

Strathclyde Partnership for Transport

Minute of the Audit & Standards Committee

7 June 2019

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 7 June 2019**

Present Councillors Marie McGurk (Chair), Ian Cochrane, Maureen Devlin and David Shearer; appointed members Brian Davidson, Ann Faulds and Jim McNally; and Gary Devlin of Scott Moncrieff.

Attending Valerie Davidson, Assistant Chief Executive/Partnership Secretary; Neil Wylie, Director of Finance; Iain McNicol, Audit & Assurance Manager and Pamella Lawrence, PA to Assistant Chief Executive.

Appointment of Chair

In absence of Cllr Finn, all members were in agreement that Cllr McGurk chair the meeting. Thereafter, Cllr McGurk took the Chair.

Mrs Davidson advised that SPT received a letter from West Dunbartonshire Council on 6 June 2019 advising that Cllr Marie McNair would be replacing Cllr Jim Finn on the SPT Board with immediate effect and that this will be advised to the Partnership at the next meeting on 21 June 2019 in order to seek a permanent appointment to the position of Chair of the Audit & Standards Committee.

In answer to members' questions, Mrs Davidson advised the nomination and voting process for the appointment of Chair was a matter for the Partnership.

1. Apologies

Apologies were received from Cllr Cameron.

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

Ms Faulds advised a conflict due to being a Board member of Nevis Technologies Ltd. The Committee noted there were no others declarations of interest.

3. Minute of previous meeting

The minute of the meeting of 22 February 2019 was submitted and approved as a correct record.

4. 2018/19 Draft abstract of accounts of Strathclyde Partnership for Transport

There was submitted a report (issued) of 21 May 2019 by the Assistant Chief Executive providing the Committee with the draft abstract of accounts (subject to audit) for financial year ending 31 March 2019 for Strathclyde Partnership for Transport (SPT) and seeking the Committee's agreement to submit the accounts to the External Auditor by 30 June 2019.

In answer to members' questions, Mr Wylie:

- (1) confirmed a footnote concerning the level of short term investments would be added;
- (2) clarified assumptions relating to pension liabilities; and
- (3) confirmed the reference to note 7 would be reviewed and clarified.

Mrs Davidson confirmed that a review of governance arrangements was being considered.

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After further discussion, the Committee noted the contents of the report and agreed that the accounts be submitted to the External Auditor by 30 June 2019 with the above noted amendments.

5. 2018/19 Draft abstract of accounts of Strathclyde Concessionary Travel Scheme Joint Committee

There was submitted a report (issued) of 21 May 2019 by the Assistant Chief Executive providing the Committee with the draft abstract of accounts for financial year ending 31 March 2019 for Strathclyde Concessionary Travel Scheme Joint Committee (SCTSJC) and seeking the Committee's agreement to submit the accounts to the External Auditor by 30 June 2019.

Following discussion and confirmation that the Joint Committee had previously requested that the Audit and Standards Committee consider the draft accounts, the Committee noted the contents of the report and agreed that the accounts be submitted to the External Auditor by 30 June 2019.

6. Corporate Risk Register update

There was submitted a report (issued) of 21 May 2019 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/updates have been added:

SPT 20: Continual network reviews/service withdrawals by commercial operators in bus market: close attention continues to be given to this risk from reports presented to the Operations Committee;

SPT 26: EU (withdrawal) Act 2018 – Brexit implications: close attention continues to be given to this risk from Scottish and UK government information provision with no change to the risk score; and

SPT 27: Loss of employees: due to recent organisational changes, a new separate corporate risk has been added.

In answer to members' questions, Mrs Davidson confirmed that SPT20 was closely monitored and a score of 4 was considered adequate and that new risk SPT27 had been added to reflect that a gap between appointments being made can lead to a temporary disruption.

After discussion and having heard further from Mrs Davidson, the Committee noted the contents of the report and the Corporate Risk Register, as at May 2019.

7. Digital controls review of SharePoint administration

There was submitted a report (issued) dated 26 February 2019 by the Assistant Chief Executive advising the Committee on the findings of a digital controls review of SharePoint administration. This engagement is included in the annual Internal Audit Plan for 2018/19.

