

Audit & Risk Assurance Committee

Date: Monday 27 June 2015

Location: Fleetbank House, London, Piccadilly Gate, Manchester and by conference call

Start time: 1400 hrs

Present

Committee Members

Marian Lauder MBE
Isabel Liu
Paul Rowen

ML
IL
PR

Chairman

Executive in attendance

Anthony Smith
Nigel Holden
Jon Carter
Sara Nelson
Shahid Mohammed
Michelle Calvert

AS
NH
JC
HP
SM
MCA

Chief Executive & Accounting Officer
Resources Director
Head of Business Services
Head of Communications
Finance Manager
Business Services Executive

Guests

Paula Jones

Helen Jackson

Andrew Paterson

HJ

HJ

AP

Audit Principal
National Audit Office
Engagement Director
National Audit Office
Head of Internal Audit, XDIAS

1 Chairmans opening remarks

The Chairman welcomed everyone to the meeting. There were no apologies for absence.

2 Format and contents of the annual report and accounts for 2014-15

AS introduced the annual report and accounts. Two minor typo's had been corrected. The Board had previously seen and were content.

3 Annual internal audit opinion of the Head of Internal Audit

AP introduced the report, explaining that it was almost identical to the draft and talked through the slight amendments. He confirmed that the final opinion was **substantial** based on the overall selection of audit assignments. The annual opinion was **noted**. ML thanked AP for his support and guidance over the course of the year.

4 Audit Completion Report

PJ introduced the report which concluded with a recommendation to the C&AG to sign on an unqualified basis and with no modifications. She thanked the resources team for the smoothness with which the NAO's work had been undertaken.

Risks

Pervasive audit risk

This is a standard presumed risk on all financial audits, in that Management is in a powerful position to perpetrate fraud or introduce misstatements in the accounts, owing to its ability to manipulate accounting records and override controls that may otherwise operate effectively. NAO had reviewed the accounts preparation process which included testing of the year end journals and adjustments. Furthermore sample testing throughout confirmed that the appropriate account codes were used. In conclusion:

- Tests on a sample of journals were made, selected on a risk basis, and found there to be no misstatements or irregularities.
- There were no material accounting estimates or unusual transactions outside the normal course of business.

Adjusted misstatements – provisions

An addition to the provisions in-year had not been recorded on the first set of accounts provided. The net effect of these adjustments on the statement of comprehensive net expenditure and statement of financial position was £9,000. This was satisfactorily adjusted.

Letter of representation

The letter of representation was standard and available for the Accounting Officer to sign. It was to be dated on the same day the accounts were signed.

The committee **noted** the audit completion report. ML thanked PJ and her team.

5 Significant unadjusted misstatements

PJ confirmed there were no significant unadjusted misstatements which the committee would otherwise have needed to correct.

6 Governance Statement

The committee **endorsed** the governance statement within the annual report.

7 Adoption of the annual report and accounts

Subject to the minor typos, the Committee **agreed** the format and contents of the annual report and accounts for 2015-16 and **RESOLVED** to propose to the Board of Transport Focus that the annual report and accounts be **endorsed** and **adopted**.

8 There being no other business the meeting closed at 1435 hrs.

8

Signed as an accurate record of the meeting

Marian Lauder MBE FCMI, Chairman

Date