

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY
AT A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE
HELD IN WELLINGTON HOUSE, LEEDS, ON
WEDNESDAY 26 OCTOBER 2011

PRESENT: Councillor B Hyde (Chair)

Councillors J Harper, I Hussain, J Lewis and A Pinnock

In Attendance: S Dennis - Audit Commission

12. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors B Collins and M Ellis.

13. DECLARATIONS OF INTEREST

There were no personal or prejudicial interests declared by members at the meeting.

14. MINUTES

RESOLVED - That the minutes of the meeting held on 26 July 2011 be noted.

15. AUDIT COMMISSION ANNUAL AUDIT LETTER 2010/11

The Committee considered a report of the Clerk and Chief Financial Officer on the receipt of the Annual Audit Letter 2010/11 issued by the Audit Commission.

It was reported that the Annual Audit Letter had been received from the Audit Commission and that it provided an overview of the audit work undertaken during the year including the Audit of Accounts and highlighting any key issues.

A copy of the letter was attached at Appendix A to the submitted report. In presenting the Audit letter, the Audit Commission had commented that their overall conclusion was positive and they had provided unqualified opinions on the accounts and value for money.

Members were advised that the Audit Commission was satisfied that the Authority was taking active steps in responding to the current and future financial challenges impacting on Metro as a result of the economic downturn.

RESOLVED - That the Audit Commission's Annual Audit Letter for 2010/11 be noted.

16. INTERNAL AUDIT PROGRESS REPORT

The Committee considered a report of the Internal Audit Manager on work undertaken by the Internal Audit Section and the key issues which had been identified.

It was noted that the following four areas of work had been reviewed since the last meeting and those were detailed in the report with all areas being given a substantial, adequate or qualified audit opinion.

- Sales Information and Tilling Systems
- Health and Safety
- Complaints Process
- Tendered Subsidised Services (Follow up)

The Committee requested that a further report be brought to the next meeting on Health and Safety governance together with the actions taken by Metro to address issues identified in the review with regard to control of contractors and the management of asbestos in Metro facilities. It was also requested that Internal Audit carry out a follow up audit in 6 months' time to ensure that the actions had been addressed.

In addition to the reviews, audit testing had been carried out in relation to AccessBus, ICT Management and Direct Payments and maintenance of Passenger Facilities. Members were advised that reports were currently being prepared and details of any significant issues identified would be reported to the next meeting of the Committee.

RESOLVED -

- (a) That the report be noted.
- (b) That a further report be prepared for the next meeting on Health and Safety governance and the actions taken to address issues identified in the Health and Safety review.

17. INTERNAL AUDIT STRATEGIC AUDIT PLAN UPDATE

The Committee considered a report of the Internal Audit Manager on proposed changes to the approved schedule of Internal Audit reviews in 2011/12.

A revised Audit Plan was attached at Appendix 1 of the submitted report.

The Committee was advised that a number of reviews contained within the 2011/12 Plan had either now been completed or were work in progress. However it had become apparent that the proposed reviews of Leeds City Station Southern Entrance, Yorcard and Quality Contracts might not deliver the levels of assurance that were originally envisaged as they had not yet advanced to a stage where audit testing would be of significant value. Leeds City Station Entrance and Yorcard would be included in a review of Metro's Capital Project Management Framework in 2011/12.

In view of the fact that the Quality Contract Scheme had not advanced at the rate anticipated, two additional areas of work, Direct Payments and unannounced checks of cash and ticket stocks, had been identified by the Internal Audit Manager for examination.

RESOLVED -

- (a) That the reviews of Yorcard and Leeds City Station Southern Entrance be included in the review of the Capital Project Management Framework.
- (b) That the planned review of Quality Contracts be deferred and replaced by reviews of Direct Payments and unannounced checks of cash and ticket stocks in 2011/12.

18. INTERNAL CONTROLS AND FINANCIAL MONITORING

The Committee considered a report of the Clerk and Chief Financial Officer on any changes to the Authority's internal control arrangements since the last meeting and to consider the current financial position.

Revenue Budgets

It was reported that whilst there were few changes since the last meeting the most significant challenge was securing the cost reductions agreed by the ITA Executive Board which sought to take £9m recurring expenditure out of the Budget by 2013/14. Work was progressing in accordance with the agreed timescales. The Committee also noted that work had commenced on preparing the case for the 2012/13 levy with the Districts.

Capital Budgets

The Committee was given an updated position with regard to the Capital Programme for 2011/12 which set out the schemes that the Authority and Executive were delivering and the LTP3 programme spend which was being overseen by the Authority and delivered by the Districts. Members noted that

whilst expenditure to date was low, the full funding was expected to be spent over the period of the three year implementation plan.

Risk Management

A copy of the Risk Register was attached at Appendix D of the submitted report. It was reported that there were no new risks or changes since the last meeting.

RESOLVED - That the report be noted.

19. RISK SCORING

The Committee considered a report of the Passenger Transport Executive on the way in which risks were scored through the Covalent management system.

RESOLVED - That the report be noted.