

Strathclyde Partnership for Transport

Minute of the Audit & Standards Committee

8 June 2018

held in 131 St Vincent Street, Glasgow

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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 8 June 2018**

Present Councillors Jim Finn (chair), Ian Cochrane, Colin Cameron, Allan Casey, Marie McGurk, David Shearer and appointed members Jim McNally, Brian Davidson and Ann Faulds.

Attending Gordon MacLennan, Chief Executive; Valerie Davidson, Assistant Chief Executive; Heather Maclean, Committee Officer; Neil Wylie, Director of Finance & HR and Iain McNicol, Audit & Assurance Manager.

1. Apologies

Apologies were submitted from Councillor Allan Casey.

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

Councillor Colin Cameron and appointed member, Ann Faulds declared an interest in their capacity as Directors of Nevis Technologies Ltd.

3. Minute of previous meeting

The minute of the meeting of 9 February 2018 was submitted and approved as a correct record subject to a minor typographical error on page 9 which should read Mrs Davidson and not Mr Davidson.

4. 2017/18: Abstract of accounts – Strathclyde Partnership for Transport

There was submitted a report (issued) of 29 May 2018 by the Assistant Chief Executive asking the Committee:

- 1) to note the draft abstract of accounts for SPT for the financial year 2017/18 and,
- 2) agree that these abstracts should be submitted to the External Auditor no later than 30 June 2018.

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

5. 2017/18: Abstract of accounts – Strathclyde Concessionary Travel Scheme Joint Committee (SCTS)

There was submitted a report (issued) of 29 May 2018 by the Assistant Chief Executive asking the Committee:

- 1) to note the draft abstract of accounts for SCTS for the financial year 2017/18 and,
- 2) agree that these abstracts should be submitted to the External Auditor no later than 30 June 2018.

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

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6. Corporate Risk Register update

There was submitted a report (issued) of 23 May 2018 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 have been made:

- SPT 6: Security: this risk has been reviewed to reflect cyber resilience arrangements with no change to the risk score;
- SPT 7: Loss of digital infrastructure: this risk has been reviewed and reworded to reflect cyber resilience arrangements with no change to the risk score;
- SPT 20: Significant failure or disruption to bus market: this risk has been reviewed and reworded to reflect reduction in funding settlements with no change to the risk score.

After discussion and hearing from Mrs Davidson and Mr MacLennan in further explanation, the committee noted the terms of the report.

7. Core financial system review of creditor payments

There was submitted a report (issued) dated 23 May 2018 by the Assistant Chief Executive:

- (1) detailing the findings of a core financial systems review of creditors standing data.
- (2) that the objective of this engagement was to assess and evaluate the creditor payment system and test internal controls by undertaking an end to end review and to analyse performance data for the 2016/17 financial year.;
- (3) advising members
 - (a) that three recommendations had been agreed from this engagement;
 - (b) that key controls existed and had been applied consistently and effectively in the majority of areas tested; and
 - (c) that reasonable assurance could be taken from the controls in place for those areas covered in the engagement.

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

- (i) noted the terms of the report; and
- (ii) agreed that the Audit and Assurance Manager submit a follow-up report in approximately six months.

8. Core financial system review of creditor standing data

There was submitted a report (issued) dated 23 May 2018 by the Assistant Chief Executive:

- (1) detailing the findings of a core financial systems review of creditors standing data;
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- (2) that the objective of this engagement was to undertake an integrity check on payroll and creditors bank details and evaluate the current processes and procedures in place for changing bank account details/standing data.
- (3) advising members
 - (a) that two recommendations had been agreed from this engagement;
 - (b) that key controls existed and had been applied consistently and effectively in the majority of areas tested; and
 - (c) that reasonable assurance could be taken from the controls in place for those areas covered in the engagement.

After consideration 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 and Assurance Manager submit a follow-up report in approximately six months.

9. Regularity audit of procurement contract award administration

There was submitted a report (issued) dated 23 May 2018 by the Assistant Chief Executive:

- (1) detailing the findings of a regularity audit of procurement contract award administration.;
- (2) that the objective of this engagement was to review and evaluate procedures and monitoring arrangements in place for corporate procurement, from identification of procurement through to award (across the various procurement routes).
- (3) advising members
 - (a) that five recommendations had been agreed from this engagement;
 - (b) that key controls existed and had been applied consistently and effectively in the majority of areas tested; and
 - (c) that reasonable assurance could be taken from the controls in place for those areas covered in the engagement.

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

- (i) noted the terms of the report; and
- (ii) agreed that the Audit and Assurance Manager submit a follow-up report in approximately six months.

