

**WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY**  
**AT A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE**  
**HELD IN WELLINGTON HOUSE ON**  
**MONDAY 30 JUNE 2008**

**PRESENT:** Councillor A Pinnock (Chair)

Councillors C Greaves, M Lyons, G Phelps and M Walker

In Attendance: P Lundy and J Talbot - District Audit

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor J Jarosz.

**2. DECLARATIONS OF INTEREST**

Councillors C Greaves and G Phelps declared personal interests in Agenda Item 10 - Final Accounts of the Authority and Executive for 2007/08, as they were members of the West Yorkshire Pension Fund.

**3. MINUTES**

**RESOLVED** - That the minutes of the meeting held on 14 March 2008 be approved.

**4. AUDIT COMMISSION ANNUAL AUDIT PLAN 2008/09**

The Committee considered a report of the Clerk and Chief Financial Officer on the Audit Plan for 2008/09 submitted by the External Auditor.

Mr P Lundy presented the Audit Commission's plan for 2008/09 which detailed work for the forthcoming year and was submitted for Members' consideration. He indicated that the Plan set out the proposed audit work to be undertaken in relation to the 2008/09 financial year. The Plan was based on the Audit Commission's risk-based approach to audit planning and the requirements of moving towards comprehensive area assessment which reflected

- Current national risks relevant to local circumstances
- Local risks and improvement priority

Comment was made that whilst the Plan was largely unchanged from last year, the emphasis would continue to concentrate on value for money and self reviews.

The Committee were also informed that the External Audit had not yet been completed for 2007/08. The audit planning process for 2008/09 including risk assessment would continue as the year progressed and the information and fees in the Audit Plan would be kept under review and updated as necessary.

**RESOLVED** - That the Audit Commission Plan for 2008/09 be approved.

## **5. INTERNAL AUDIT STRATEGIC AUDIT PLAN**

The Committee considered a report of the Clerk and Internal Audit Manager on the planned schedule of audits for the year 1 April 2008 to 31 March 2009.

It was reported that the Code of Practice stipulated that the Audit Plan should be for a fixed period of no more than a year in order that Internal Audit respond more readily to changes in organisational activities, the control environment and other associated risks.

A copy of the plan was attached at Appendix A and set out inherent and residual risk ratings for members' consideration. Comment was made that the content, risk rating and progress of work on the plan was regularly reviewed and any changes would be reported to the Audit and Governance Committee. In this respect the Committee requested that a timetable of proposed reviews and those which had already taken place be prepared for the next meeting.

- (a) That the Annual Audit Plan from 1 April 2008 to 31 March 2009 as detailed in Appendix A of the submitted report be approved.
- (b) That a timetable of the proposed review and those reviews which had already taken place be submitted to the next meeting of the Committee.

## **6. INTERNAL AUDIT REPORT**

The Committee considered a report of the Passenger Transport Executive detailing the reviews which had been carried out by the Internal Audit Manager and key issues which had been identified in respect of the following:

- Tendered Subsidised Bus Services
- Prepaid Tickets and Concessionary Fares
- PTA Financial Procedures
- Creditors
- Main Accounting System

Comment was made that it would be beneficial if the audit opinion applied a clearer 'rating'.

## **RESOLVED -**

- (a) That the report be noted.
- (b) That the Internal Audit Manager be asked to consider providing more clearly rated audit opinions in future Internal Audit reports.

## **7. INTERNAL AUDIT – ANNUAL REPORT**

The Committee considered the annual report of the Internal Audit Manager which provided details of significant issues arising as a result of work performed in the Annual Audit Plan 2007/08.

It was reported that the report was a culmination of the work carried out during the course of the year and sought to:-

- Provide an opinion on the adequacy of the control environment
- Comment on the nature and extent of significant risk
- Highlight the incidence of significant control failings or weaknesses

The Committee were informed that from the work undertaken, Internal Audit had reached the opinion that overall satisfactory arrangements had been implemented to ensure effective, efficient and economic operation of the Authority's financial affairs.

Members were given a brief update on the more significant issues that had been identified during the year relating to monitoring controls and the tilling system (Bleep).

