

No	Issue and recommendation	Management response (May 2010)	Officer and due date	SPT progress update (March 2011) and evidence details	KPMG Findings (May 2011)
1	<p>Retention of receipts and other supporting documentation</p> <p>At the time of our review over £32,000 of expenditure on corporate credit cards was not supported by receipts or other documentation, including statements. We were advised by management that the receipts and other supporting documentation were shredded by the individual responsible for the administration of corporate credit cards.</p> <p>While we understand that SPT has strengthened administration controls over corporate credit cards to ensure that receipts and supporting documentation are retained, management should review and formalise its document retention arrangements in respect of corporate credit cards and 'out of pocket' expense claims.</p> <p><i>(Grade two)</i></p>	<p>Agreed.</p> <p>New administrative processes for the management of corporate credit cards have been in place since May 2009.</p> <p>These have been further reviewed and cross checked against the corporate document retention guidelines.</p>	<p>Director of Finance</p> <p>Implemented.</p>	<p>A full internal audit of the retention policy has been undertaken with the findings to be reported to the Audit & Standards Committee of 25 March 2011. This has identified a number of weaknesses and supporting recommendations which will now be implemented. Although measures implemented in May 2009 relating to corporate credit cards remain satisfactory.</p> <p>All parts of the organisation have been reminded of their role in the retention of documents policy with each department naming one key named officer to take responsibility for that area. They must implement the retention policy as agreed and as determined by the Senior Legal Advisor. In addition and specifically relating to corporate credit cards and expenses revised procedures have been implemented and controls are working as planned.</p> <p>In addition, the organisation has reviewed all its processes in support of freedom of information requests and this is subject to review by the information commissioner at the end of March 2011.</p>	<p>Implemented.</p> <p>Internal audit performed work over the retention of documents (see internal audit report) (2) which details the review performed and recommendations. This was presented to the audit and standards committee on the 25 March 2011 (1).</p> <p>The work was an overview of document retention. The work on retention of documentation included reviewing where, and for how long, information was retained for visa expenses and payroll expenses, but did not test individual items. We therefore carried out further testing, as detailed below.</p> <p>We tested a sample of 15 credit card statements, to ensure they had been signed by the claimant, had been appropriately authorised and the relevant receipts were attached (13).</p> <p>When expenditure is incurred on a corporate credit card, a credit card reconciliation is completed in place of an expenses claim form. The standard template requires a signature by the card holder as 'claimant' and their line manager as 'authorised'. The form states that they are signing to confirm that expenditure was necessarily incurred in respect of SPT and that all receipts are attached.</p> <p>On two occasions, we noted that the credit card reconciliation was signed as</p>

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					<p>'authorised' by a member of staff to which some of the expenditure related. Best practice would be that an individual should not authorise an expense which relates to them.</p> <p>While on both occasions, there was a pre-approved request for business travel in respect of the relevant expenditure which, to some extent acts as a compensating control, management should review whether the process provides for the appropriate level of independent authorisation of all expenditure after it has been incurred.</p> <p>We received a copy of the retention policy (8), reviewed by internal audit (dated September 2009).</p>
2	<p>Expenses</p> <p>Our review identified a need to revise the expenses policy to address a number of matters requiring attention, including:</p> <ul style="list-style-type: none"> personal expenditure and / or excessive costs incurred; potentially longer than necessary lengths of stay; role of members on overseas and other trips; limited evidence that SPT received value from the level of expenditure incurred, including in respect of entertaining; and 	<p>SPT will undertake a best practice benchmarking review of expenses policies and will thereafter seek to implement the resultant recommendations as soon as practicable. Management of the chief executives expenses will be included in the brief for this review.</p>	<p>Assistant Chief Executive (Business Support)</p> <p>30 September 2010</p>	<p>A full benchmarking exercise was conducted independently and the findings placed before the Strategy Group and the Audit & Standards Committee for consideration. This identified that while SPTs policy actually was in many places consistent with best practice a small number of areas required to be considered – mainly because the document was “silent” on the issue.</p> <p>Since then the opportunity has been taken to review the expenses policy and guidelines and an update will be presented</p>	<p>We obtained a copy of the expenses policy (3) and the travel manual and guidelines (14) which were updated in February 2011 and approved by the personnel committee in April 2011.</p> <p>It was agreed at the audit and standards committee on 2 June 2010 that all members and directors expenses would be provided to the committee for scrutiny on a regular basis.</p> <p>A report on members and directors expenses to 26 February 2011 was presented to the audit and standards committee on 25 March 2011 (5). Review of minutes of the audit and</p>