After consideration and having heard Mr McNicol, the Committee noted the contents of the report.

8. Regularity audit of bus station facilities administration

There was submitted a report (issued) dated 26 March 2019 by the Assistant Chief Executive advising the Committee on the findings of a regularity audit of bus station facilities administration. This engagement is included in the annual Internal Audit Plan for 2018/19.

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After consideration and having heard Mr McNicol in answer to members' questions, the Committee noted the contents of the report.

9. Regularity audit of Subway station office administration

There was submitted a report (issued) dated 26 March 2019 by the Assistant Chief Executive advising the Committee on the findings of a regularity audit of Subway station office administration. This engagement is included in the annual Internal Audit Plan for 2018/19.

Following discussion on the use and possible benefits of utilising real time data analytics and having heard Mr McNicol and Mr Wylie in answer to members' questions, the Committee noted the contents of the report and asked that a report on digital analytics be considered by the Committee at a future meeting.

10. National Fraud Initiatives (NFI) outcomes 2018/19

There was submitted a report (issued) dated 26 March 2019 by the Assistant Chief Executive advising the Committee on the outcomes of the National Fraud Initiatives (NFI) outcomes 2018/19 exercise. This engagement is included in the annual Internal Audit Plan for 2018/19.

Mr McNicol advised members this report was the follow-up report requested by the Chair at the Audit and Standards Committee of 14 September 2018.

After consideration and having heard Mr McNicol, the Committee noted the contents of the report.

11 Annual Internal Audit opinion and report 2018/19

There was submitted a report (issued) dated 26 March 2019 by the Assistant Chief Executive recommending the Committee note the Annual Internal Audit opinion and report for financial year 2018/19.

In response to members' previous questions at Agenda Item 8, Mr McNicol agreed colour coding would be used to highlight future reports.

After consideration, the Committee noted the Annual Internal Audit opinion and report for financial year 2018/19.

12 Audit and Standards Committee annual report 2018/19

There was submitted a report (issued) dated 28 May 2019 by the Assistant Chief Executive recommending the Committee approve the Audit and Standards Committee annual report for financial year 2018/19 and commend the report to the Partnership for information.

In response to members' questions, Mrs Davidson confirmed:

- (1) that the previously mentioned governance review would also include Committee Terms of Reference;
 - (2) that the previous report presented to the 22 February 2019 Audit and Standards Committee included the work plan which was approved by the Committee at the meeting;
 - (3) that the approval of policies was a matter for the Partnership (and for the Personnel Committee with regard to employment policies); and
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- (4) that each committee cycle would include engagement follow-up reports, where appropriate.

After consideration and having heard Mr McNicol, the Committee approved the Audit & Standards Committee annual report 2018/19.

13. Audit Scotland report: *'Local Government in Scotland – Challenges and performance 2019'*

There was submitted a report (issued) dated 25 March 2019 by the Assistant Chief Executive, advising the Committee on the issue of an Audit Scotland report titled *'Local Government in Scotland – Challenges and performance 2019'* advising members:

