

**WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY**  
**Report to the Meeting of the Audit & Governance Committee**  
**to be held on 29 June 2007**

**SUBJECT: INTERNAL AUDIT - STRATEGIC AUDIT PLAN**

**1 MATTER FOR CONSIDERATION**

**1.1 Purpose of Report**

To report on the proposed planned schedule of audits for the year 1 April 2007 to 31 March 2008.

**2 INFORMATION**

- 2.1 It has previously been a requirement to prepare a rolling three- year Strategic Audit Plan and, as a consequence of this process, identify an Annual Audit Plan.
- 2.2 The Code of Practice for Internal Audit in Local Government was updated by CIPFA in 2006. This code is identified in the Terms of Reference for Internal Audit as 'proper practice' in the provision of the Internal Audit service to the Authority and the Executive. Standard 7.2.3 of the Code now states that "*the audit plan should be for a fixed period of no more than one year*". This change in emphasis allows internal audit to respond more readily to changes in organisational activities, the control environment and any associated risks.
- 2.3 The Code also requires that a risk-based approach be undertaken in the provision of internal audit reviews. The Audit Plan is derived from the development of a risk profile of the organisation. In essence, this is achieved as a result of cumulative audit knowledge and experience, risk assessments performed, consideration of the register of key corporate risks and from consultation with the Audit Committee and Audit Commission. Where possible, audit reviews contained within the plan have been linked to Metro's strategic risks.
- 2.4 The Annual Audit Plan fulfils the requirements of the joint audit protocol for providing audit coverage to the Executive and Authority. Furthermore, this plan has been considered and endorsed by the Audit Committee. Details of the proposed plan are provided in Appendix A.
- 2.5 The Audit Plan combines reviews of systems and procedures operated jointly for the Authority and Executive along with other activities which are undertaken independently by each of these organisations.
- 2.6 The content, risk rating and progress of work on the plan will be regularly reviewed and reported. Any changes to the plan required in the year to address changing risks and audit priorities, will only be made with the approval of the Executive and Audit & Governance Committee.

2.7 The provision of Internal Audit services as detailed in the Audit Plan requires the employment of three audit staff on a full-time basis. Budget provision has been secured for this structure throughout 2007/2008.

### **3 FINANCIAL AND EC PROCUREMENT IMPLICATIONS**

3.1 The annual salary and other costs relating to the posts of Internal Audit Manager and Internal Audit Assistants are provided for in the approved annual revenue budget.

### **4 STAFFING IMPLICATIONS**

4.1 The posts of Internal Audit Manager and two Internal Auditors are provided in the organisation plan.

### **5 EQUAL OPPORTUNITY IMPLICATIONS**

5.1 None.

### **6 RECOMMENDATIONS**

6.1 That the Annual Audit Plan commencing from 1 April 2007 to 31 March 2008, as detailed in the Appendix to this report, be approved.

6.2 That the Executive's Financial Regulation 22.11 requiring the production of a three-year strategic audit plan be waived to reflect changes introduced under standard 7.2.3 of the Code of Internal Audit Practice in Local Authorities.

AUTHOR: Russell Gott  
Internal Audit Manager

**INTERNAL AUDIT PLAN 2007/08**

<b>AUDIT AREA</b>	<b>Inherent Risk Rating</b>	<b>Residual Risk Rating</b>	<b>Allocation</b>
<b><u>CORE BUSINESS</u></b>			
Tendered Subsidised Services	High	Moderate	20
Prepaid Tickets & Concessionary Fares	High	Moderate	25
Main Accounting System	High	Moderate	10
Creditors Payments System	High	Moderate	10
Debtors System	Moderate	Low	10
Payroll & Personnel Records	High	Moderate	15
Purchasing & Procurement	High	Moderate	10
Passenger Facilities	High	Moderate	15
Capital & Development Projects	High	Moderate	10
MyBus	High	High	20
Bus & Train Surveys & Monitoring	High	Moderate	15
Human Resources	High	Moderate	12
Grant Claims	High	Moderate	3
PTA - Financial Management Systems	High	To Be Assessed	15
Legislative Compliance	High	Moderate	15
Realtime Information Systems	Moderate	Moderate	10
Operator Farebox Revenue Claims	High	Moderate	8
PTEG Ltd – Financial System	High	To Be Assessed	5
Risk Management Arrangements	High	To Be Assessed	15
Yorcard Project	High	Moderate	10
Complaints Procedures	Moderate	Low	5
WYTESA	Low	To Be Assessed	10
IT Projects	High	Moderate	10
Travel Centre Procedures	Moderate	Moderate	10
Concessionary Fares 2008 Scheme	High	To Be Assessed	20

<b><u>VALUE FOR MONEY</u></b>			
Service Monitoring Systems.	High	To Be Assessed	10
<b><u>FRAUD &amp; CORRUPTION</u></b>			
Disclosure of Interests, Gifts & Hospitality	High	Moderate	8
PTA – Scrutiny & Governance Arrangements	Moderate	To Be Assessed	10
<b><u>SAFEGUARD ASSETS</u></b>			
Stock Verification	High	Moderate	8
Inventory of Equipment & Furniture	High	Moderate	8
			<b>352</b>