10. Regularity audit of bus station facilities administration

There was submitted a report (issued) dated 23 May 2018 by the Assistant Chief Executive:

- (1) detailing the findings of a regularity audit of bus station facilities administration
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- (2) that the objective of this engagement was to undertake data analytics on electronic cash reconciliation (ECR) returns for all bus station facilities for the 2017 calendar year and undertake location visits to test the internal control environment.
- (3) advising members
 - (a) that five recommendations had been agreed from this engagement;
 - (b) that key controls existed and had been applied consistently and effectively in the majority of areas tested; and
 - (c) that reasonable assurance could be taken from the controls in place for those areas covered in the engagement.

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

- (i) noted the terms of the report; and
- (ii) agreed that the Audit and Assurance Manager submit a follow-up report in approximately six months.

11. Regularity audit of Subway MSA financial payment administration

There was submitted a report (issued) dated 23 May 2018 by the Assistant Chief Executive:

- (1) detailing the findings of a regularity audit of Subway MSA financial payment administration;
- (2) that the objective of this engagement was to identify, assess and evaluate the financial payment administration arrangements in accordance with the terms and conditions for Subway MSA; and
- (3) advising members
 - (a) that one recommendation had been agreed from this engagement;
 - (b) that key controls existed and had been applied consistently and effectively in the majority of areas tested; and
 - (c) that reasonable assurance could be taken from the controls in place for those areas covered in the engagement.

After consideration and having heard Mr McNicol and Mr Maclennan in answer to members' questions, the committee:

- (i) noted the terms of the report; and
- (ii) agreed that the Audit and Assurance Manager submit a follow-up report in approximately six months.

12. Regularity audit of Subway station ticket office administration

There was submitted a report (issued) dated 23 May 2018 by the Assistant Chief Executive:

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- (1) detailing the findings of a regularity audit of Subway station ticket office administration;
- (2) that the objective of this engagement was to review internal controls and monitoring arrangements in operation at Subway station offices; and
- (3) advising members
 - (a) that areas for improvement have been identified and four recommendations have been agreed;
 - (b) that key controls existed and had been applied consistently and effectively in the majority of areas tested; and
 - (c) that reasonable assurance could be taken from the controls in place for those areas covered in the engagement.

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

- (i) noted the terms of the report; and
- (ii) agreed that the Audit and Assurance Manager submit a follow-up report in approximately six months.

13. Engagement follow-up performance January – March 2018

There was submitted and noted a report (issued) dated 23 May 2018 by the Assistant Chief Executive advising the committee on the performance and implementation rate of recommendations from follow-up engagements undertaken between January and March 2018.

Thereon following discussion as to the relative priority of recommendations, and the time required for implementation, the Committee noted that the assigned priority reflected the considered risk and the operational implications arising from recommendations, and agreed that the follow up audit process and reporting were an important element of providing assurance to the Committee that recommendations were being addressed.

14. Annual Internal Audit opinion and report 2017/18

There was submitted a report (issued) dated 23 May 2018 recommending approval of the Annual Internal Audit opinion and report for 2017/18.

After discussion and hearing from Mrs Davidson and Mr McNicol in response to members' questions, the committee noted the terms of the report.

15. Regulatory Audit of Subway annual stockcount

There was submitted a report (issued) dated 23 May 2018 by the Assistant Chief Executive:

- (1) detailing the findings of a regularity audit of the annual Subway stockcount;
 - (2) that the objective of this engagement was to review the Subway annual stockcount arrangements.; and
 - (3) advising members
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- (a) that areas for improvement have been identified and two recommendations have been agreed;
- (b) that key controls existed and had been applied consistently and effectively in the majority of areas tested; and
- (c) that reasonable assurance could be taken from the controls in place for those areas covered in the engagement.

After consideration 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 and Assurance Manager submit a follow-up report in approximately six months.

16. Audit Scotland report: *'Managing the implementation of the Scotland Acts'*

There was submitted and noted a report (issued) dated 23 May 2018 by the Assistant Chief Executive updating the committee on the issue of an Audit Scotland report titled 'Managing the implementation of the Scotland Acts'.

17. Audit Scotland report: *'Local government in Scotland: Challenges and performance 2018'*

There was submitted and noted a report (issued) dated 23 May 2018 by the Assistant Chief Executive updating the committee on the issue of an Audit Scotland report titled 'Local government in Scotland – Challenges and performance 2018'.

18. Audit Scotland report: *'Councils' use of arm's-length organisations'*

There was submitted and noted a report (issued) dated 23 May 2018 by the Assistant Chief Executive updating the committee on the issue of an Audit Scotland report titled 'Councils' use of arm's-length organisations'.

19. Public reporting complaints statistics Q4 2017/18

There was submitted a report (issued) dated 23 May 2018 by the Assistant Chief Executive providing the committee with the complaints statistics for the fourth quarter (Q4) of 2017/18.

After discussion and hearing from Mr McNicol and Mrs Davidson in response to the members' questions, the committee noted the terms of the report.

20. Members' and Directors' expenses 2018/2019

There was submitted a report (issued) of 10 May 2018 by the Assistant Chief Executive detailing members' and directors' expenses to 12 May 2018.

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