

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

**AT A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE
HELD IN WELLINGTON HOUSE ON
TUESDAY 15 DECEMBER 2009**

PRESENT: Councillor A Pinnock (Chair)

Councillors E Firth, C Greaves, J Jarosz, M Lyons and M Walker

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

19. DECLARATIONS OF INTEREST

Councillors E Firth and C Greaves declared personal interests in Agenda Item 7, Internal Controls and Financial Monitoring as they were members of the West Yorkshire Pension Fund.

20. CHAIR'S COMMENTS

The Chair welcomed Simon Dennis, who had taken over from Paul Lundy as District Auditor for the Authority and Executive, to his first meeting.

21. MINUTES

RESOLVED - That the minutes of the meeting held on 24 September 2009 be approved.

22. AUDIT COMMISSION REPORTS

The Committee considered a report of the Clerk and Chief Financial Officer on the receipt of the Annual Audit Letter 2008/09 and the Triennial Review of Internal Audit report issued by the Audit Commission.

It was reported that the Annual Letter had been received from the Audit Commission. This provided an overview of the audit work undertaken in the year, including the audit of accounts, and highlighted any key issues. A copy of the letter was attached at Appendix A to the submitted report and it was noted that overall, the conclusions of the audit letter were positive.

It was proposed that the Audit Commission present the findings of the specific risk based work relating to the engagement of the Authority with the Districts to a future meeting.

Members were advised that a review of internal audit was undertaken every three years by the Audit Commission against standards set by CIPFA and

discussed the report which was attached at Appendix B. It was noted that the review had concluded that Internal Audit was compliant with the majority of CIPFA internal audit standards. However it had highlighted some areas for further improvement and an action plan had been implemented to address the recommendations made.

RESOLVED – That the Audit Commission’s Annual Audit Letter 2008/09 and the Triennial Review of Internal Audit be noted.

23. INTERNAL AUDIT REPORT

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

It was noted that seven areas had been reviewed since the last meeting and these were detailed in the submitted report with all areas being given a ‘substantial’ or ‘adequate’ audit opinion.

Members were advised that the review of Treasury Management had received a ‘substantial assurance’. It was reported that since the fraud incident, several changes had been made to incorporate more regular monitoring and control of borrowings and investments and bank statements were now checked and verified by the Chief Financial Officer.

In addition to the reviews, audit testing had been carried out in relation to Payroll, Main Accounting Systems, Human Resources and NGT Project Management and reports were currently being prepared. Details of any significant issues identified would be reported to the next meeting of the Committee together with information on how the implementation of outstanding recommendations is monitored.

The Committee was updated on the review of tendered services which was being overseen by the Tendered Services Working Group. It was reported that the Office of Fair Trading had investigated the bus industry and were to refer it to the Competition Commission.

Members commented that the presentation given at the last meeting on Treasury Management had been extremely useful. It was agreed that proposals to provide similar presentations including high risk areas covered by Internal Audit be considered at the next meeting.

RESOLVED - That the report be noted.

24. INTERNAL CONTROLS AND FINANCIAL MONITORING

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

Members noted various aspects of the Statement of Control including:

- Internal Control
- Financial Monitoring – revenue budgets
- Financial Monitoring – capital budgets
- Risk Matters

An updated position on both revenue and capital expenditure was attached at Appendices A and B of the submitted report. It was noted that there was an overspend on the elements of concessions outside the three year agreement and an underspend on tenders and interest payments. The capital position reflected the additional funding allocated by the Regional Transport Board.

The Risk Register was attached at Appendix C 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 would continue to be closely monitored.

RESOLVED - That the report be noted.

25. ITA GOVERNANCE ARRANGEMENTS

The Committee considered a report of the Clerk and Chief Financial Officer on work being undertaken to progress the change in governance arrangements.

It was noted that interim arrangements had been approved by the ITA to establish an eight member ITA Executive Board and related terms of reference. Work had commenced on a full review of Standing Orders for both the ITA Executive Board and the full Authority and the revisions would be brought to the next meeting of the Committee scheduled for 16 March 2010.

It was considered that future membership of the Audit and Governance Committee should not include members of the ITA Executive Board. Members were advised that the full detail of the new governance arrangements, including the role of the Audit and Governance Committee, would be in place for the ITA's Annual Meeting to be held in June 2010.

RESOLVED - That the work being undertaken to progress the new interim governance arrangements be noted.

26. EXCLUSION OF THE PRESS AND PUBLIC

The Committee considered a recommendation to exclude the press and public from Agenda Item 9, which was likely to lead to disclosure of exempt information as defined in paragraphs 1 (Information relating to any individual) and 3 (Information relating to the financial or business affairs of any particular person (including the authority holding the information)) of Schedule 12A, Local Government Act 1972.

It was recommended that because disclosure of the report would disclose details of financial information relating to named individuals, the public interest

would be better served by maintaining the exemption and, therefore that the press and public should be excluded.

RESOLVED - That, as disclosure could prejudice future negotiations, the press and public be now excluded from Agenda Item 9.

***27. RETIREMENT OF NON-EXECUTIVE DIRECTOR**

The Committee considered a report of the clerk on the resignation of one of the non-Executive Directors and to approve the recruitment of a replacement.

Members considered the options for the recruitment of a replacement non-Executive Director. It was proposed that Leeds City Council be asked to provide details of their nominated candidates for consideration by the Director General and Chair of the Audit and Governance Committee. It was suggested that the appointment be for 12 months with three monthly rolling reviews.

RESOLVED -

- (a) That the retirement of Mr Page be noted.
- (b) That the appointment of a replacement non-Executive Director via Leeds City Council be progressed as agreed.