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	<p>• The policy in respect of authorisation of the chief executive's expenses.</p> <p>The recommendations support the main recommendations previously made by SPT's internal auditors. The recommendations reinforce internal audit's conclusions, which included the need to demonstrate that value for money is being achieved and, where appropriate, a ceiling is applied to reclaimable expenses.</p> <p>We recommend that:</p> <p>Recommendation 2a: Consideration is given to whether repayments of expenses is required for any personal expenditure incurred on overseas trips. In addition, SPT should keep under review the strengthened travel and subsistence expense controls to ensure that they are operating effectively.</p> <p>Recommendation 2b: A process of pre-approval of overseas and other trips and business entertaining should be implemented. This should incorporate an estimate of the value / cost of the planned trip, proposed travel arrangements (including length of stay), consideration of business need, including the value for money, attendees and the agreed method of feedback to be provided following the completion of the overseas or other trip.</p> <p>Recommendation 2c: Arrangements are revised to ensure that the chief executive's expenses are subject to independent and</p>	<p>All expenses are currently reviewed on submission against the existing expenses policy. Where expenditure has been confirmed as personal, an invoice will be raised for reimbursement of SPT.</p> <p>A system of pre approval (including an estimate of the cost) is already in place. With regards to members travel, it is proposed to include an estimate of travel and accommodation costs in proposals to committee. Similarly, a formal feedback process for all overseas trips and conferences is already in place.</p>		<p>to the Personnel Committee on 15 April 2011 – this is necessary as some elements may require to be consulted with the respective trade unions if it constitutes a change to employment terms & conditions. The review has taken full cognisance of the issues identified in the benchmarking report.</p> <p>The scheme of delegation has been amended to ensure that all member travel and chief executive travel requires to be approved by a relevant committee – these reports are to include full disclosure relating to purposes, who is attending (member & officer) and costs. This also applies in situations where members are seeking to attend a conference in the UK.</p> <p>In terms of scrutiny, the scheme of delegation no longer permits the Chief Executive to authorise his own attendance at such events. Furthermore the Audit & Standards Committee now receives regular reports of all senior staff expenses on an ongoing basis for scrutiny.</p> <p>All member and senior officer expenses are made public on a 4 weekly basis on the SPT website.</p>	<p>standards committee showed that a report was also considered at the meeting of the 17 September 2010 (7).</p> <p>The expenses of senior staff (directors) and members are published on SPT's website. These are subject to regular updates – four weekly. At the time of our follow up work, amounts shown were for expenditure incurred to 26 March 2011. (4,5).</p> <p><u>Response to detailed recommendations:</u></p> <p>Recommendation 2a: Implemented</p> <p>Management has advised that consideration was given to whether repayments of expenses was required for any personal expenditure incurred on overseas trips. Management concluded that no expenditure could be wholly identified as personal and hence, no reclaim was made.</p> <p>Recommendation 2b: Implemented</p> <p>A 'request for business travel form' must be completed for the pre-approval of business trips which shows an estimated value of the trip.</p> <p>Recommendation 2c: Implemented.</p> <p>The chief executive's expenses and all directors expenses are subject to scrutiny by the audit and standards committee.</p> <p>Recommendation 2d: Implemented.</p>

