

Strathclyde Partnership for Transport

Minute of the Audit & Standards Committee

19 June 2015

held in Consort House, Glasgow

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Minute of the meeting of Strathclyde Partnership for Transport's Audit and Standards Committee held in Consort House, Glasgow on 19 June 2015

Present Councillors David Wilson (Chair), Bill Grant, Pauline McKeever and Paul Welsh and appointed member Jim McNally.

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

Also attending Andy Shaw, KPMG and John F Anderson, Adviser.

1. Apologies

Apologies were submitted from Councillors John Bruce, Alan Moir and Robert McDill and appointed members Ann Faulds and Tom Hart.

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

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The minute of the meeting of 27 March 2015 was submitted and approved as a correct record.

4. Corporate Risk Register update

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There was submitted a report (issued) of 1 June 2015 by the Assistant Chief Executive (Business Support)

- (1) appending the current corporate risk register; and
- (2) advising members that since the last committee, the following change had been made to the risk register:-
 - A decrease in the scoring of risk reference SPT20 – Failure or disruption to bus market to reflect recent service delivery matters.

After discussion on the scoring of SPT Risk Reference 5, the committee

- (a) noted the revised Risk Register; and
- (b) agreed to request that the scoring of Risk Reference SPT 5 be reviewed at the next meeting of the Strategy Group.

5. National Fraud Initiative (NFI) 2014/2015

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With reference to the minute of 12 September 2014 (page 4, paragraph 12) when the committee had

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- (1) noted 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 2014/2015; and
- (2) agreed to report on the outcome of the NFI 2014/2015 exercise,

there was submitted and noted a report (issued) of 1 June 2015 by the Assistant Chief Executive (Business Support)

- (i) detailing the findings of the NFI for 2014/2015; and
- (ii) informing members that, following the analysis of all data matches no error or fraud had been found.

6. Core Financial system review of debtors

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There was submitted a report (issued) of 1 June 2015 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT received the majority of its income from non-specific grant income (partner authority requisitions), recharging of service delivery and billing for use of services by way of raising debtors accounts;
- (2) detailing the audit findings of a core financial system review of debtors;
- (3) explaining that the objective of this engagement was to assess and evaluate the current debtors system and test controls by undertaking an end to end review; and
- (4) advising members
 - (a) that some areas for improvement had been identified and four recommendations had been agreed;
 - (b) that key controls existed and were applied consistently and effectively in the majority of areas covered in the engagement; and
 - (d) 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 of the committee.

7. Location Audits: Subway station offices

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There was submitted a report (issued) of 1 June 2015 by the Assistant Chief Executive (Business Support)

- (1) informing members

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- (a) that the main functions of SPT's subway ticket offices were to sell tickets and provide travel information to service users; and
- (b) that all station office staff had customer facing posts and were responsible for cash handling and ticket administration;
- (2) detailing the audit findings of location audits to Subway station offices during the year;
- (3) explaining that the objective of the engagement was to assess the systems in place for cash handling and ticket administration using a standard audit programme; and
- (4) advising members
 - (a) that some areas for improvement had been identified and eight recommendations had been agreed;
 - (a) that key controls existed and were applied consistently and effectively in the majority of areas covered in the engagement; 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 the next meeting of the committee.

8. **Systems review of bus station income**

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There was submitted a report (issued) of 1 June 2015 by the Assistant Chief Executive (Business Support)

- (1) informing members of the range of services provided at SPT's bus stations which generated income, including bus departure charges, bus parking charges, customer toilets, left luggage lockers and rental properties;
- (2) detailing the audit findings of a systems review of bus station income;
- (3) explaining that the objective of the engagement was to review the systems in place for billing and receipting of bus station income;
- (4) advising members
 - (a) that some areas for improvement had been identified and seven recommendations had been agreed;
 - (b) that, key controls existed and were applied consistently and effectively in the majority of areas covered in the engagement; and

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- (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 of the committee.

9. Systems review of project management

[Click here to view report](#)

There was submitted a report (issued) of 1 June 2015 by the Assistant Chief Executive (Business Support)

- (1) informing members that within SPT, the Projects department provided an integrated and holistic approach to policy and planning with a focus on project delivery and benefit realisation;
- (2) detailing the audit findings of a system review of project management;
- (3) explaining that the objective of the audit was to review the current project management arrangements within SPT; and
- (5) advising members
 - (a) that some areas for improvement had been identified and five recommendations had been agreed;
 - (b) that key controls existed and were applied consistently and effectively in the majority of areas covered in the engagement; and
 - (c) that reasonable assurance could be taken from the areas covered in the engagement.

