

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

DATE: 30 June 2008

AGENDA ITEM NO: 6

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:

- Tendered Subsidised Bus Services.
- Prepaid Tickets & Concessionary Fares.
- PTA Financial Procedures.
- Creditors.
- Main Accounting System

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. Tendered Subsidised Bus Services

Our opinion, based on the results of interviews and tests performed, is that key controls were sufficient for recording and evaluating tenders and producing payments to operators. However, opportunities were identified to enhance records maintained relating to the administration of Tendered Services contracts.

These improvements are now being implemented.

3.1.2. Tickets & Concessionary Fares

The overall opinion was that controls found within the function were adequate for calculating payments to operators through the West Yorkshire Concessionary Fares Scheme and distribution of the Prepaid Ticket Pool. Whilst generally risks are being managed effectively, it was considered that management action was required to address one area of weakness relating to the control of ticket stocks and investigation of differences identified between actual and system generated stock levels.

In accordance with discussions held at the last meeting of the Audit & Governance Committee, the Executive have agreed new processes for identifying and investigating ticket stock variances. These arrangements are currently being introduced and will be closely monitored.

3.1.3. PTA Financial Procedures

Our opinion, based on the results of interviews and tests performed, is that generally key risks are managed effectively.

As a consequence we were able to issue a satisfactory controlled audit opinion. 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.

3.1.4. Creditors

In general, Creditors processing procedures are well controlled. key risks are being managed effectively and there is good assurance that objectives are likely to be achieved, financial loss unlikely to occur and that there will be no damage to reputation, in this area.

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

3.1.5. Main Accounting Systems

Our opinion, based on the results of interviews and tests performed, is that controls are adequate for review of suspense accounts, nominal code amendments and reporting. Further controls, designed to detect fraudulent transactions, were found to be operating effectively

However, controls in relation to the review of data could be strengthened.

As a result, it was agreed that the procedures be modified to provide further checks on transactions entered into the Main Accounting system.

4. FINANCIAL AND LEGAL IMPLICATIONS

4.1. None relating to the internal audit section

5. STAFFING IMPLICATIONS

5.1. None relating to the internal audit section

6. EQUAL OPPORTUNITY IMPLICATIONS

6.1. None relating to the internal audit section

7. RECOMMENDATIONS

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