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	<p>formal approval.</p> <p>Recommendation 2d: SPT's travel policy should be reviewed and updated to provide specific guidance, in line with best practice, on each expense policy area incurred (covering 'out of pocket', corporate credit card and travel agency). This should include: class of air and rail travel; use of taxis and personal vehicles; permissible subsistence (for example telephone calls and alcohol); overnight accommodation and hotel rates; overseas travel; business and staff entertainment and other areas appropriate to the nature of SPT's business.</p> <p>Recommendation 2e: Management should ensure that the revised expenses policy takes into account HMRC requirements.</p> <p>Recommendation 2f: A revised expenses policy should clarify expectations that all expenses will be supported by sufficiently detailed receipts, or other supporting documentation. In addition, the revised expenses policy should clarify the recommended methods for booking travel.</p> <p><i>(Grade one)</i></p>			<p>The members guidance relating to travel and expenses has also been strengthened to include guidance on matters relating to overseas travel, presumption of public transport use and also what is reasonable subsistence. Training of members has also been conducted – first session held on 11 March 2011 with a second planned on 25 March 2011. A full attendance record will be included on the SPT website at the end of the financial year.</p>	<p>The new travel expenses policy was approved by the personnel committee in April 2011. Review of the policy confirms it addresses the issues outlined in the recommendation. We noted that when an administrator's credit card was used to pay for expenses incurred, the expenses claim form was signed by the administrator and these costs were supported by request for business request forms.</p> <p>Recommendation 2e: Implemented.</p> <p>Recommendation 2f: Implemented.</p> <p>Review of the policy confirms that it states that receipts must be provided for all expenditure. We tested a sample of expenses claims and confirmed that receipts for all claimed expenditure were retained with the claim form.</p>
3	<p>Visit to GMPTE</p> <p>The evidence suggests that this trip was arranged to coincide with the UEFA cup final, although this is disputed by the former director of communications. Inaccuracies in the expense form</p>	<p>Agreed.</p> <p>Where expenditure has been confirmed as personal, an invoice will be raised for</p>	<p>Assistant Chief Executive (Business Support)</p> <p>30 June 2010</p>	<p>As noted, expenses identified as personal were previously repaid. In terms of a further repayment of expenses relating to the GMPTE visit, senior management sought legal advice as to whether it was</p>	<p>We obtained email correspondence (15) from the legal department within SPT, who sought external advice on the cost of further recovery of expenditure incurred during the visit to GMPTE. The email shows that the estimated cost to</p>

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	<p>submitted by the former director of communications (for his and the former vice chairman's 'out of pocket' expenses) mask the personal element of certain expenses. Personal and excessive expenditure was incurred on the trip to Manchester and an amount has been repaid by the former director of communications. It could be argued that all expenses associated with this trip should be repaid.</p> <p>We recommend that SPT consider whether any follow up action is required, including the appropriateness of the amounts repaid.</p> <p><i>(Grade one)</i></p>	<p>reimbursement of SPT, where it has not already been reimbursed.</p>		<p>possible to recover these moneys, on what basis and the chances of recovery. This detail was then provided to the Partnership for full information and consideration.</p> <p>Legal advice suggested that given that the trips had been authorised prior to expenditure occurring it would be difficult to support the repayment through the legal process. The costs of doing this would also outweigh the sums recovered and the chances of recovery was small. The Partnership considered all the matters and decided that to incur further costs to recover this sum was not in the best interests of the use of public funds, particularly as full authority was given to the event and that the information gained had been used in further SPT meetings.</p> <p>As required all meetings and reports on this matter were held in public, and the public notice reported the outcome of the decision. The wording of the public notice was agreed with Audit Scotland prior to publication.</p>	<p>do this would have been at least £2,000 and the likelihood of success only small. It was, therefore, not considered by the Partnership to be a good use of public funding to pursue the matter further.</p>
4	<p>Use of consultants</p> <p>SPT's use of consultants is largely in accordance with the key recommendations set out in Audit Scotland's report, Central</p>	<p>Agreed.</p> <p>On occasions where a request to engage consultants</p>	<p>Director of Finance</p> <p>30 June 2010</p>	<p>The use of consultants now requires internal approval prior to the appointment with the clear business need requiring to be</p>	<p>Implemented.</p> <p>The contract standing orders have been amended in response to this</p>

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	<p>government's use of consultancy services. However, there are some recommendations in the report that require further consideration. Management should ensure that all 'requests for tender forms' include formal evidence of:</p> <ul style="list-style-type: none"> the consideration and justification for the use of a consultant in place of in-house staff; and The indicators and approach to the monitoring and evaluation of the work of the consultants. <p><i>(Grade two)</i></p>	<p>is submitted, formal justification of the appointment will be required and the process for monitoring and evaluating the output detailed in advance of the appointment.</p>		<p>formally documented and agreed by an assistant chief executive.</p>	<p>recommendation (10).</p> <p>The chief procurement officer confirmed that appendix nine of standing orders relating to contracts should be completed by a director or head of department and passed to the chief executive or assistant chief executive for authorisation prior to commencement of any tendering / resourcing exercise. The appendix nine form ensures that there is consideration and justification for the use of consultants.</p> <p>We tested a sample of eight contracts for the use of external consultants and confirmed that in all cases that the 'appendix nine' form had been completed.</p> <p>However, in one case the form had been completed and authorised by the same person. It should have been authorised by the assistant chief executive or a delegated signatory. However, we understand that the purchase order was not raised until the required paperwork was completed.</p>
5	<p>Conflicts of interests</p> <p>We investigated two separate complaints of individuals within SPT procuring supplies from related parties.</p> <p>We recommend that management review the policies and procedures for formally recording and managing conflicts of interest in relation to the procurement</p>	<p>Agreed.</p> <p>Formal recording and assessment of related party transactions must be documented in all procurement files, in addition to</p>	<p>Director of Finance Implemented.</p>	<p>Formal recording of all conflicts or potential conflicts is included on all procurement files (with a 'nil' declaration where relevant) and all staff are issued with reminders of the need to formally record any conflict or potential conflict. This matter also covers perceived</p>	<p>Implemented.</p> <p>Discussion with the chief procurement officer confirmed that there had been no instances of conflict of interest.</p> <p>For the contracts tested above we confirmed that a 'nil' declaration was included on file where there was no</p>

