Strathclyde Partnership for Transport

Minute of Audit and Standards Committee meeting

1 February 2007

held at: Consort House, Glasgow

contact officers:

Valerie A Bowen phone: 0141 333 3130
Kirsten Clubb phone: 0141 333 3576

Minute of the meeting of the Strathclyde Partnership for Transport's Audit and Standards Committee held in Consort House, Glasgow, on 1 February 2007

Present	Councillors Barry McCulloch (Chair), John Mason, Alan Stewart and appointed members Tom Hart and Bill Ure.
Apologies	Councillors Eric Forbes, Eileen Logan and Davie McLachlan.
Attending	John Anderson, Clerk; Gordon MacLennan, Assistant Chief Executive (Customer Services); Neil Wylie, Director of Finance and Owen Hendry, Chief Internal Auditor.
Also attending	Grant Macrae and Stephen Reid, KPMG.

1. **Quorum**

   In terms of Standing Order no. 3.1.1, although more than 25% of the members of the committee were in attendance, the meeting was deemed to be inquorate as three councils were not represented. Thereon, members present discussed the following items of business.

2. **Revised risk management policy and strategy statements**
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   With reference to the minute of 26 October 2006 (page 4, paragraph 7), when the committee had noted

   (1)   the progress in strengthening the risk management arrangements carried over from Strathclyde Passenger Transport Authority and Executive, including the significant progress in the management of operational risks and a need for action to improve the management of strategic risks; and

   (2)   that a revised risk management policy and strategy would be submitted to the next meeting of SPT's Executive team for consideration,

   there was submitted a report (issued) of 16 January 2007 by the Assistant Chief Executive (Business Support),

   (a)   informing members that the risk management policy and strategy statement inherited from SPTE/SPTA had now been revised and had been approved by the Executive Team on 7 November 2006;

   (b)   advising members that the revised documents introduced the following two significant changes to SPT's risk management arrangements:-

           (i)   the creation of a Risk Management Group, which although proposed in the original SPTE/A strategy document had never been established;

(ii)   the clarification of risk management roles and responsibilities particularly those activities related to the development of a Strategic Risk Register which had been amended to:-

- integrate risk management at every level of the organisation;

- clarify the role of the Risk Management Group; and

- reflect the Partnership's revised management structures; and

(c)   explaining

(i)   that the terms of reference for the Risk Management Group had now been agreed and the group had been launched at the Management Team Meeting on 22 January 2007; and

(ii)   that a programme of risk awareness training was being developed for the organisation.

After discussion, members noted the revised risk management policy and strategy documents.

3.   External Audit Strategic plan
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Members noted the Audit Planning Memorandum issued by the External Auditors, KPMG, for the year ending 31 March 2007 which summarised the KPMG audit approach.

Thereon, there was introduced to the meeting Messrs Grant Macrae and Stephen Reid from KPMG, who answered questions and commented on issues raised by the members and officers present.

4.   Internal Audit Annual Plan – progress report
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With reference to the minute of 26 October 2006 (page 1, paragraph 3 and page 3, paragraph 5) when the committee had noted

(1)   the Internal Audit Annual Report for 2005/06; and

(2)   the Internal Audit Annual Plan 2006/07,

there was submitted and noted a report (issued) of 16 January 2007 by the Assistant Chief Executive (Business Support),

(a)   informing members

(i)   that five audit reports had recently been completed by the internal audit team and were available for members' perusal from the Chief Internal Auditor; and

(ii)   that the Chief Internal Auditor would be providing a follow up report on the implementations of the recommendations contained within the audit reports;

(b)   enclosing as appendices to the report

(i)   an Executive summary of each audit report covering the following topics:-

- Management of sickness absence;
- Subway ticketing;
- Data protection;
- Marketing contracts; and
- School transport;

(ii)   a progress statement for the Internal Audit Plan 2006/07; and

(iii)   the revised Internal Audit Plan for 2006/07;

(c)   highlighting

(i)   that, as at 31 December 2006, 300 (82%) of the 368 planned productive days for the nine month period of the Audit Plan had been achieved; and

(ii)   that the annual projected outturn of the plan was 420 (86%) of the 490 planned productive days;

(d)   advising members that the two main reasons for the deficit were the Chief Internal Auditor's increased involvement in the risk management function to facilitate the launch of the Risk Management Group and the replacement of a full time member of staff by a temporary part time auditor; and

(e)   explaining

(i)   that although the difference in the number of days was relatively small it had a disproportionate impact on the work of a small team which would be reflected in the updated plan; and

(ii)   that the updated plan would continue to provide the internal audit coverage work on which the external auditors wished to place reliance and also support the annual assurance statement from the Chief Internal Auditor.

5.   Fraud, whistleblowing and National Fraud Initiative
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There was submitted and noted a report (issued) of 16 January 2007 by the Assistant Chief Executive (Business Support),

(1)   advising members that following the adoption of a fraud response plan and whistleblowing policy, during the nine months up to December 2006 no matters had been brought to the attention of the Chief Internal Auditor;

(2)   informing members that SPT were participating for the first time in the National Fraud Initiative (NFI) which was a UK wide data matching exercise of computerised payroll, pension and benefit data held by Public Authorities; and

(3)   explaining

        (a)   that the Chief Internal Auditor would investigate any cross matches which were reported to SPT by the NFI team to identify inaccuracies or potential fraud; and

        (b)   that the outcome of any internal audit investigations would be submitted to the next meeting of the committee.

6.   Revised code of practice for internal audit in local government in the United Kingdom
  Click here to view report
There was submitted and noted a report (issued) of 16 January 2007 by the Assistant Chief Executive (Business Support),

(1)   informing members that the Partnership's internal audit plans were prepared and carried out in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in local Government in the United Kingdom;

(2)   advising members that the previous CIPFA Code of Practice for internal audit in the United Kingdom 2003 had now been replaced with a 2006 edition which was available on request from the Chief Internal Auditor; and

(3)   explaining that although the two editions were broadly similar the following changes were included in the new document:-

- introduction of a new standard, "Ethics for Internal Auditors" which required the observance of four main principles; integrity, objectivity, competence and confidentiality;

- new roles and responsibilities to improve the effectiveness of working relationships between audit committees and heads of internal audit; and

- linking the standard on reporting to the Statement of Internal Control.