

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

DATE: 15 SEPTEMBER 2006

AGENDA ITEM NO: **4**

SUBJECT: AUDIT PLANS 2006/07

Report of the Clerk and Chief Financial Officer

1. **MATTER FOR CONSIDERATION**

- 1.1. To consider the Audit Plans submitted by the Authority's external and internal auditors.

2. **INFORMATION**

External Audit Plan 2006/07 (Appendix A)

- 2.1. Each year the Audit Commission as the Authority's external auditor produces an audit plan for the following year. In accordance with good practice that plan should be considered by members of the Authority. A copy of the plan for the current year is attached.
- 2.2. The attached plan is laid out in a standard format and contains many pages of standard information such as the auditors responsibilities, the key tasks and the criteria they follow. Those areas specifically relating to this authority are commented upon below:
 - 2.2.1. Page 5 – The Fee. In comparison to the fee charged this year of £29,600 the figure of £45,200 appears high. However, it is understood that the auditor considers it appropriate as he apparently wishes to undertake more work than in 2005/06.
 - 2.2.2. Page 7 Management of Risk. The statements made by the auditor are factual although members should be aware that risk management has always been taken seriously by both the Authority and Executive. The latter have implemented a risk management policy and a regular review system through an internal group which meets regularly with the intention of embedding the review of risks as part of the general management function. The PTA risk register has until now formed part of that system and is regularly reviewed and updated.
 - 2.2.3. Page 8 Opinion risks. As will have been seen from the report on the 2005/06 accounts there has been a considerable increase in the size and complexity of the final accounts to be published this

year. This section was written before those accounts had been prepared and relates to the immediate aftermath of the fraud. At that time both the expected layout of the accounts and the preparation of the working papers was in doubt. It should be noted that the auditor (para 22) intends to issue a separate plan in advance of the actual audit detailing his specific approach.

2.2.4. Page 8 Whole of Government accounts. It has been agreed there will be no fee for this work in 2006 but the fee for 2007 will be in the region of £1,500 each for the Authority and Executive.

2.3. Not all of the Planned Outputs shown on page 14 will be directly presented to members. The various elements are:

2.3.1. The plan itself is attached.

2.3.2. The timing of the interim audit memorandum is such that any significant matters will have to be incorporated into the report entitled 'Report on financial statements those charged with governance'. This is now to be called the 'Annual Governance report' and will be considered by members along side the audited accounts in September 2007.

2.3.3. The opinion on the financial statements should be received before 30 September 2007 and will be subsequently reported to members.

2.3.4. The VFM conclusion and final accounts memorandum will either appear in the Annual Governance Report or with the Annual Audit Letter. The latter is likely to be reported to members by the end of December 2007.

Internal Audit Plan 2006/07 (Appendix B)

2.4. The Authority uses the Internal Audit section of the Executive to carry out their internal audit function. The section contains a Chief Internal Auditor plus two assistants who provide an internal audit service for both the Executive and Authority. It is particularly appropriate for the Authority to use the Executive's section as most of the financial systems, such as accounting and payroll and most of the staffing policies, including codes of conduct etc are operated jointly.

2.5. Due to the integrated nature of many of the Executive's and Authority's operations there is no separate internal audit plan for the Authority. The plan for the Executive is reported annually to their Audit Committee and Board and contains full coverage over a three year period of all systems and operations of the Executive. The content of the rolling three year programme is weighted according the perceived level of risk and is taken into account by the Audit Commission when they set their audit plan.

2.6. Following on from the comments above members are asked to receive the attached audit plans for the current year and note their contents.

3. FINANCIAL AND LEGAL IMPLICATIONS

3.1. There are no direct implications arising out of this report.

4. STAFFING IMPLICATIONS

4.1. There are no direct implications arising out of this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

5.1. There are no direct implications arising out of this report.

6. RECOMMENDATIONS

6.1. That the audit plan for 2006/07 be noted.

Chief Financial Officer
West Yorkshire Passenger Transport Authority

Lead Officer :	A Darbyshire
Date :	1 August 2006
File:	Governance/Audit Plan 2006-7.doc