

Committee minute



Strathclyde Partnership for Transport

Minute of the Audit & Standards Committee

13 November 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 13 November 2015**

- Present** Councillors David Wilson (Chair), Bill Grant and Paul Welsh and appointed members Anne Faulds, Tom Hart and Jim McNally.
- Attending** Valerie Davidson, Assistant Chief Executive (Business Support); Valerie Bowen, Senior Committee Officer, Iain McNicol, Audit & Assurance Manager; and Neil Wylie, Director of Finance and HR.
- Also attending** Andy Shaw and Carol Alderson, KPMG and John F Anderson, Adviser.

1. Apologies

Apologies were submitted from Councillors John Bruce, Bobby McDill and Alan Moir.

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 11 September 2015 was submitted and approved as a correct record.

4. Corporate Risk Register update

There was submitted a report (issued) of 2 November 2015 by the Assistant Chief Executive (Business Support)

- (1) appending the current corporate risk register; and
- (2) advising members that, although no changes had been made to the register since the last meeting, close attention would be given to SPT1 and SPT5 as these were affected directly by the comprehensive spending review and subsequent local government settlement.

After consideration and having heard Mrs Davidson confirm, in particular, that the level of risk caused by ongoing financial uncertainty as included in SPT1 and SPT5 would be kept under continuous review, the committee noted the terms of the report.

5. Contract audit of escalator maintenance

There was submitted a report (issued) of 2 November 2015 by the Assistant Chief Executive (Business Support)

- (1) informing members
 - (a) that OTIS Ltd. had been awarded the contract to refurbish and upgrade SPT's 28 escalators within the Subway in June 2011; and

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- (b) that, in February 2012, a variation to the contract had been made to include maintenance provision with an effective date of 1 March 2012;
- (2) detailing the findings of a contract audit of escalator maintenance;
- (3) explaining that the objective of the engagement was to review and evaluate the current procedures and monitoring arrangements in place for the escalator maintenance contract; and
- (4) advising members
 - (a) that some areas for improvement had been identified and eight recommendations had been agreed;
 - (b) that, although key controls existed, they were not applied consistently and effectively and
 - (c) that reasonable assurance could be taken from the controls in place for the areas covered in this engagement, with the exception of performance management arrangements.

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.

6. Regularity audit of the arrangements for the implementation of the Procurement Reform (Scotland) Act 2014

There was submitted a report (issued) of 2 November 2015 by the Assistant Chief Executive (Business Support)

- (1) informing members that the Procurement Reform (Scotland) Act 2014 would establish a national legislative framework for sustainable public procurement that supported Scotland's economic growth by delivering social and environmental benefits, innovation and promoting public procurement processes and systems which were transparent, streamlined, standardised, proportionate, fair and business-friendly;
- (2) detailing the findings of a regularity audit of the arrangements for implementation of the Act;
- (3) explaining that the objective of the engagement was to identify and assess the current procurement capability and arrangements in readiness for implementing the Procurement Reform (Scotland) Act 2014; and
- (4) advising members
 - (a) that some areas for improvement had been identified and six recommendations had been agreed, including a requirement to review the Standing Orders Relating to

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Contracts and procurement documentation in line with the new obligations arising from the Act;

- (b) that key controls existed and were applied consistently and effectively in the majority of areas tested as part of this engagement; and
- (c) that reasonable assurance could be taken from the areas covered in this engagement.

After consideration and having noted that, as the Scottish Government had given an undertaking to provide further statutory guidance on a number of undetermined areas, only limited progress could be made to formalise arrangements for adherence to the Procurement Reform (Scotland) Act 2014, the committee

- (i) agreed that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations to a future meeting; and
- (ii) otherwise noted the terms of the report.

7. Regularity audit of the Strathclyde Concessionary Travel Scheme

There was submitted a report (issued) of 2 November 2015 by the Assistant Chief Executive (Business Support)

- (1) informing members that the Strathclyde Concessionary Travel Scheme (SCTS), administered by SPT on behalf of the twelve Councils within the Partnership area, had updated its notes and guidance for operators on 1 January 2015;
- (2) detailing the findings of a regularity audit of the SCTS implementation;
- (3) explaining that the objective of the engagement was to review the arrangements for implementation of the updated SCTS from the effective date; and
- (4) advising members
 - (a) that some areas for improvement had been identified and seven 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 Mrs Davidson in answer to members' questions, the committee

- (i) noted that details of the audit had been reported to the Strathclyde Concessionary Travel Scheme Joint Committee at its meeting on 6 November 2015; and
- (ii) agreed that the Audit & Assurance Manager should submit a follow up report on the implementation of the recommendations to a future meeting.

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8. Regularity audit of the administration of Zonecard tickets

There was submitted a report (issued) of 2 November 2015 by the Assistant Chief Executive (Business Support)

- (1) informing members that Zonecard, the flexible multi-modal, multi-operator ticketing scheme which involved over thirty public transport service operators was administered by SPT on behalf of the participating operators;
- (2) detailing the findings of the regularity audit of the administration of Zonecard tickets;
- (3) explaining that the objective of the engagement was to review the administration of Zonecard tickets, including stock management and receipting of sales income; 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 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 Mrs Davidson 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.

9. Audit Scotland report: Borrowing and Treasury Management in Councils

There was submitted a report (issued) of 2 November 2015 by the Assistant Chief Executive (Business Support)

- (1) intimating that, on 19 March 2015, Audit Scotland had published a report titled 'Borrowing and treasury management in councils';
- (2) informing members
 - (a) that the report had stated that councils needed to make better use of information to set out clearly the impact of borrowing in the longer term to help councillors make informed decisions and undertake their scrutiny roles;
 - (b) that, although councils were following the principles of the relevant codes of practice in demonstrating short term affordability, they did not always highlight the strategic importance of borrowing and treasury management or provide evidence of long-term affordability and sustainability; and

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- (c) that scrutiny needed to be improved through better training for members, cutting out jargon to make reports clearer and ensuring governance arrangements were solid;
- (3) appending a copy of the report;
 - (4) highlighting the key messages from the Audit Scotland report together with SPT's responses to the recommendations contained within the report;
 - (5) detailing the findings of a core financial system review of treasury management; and
 - (6) 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 most areas; and
 - (c) that sound assurance in most areas covered in the engagement could be taken from the controls in place.

After discussion and having Mrs Davidson 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

10. Internal Audit Plan 2015/2016 – Mid-year progress report

With reference to the minute of the Committee of 27 March 2015 (page 5, paragraph 11) when the committee had approved the Internal Audit Plan 2015/2016, there was submitted and noted a report (issued) of 2 November 2015 by the Assistant Chief Executive (Business Support),

- (1) advising members that as at 2 October 2015, 253 of the 500 planned audit days (51%) had been achieved;
- (2) appending a summary of the recommendations arising from the seven assurance engagements which had been completed and reported to committee, together with the level of assurance offered to each engagement; and
- (3) concluding that good progress was being made in achieving the Internal Audit Plan for 2015/2016.

11. Public Reporting Complaints Statistics

There was submitted and noted a report (issued) of 2 November 2015 by the Assistant Chief Executive (Business Support)

- (1) advising members of the statistics for the second quarter of 2015/2016 for SPT customer complaints;

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- (2) informing members that 119 complaints had been received in the second quarter of 2015/2016, of which 28 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 2; and
- (4) intimating
 - (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.

12. Members' and Directors' expenses 2015/2016

There was submitted a report (issued) of 3 November 2015 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses to 31 October 2015.

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

- (1) welcomed the changes to the information provision at Appendix 2; and
- (2) agreed that the table be refined to take account of members' comments.