audit Scotland report titled 'Covid-19 implications for public finance in Scotland'.

After consideration and having heard Mr McNicol and Mrs Davidson in answer to members' questions, the Committee:

- (i) noted the contents of the report; and
- (ii) agreed that Audit Scotland reports are circulated at the time of publication, as well as considering them more formally as part of the Audit & Standards agenda.

13 Audit Scotland report: Covid-19: Guide for audit and risk committees

[Click here to view the report](#)

There was submitted a report (issued) dated 14 July 2020 by the Assistant Chief Executive advising the Committee on the issue of an Audit Scotland report titled 'Covid-19: Guide for audit

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and risk committees' and outline of SPT's response to the key messages and recommendations contained therein.

After consideration and having heard Mrs Davidson in answer to members' questions, the Committee noted the contents of the report and the Audit Scotland report titled 'Covid-19: Guide for audit and risk committees'.

14 Public reporting complaints statistics – Quarter 2 2020/2021

[Click here to view the report](#)

There was submitted and noted a report (issued) of 6 November 2020 by the Assistant Chief Executive providing the Committee with the complaints statistics for Quarter 2 of 2020/2021, noting that the detail was also presented to the Operations Committee at its meeting of 6 November 2020.

Following discussion, the Committee noted the level of complaints received, in the context of the volume of service provided and requested that future reports also highlight the number of Stage 2 complaints.

15 Members' and Directors' expenses 2020/21

[Click here to view the report](#)

There was submitted and noted a report (issued) of 2 November 2020 by the Assistant Chief Executive detailing members' and directors' expenses to 24 October 2020.

Following consideration, and clarification relating to the materiality of accrued expenses shown from one financial year to the next, the Committee noted the details of the report and that the report would be reviewed to ensure it was providing the information in a clear and concise manner.

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Item 3a – Supplementary report

Background

Following the Audit and Standards committee meeting of 27 November 2020, the following extracts are to supplement the information outlined at the meeting. The two outstanding matters refer to reports presented at Agenda item 7 and Agenda item 9.

Agenda item 7 – Subway Station Office Administration

As per the Internal Audit plan, Audit and Assurance commenced an engagement to review Subway station office administration. During initial work on this engagement, Subway Operations management alerted the auditor to an alleged incident at Govan Subway station office.

Audit and Assurance staff reviewed the set of circumstances surrounding the incident – the suggestion included that a member of staff had misappropriated £5 from a member of the public at the ticket window. The review resulted in additional testing to the initial work plan. The findings were presented to Subway Operations management.

Subsequently, Subway Operations management initiated the Disciplinary Policy, which ultimately resulted in a Personnel sub-committee meeting.

The minute of the Personnel sub-committee was presented to the Partnership on 11 December 2020, after the last Audit & Standards committee meeting.

Agenda item 9 – Petty Cash Administration

Audit and Assurance were requested to review the use and controls of petty cash floats. SPT had six petty cash accounts in operation as at September 2020, usage for 2019/2020 totalled £2,649 throughout the SPT estate.

The request to review the controls followed a concern raised relating to the administration of petty cash float held within the Broomloan office. The total spend via petty cash at this site totalled £139 in 2019/2020. While the sum is small, an assessment of the controls and the need was undertaken. At the time of the engagement the normal float was £30.

Analysis of petty cash usage identified it is used for a limited range of expenditure, where there is no procurement card or contractual arrangements in place and as a contingency outwith office hours, for example to purchase items to allow the facilities team to undertake minor repairs (plumbing, paint). During 2019/2020, petty cash was also used to purchase stamps for four weeks due to the internal franking machine being unavailable.

The recommendation to withdraw the petty cash account reflected:

- poor administration controls in place at the Broomloan office; and
- the limited use and the close proximity of a further facility held in the Subway Operations office in Govan station (approx. 500 metres away).