



## **Strathclyde Partnership for Transport**

### **Minute of the Audit & Standards Committee**

**9 September 2016**

held in 131 St Vincent Street, Glasgow

**contact officers:**

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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 9 September 2016**

**Present** Councillors David Wilson (Chair), Martin Bartos, Bill Grant and Bobby McDill and appointed member Jim McNally.

**Attending** Valerie Bowen, Senior Committee Officer; Gordon Maclennan, Chief Executive, Kirsten Gibson Committee Support Officer, Iain McNicol, Audit & Assurance Manager and Neil Wylie, Director of Finance and HR.

**Also attending** Andy Shaw, KPMG

**1. Apologies**

Apologies were submitted from Councillors Alan Moir and Paul Welsh and appointed member Ann Follin.

**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 17 June 2016 was submitted and approved as a correct record.

Thereon, Mr McNicol advised that on board training for members had been arranged for 28 October 2016. Mr McNicol also advised of a significant internal control weakness which had been identified since the last meeting and a full investigation undertaken which resulted in disciplinary action against 3 members of staff, including dismissal of an employee. He explained that a controls report on the matter would be presented to the next meeting of the committee.

**4. Corporate Risk Register update**

There was submitted and noted a report (issued) of 29 August 2016 by the Assistant Chief Executive (Business Support)

- (1) appending the current corporate risk register; and
- (2) advising members that, although there had been no changes made to the risk scores since the last committee, close attention was being given to SPT 1 Reduced capital funding in future years from 2016/2017 and SPT 11 Current economic conditions impact on SPT's cash reserves as those risks were directly affected by the Scottish Government funding settlement and Brexit implications.

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

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**5. External Audit – Annual Report for year ended 31 March 2016**

There was submitted the External Audit Annual Report issued by KPMG, for the year ended 31 March 2016 which had been consolidated with the annual report for the Strathclyde Concessionary Travel Scheme Joint Committee and compiled in accordance with Audit Scotland's Code of Practice.

After discussion and having heard Mr Shaw in further explanation of his report, the committee noted the external audit report.

**6. Regularity audit of Subway annual stocktake**

There was submitted a report (issued) of 29 August 2016 by the Assistant Chief Executive (Business Support)

- (1) informing members that the main Subway store was located in the Broomloan depot (Govan) and provided parts and equipment for the maintenance and upkeep of Subway trains and station infrastructure;
- (2) detailing the findings of a regularity audit of the Subway annual stocktake;
- (3) explaining that the objective of this engagement was to review the Subway annual stocktake arrangements;
- (4) advising members
  - (a) that some areas for improvement had been identified and three 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 those areas covered in the engagement.

After discussion and having 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.

**7. Review of IT controls: portable IT equipment**

There was submitted a report (issued) of 29 August 2016 by the Assistant Chief Executive (Business Support)

- (1) informing members
  - (a) that every part of SPT's business activities relied, in some way, on computerised systems and information technology; and

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- (b) that in order to optimise the use of IT, designated staff and members were provided with portable IT equipment (i.e. laptops, mobile phones, tablets and related IT equipment);
- (2) detailing the findings of a review of IT controls for portable IT equipment;
- (3) explaining that the objective of the engagement was to review and evaluate the current processes, procedures and monitoring arrangements in place for portable IT equipment;
- (4) advising members
  - (a) that some areas for improvement had been identified and eight 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 those areas covered in the engagement.

After discussion and having heard Messrs McNicol and MacLennan 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.

## **8. Regularity audit of the CRC energy efficiency scheme**

There was submitted a report (issued) of 29 August 2016 by the Assistant Chief Executive (Business Support)

- (1) informing members that the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme was a UK government scheme designed to improve energy efficiency and cut carbon dioxide (CO<sub>2</sub>) emissions in private and public sector organisations with high energy use;
- (2) detailing the findings of a regularity audit of the carbon reduction commitment (CRC) energy efficiency scheme;
- (3) explaining that the objective of the engagement was to provide a level of assurance on the CRC annual summary report for 2015/2016 and test supporting information; and
- (4) advising members
  - (a) that some areas for improvement had been identified and those areas were addressed prior to submission of the annual summary report 2015/2016;
  - (b) that, key controls existed, and had been applied consistently and effectively in the majority of areas; and

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- (c) that reasonable assurance could be taken from those areas covered in the engagement.

