

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY
AT A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE
HELD IN WELLINGTON HOUSE, LEEDS, ON
TUESDAY 14 DECEMBER 2010

PRESENT: Councillor M Walker (Chair)

Councillors C Greaves, K Hussain, A Longthorn, A Pinnock, E Smaje
and J Watmough

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

17. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Y Crewe.

18. DECLARATIONS OF INTEREST

There were no personal or prejudicial interests declared by members at the meeting.

19. MINUTES

RESOLVED - That the minutes of the meeting held on 14 September 2010 be approved.

20. AUDIT COMMISSION AUDIT LETTER

The Committee considered a report of the Clerk and Chief Financial Officer on the receipt of the Annual Audit Letter for 2009/10.

It was reported that the Annual Letter had been received from the Audit Commission that provided an overview of the audit work undertaken during the year including the Audit of Accounts, and highlighting any key issues.

A copy of the letter was attached at Appendix A to the submitted report. The Committee was advised that the overall conclusions were positive. In presenting the Audit Letter, the Audit Commission reported on the challenges facing the Authority together with future developments and priorities. Mr Dennis commented that the Audit Commission was satisfied with the actions being taken by the Authority to respond to the financial pressures and the move to produce annual accounts on an IFRS (International Financial

Reporting Standards) basis from 2010/11. In this respect the Committee was given a brief background to the new regulations. It was reported that the Authority would be required to produce their accounts in accordance with IFRS from 1 April 2011. Preparatory work, including a full impact analysis, had been carried out which had revealed that the Authority had plans in place to ensure the smooth transition to IFRS.

RESOLVED - That the Audit Commission's Annual Audit Letter of 2009/10 be noted.

21. INTERNAL AUDIT REPORT

The Committee considered a report of the Internal Audit Manager on work undertaken by the Internal Audit Section and key issues were identified in the report.

It was noted that four areas of work had been reviewed since the last meeting and those were detailed in the report with all areas being given a rating of substantial, adequate or qualified audit opinion.

- (i) Complaints Procedures
- (ii) Creditors' Payments
- (iii) Data Security
- (iv) Rail Services

In addition to the reviews, audit testing had been carried out in relation to payroll, tendered subsidised bus services and real time information systems and reports were currently being prepared. Details of any significant issues identified would be reported to the next meeting of the Committee.

The Committee was advised that a Value for Money review of processes employed for the identification and calculation of payments to operators in respect of concessionary fares reimbursements and pre-paid tickets pool distributions was currently being carried out. Internal Audit would be providing the PTE's Executive Board with an interim report setting out future options for the provision of that service.

It was also reported that the Internal Audit Plan had acknowledged that the ITA had introduced new Governance and Scrutiny functions in 2010. Internal Audit had considered the framework for those measures which they had determined were adequate. A full audit review of those arrangements would then be taken in 2011 once a complete cycle of the ITA's meetings had taken place.

RESOLVED - That the report be noted.

22. INTERNAL CONTROLS AND FINANCIAL MONITORING

The Committee considered a report of the Clerk and Chief Financial Officer on changes made to internal control arrangements and to consider the current financial position.

Members noted various aspects of the Statement of Control, including:

- Internal Control
- Financial Monitoring
- Risk Matters
- International Financial Reporting Standards (IFRS)

An updated position on both revenue and capital expenditure was attached at Appendices A and B of the submitted report. The Committee commented on the challenges faced by the Authority on setting an appropriate levy for 2011/12 in the light of the cuts to the District Councils' Central Government funding. Reference was also made to the uncertainty surrounding concessionary fares, the future allocation of Government funding, the ending of a 3 year agreement with the operators which was due to expire in 2010/11 and the potential impact on the reduction in BSOG (Bus Services Operators Grant) from 2012/13.

An update on the current position with the major schemes was attached at Appendix C. The Committee was informed that officers were preparing revised bids for New Generation Transport (NGT), Leeds Station Southern Entrance, Leeds Rail Growth Package and Castleford Interchange.

The Risk Register was attached at Appendix D to the submitted report. It was noted 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.