

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

DATE: 15 SEPTEMBER 2006

SUBJECT: INTERNAL AUDIT - AUDIT PLAN 2006/07

Report of the Chief Financial Officer

1. MATTER FOR CONSIDERATION

1.1. To consider Internal Audit's annual audit plan for 2006/07.

2. INFORMATION

- 2.1. The Authority uses the Internal Audit section of the Executive to carry out their internal audit function. The section contains a Chief Internal Auditor plus two assistants who provide an internal audit service for both the Executive and Authority.
- 2.2. It is particularly appropriate for the Authority to use the Executive's section as most of the financial systems, such as accounting and payroll and most of the staffing policies, including codes of conduct etc are operated jointly.
- 2.3. Due to the integrated nature of many of the Executive's and Authority's operations there is no separate internal audit plan for the Authority. The plan for the Executive is reported annually to their Audit Committee and Board and contains full coverage over a three year period of all systems and operations of the Executive. The content of the rolling three year programme is weighted according to the perceived level of risk and is taken into account by the Audit Commission when they set their audit plan.

INTERNAL AUDIT STRATEGIC AUDIT PLAN 2006/07 (EXTRACT)

Audit Area	Inherent Risk Rating	Residual Risk Rating	Allocation
<u>CORE BUSINESS SYSTEMS</u>			
Main Accounting System	High	Moderate	10
Creditors Payments System	High	Moderate	15

Debtors System	Moderate	Low	10
Payroll & Personnel Records	High	Moderate	20
Purchasing & Procurement	High	To Be Assessed	20
Cash	High	Moderate	5
VAT Accounting	Moderate	Moderate	10
PTA - Financial Management Systems	High	To Be Assessed	15
Legislative Compliance	High	Moderate	15
Risk Management Arrangements	High	To Be Assessed	10
I.T. Management	High	Moderate	15
<u>FRAUD & CORRUPTION</u>			
Disclosure of Interests, Gifts & Hospitality	High	Moderate	8
PTA – Scrutiny & Governance Arrangements	High	To Be Assessed	10
<u>SAFEGUARD ASSETS</u>			
Inventory of Equipment & Furniture	High	Moderate	5

- 2.4. The above is a summary of the programme for 2006/07 as it relates to the Authority. It can be seen that the majority of the areas to be audited are in the Executive with a limited number being specific to the Authority. However, should Members wish for any particular area, not considered to be already covered, to be added to the programme this will be done.
- 2.5. One of the requirements of the 2006 Accounts and Audit Regulations as they apply to the Authority is that the Authority must 'at least once in each year conduct a review of the effectiveness of its system of internal audit'. This requirement also applies to the Executive.
- 2.6. It is therefore suggested that as the Authority is utilising the services of the Executive's internal audit section they should require the Executive to undertake that review on their behalf and request that any

appropriate matters arising from the review be reported to this committee. It is felt that such an approach plus the receipt of annual audit plans and annual audit reports from the Internal Audit section should meet the requirement set out in the regulations.

3. FINANCIAL AND LEGAL IMPLICATIONS

3.1. None directly arising from this report.

4. STAFFING IMPLICATIONS

4.1. None directly arising from this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

5.1. None directly arising from this report.

6. RECOMMENDATIONS

6.1. That the audit plan for 2006/07 be approved

6.2. That the Executive be requested to report any appropriate matters from their annual review of Internal Audit to this committee.

Chief Financial Officer
West Yorkshire Passenger Transport Authority

Lead Officer :	A Darbyshire
Date :	August 2006
File:	Governance/Internal Audit Plan 2006-07.doc