

# WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

## AT A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD IN WELLINGTON HOUSE ON TUESDAY 14 SEPTEMBER 2010

**PRESENT:** Councillor M Walker (Chair)

Councillors B Anderson, Y Crewe, C Greaves, A Longthorn, A Pinnock,  
E Taylor and J Watmough

In Attendance:        S Dennis    -    Audit Commission  
                              J Talbot    -    Audit Commission

### 11.    **DECLARATIONS OF INTEREST**

Councillor C Greaves declared a personal interest in Agenda Item 8 - Final Accounts of the Authority and Executive for 2009/10.

### 12.    **MINUTES**

**RESOLVED** - That the minutes of the meeting held on 29 June 2010 be approved.

### 13.    **AUDIT COMMISSION**

The Committee considered a report of the Clerk and Chief Financial Officer on:

- Recent announcements on the future of the Audit Commission
- Reports completed by the Audit Commission

It was reported that the Government had announced plans to disband the Audit Commission. Members were informed that whilst robust auditing would continue to take place, the audit expertise of the Commission would be moved into the private sector. The Audit Commission had confirmed that the current arrangements were expected to continue until the 2012/13 financial year and that it was expected that legislation would be sought to enact the changes, which ultimately would enable the Authority to appoint its own independent external auditor. Such an appointment would be likely to require an OJEU procedure and officers were requested to ensure appropriate representations were made to ensure any changes recognised the timescales required.

Members were informed that regular updates would be brought to future meetings of the Committee.

It was also reported that the Audit Commission had issued the following two reports since the last meeting, which were attached at Appendices A and B of the submitted report:

- Triennial Review of Internal Audit: Follow Up Review
- Project Management and Capital Expenditure

The Committee was advised that a review of Internal Audit was performed by the Audit Commission in 2008/09, which identified a number of areas for further improvement.

With regard to the Triennial Review, it was reported that whilst progress had been made in implementing some of the agreed plan, other actions had not progressed as quickly due to the decision not to purchase a specialised audit system for documenting audit work. The report also provided a summary of residual actions required which could be addressed through better use of Microsoft Office.

The report of Project Management considered the adequacy of the arrangements which were in place and how effectively they were working. Members were advised that the conclusions reached by the Audit Commission on the review of Metro's Project Management and Capital Expenditure processes were very positive with many examples of good practice and effective management.

In welcoming the positive feedback from the Audit Commission, members requested that officers look into the possibility of providing some basic training on how Metro's Capital Programme was managed.

**RESOLVED** - That the report be noted.

#### **14. INTERNAL AUDIT REPORT**

The Committee considered a report of the Internal Audit Manager on reviews undertaken by the Internal Audit section.

It was noted that the following areas had been reviewed since the last meeting and these were detailed in the submitted report.

- Passenger Facilities
- Gifts, Hospitality and Interests
- Inventory of ICT Equipment
- New Travel Centre and Tiling Systems

A summary of the overall audit opinion and details of any significant issues identified from the reviews were provided for members' information.

It was reported that following the Government's spending cuts announcements, reviews on NGT and Castleford Interchange had now been

deferred and would be replaced with efficiency reviews of Bus and Train Surveys and Prepaid Ticket Pool and Concessionary Travel. These reviews were scheduled to be completed by the end of October 2010.

**RESOLVED** - That the report be noted.

## **15. INTERNAL CONTROLS AND FINANCIAL MONITORING**

The Committee considered a report of the Clerk and Chief Financial Officer on any changes to the Authority's internal control arrangements since the last meeting and to consider the current financial position.

### **Internal Controls**

It was reported that since the last meeting there had been no significant changes to the arrangements for Internal Control within the Authority.

Members noted various aspects of the Statement of Control including:

- Internal Control
- Financial Monitoring - Revenue Budgets
- Financial Monitoring - Capital Budgets
- Risk Matters

Members were advised that work was continuing on identifying the implications of any levy reduction in the coming years and any opportunities, which existed to reduce costs further. Discussions with the Districts were expected to be continued throughout the coming months as the outcome of the Comprehensive Spending Review was published. These discussions would form part of the Authority's Budget Briefing on 10 December 2010.

The Committee expressed concern at the recent level of service cuts being made by First and the pressures which would be placed on the Authority's budget.

### **Financial Monitoring - Capital Budgets**

It was reported that the current position with regard to the Capital Programme for 2009/10 was set out in Appendix B. Members were advised that following the financial cuts announced by the Government in May the Executive Board had considered reports setting out the implications of those cuts, which had resulted in them agreeing to a reduced Capital Programme for 2010/11, which sought to ensure that high priority projects could be delivered.

### **Risk Matters**

Members discussed the Risk Register, which was attached at Appendix C of the submitted report. It was reported that all risks had an acceptable level of

residual risk other than that relating to future wider Governance arrangements, which continued to be closely monitored.

**RESOLVED** - That the report be noted.

## **16. FINAL ACCOUNTS 2009/10**

The Committee considered a report of the Clerk and Chief Financial Officer on the Final Accounts for 2009/10 together with the comments received from the Auditors in the Annual Governance report.

It was reported that since the last meeting, the accounts had now been audited and a revised version was attached at Appendix 2 to the submitted report. The revisions were largely presentational and did not affect the results for the year.

Mr Dennis presented his Annual Governance Report setting out any issues to be considered by members before issuing the opinions on the financial statements and value for money conclusion.

Members were asked to consider the document, which was a legal requirement prior to approving the final accounts. A letter of representation was also attached to the report, which the Authority was obliged to provide to the Auditors.

It was reported that the Annual Governance Report included a clean Audit Opinion on both the financial statements and on the value for money conclusion and that the internal control environment was adequate.

**RESOLVED** -

- (a)** That the Annual Governance Report be noted.
- (b)** That the letter of representation be approved and recommended for signature.
- (c)** That the 2009/10 accounts be approved and recommended for signature.