

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY
AT A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE
HELD IN WELLINGTON HOUSE ON
TUESDAY 16 MARCH 2010

PRESENT: Councillor A Pinnock (Chair)

Councillors C Greaves, M Lyons and M Walker

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

28. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors E Firth and J Jarosz.

29. DECLARATIONS OF INTEREST

Councillor C Greaves declared a personal interest in Agenda Item 6, Annual Accounts 2009/10, as he was a member of the West Yorkshire Pension Fund.

30. MINUTES

RESOLVED - That the minutes of the meeting held on 15 December 2009 be approved.

31. AUDIT COMMISSION PRESENTATION

It was reported that as part of their audit work in 2008/09 the Audit Commission had undertaken a piece of work to establish how the Districts and the Authority work together to deliver transport policy across West Yorkshire. The work had taken the form of considering a number of Key Lines of Enquiry (KLOEs) which were set out in Appendix A of the submitted report.

The Committee was advised that interviews had been held with key officers and members within the Executive, the Authority and at Districts and information which had been gathered from a range of documents and publications.

The Committee received a presentation from the Audit Commission on the outcome of this work.

RESOLVED - That the presentation be noted and the Audit Commission be thanked for their presentation.

32. ANNUAL ACCOUNTS 2009/10

The Committee considered a report of the Clerk and Chief Financial Officer on the Audit Opinion Plan 2009/10 issued by the Audit Commission together with ongoing work on the Annual Accounts.

The Audit Opinion Plan, attached at Appendix A to the submitted report, confirmed that there was no change to the proposed audit fee. The Plan also set out the audit work that the Commission was proposing to undertake for the Audit of Financial Statements 2009. That work was based on a risk approach which reflected:-

- (i) The audit work specified by the Audit Commission for 2009/10;
- (ii) Current national risks relevant to local circumstances;
- (iii) Local risks.

The Committee was made aware that only one potential specific risk had been identified which related to the implementation in 2010/11 of the International Financial Reporting Standards (IFRS). They were advised that the Authority had commenced work on the implications of IFRS in 2009, in conjunction with the other Passenger Transport Executives and Integrated Transport Authorities. It was reported that whilst the work undertaken to date had not identified any significant issues for the Authority, the final results of that work would be available by the end of March 2010.

RESOLVED - That the Audit Commission's Audit Opinion Plan for 2009/10 and the current position relating to the IFRS work be noted.

33. 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 the following 4 areas had been reviewed since the last meeting and that the main findings were detailed in paragraph 3 of the submitted report. Each review area had been given a substantial or adequate audit opinion.

An explanation of internal audit opinion categories was provided for members information.

| | | |
|------------------------|---|-----------------------|
| Main Accounting System | - | Substantial Assurance |
| Payroll | - | Adequate Assurance |

| | | |
|------------------------|---|--------------------|
| Human Resources | - | Adequate Assurance |
| NGT Project Management | - | Adequate Assurance |

In addition to the reviews completed, audit testing had been performed in relation to Prepaid Tickets & Concessionary Travel, Maintenance of Passenger Facilities, Accessbus, and Tendered Subsidised Bus Services. Internal audit reports were currently being produced for those reviews. Details of any significant issues identified as a result of these and other planned audits completed would be reported to the next meeting of the Audit and Governance Committee.

RESOLVED - That the report be noted.

34. MONITORING OF AUDIT RECOMMENDATIONS

The Committee considered a report of the Clerk and Chief Financial Officer on the processes and procedures in place for monitoring the implementation of audit recommendations.

The Committee was advised that it was proposed that the current arrangement would be continued whereby the PTE's Audit Committee would carry out monthly scrutiny of the progress on implementing recommendations with the addition that any high priority recommendations which had not been actioned in accordance with the agreed timescales would be incorporated in the report of the Internal Audit Manager.

The current position with regard to high priority recommendations was attached at Appendix 2 of the submitted report.

RESOLVED -

- (a) That the report be noted.
- (b) That the Internal Audit Manager report on outstanding audit recommendations by exception, as set out in paragraphs 2.5 and 2.6 of the submitted report, be approved.

35. 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 Controls
- Financial Monitoring – revenue budget

- Financial Monitoring – capital budgets
- Risk matters

It was reported that Mr Alan Gay, the current Acting Deputy Chief Executive at Leeds City Council, had been appointed to the position of Non-Executive Director which would take effect from 1 April 2010. The Committee was advised that the terms and conditions of the appointment remained unchanged from those previously agreed for non-Executive Directors.

An updated position on both revenue and capital expenditure was attached at Appendices A and B of the submitted report.

The risk register was attached at Appendix C of the submitted report. It was noted that all risks had an acceptable level of residual risk other than those relating to the future wider governance arrangements which continued to be monitored closely.

RESOLVED - that the report be noted.

36. ITA COMMITTEE STRUCTURE PROPOSALS

The Committee considered a report of the Clerk on the revised committee framework for the new ITA governance arrangements which was being overseen by the ITA's Executive Board.

RESOLVED - That the report be noted.

37. GOVERNANCE AND FORERUNNER PILOT UPDATE

The Committee considered a report of the Passenger Transport Executive providing an update on the latest developments on governance issues and progress on the City Region forerunner pilot programme.

Governance

It was reported that for West Yorkshire, Atkins had proposed that the new more focussed ITA would develop, co-ordinate and allocate funding for the implementation of the LTP3, providing a single voice for transport.

It was reported that at the last meeting the Committee noted the Atkins recommendations agreed by the Leeds City Region Leaders Board for:

- A stronger West Yorkshire ITA;
- Strengthened partnership arrangements for the City Region.

Progress was now being made on both the West Yorkshire and City Region workstream packages and that Metro was participating in both.

City Region Forerunner Pilot

It was reported that following Leeds City Region being awarded City Region status, agreement had now been reached with the Government on the pilot commitments which included:-

- (i) Road and Rail Protocols for the Strategic Network
- (ii) City Region Transport Strategy
- (iii) Long term consolidated funding streams
- (iv) Scheme Appraisal

The Committee was advised that further updates would be provided at future meetings.

RESOLVED - That the report be noted.