

# WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

## AUDIT AND GOVERNANCE COMMITTEE

DATE: 15 DECEMBER 2009

AGENDA ITEM NO: 7

### SUBJECT: INTERNAL CONTROLS AND FINANCIAL MONITORING

#### Report of the Clerk and Chief Financial Officer

#### 1. MATTER FOR CONSIDERATION

- 1.1. To consider any changes to the arrangements for internal control in the Authority since the last meeting of the Committee and to consider the current financial position.

#### 2. INFORMATION

##### **Internal controls**

- 2.1. There have been no significant changes to the arrangements for internal control within the Authority since the last meeting.
- 2.2. The Executive's Audit Committee receives quarterly schedules of key financial controls. At their last meeting the committee received a schedule indicating that all such actions were up to date. In addition quarterly governance meetings continue to be held with Leeds City Council to consider and review the transactions relating to investments.
- 2.3. This Committee has previously recommended that the Chair of the Audit and Governance Committee meet every six months with the two non-Executive Directors to consider the effectiveness of challenge and scrutiny at the Executive Board. The first of these meetings has now taken place and proved to be useful in understanding their respective roles.

##### **Financial monitoring – revenue budgets**

- 2.4. An update on the current position with revenue budgets is attached as Appendix A. This shows a revised outturn for 2009/10 in accordance with the three year strategy figures discussed at the Authority's budget meeting on 11 December. The key points to note are an overspend on those elements of concessionary travel which are outside of the three year agreement with the major operators, offset by a one off reduction in tendered services payments due to the unexpected fall in inflation which impacts on the uplift applied to ongoing contracts. The difficulties expected in the next three years with concessionary funding

and reimbursement and the required levels of reserves all form a central part of the budget strategy discussed last Friday.

### **Financial monitoring – capital budgets**

- 2.5. Appendix B sets out the current position with capital expenditure for 2009/10. This sets out an update on both the Authority's own capital programme as well as the West Yorkshire Strategic Programme of Schemes (WYSPS). The Authority's programme is showing over programming of just over £1m which, given the element of risk that exists in a number of the schemes, represents a reasonable position for this point in the year, and allows sufficient flexibility to manage the programme. There are still some significant amounts of money to pay but some of the schemes are profiled in such a way that payments will be made towards the end of the period, such as for the new CCTV facilities and the rail depot facilities.
- 2.6. The first payments on the WYSPS have recently been made and significant expenditure is expected on these by the end of the year. In total some £24.3m is available over this and the next two years for these schemes, so any under or overspend in the current year can be adjusted for in 2010/11.

### **Risk Matters**

- 2.7. The Risk Register (Appendix C) for the Authority is reviewed bi-monthly by officers jointly with the Executive's Risk register. All risks have an acceptable level of residual risk other than that relating to future wider governance arrangements which continues to require close monitoring.

## **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 report be noted.

Clerk and Chief Financial Officer  
West Yorkshire Integrated Transport Authority