

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

DATE: 14 MARCH 2008

AGENDA ITEM NO: **9**

SUBJECT: INTERNAL AUDIT REPORT

Report of the Internal Audit Manager

1. MATTER FOR CONSIDERATION

1.1. Purpose of Report

To inform Members of the work undertaken by the Internal Audit section.

2. INFORMATION

2.1. This report provides details of work completed by the Internal Audit section and any key issues identified.

2.2. The Accounts and Audit Regulations 2003, as amended by the 2006 regulations, establish requirements relating to systems of internal control and the review and reporting of those systems. Accordingly, the Authority must have in place a process for establishing, maintaining and reviewing the system of internal control and risk management. The regular reporting by the Internal Audit Manager forms part of that review.

2.3. The Internal Audit section have completed the following reviews since the last report to the Authority:

- Payroll & HR Records.
- Debtors.
- Passenger Facilities Maintenance.

3. AUDIT RECOMMENDATIONS

3.1. A summary of the overall audit opinion and details of any significant issues identified from these reviews are provided below.

3.1.1. Payroll & HR Records

Our opinion, based on the results of interviews and tests performed, is that key controls are present and operate

adequately for payroll processing. However, there was an issue in respect of maintaining up to date HR records for a small number of employees. Action has been taken to amend these details.

3.1.2. Passenger Facilities Maintenance

The overall opinion was that generally risks are being managed effectively. It was considered that management action was required to address one area of weakness relating to the completion and review of records for planned maintenance and repairs held at facilities operated by Metro.

Logbooks are maintained at all Metro premises. These contain details of maintenance and repairs performed by contractors. Checks are performed on these records to ensure that they agree with worksheets issued and invoices received. It was recommended that further documentation be provided to substantiate and provide evidence that these checks are completed.

3.1.3. Debtors

The opinion was that Debtors processing procedures are satisfactorily controlled. Generally key risks are being managed effectively and there is sufficient assurance that objectives are likely to be achieved, financial loss is unlikely to occur and it is unlikely that there will be any damage to reputation in this area.

There were no significant audit findings to report as a result of this assignment.

4. OTHER AUDIT ACTIVITY

- 4.1. The Internal Audit section has undertaken additional work in Travel Centres. A separate report providing details of that review is included on the Agenda of this meeting.

5. PEER REVIEW

- 5.1. A peer review of the internal audit function provided to Metro has been performed by the Chief Internal Auditor of Strathclyde Partnership for Transport. The key issues resulting from this review will be reported to the Authority at the next meeting of the Audit & Governance Committee.

6. FINANCIAL AND LEGAL IMPLICATIONS

- 6.1. None relating to the internal audit section.

7. STAFFING IMPLICATIONS

7.1. None relating to the internal audit section.

8. EQUAL OPPORTUNITY IMPLICATIONS

8.1. None relating to the internal audit section.

9. RECOMMENDATIONS

9.1. That the report of the Internal Audit Manager be noted.

**Director General
West Yorkshire Passenger Transport Executive**