

GREATER MANCHESTER INTEGRATED TRANSPORT AUTHORITY

Head of Internal Audit and Risk Management

Assurance Statement 2009/10

1 Internal Audit Function

- 1.1 Manchester City Council delivers the Greater Manchester Integrated Transport Authority's (the Authority) internal audit service and provides independent opinion on the adequacy and effectiveness of internal control systems. The Council's Head of Internal Audit and Risk Management agrees the annual audit plan with, and reports to, the Authority's Audit Committee and its Finance Officer, and has access to all Authority officers and Members.
- 1.2 This assurance statement explains the work of Internal Audit in examining, evaluating and reporting on the Authority's internal controls and represents Internal Audit's opinion on their overall adequacy.
- 1.3 In assessing the level of assurance given Internal Audit took into account the planned, agreed audit activity carried out between 1 April 2009 and 31 March 2010.

2 Overview of Audit Activity

- 2.1 Internal Audit's activity in the year to 31 March 2010 comprised audits of:
 - the Authority's committee structure, focussing on the extent to which it supports effective governance;
 - the effectiveness of financial systems and controls operating over levy and grant income, capital budget funding, payments for goods and services, payments to Councillors and budget monitoring; and
 - capital programme monitoring arrangements.
- 2.2 The capital programme report was issued as part of the 2008/09 Internal Audit programme but published in 2009/10 hence it has been included in this assurance statement for completeness.
- 2.3 Internal Audit has been actively involved in the refresh of the Authority's risk register during the year and we are pleased that the risk management policy, risk register and associated assurance mechanisms are being further developed and embedded in the Authority's processes.
- 2.4 Assurance was also taken from existing Greater Manchester Passenger Transport Executive (the Executive) risk management arrangements including progress reports to Audit Committee, given the Committee's oversight role for risk management in both the Authority and the Executive, together with the ongoing engagement of the Executive's external auditors.

3 Statement of Assurance

3.1 On the basis of the audit activity conducted Internal Audit can provide the following assurance in respect of the audits carried out.

3.2 *Committee Structure*

We considered that the revised committee structure introduced in 2009 had further improved awareness of committee roles and responsibilities and that the active involvement of Members in this process had helped ensure the restructure supported the effective discharge of their duties. As a result we provided substantial assurance overall that the new structure supported effective governance. We made a number of minor and moderate recommendations designed to address the need to improve arrangements for dealing with overlapping committee responsibilities, agenda-setting, responses to information requests and to summarise and report key decisions made by committees.

3.3 *Financial Systems*

Overall we provided moderate assurance that financial systems and controls were designed and operating effectively. We acknowledged that the Authority's administration costs were small compared to the expenditure incurred on its behalf by the PTE, but considered that there were opportunities to improve financial controls. In particular, we considered that arrangements should be developed to improve clarity over grant income, purchasing and budget monitoring procedures, processes for the recharging of Councillor allowances and expenses and the control of credit cards

3.4 *Capital Programme Monitoring*

We provided moderate assurance over the effectiveness of arrangements in place to monitor capital programme spend. Good practice included clear assignment of monitoring responsibility to the new Capital Projects Committee, consistency between the capital programme and Local Transport Plan objectives and regular progress reporting to the Policy Committee. We made several recommendations to address the need for written policy and procedures, development of Member scrutiny of progress with programme delivery and for programme information from the Executive which more fully supported monitoring and scrutiny.

3.5 *Annual Governance Statement*

We can give moderate assurance over the process for producing the Authority's AGS based on previous involvement with the development of the AGS process, the audit activity undertaken this year and the involvement of senior Council officers. We have also approached the GMPTE's Head of Audit and Assurance to request the formalisation of arrangements to share findings and opinion from their audit plan which should provide a valuable additional source of assurance to inform the AGS.

4 Planned Audit Activity

- 4.1 Internal Audit will agree an audit plan for 2010/11 with the Authority's management team and Audit Committee. 25 days has been initially allocated to this work, including time for the review and analysis of GMPTE's Internal Audit contribution. This is subject to an assessment of risk and Audit Committee comments.
- 4.2 The audit opinion will be reported to the Authority's management team and Audit Committee by the Head of Internal Audit and Risk Management.

Tom Powell
Head of Internal Audit and Risk Management
20 April 2010