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

## **9. Systems review of bus infrastructure bus stops and bus shelters**

There was submitted a report (issued) of 29 August 2016 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT managed the installation and maintenance of 11,300 bus stops in the Partnership area together with 2,700 non-advertising Bus Shelters within 8 Local Authority areas and 200 advertising bus shelters across 7 Local Authority areas;
- (2) detailing the findings of a systems review of bus infrastructure (bus stops and shelters);
- (3) explaining that the objective of the engagement was to review the current internal control systems in place for bus infrastructure (bus stops and shelters) administration; and
- (4) advising members
  - (a) that some areas for improvement had been identified and one recommendation 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 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 recommendation to a future meeting.

## **10. Audit Scotland Report: The National Fraud Initiative in Scotland**

There was submitted and noted a report (issued) of 29 August 2016 by the Assistant Chief Executive (Business Support)

- (1) outlining the work completed to date and proposed actions to support the Partnership's participation in the 2016/2017 National Fraud Initiative Exercise (NFI); and
- (2) appending
  - (a) a self-appraisal checklist which had been completed prior to the involvement of the 2016/2017 exercise; and

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- (b) a report entitled "The National Fraud Initiative in Scotland", published by Audit Scotland in June 2016, which advised that outcomes valued at £16.8m had been recorded from the 2015/2015 NFI exercise and the cumulative outcomes from the NFI in Scotland were now at £110.6 million.

#### **11. Public Sector Internal Audit Standards external assessment**

With reference to the minute of 23 March 2013 (page 5, paragraph 10) when the committee had agreed to adopt the Public Sector Internal Audit Standards (PSIAS), which had been developed to provide consistent standards across the UK public sector and applied to central government, local government and NHS organisations, there was submitted and approved a report (issued) of 29 August 2016 by the Assistant Chief Executive (Business Support)

- (1) informing members that the PSIAS had been revised from 1 April 2016 to incorporate the Mission of Internal Audit and Core Principles for the Professional Practice of Internal Auditing;
- (2) advising that in accordance with the PSIAS, an external assessment required to be conducted at least every five years by a qualified independent assessor or assessment team from outside the organisation; and
- (3) recommending that the committee approve the appointment of EY as the external assessor to review conformance with the PSIAS.

#### **12. Appointment of External Auditor 2016/2017 to 2020/2021**

There was submitted and noted a report (issued) of 29 August 2016 by the Assistant Chief Executive (Business Support)

- (1) advising of the appointment of Scott-Moncrieff as external auditor for the financial years 2016/2017 to 2020/2021 by the Accounts Commission for Scotland; and
- (2) appending a report entitled "Code of audit practice 2016".published by Audit Scotland which aimed to maximise the value and impact from public audit in Scotland, providing greater assurance and assisting audited bodies make improvements in the delivery of services.

#### **13. Public Reporting Complaints Statistics**

There was submitted and noted a report (issued) of 29 August 2016 by the Assistant Chief Executive (Business Support)

- (1) advising members of the statistics for the first quarter of 2016/2016 for SPT customer complaints;
- (2) informing members that 99 complaints had been received in the first quarter of 2016/2017, of which 33 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 quarter 1; and

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- (4) intimidating
  - (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.

**14. Members' and Directors' expenses 2016/2017**

There was submitted and noted a report (issued) of 15 August 2016 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses to 9 July 2016.

**15. Valedictory**

As this would be the last meeting of the committee that Mr Shaw, KPMG, would attend, the Chair on behalf of the committee, thanked him and his team for their hard work, professionalism and support which they had given to SPT.