

Minutes

Sep 13 BM 10.1

Audit Committee

Date: Thursday 16 May 2013

Location: Piccadilly Gate
Manchester

Start time: 09.00 hrs

Present

Committee Members

Bill Samuel BS Chairman
Barbara Saunders OBE BSa

Committee Members designate

Marian Lauder MBE ML
Isabel Liu IL
Paul Rowen PR

Executive in attendance

Anthony Smith AS Chief Executive & Accounting Officer
Nigel Holden NH Resources Director
Jon Carter JC Head of Business Services
Shahid Mohammed SM Finance Manager

Guests (by conference call)

Nick Bateson HJ Director
National Audit Office
Ian Coates IC DfT Audit and Risk Assurance
Darren Hall DH
Belayet Hussain

Apologies

Deryk Mead CBE DM
David Sidebottom DS Passenger Team Director

1 Chairmans opening remarks

The Chairman welcomed everyone to the meeting. There were apologies for absence from Deryk Mead and David Sidebottom.

2 Format and contents of the annual report and accounts for 2012-13

BS noted that the report followed the prescribed format. AS confirmed the narrative was nearly finished and would be circulated the following day. BSa noted the report was very well drafted though some typos remained. Detailed comments requiring amendment included:

- page 3 business travel
- page 9 salaries – data missing
- p 26 table 12-13 - needs totalling.

3 Annual internal audit opinion of the Head of Internal Audit

BS noted the committee had not seen the final version as it had only recently been produced. DH confirmed that the final opinion was substantial based on an overall basket of audit assignments. Some issues remained in respect of core controls and data sharing, but these had no fundamental impact on the overall rating since last year. He was encouraged by the work in progress since last year. BS noted a good outcome, but management must note the recommendations to take forward.

4 Completion report

NB reported that there were no issues of concern. It had been a 'clean' audit process and credit was due to NH and his team. The report had found some errors in accruals which were unadjusted but these were not significant.

Pages 8/9 detailed the unadjusted misstatements which looked large but which management had not corrected. NAO viewed this as appropriate as the majority of the error was estimated and arose from extrapolation of accumulated smaller errors in testing of accruals and trade payables. The Letter of Representation was standard and Appendix 3 was the proposed certificate which sets out probity and regularity. IL and BS also noted one or two errors which needed correcting (on page 7 - internal control and page 10 - 'not' raised with management – respectively).

5 Significant unadjusted misstatements

There were no significant unadjusted misstatements which the committee considered needed correcting.

6 Governance Statement

The committee **endorsed** the governance statement within the annual report, noting amendments necessary on pages 13-15 in respect of 'substantial' assurance. NH noted that he had added a comment in respect of the review of effectiveness during 2013-14 which would be left with the new board.

7 Adoption of the annual report and accounts

Subject to above comments, the Committee **agreed** the format and contents of the annual report and accounts for 2012-13 and **RESOLVED** to propose to the Board of Passenger Focus meeting in Manchester on 16 May 2013 that the annual report and accounts be **adopted**

8 Any other business

BSa noted an excellent outcome, how important it was to not only live within ones budget but to be able also to demonstrate good accounting practice, probity and regularity. Contratulations to Nigel, Shahid and all the team.

There being no other business the meeting closed at 0925 hrs.

Signed as an accurate record of the meeting

Marian Lauder MBE FCMI, Chairman

Date