In the light of the recent decision taken by the House of Lords, Councillor Lyons requested clarification on the legal position with regard to Metro's Whistleblowing Policy.

**RESOLVED -** That the report be noted.

## **8. CONTROL ENVIRONMENT MONITORING**

The Committee considered a report of the Clerk and Chief Financial Officer on the quarterly review of internal controls.

The Committee were informed that the arrangements for internal control within the Authority were under constant review and that these were being updated where necessary. It was also reported that it was good practice and a requirement of the regulations that the arrangements were continuously monitored and that these arrangements were sufficiently robust and operating satisfactorily.

## Risk Register

It was reported that there had been no significant overall changes in the risks identified although the following risks which had been given an 'Amber' rating were being closely monitored and specifically reviewed by the full Authority:-

- National Development of PTAs and PTEs (Local Transport Bill) 2007
- First Group Appeal on Concessionary Fares Reimbursement (2006/07 and 2007/08)
- National Arrangements for 2008 Concessionary Scheme – Risk of Appeal

## Changes to Control Arrangements

The Committee were informed that the Assistant Director Finance had taken over as Chief Financial Officer for the Authority from 1 April 2008. Internal procedures and regulations had been revised to reflect that change. It was stressed that no significant changes had been made to previous procedures which were already operating satisfactorily.

**RESOLVED** - That the report be noted.

## **9. ANNUAL GOVERNANCE STATEMENT**

The Committee considered a report of the Clerk and Chief Financial Officer in respect of the following:-

- Annual Governance Statement included in the 2007/08 accounts and the supporting evidence
- The Effectiveness of the Internal Audit Function

It was reported that under the Account and Audit Regulations 2006 there was a requirement for the Authority to review the effectiveness of the Internal Audit System in accordance with the advice issued and that this Committee must also issue within the Annual Accounts an Annual Governance Statement which reflected the findings of the review.

### Review of Effectiveness of Internal Audit

The Committee confirmed the findings of the effectiveness review that concluded that the Internal Audit function was deemed to be operating satisfactorily.

### Annual Governance Statement (AGS)

It was reported that the Statement replaced the Statement of Internal Control following a recommendation by CIPFA which required a wider Governance Statement encompassing more than just financial controls.

Members considered various aspects of the AGS which set out a summary of measures which were in place throughout the year prior to signing the Annual Governance Statement.

**RESOLVED** – That approval be given for the Chair of the Authority and Clerk to the Authority to sign the Annual Governance Statement.

## **10. FINAL ACCOUNTS OF THE AUTHORITY AND EXECUTIVE FOR 2007/08**

The Committee considered a report of the Clerk and Chief Financial Officer on the Final Accounts for 2007/08 for the Authority and Executive and the Treasury Management Statement.

It was reported that in accordance with requirements of the Accounts and Audit Regulations the accounts had already been placed on deposit for public inspection. The Regulations then require that the Accounts must be formally considered and signed by the end of June and the accounts should then be reconsidered by the Committee before the end of September after receipt of the Annual Governance Report from the Auditors.

Following a question raised by Councillor Phelps a discussion took place on whether the Chair of the Authority or the Chair of the Audit and Governance Committee should sign the accounts on behalf of the Authority. In response it was reported that the issue had been previously raised and the District Auditor had advised that the Chair of the Authority sign the accounts. In the interests of consistency it was decided that the Chair of the Authority should sign the accounts.

### **RESOLVED -**

- (a) That the final accounts of the Authority for 2007/08 be approved and signed by the Chair of the Authority and Clerk to the Authority.
- (b) That the Committee confirms that they were unaware of any reason for impairment to have occurred.
- (c) That the attached accounts for the Executive as detailed in Appendix 2 of the submitted report be noted.
- (d) That amendments to the revenue grant payable to the Executive to the exact figure of £146,962,329 be approved.
- (e) That the capital grant to the Executive of £6,005,367 be approved.
- (f) That the Treasury Management policy and prudential decisions as detailed in Appendix 4 of the submitted report be approved.
- (g) That capital expenditure in 2007/08 relating to individual schemes as detailed in Appendix 3 of the submitted report be approved.

(Councillor Lyons abstained from voting on this item).