

**WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY**

**AT A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE  
HELD IN WELLINGTON HOUSE ON  
FRIDAY 28 SEPTEMBER 2007**

**PRESENT:** Councillor C Campbell (Chair)

Councillors J Jarosz, J S King, T Leadley, and M Lyons

In Attendance: J Talbot - District Audit

**10. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor G Phelps.

**11. DECLARATIONS OF INTEREST**

There were no personal or prejudicial interests declared by members at the meeting.

**12. MINUTES**

**RESOLVED** - That the minutes of the meeting held on 29 June 2007 be approved.

**13. FINAL ACCOUNTS 2006/07**

The Committee considered a report of the Clerk and Chief Financial Officer on the final accounts for 2006/07 together with the comments received from the Auditors in their Annual Governance Report.

**Final Accounts 2006/07**

It was reported that following consideration of the final accounts at the Passenger Transport Authority on 29 June 2007, the accounts had now been audited and a revised version had been prepared for the approval of Members.

Members were informed that the Annual Governance Report now included not only comments on the accounts, but also a statement on the findings on governance issues with the value for money conclusion. In this respect, the Committee were asked to consider the document, which was a legal requirement, prior to approving the final accounts. A letter of representation was also attached to the report, which the Authority was obliged to provide to the auditors.

**RESOLVED -**

- (a) That the Annual Governance Report be noted.
- (b) That approval be given for the letter of representation to be signed by the Chair.
- (c) That the financial accounts of the Authority for 2006/07 be approved and signed as appropriate.

**14. STATEMENT OF INTERNAL CONTROL**

The Committee considered a report of the Clerk and Chief Financial Officer on changes made to internal control arrangements since the approval to the Statement of Internal Control included in the 2006/07 accounts.

Members noted various aspects of the Statement of Control, setting out the actions which had been taken, including revisions to the Authority's Code of Conduct and Standing Orders, to ensure that the governance arrangements, which were in place were adequate and satisfactory.

It was commented that the auditors had reached the opinion that the key systems were operating effectively and that there were no fundamental control weaknesses. They were also satisfied with the improvements that were continuing under the guidance of the Committee.

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

**15. ROLE AND FUNCTIONS OF THE COMMITTEE**

The Committee considered a report of the Clerk on the roles and functions of the Committee.

It was reported that the Authority had established the Audit and Governance Committee to conform with the new governance arrangements for local authorities. The intention was that authorities should each have a separate committee constantly reviewing all their internal governance arrangements, including receiving reports on the financial position, final accounts, audit reports and any other relevant matters.

A copy of the terms of reference together with a calendar of meetings was submitted for Members' information.

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

**16. INTERNAL AUDIT REPORT**

The Committee considered a report of the Internal Audit Manager detailing the reviews, which had been carried out and key issues that had been identified.

Members were given an update on issues which were raised at the last meeting.

The Internal Audit Manager reported that the following reviews had been carried out since the last meeting and a detailed discussion took place on the key issues, which had been identified.

- (i) Tendered Subsidised Services
- (ii) Mybus
- (iii) Travel Centre Procedures
- (iv) Petty Cash
- (v) Review Of Operator Farebox Revenue Statements

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

## **17. DRAFT LOCAL TRANSPORT BILL**

The Committee considered a report of the Passenger Transport Executive updating Members on the draft Local Transport Bill and review of powers and governance.

The Committee were informed that since the last meeting, the Authority had approved a response, which had been incorporated into the joint PTA SIG/Pteg and the Leeds City Region submission. In this respect, it was reported that the joint response on powers and governance reflected the issues raised by the Committee and broadly supported the proposals. In particular, recognition that some reform was necessary and that it was appropriate for local areas to decide the new arrangements. The Committee recognised that different solutions would be appropriate in different areas and the potential issues relating to authorities, such as the City of York Council and North Yorkshire, were taken into consideration.

In addition to the proposed changes to powers and governance, the draft Bill also contained key provisions in relation to improving the delivery of local bus services. The response from PTA SIG/pteg had focussed on the proposed process for implementing Bus Quality Contracts to ensure that these became a viable option. The Bill also considered practical aspects of the proposed stronger partnership arrangements and clarification of issues around exemptions from the Competition Act.

Councillor Lyons referred to the Transport Innovation Fund with regard to the situation in Leeds. He told the Committee that the Government would shortly be making a decision on funds and that it was vital that Leeds did not miss out on the opportunity, particularly when TIF was now a major source of new funding for big transport projects.

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

## **18. EXCLUSION OF THE PRESS AND PUBLIC**

The Authority considered a recommendation to exclude the press and public from the following items, which contained exempt information as defined in Paragraph 3 of Schedule 12a Local Government Act 1972.

### **RESOLVED -**

#### **(a) Agenda Item 10 (minute 19)**

It was agreed that because discussion of the report would disclose the terms of a litigation settlement agreement that is subject to confidentiality provisions the public interest will be better served by maintaining the exemption and, therefore that the press and public should be excluded.

#### **(b) Agenda Item 11 (minute 20)**

It was agreed that because discussion of the report would disclose details of financial information relating to named individuals, the public interest will be better served by maintaining the exemption and, therefore that the press and public should be excluded.

## **\*19. RECOVERY ISSUES**

The Committee considered a report of the Clerk and Chief Financial Officer on the final position in relation to the resolution of the fraud, which was discovered in June 2005.

### **RESOLVED -**

**(a)** That the report be noted.

**(b)** That, once the sums outlined in the submitted report were obtained, no further legal action be taken unless further information was discovered that could lead to additional (value for money) recovery.

## **\*20. FUTURE ARRANGEMENTS FOR FINANCIAL MANAGEMENT**

The Committee considered a report of the Clerk on proposed changes to the Authority's future arrangements for financial management.

With the retirement of the Deputy Chief Financial Officer on 31 March 2008 it was proposed to assimilate his workload into the PTE and elsewhere in the PTA; to terminate the appointment of the current Chief Financial Officer and to designate the PTE's Assistant Director of Finance as PTA Chief Financial Officer and Section 151 Officer reporting directly to the Clerk.

In addition it was recommended that the current Chief and Deputy Chief Financial Officers continue as non-executive directors and that the PTE's non-

executive roles be amended and reviewed once the proposals outlined in the Local Transport Bill were determined.

Councillor Lyons commented that whilst he had no objections to the proposals in principle, he would like the opportunity to consider them in more detail and report them back to his Group.

In response, the Chair indicated that he did not see any reason for delaying the proposals. In his opinion it was financially prudent to accept the arrangements in view of the saving which would be made and the knowledge and professionalism which would be retained.

Councillor Lyons requested that it be placed on record that he was not given the opportunity to further speak on the matter prior to the vote being taken.

Following the discussion a vote was then taken.

<b>For</b>	<b>Against</b>
3	2

**RESOLVED -**

- (a) That the financial arrangements, as outlined in the report, be approved with effect from 1 April 2008 and reviewed after a period of 6 months.
- (b) That the roles of Chief Financial Officer and Deputy Chief Financial Officer be now incorporated in the staffing structures of the Passenger Transport Authority and Passenger Transport Executive, as outlined in the report.
- (c) That the Assistant Director of Finance (PTE) be designated as Chief Financial Officer and Section 151 Officer for the PTA from 1 April 2008.
- (d) That Mr Page's appointment as Chief Financial Officer be terminated and he be reappointed to act as a non-executive director of the Passenger Transport Executive and to provide advice on investment matters and conditions of service arrangements for Passenger Transport Executive directors.
- (e) That Mr Darbyshire be appointed as a non-executive director of the Passenger Transport Executive.