After discussion and having heard Messrs McNicol and Wylie 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 of the committee.

10. Engagement follow-up performance December 2014 to June 2015

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There was submitted and noted a report (issued) of 1 June 2015 by the Assistant Chief Executive (Business Support)

- (1) reminding 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

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required to be established and then subsequently presented to the Audit and Standards Committee;

- (2) appending a summary of seven follow up engagements which had been completed between December 2014 and June 2015;
- (3) informing members that of the 43 recommendations contained in those engagements, 39 (91%) had been implemented; and
- (4) explaining that, where a recommendation had not been implemented as at the date of the follow up engagement, a client assurance statement had been agreed with the lead officer(s) to record a revised timescale to complete the outstanding recommendation.

11. Annual Internal Audit opinion and report 2014/2015

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There was submitted and noted a report (issued) of 1 June 2015 by the Assistant Chief Executive (Business Support)

- (1) explaining that as Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme Joint Committee shared many common systems, a joint internal audit plan had been compiled for the two organisations and had been approved at the Partnership's Audit & Standards Committee on 28 March 2014;
- (2) informing members 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 all assurance engagements completed in 2014/2015, 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 2015.

12. Audit Scotland report: An Overview of Local Government in Scotland 2015

[Click here to view report](#)

There was submitted and noted a report (issued) of 1 June 2015 by the Assistant Chief Executive (Business Support)

- (1) informing members that Audit Scotland had published a report " An overview of local government in Scotland 2015 " in March 2015;
- (2) appending a copy of the report;
- (3) explaining that the report had concluded
 - (a) that councils had managed financial pressures well but faced increasingly difficult challenges and tough decisions to balance their budgets;

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- (b) that they needed long-term financial plans to give them good understanding of their finances and future pressures and provide options for addressing them;
- (b) that they needed also to ensure that governance and scrutiny arrangements kept pace with changes in their structures and the way they delivered services, including the integration of health and social care services;
- (3) advising members that the report was primarily for members as a source of information to support them in their role, as members would need to work closely with officers to identify the position in their organisation(s) and to address the priorities identified; and
- (4) highlighting the key messages from the Audit Scotland report.

13. Public Reporting Complaints Statistics

[Click here to view report](#)

There was submitted a report (issued) of 1 June 2015 by the Assistant Chief Executive (Business Support)

- (1) providing members with the statistics for the fourth quarter and also cumulatively for the year for SPT customer complaints; and
- (2) informing members that the cumulative figure for 2014/2015 was 659 complaints, of which 99% had been responded to within the prescribed timescale.
- (3) explaining
 - (a) that all complaints were considered and investigated thoroughly; and
 - (b) that SPT would continue to monitor customer complaints using the information to learn and improve services delivered.

After considerable discussion particularly relating to the presentation of the complaints within the report and having heard Mr McNicol in answer to members' questions, the committee

- (i) noted the report; and
- (ii) agreed that supplementary information on the breakdown of complaints be brought to the next committee.

14. Members' and Directors' expenses 2014/2015 and 2015/2016

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There was submitted and noted a report (issued) of 8 June 2015 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses for the financial year 2014/2015 and to 16 May 2015 for the financial year 2015/2016.

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15. 2014/2015 Abstract of Accounts – Strathclyde Concessionary Travel Scheme Joint Committee

[Click here to view report](#)

There was submitted a report (issued) of 8 June 2015 by the Assistant Chief Executive (Business Support) recommending that the committee agree that the draft abstract of the annual accounts for the Strathclyde Concessionary Travel Scheme Joint Committee for the financial year ending 31 March 2015 (appended to the report), be submitted to the Controller of Audit no later than 30 June 2015.

After discussion, the committee

- (1) approved the recommendation; and
- (2) agreed that the cost per journey for MyBus services be provided to the next committee.

16. 2014/2015 Abstract of Accounts – Strathclyde Partnership for Transport

[Click here to view report](#)

There was submitted and approved a report (issued) of 8 June 2015 by the Assistant Chief Executive (Business Support) recommending that the committee agree that the draft abstract of the annual accounts for the Partnership for the financial year ending 31 March 2015 (appended to the report), be submitted to the External Auditor no later than 30 June 2015.