

**MANCHESTER  
CITY COUNCIL****Internal Audit**Telephone: +44 (0)161 234 5273  
Internal Prefix: 814 5273  
t.powell@manchester.gov.uk4<sup>th</sup> Floor, Heron House,  
36-38 Brazennose Street,  
Manchester, M2 5EA

Louise Nyland  
Audit Senior  
BDO LLP  
Arcadia House  
Maritime Walk - Ocean Village  
Southampton SO14 3TL

Date: 17 September 2010

Dear Louise,

**Bus Lane Adjudication Service Joint Committee Annual Return 2009/10**

I write in respect of Section 4 of the Bus Lane Adjudication Service Joint Committee Annual Return 2009/10. Given the relatively recent requirement for a limited assurance audit of the Joint Committee and related internal audit coverage I set out below the sources of assurance I consider that can be used in an assessment of the system of internal control.

Whilst we fully acknowledge that there is a separate Joint Committee for the Bus Lane Adjudication Service it does share a number of systems and processes with the Parking and Traffic Regulations Outside London Adjudications Joint Committee (PATROL). As a consequence, we propose that Internal and External Audit work relating to PATROL can be used as a reasonable source of assurance. This work was not designed to address the ten control objectives in the Annual Return but does provide some assurance in respect of the overall operation of financial and business systems.

Given the timing of the 2009/10 annual return we also consider it would not be an effective use of public money to conduct an internal audit six months after the year end.

**Sources of Assurance**

The primary sources of audit assurance in 2009/10 were as follows:

*PATROL - Internal Audit of Financial Management System*

Our audit was designed to provide assurance that the key financial systems covering income and expenditure were operating effectively. In particular this work focused on

opening balances and controls over income and expenditure and we were able to provide moderate assurance and assessed the capacity to further improve controls as high. Our areas for improvement were limited to strengthening controls over cheques, financial record keeping and clarification of budget monitoring responsibilities.

#### *PATROL - External Audit*

External audit work in 2009/10 included targeted work on both performance and risk management. Their conclusions are set out in the draft ISA260 report to those Charged with Governance. Performance management arrangements were assessed as reasonable and they made no recommendations for improvement. In respect of risk management they recommended a further review of risks on the risk register and related mitigating actions. Overall they propose to issue an unqualified Use of Resources Conclusion.

#### **Conclusions**

Based on this work we can conclude that the overall design of controls used for accounting (A) and income (E) are reasonable but have not confirmed through testing that they are operating as intended for Bus Lanes. Our conclusions in the annual report are limited in this respect. We can confirm that payments for PATROL were supported by invoices but as financial regulations were being drafted at the time of our audit we cannot confirm compliance (B). We can conclude that risk management (C) requires further review and have reflected this in our opinion.

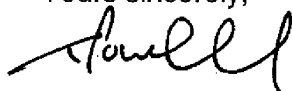
We understand that there is no petty cash (F), assets or investments (H).

The scope of Internal and External Audit work does not enable us to reach conclusions in the other areas (D, G, I and J).

I trust that this information is useful in informing your conclusions on the 2009/10 Annual Return. We have already started joint planning of an approach for 2010/11 and can confirm that our work in the year will be designed to support specific conclusions on the Bus Lane Adjudication Service Joint Committee Annual Return for 2010/11. The only area I can anticipate we may not cover for 2010/11 is section J as I do not consider that it is the role of Internal Audit to conduct year-end audit procedures relating to the financial accounts. This is a matter I will discuss further with the Head of Service as part of our joint planning.

Should you have any questions in the meantime, please contact me on 0161 234 5273.

Yours sincerely,



Tom Powell  
Head of Internal Audit and Risk Management

Additional distribution:

Louise Hutchinson, Head of Service, Joint Services Committee, PATROL