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	process. <i>(Grade one)</i>	the register of interests.		conflicts of interest. The register is maintained by the assistant chief executive	conflict of interest. We obtained a copy of the register of interests (17) that is maintained by the assistant chief executive.
6	<p>Marketing and publicity expenditure</p> <p>SPT's communication expenditure (which includes marketing) is supported by detailed evidence of activity and there is no evidence that it has not been tendered in line with the required policies and procedures. Total communication and publicity expenditure is comparable to other Scottish regional transport partnerships, if expenditure is expressed as a percentage of total expenditure. SPT is a significantly larger organisation than the other Scottish RTPs and therefore a direct comparison is more difficult.</p> <p>SPT is limited in its ability to measure the impact of its marketing and publicity campaigns, as much of the expenditure is to encourage use of public transport generally, rather than a particular mode of public transport such as the subway. However, we recommend that:</p> <p>Recommendation 6a: The annual marketing plan is approved by the Partnership (or appropriate committee) as part of the annual planning process;</p> <p>Recommendation 6b: Reports detailing the impact of marketing are provided on a regular basis, to a relevant committee, or consideration and to allow appropriate</p>	<p>Agreed.</p> <p>The annual marketing plan will be included as part of the annual budget approval process submitted to the Partnership.</p> <p>Marketing feedback is currently provided to members on a quarterly basis.</p> <p>A review of marketing expenditure is already underway as part of the wider budgetary review and streamlining of the organisation.</p>	<p>Chief Executive Immediate.</p>	<p>Since the review SPT has fully reviewed its communications team and available funding to support this area of work. A new structure has been implemented with a reduced headcount and a reduced supporting budget.</p> <p>The Partnership considered the communications revised structure at its personnel committee on 8 October 2010, and considered the level of supporting budget as part of its full deliberations on future year budgets in December 2010 and again on 11 February 2011.</p> <p>The strategy group considered the communications strategy (covering marketing, public affairs, web and information, travel planning) at its meeting on 1 February 2011.</p> <p>All marketing campaigns are now considered by the strategy group to ensure that they meet the business objective that clear desirable outcomes are identified and that reporting on success is also conducted.</p>	<p>The restructuring to which management refers has now been implemented and has resulted in a reduced headcount and reduced budget for communications.</p> <p>The 2011-12 budget was considered by the Partnership on 11 February 2011. The proposed budget for communications in 2011-12 showed a reduction of £315,000 compared to 2010-11. This is being achieved largely through a £150,000 reduction in salary expenditure, a £40,000 reduction in employee 'on-costs' and a £120,000 reduction on external communications expenditure.</p> <p><u>Response to detailed recommendations:</u></p> <p>Recommendation 6a: Implemented</p> <p>The annual marketing plan was approved as part of the communication strategy by the strategy group on 1 February 2011.</p> <p>Recommendation 6b: Implemented</p> <p>Review of committee minutes confirmed that reports on impact are considered by the strategy group on a regular basis.</p> <p>Recommendation 6c: Implemented</p> <p>Expenditure in this area is reviewed as part of the monthly monitoring process</p>

