



Audit & Standards Committee annual report 2018/2019

Date of meeting 21 June 2019

Date of report 7 June 2019

Report by Assistant Chief Executive

1. Object of report

Following consideration by the Audit & Standards Committee on 7 June 2019, to present to the Partnership for noting the Audit & Standards Committee annual report for the last financial year, highlighting the work of the committee.

2. Background

Role of the Audit and Standards Committee

The role of the Audit & Standards Committee is to:

- consider the effectiveness of the Partnership's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements;
- seek assurances that action is being taken on risk-related issues identified by auditors and inspectors; and
- be satisfied that the Partnership's assurance statements, including the Statement on the System of Internal Financial Control, properly reflect the risk environment and any actions require to improve it.

The full terms of reference for Audit & Standards Committee can be found at Appendix 1.

It is considered to be best practice for audit committees to report formally to those charged with governance the extent of the work undertaken by the committee.

3. Outline of proposals

At its meeting of 7 June 2019, the Audit & Standards Committee discussed an annual report on the work of the committee throughout the 2018/2019 financial year and considered a provisional work plan for the 2019/2020 financial year.

The Audit & Standards Committee met four (4) times in the 2018/2019 financial year and considered fifty-nine (59) reports at these meetings. All reports are shared with Partnership members to ensure full transparency of the work of the Audit and Standards Committee.

The core functions of the Audit & Standards Committee include reviewing the Partnership's arrangements for the provision of assurance frameworks, counter fraud, financial reporting, governance and ethical values, and risk management. The full list of functions can be found at Appendix 1.

Table 1 outlines the reports considered by the Audit & Standards Committee throughout 2018/2019.

Table 1 - Audit & Standards Committee reports 2018/2019

Date of meeting	Reports considered
8 June 2018	Draft 2017/2018 Abstract of Accounts for SPT and SCTSJC
	Corporate Risk Register as at May 2018
	Assurance engagement reports on: <ul style="list-style-type: none"> • Creditor payments; • Procurement award administration; • Bus station facilities; • Subway MSA payments; • Subway station ticket offices; and • Subway annual stockcount
	Engagement follow up performance January to March 2018
	Annual internal audit opinion and report 2017/2018
	Audit Scotland reports on: <ul style="list-style-type: none"> • Implementation of the Scotland Acts; • Local government in Scotland 2018; and • Councils use of arms' length organisations
	Complaints statistics
	Members and directors expenses
	14 September 2018
Corporate Risk Register as at August 2018	
Assurance engagement reports on: <ul style="list-style-type: none"> • Cleaning services; • School transport administration; and • CRC energy efficiency scheme 	
Engagement follow up performance April to August 2018	
Audit Scotland reports on: <ul style="list-style-type: none"> • National Fraud Initiative (NFI) and • Forth replacement crossing 	
Complaints statistics	
Members and directors expenses	
30 November 2018	
	Assurance engagement reports on: <ul style="list-style-type: none"> • Digital assurance framework; • Procurement outcomes; • HR system administration; • Climate change duties; and • Treasury management

Date of meeting	Reports considered
	Engagement follow up performance September to November 2018 Internal audit plan 2018/2019 mid-year progress report Counter Fraud Strategy update Risk Management Strategy update Audit Scotland report on Scotland's new financial powers Complaints statistics Members and directors expenses
22 February 2019	External audit plan 2018/2019 Conclusion of previously reported theft of SPT property Corporate Risk Register as at January 2019 Assurance framework update Local code of corporate governance update Assurance engagement reports on: <ul style="list-style-type: none"> • Payroll administration; • Contract variations; and • Complaints handling and reporting Engagement follow up performance December 2018 to February 2019 Internal audit plan 2019/20 Complaints statistics Members and directors expenses Whistleblowing report

The Audit & Standards Committee receive reports for the external auditor, internal audit and other assurance providers throughout the year.

4. Conclusion

At its meeting of 7 June 2019, the Audit & Standards Committee discussed the annual report on the work of the committee throughout the 2018/2019 financial year and considered a provisional work plan for the 2019/2020 financial year.

5. Partnership action

The Partnership is asked to consider and note the Audit & Standards Committee annual report for financial year 2018/2019.

6. Consequences

Policy consequences	<i>In accordance with Strathclyde Partnership for Transport and committee terms of reference.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>None.</i>

Name Valerie Davidson

Name Gordon Maclennan

Title **Assistant Chief Executive**

Title **Chief Executive**

For further information, please contact Valerie Davidson, Assistant Chief Executive, on telephone number 0141 333 3298.



Audit and Standards committee annual report 2018/19

Committee Audit and Standards

Date of meeting 7 June 2019

Date of report 28 May 2019

Report by Assistant Chief Executive

1. Object of report

To provide an annual report on the work of the Audit and Standards committee in 2018/19.

2. Background

Good practice guidance

The Chartered Institute of Public Finance & Accountancy (CIPFA) recently published updated practical guidance on audit committees. This standard setter guidance states:

'the (audit) committee should report regularly on its work to those charged with governance, and at least annually report an assessment of their performance'.

