

Report to: Governance and Audit Committee

Date: 30 July 2018

Subject: **Internal Controls and Financial Monitoring**

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1. Purpose of this report

- 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 and monthly reconciliations are up to date. From the work undertaken during the financial year 2017/18 and taking into account other sources of assurance, Internal Audit have reached the opinion that, overall, the Combined Authority's framework of control and governance is operating adequately.
- 2.3 Regular governance meetings continue to be held with Leeds City Council to consider and review the transactions relating to investments and treasury management being carried out jointly with Leeds City Council.

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 two reportable (RIDDOR) accidents since the previous meeting. The incidents were:
- two services buses colliding in Huddersfield bus station, three passengers were injured and one was taken directly to hospital for minor treatment;
 - an employee who had a manual handling incident resulting in them having more than seven days absence from work.
- 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 table at **Appendix 1** shows the final outturn for 2017/18. The final position is a £1.9m deficit to be met from general reserves and in line with the indicated position reported to the Combined Authority in May 2018. This is an improved position than both the £3.5m deficit budgeted at the start of the year and the £2.5m deficit reported in April 2018.
- 2.8 The reduced expenditure position is mainly attributable to the managed staff vacancy and recruitment position in the second half of the year and to the recovery of eligible costs against the capital projects. As such it represents a one off boost to general reserves but it is not expected to recur in 2018/19.
- 2.9 The table at **Appendix 2** shows the budget for 2018/19 as approved by the Combined Authority on 1 February 2018 and includes actual expenditure / income figures for April – June 2018. With only three months of the year gone it is too early to predict the outturn position. Future reports to this meeting will update members on the forecast position. A RAG rating has been included to identify budgets that need further review. There are no ‘red’ areas of concern to report.
- 2.10 Progress on capital budgets is being monitored through the Investment Committee which receives regular reports on expenditure forecasts and information on this is available via the papers on the website.

Risk management

- 2.11 A review of corporate risk management arrangements has been undertaken and has resulted in the development of an updated corporate risk management strategy. There have been no significant changes to risk since the last meeting of this Committee. A separate report on this agenda provides further detail and provides the latest version of the corporate risk register for information.

3. Financial Implications

- 3.1 As set out in the report.

4. Legal Implications

4.1 There are no legal implications directly arising from this report.

5. Staffing Implications

5.1 There are no staffing implications directly arising from this report.

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the Committee note the information contained in this report.

8. Background Documents

None.

9. Appendices

Appendix 1 - West Yorkshire Combined Authority - Summary - 2017/18 Final Outturn

Appendix 2 - West Yorkshire Combined Authority - Summary 2018/19 as at 30 June 2018