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	<p>action to be taken to consider the effectiveness and value for money of expenditure; and</p> <p>Recommendation 6c: Management keeps under review the level of expenditure in this area, with reference to other comparable organisations.</p> <p><i>(Grade two)</i></p>				<p>which compares actual spend to budget.</p>
7	<p>Partick interchange</p> <p>Formal lessons learned review is due to commence in May 2010, following the £6 million over run and delays surrounding the Partick interchange project.</p> <p>Management should ensure that the lessons learned review is completed as soon as is possible and that the lessons are shared, as appropriate, across the organisation to inform future projects.</p> <p><i>(Grade two)</i></p>	<p>Agreed.</p>	<p>Director of Projects 30 September 2010</p>	<p>Completed. Lessons learned report has been completed and shared with all key stakeholders, including internal and external stakeholders.</p>	<p>Implemented.</p> <p>A lesson learned report was commissioned by SPT as part of their close-down procedures for the Partick Interchange redevelopment project. The lessons learned took the form of a review of documentation and interviews with key stakeholders. We obtained a copy of the report (12) and confirmed with the senior projects manager that it had been disseminated to all the partners involved including Network Rail, First ScotRail and Spencer.</p> <p>A report on the findings to internal stakeholders was presented by the director of projects at the strategy group meeting on 28 September 2010, (11) which is attended by the chief executive, assistant chief executive and directors.</p>

SPT control actions

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1	All committee requests for approval of attendance at conferences and overseas visits will be accompanied with a business case, estimated costs for travel and accommodation, plus confirmation of any officer attendance.	Agreed and implemented to date – all requests for conference are submitted to the relevant committee for approval. This is also supplemented by reports outlining the key issues identified and any action that SPT should now consider.	Implemented. A business case requires to be submitted with requests for business travel.
2	The audit and standards committee will receive regular reports on conference attendance and overseas travel, together with actual costs and information on whether or not feedback reports were completed.	Agreed and implemented – a full report on expenses since October 2010 will be presented to the audit and standards committee on 25 March 2011.	Implemented. Review of minutes of the audit and standards committee confirmed that the report on expenses was submitted (6)
3	A best practice expense policy for officers will be completed and considered by the audit and standards committee in autumn 2010 and this and senior officer expenses will be available on SPT's website.	Benchmarking study completed and considered by audit and standards committee in Autumn 2010. All senior officer expenses made public via website and updated 4 weekly. The review of expenses policy and guidance will be considered by the personnel committee on 15 April 2011 before consultation with the respective unions in the areas that impact on terms & conditions	Implemented. A revised expenses policy was approved by Personnel Committee in April 2011 (3) .
4	The audit and standards committee will review all senior officers' and members' expenses on an ongoing basis.	Agreed and implemented. The audit and standards committee now receive senior officer expenses on a regular basis.	Implemented. Reports were submitted to committee in September 2010 and March 2011. (4, 5)

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5	Members' expenses guidelines will be revised to strengthen the expectation that public transport will be the preferred mode of travel, acknowledging flexibility is required in practice.	Agreed and completed.	<p>Implemented.</p> <p>A copy of revised members expenses guidelines were reviewed and showed the recommended revisions had been implemented (19).</p>
6	Internal audit will review the document retention policy and report back to a future meeting of the audit and standards committee.	Agreed and completed with audit and standards committee to receive the internal audit report at its meeting on 25 March 2011. Implementation of the recommendations will follow thereafter	<p>Implemented.</p> <p>Report presented to audit and standards committee on 25 March 2011 (1).</p>
7	Business class should not be the preferred method of air travel unless special circumstances dictate otherwise.	Agreed and implemented	<p>Implemented.</p> <p>Review of the travel expenses policy confirmed it had been updated to include information on class of travel (3).</p>
8	The need for attendance at projected meetings will be reviewed in the light of any changing circumstance in the interim.	Agreed and implemented. Attendance at outside bodies considered and agreed by the Partnership at its meeting in February 2011.	<p>Implemented.</p> <p>A business case form must be completed and submitted for review before approval for meeting attendance is given (3,13).</p>

Training and development

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1	<p>When implementing its action plan SPT should consider the training and development needs of its members to ensure that they are clear about SPT's revised policies and procedures and can demonstrate good governance, and effective scrutiny and challenge, in the discharge of their roles.</p>	<p>Agreed and implemented with some follow ups planned.</p> <p>Training on members travel and expenses policy, reimbursement processes and responsibilities completed on 11 February 2011 with a second session being held on 25 March 2011. In addition a training session based on CIPFAs "On Board" training planned for May 2011 – diaries do not permit this earlier.</p> <p>An update of audit and standard committee's role in scrutiny also planned for May 2011 – diaries do not permit this earlier.</p>	<p>Implemented.</p> <p>Review of attendance at these meetings confirmed that members attended a training course on these issues. (18).</p>