3. Outline of findings

Audit and Standards committee 2018/19

The Audit and Standards committee met four (4) times in the 2018/19 financial year (8 June 2018, 14 September 2018, 30 November 2018 and 22 February 2019).

A total of fifty-nine (59) reports were presented to and considered by the Audit and Standards committee at these meetings.

The core functions of the audit committee and reports presented were categorised as:

Assurance frameworks and assurance planning: reports included the assurance framework update and the digital assurance framework (as at date of meeting).

Countering fraud and corruption: reports included the Counter Fraud Strategy update, and the National Fraud Initiative (NFI) outcomes.

External Audit: reports included the 2017/18 annual audit report to members of Strathclyde Partnership for Transport, the Strathclyde Concessionary Travel Scheme Joint Committee and the Controller of Audit and the External Audit plan 2018/19.

Financial reporting: reports included the 2017/18 abstract of accounts for Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme.

Good governance and the annual governance statement: reports included the Audit and Standards committee work plan, Audit Scotland reports, the annual governance statement (AGS) and the local code of corporate governance update.

Governance and Ethical values: reports included minutes of meetings, public reporting complaints statistics and members and directors expenses at each meeting.

Internal Audit: reports included an annual report for 2017/18, internal audit plan 2018/19, assurance engagement reports, a mid-year progress report, and follow-up performance.

Risk Management: reports included the Risk Management Strategy update and Corporate Risk register updates as at the date of each meeting.

A separate work plan for 2019/20 Audit and Standards committee business was noted at its meeting of 22 February 2019. To assist members the provisional Audit and Standards work plan for 2019/20, is provided to the committee (see Appendix 1).

Note: the provisional work plan can be supplemented with additional reports from assurance providers in accordance with the Audit and Standards committee Terms of Reference (see Appendix 2).

4. Committee action

The committee is asked to:

- (i) note the Audit and Standards committee annual report 2018/19;
- (ii) commend this report to the next Partnership meeting of 21 June 2019.

5. Consequences

Policy consequences	<i>In accordance with the Audit and Standards Committee Terms of Reference.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>None.</i>

Name		Name	
	Valerie Davidson		Gordon MacLennan
Title	Assistant Chief Executive	Title	Chief Executive

For further information, please contact Valerie Davidson, Assistant Chief Executive on 0141 333 3298.



Audit and Standards committee 7 June 2019

Audit and Standards committee provisional work plan 2019/20

Date of meeting	Assurance provider report source			Other planned work
	Finance	Internal Audit	External Audit	
7 June 2019	Draft 2018/19 Abstract of Accounts for Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme	Assurance engagement reports	None scheduled	Corporate Risk Register update
		Engagement follow-up performance reports		Audit Scotland report(s)
		Annual Internal Audit opinion and report 2018/19		Members and Directors expenses 2019/20
30 August 2019	Final draft 2018/19 Abstract of Accounts for Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme	Assurance engagement reports	2018/19 Annual Audit report to members of Strathclyde Partnership for Transport, the Strathclyde Concessionary Travel Scheme Joint Committee and Controller of Audit	Corporate Risk Register update
		Engagement follow-up performance reports		Audit Scotland report(s)
29 November 2019	None scheduled	Assurance engagement reports	None scheduled	Corporate Risk Register update
		Engagement follow-up performance reports		Audit Scotland report(s)
		Internal Audit plan 2019/20 Mid-year progress report		Members and Directors expenses 2019/20
21 February 2020 (provisional)	None scheduled	Assurance framework update	Strathclyde Partnership for Transport, the Strathclyde Concessionary Travel Scheme Joint Committee External Audit plan 2019/20	Corporate Risk Register update
		Local Code of Corporate Governance update		Audit Scotland report(s)
		Internal Audit plan 2020/21		Audit & Standards committee provisional work plan 2020/21
		Assurance engagement reports		Members and Directors expenses 2019/20
		Engagement follow-up performance reports		

Audit and Standards committee – Terms of Reference

Number of members:	9
Meetings:	Quarterly and as and when required
Quorum:	3 always provided that in order to form a quorum at any meeting of the Partnership, or committee, at least three of the constituent councils must be represented

Subject to the exclusions and limitations to delegation, the compliance with the policies of the Partnership and the requirement to ensure that the appropriate financial provision is available if any decisions are taken which will have any budgetary implications, this committee is authorised:-

1. To consider the effectiveness of the Partnership's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
2. To seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
3. To be satisfied that the Partnership's assurance statements, including the Statement on the System of Internal Financial Control, properly reflect the risk environment and any actions required to improve it.
4. To approve (but not direct) internal audit's strategy plan and monitor performance.
5. To review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
6. To receive the annual report of internal audit.
7. To consider the Partnership's annual financial statements.
8. To consider the reports of external audit and inspection agencies.
9. To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
10. To review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
11. To promote the delivery by members and officers of high standards of conduct, including scrutiny of the relevant Register of Interests.
12. To promote value for money studies.
13. To promote and monitor financial controls, civic management and corporate governance.
14. To assist members to observe the Code of Conduct in accordance with any guidance issued by the Standards Commission for Scotland.