

Committee minute



Strathclyde Partnership for Transport

Minute of the Audit & Standards Committee

17 June 2016

held in 131 St Vincent Street, Glasgow

contact officers:

Valerie A Bowen phone: 0141 333 3130

Kirsten Gibson phone: 0141 333 3576

**Minute of the meeting of Strathclyde Partnership for Transport's
Audit and Standards Committee held in 131 St Vincent Street, Glasgow on 17 June 2016**

- Present** Councillors David Wilson (Chair), John Bruce, Bill Grant, Bobby McDill, Alan Moir and Paul Welsh and appointed member Jim McNally.
- Attending** Valerie Davidson, Assistant Chief Executive (Business Support); Kirsten Gibson Committee Support Officer, Iain McNicol, Audit & Assurance Manager; and Neil Wylie, Director of Finance and HR.
- Also attending** John F Anderson, Adviser and Laura Nelson, KPMG

1. Apologies

Apologies were submitted from Councillor Pauline McKeever and Appointed Member Ann Faulds.

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 18 March 2016 was submitted and approved as a correct record.

Arising from a question raised by Mr McNally, the committee noted that a report on the Subway Stores would be submitted to the next committee.

4. Corporate Risk Register update

There was submitted a report (issued) of 6 June 2016 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:-
 - an increase to SPT 21 Adverse publicity to reflect recent public sector media reporting.

After discussion and having heard Mr McNicol and Mrs Davidson in response to members' questions particularly in relation to SPT 6 Security – physical protection of staff, assets, information and customers, the committee noted

- (a) the terms of the report; and
- (b) that the risks discussed would be reviewed at the next meeting of the Strategy Group.

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5. Location audits: Subway station offices

There was submitted a report (issued) of 6 June 2016 by the Assistant Chief Executive (Business Support)

- (1) informing members
 - (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 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 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 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. Location audits: Travel centre offices

There was submitted a report (issued) of 6 June 2016 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT's Travel Centres were located within the bus stations at Buchanan Street (Glasgow), East Kilbride, Greenock and Hamilton;
- (2) detailing the findings of location audits to Travel Centre 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 for all visits; and
- (4) advising members

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- (a) that some areas for improvement had been identified and five 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 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. IT Controls: system administration and network controls

There was submitted a report (issued) of 6 June 2016 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT made extensive use of information technology (IT) and networked systems which supported service delivery objectives, managed and paid suppliers and allowed effective communication;
- (2) detailing the findings of a review of IT controls for system administration and the IT network;
- (3) explaining that the objective of the engagement was review the IT network arrangements, controls and plans for development; 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 consideration, 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.

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8. Regularity audit of the administration of smartcards

There was submitted a report (issued) of 6 June 2016 by the Assistant Chief Executive (Business Support)

- (1) informing members that the smartcard system was introduced in November 2013 and operated reusable smartcards in addition to smart paper (disposable) tickets;
- (2) detailing the findings of a review of the administration of commuter smartcards;
- (3) explaining that the objective of the engagement was identify, assess and evaluate the current internal system for the administration of commuter smartcards; 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 and 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.

9. Engagement follow-up performance September 2015 to March 2016

There was submitted and noted a report (issued) of 6 June 2016 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 required to be established and then subsequently presented to the Audit and Standards Committee;
- (2) appending a summary of five follow up engagements which had been completed between June and August 2015; and
- (3) informing members that the percentage implementation rate of the recommendations from the five follow-up engagements was found to be 100%.

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10. Annual Internal Audit opinion and report 2015/2016

There was submitted and noted a report (issued) of 6 June 2016 by the Assistant Chief Executive (Business Support)

- (1) reminding members 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 27 March 2015;
- (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 2015/2016, 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 2016.

11. Internal Audit Plan 2016/2017

There was submitted and approved a report (issued) of 6 June 2016 by the Assistant Chief Executive (Business Support)

- (1) appending an internal audit plan for 2016/2017 which had been prepared in accordance with the Public Sector Internal Audit Standards and SPT's Internal Audit Charter;
- (2) reminding members that the main objectives of the annual audit plan were to provide a framework for audit engagements in the forthcoming year and to ensure that the plan was aligned to the Partnership's strategic objectives and corporate governance arrangements;
- (3) informing members that the risk-based plan and the scope of each audit engagement had been informed by:
 - The Assurance framework;
 - Risk registers;
 - Strategy Group consultation;
 - External factors (e.g. government initiatives, intelligence, networking, etc.); and
- (4) recommending approval of the Internal Audit Plan for 2016/2017.

12. Audit Scotland report: An overview of local government in Scotland 2016

There was submitted and noted a report (issued) of 6 June 2016 by the Assistant Chief Executive (Business Support)

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- (1) informing members that Audit Scotland had published a report "An Overview of local government in Scotland 2016" on 17 March 2016 which would assist members to carry out their roles in the increasingly challenging circumstances;
- (2) appending a copy of the report; and
- (3) highlighting the key messages from the Audit Scotland report.

13. Public Reporting Complaints Statistics

There was submitted and noted a report (issued) of 6 June 2016 by the Assistant Chief Executive (Business Support)

- (1) advising members of the statistics for the fourth quarter of 2015/2016 for SPT customer complaints;
- (2) informing members that 105 complaints had been received in the fourth quarter of 2015/2016, of which 41 did not concern SPT services, and that 99% 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 4; 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.

14. Communications outcomes report 2015/2016

There was submitted and noted a report (issued) of 6 June 2016 by the Assistant Chief Executive (Business Support)

- (1) informing members that SPT's communications team provided a wide range of integrated services including media relations, staff communications, public affairs, marketing, online and modern design applications;
- (2) advising members that SPT had arrangements with an independent agency which provided news monitoring and research services including analysis of press coverage; and
- (3) appending a supplementary report which provided performance information on internal and external communications including press coverage and social media.

After discussion and having heard Mrs Davidson in answer to members' questions, the committee, agreed that this report should be submitted annually to the committee.

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15. Members' and Directors' expenses 2015/2016

There was submitted a report (issued) of 6 June 2016 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses to 19 March 2016.

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

- (1) noted the terms of the report; and
- (2) agreed that minor presentational issues relating to the use of social media accounts should be reviewed.

16. 2015/2016 Abstract of Accounts – Strathclyde Partnership for Transport

There was submitted and approved a report (issued) of 6 June 2016 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 2016 (appended to the report), be submitted to the External Auditor no later than 30 June 2016.

17. 2015/2016 Abstract of Accounts – Strathclyde Concessionary Travel Scheme Joint Committee

There was submitted and noted a report (issued) of 6 June 2016 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 2016 (appended to the report), be submitted to the External Auditor no later than 30 June 2016.