

Director and author: Angela Taylor, Director, Resources



Report to: Governance and Audit Committee

Date: 3 August 2017

Subject: Internal Controls and Financial Monitoring

1. Purpose

- 1.1. To consider any changes to the arrangements for internal control in the West Yorkshire Combined Authority since the last meeting of the Committee and to consider the current financial position.

2. Information

- 2.1. This paper is provided to each meeting of the Governance and Audit Committee and provides information and assurance on governance issues. Any changes to, or failures of, internal control will be reported along with significant risk issues and an update on the budget position for the current year.

Internal controls

- 2.2. There have been no significant changes to internal controls in the period. The WYCA meeting of 2 February approved the 2017/18 revenue budget and associated financial limits for treasury management.
- 2.3. Regular governance meetings continue to be held with Leeds City Council (LCC) to consider and review the transactions relating to investments and treasury management being carried out jointly with LCC.

Key indicators

- 2.4. The Committee has requested regular information via key indicators, specifically with regard to accidents reportable to the Health and Safety Executive and with regard to key controls.
- 2.5. There have been no reportable (RIDDOR) accidents in the period 1 January to 30 June 2017.

- 2.6. Key indicators are monitored in relation to the suite of financial controls undertaken monthly in both the finance and the concessions and integrated ticketing team. These are both up to date as at the time of writing this report.

Financial monitoring – revenue budgets

- 2.7. The final position for 2016/17 has been considered in full in the preceding agenda item. Now that the accounts and audit are complete the focus will shift to updating forecasts for the current year and commencing an update of the medium term financial strategy. This will take into account the temporary increase in reserves arising from 2016/17, latest forecasts on concessionary reimbursement and Enterprise Zone income, the pension revaluation and the outcome of the organisational redesign that is due to be largely completed by the end of September. Expectations with regard to the transport levy and anticipated budget cuts will also be addressed as part of this work. The two largest budget heads are concessionary reimbursement and bus tendered services. At this stage there are no significant changes to the expected level of concessionary reimbursement. Achievement of the budgeted figure on tendered services requires, in line with the budget cuts, savings of £650k to be made in year. Actions to achieve this have been considered by the Transport Committee and these will be closely monitored. A full update will be brought to the next meeting.

Financial monitoring – capital budgets

- 2.8. Delivery of the Transport Fund and Local Growth Fund projects is being monitored by the Investment Committee and information on this is available via the papers on the website, with a dashboard approach showing progress now being introduced.
- 2.9. The required certification of spend for many of the funding streams continues to be completed in accordance with requirements and internal and external audit work on these has been satisfactory.

Risk management

- 2.10. Risk management arrangements have previously been discussed by this Committee and it is proposed that these form a substantive item at the next meeting. The recent completion and approval of the corporate plan setting out clear objectives and priorities facilitates a review of the strategic risk register and the mitigations in place.
- 2.11. In the light of recent events business continuity arrangements have been reviewed and updated and further work, in conjunction with local authorities, is being undertaken to understand the role of the CA in responding to incidents within West Yorkshire.

3. Financial implications

- 3.1. As set out in the report.

4. Legal Implications

4.1. None arising directly from this report.

5. Staffing Implications

5.1. None arising directly from this report.

6. Recommendations

6.1. That the Committee note the report.