- (1) that in March 2019, Audit Scotland published a report titled *'Local Government in Scotland – Challenges and performance 2019'*;
 - (2) that the report details that Councils face an increasingly complex, changing and uncertain environment which places different demands and expectations on them. Councils are also central to delivering many high-level public sector objectives, such as the integration of health and care services and involving citizens more in decisions about public services;
 - (3) that these reforms require councils to collaborate with partners, with the third sector and with communities, to think differently about how they deliver and fund services. Thinking differently about services is important to meet the growing and changing needs of their communities in the coming years. New ways of working can lead to increasingly complicated lines of accountability;
 - (4) that Scottish Government revenue funding to councils has reduced in real terms between 2013/14 and 2019/20, while national policy initiatives continue to make up an increasing proportion of council budgets. This reduces the flexibility councils have for deciding how they plan to use funding. At the same time, demands for council services are increasing from a changing population profile. All councils expect an increase in the proportion of people aged over 65 and almost a third of councils expect an increase in the proportion of children under 15;
 - (5) that Councils have made good progress in developing medium-term financial planning and continue to manage their funding gaps through savings and use of reserves. All councils increased council tax to the maximum three per cent in 2018/19 and many increased their fees and charges to raise income. Some councils are looking at other options to raise income;
 - (6) that Councils need to ensure they have the staff, skills and leaders to deliver change. This requires effective workforce planning, but the quality of planning is inconsistent across councils. An increasing proportion of the workforce is nearing retirement. If there is insufficient succession planning, skills and knowledge will be lost as these people retire. Recruitment into some service areas is becoming increasingly difficult, but national workforce data is insufficient to clearly understand how individual services areas are affected; and
 - (7) that despite reducing funding and increasing demands, across local government most performance indicators are improving or being maintained, although some service areas show more strain. There remains performance variation among councils that cannot be readily explained by differences in context or spend. Better use of data and benchmarking could lead to further improvement and efficiencies.
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Mr McNicol, supported by Mr Devlin, highlighted to members the Scrutiny Tool Checklist for Councillors included in the Audit Scotland report.

After discussion and hearing from Mrs Davidson and Mr McNicol, the Committee noted the contents of the report and the Audit Scotland report titled '*Local Government in Scotland – Challenges and performance 2019*'.

14. Audit Scotland report: '*Safeguarding public money: are you getting it right?*'

There was submitted a report (issued) dated 30 April 2019 by the Assistant Chief Executive, advising the Committee on the issue of an Audit Scotland report titled '*Safeguarding public money: are you getting it right?*' advising members:

- (1) that in April 2019, Audit Scotland published a report titled '*Safeguarding public money: are you getting it right?*';
- (2) that the Audit Scotland report is split into three parts, namely:
Part 1: Internal controls help councils manage risk;
Part 2: Weak controls can have serious consequences; and
Part 3: Officers and councillors both have important roles.
- (3) that the key messages in Part 1 are that:
 - Councils can use internal controls to manage risks; and
 - Risk management helps to safeguard public money.
- (4) that the key messages in Part 2 are that:
 - There are signs that standards of internal controls may be strained; and
 - External auditors report their concerns about controls.
- (5) the key messages in Part 3 are that:
 - Councillors are ultimately accountable for councils' use of public money;
 - The audit Committee has an important role;
 - Officers are responsible for delivering council policy and managing services; and
 - Internal auditing helps evaluate and improve how well things work.

Mr McNicol highlighted to members that the Appendix contained within the Audit Scotland report provided a Summary of Checklists for Councillors.

Members sought clarity specifically and received feedback on the reporting of Nevis Technologies Ltd activities and on MyBus statistics and, after discussion and hearing from Mrs Davidson and Mr McNicol, the Committee noted the contents of the report and the Audit Scotland report titled '*Safeguarding public money: are you getting it right?*'.

15. Regularity audit of Subway annual stockcount

There was submitted a report (issued) dated 30 April 2019 by the Assistant Chief Executive advising the Committee on the findings of a regularity audit of Subway annual stockcount. This engagement is included in the annual Internal Audit Plan for 2018/19.

Mr McNicol advised members this was the follow-up report as requested by the Chair at the previous Audit & Standards Committee.

After consideration, the Committee noted the contents of the report.

16 Public reporting complaints statistics 2018/19 – Q4

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There was submitted a report (issued) dated 8 April 2019 by the Assistant Chief Executive which:

- (1) advised the statistics for the fourth quarter of 2018/2019 for SPT complaints;
- (2) informed members that of the 174 complaints received in the fourth quarter of 2018/2019, 16 did not concern SPT services and 89% had been responded to within the prescribed timescale; and
- (3) included a trend analysis requested at the last Committee.

After discussion, the Committee noted the level of complaints received in the context of the volume of service provided.

17. Members' and Directors' expenses 2019/20 to 11 May 2019

There was submitted and noted a report (issued) of 21 May 2019 by the Assistant Chief Executive detailing members' and directors' expenses to 11 May 2019.

Following discussion, the Committee noted the details of the report.
