

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY**  
**AT A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE**  
**HELD IN WELLINGTON HOUSE ON**  
**TUESDAY 17 MARCH 2009**

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

Councillors C Greaves, J Jarosz, M Lyons, K Rhodes and  
M Walker

In Attendance: P Lundy and J Talbot - District Audit

**32. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor G Phelps.

**33. DECLARATIONS OF INTEREST**

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

**34. MINUTES**

**RESOLVED** - That the minutes of the meeting held on 16 December 2008 be approved.

**35. INTERNAL CONTROLS AND FINANCIAL MONITORING**

The Committee considered a report of the Passenger Transport Executive on changes made to internal control arrangements and to consider the current financial position.

Members noted various aspects of the Statement of Control including:

- Internal Control
- Financial Monitoring – Revenue Budgets
- Financial Monitoring – Capital Budgets
- Risk Matters

The Committee noted the update on revenue expenditure which was attached at Appendix A to the submitted report. This indicated a slight overspend against the forecast outturn agreed at the budget meeting held on

6 February 2009. The current position with the capital programme for 2008/09 was set out in Appendix B and was in line with the funding available for the year.

Members discussed the Risk Register which was attached at Appendix C. It was reported that there were no significant changes to the level of risk since the last meeting although the impact of the Local Transport Bill and the Governance Review continued to be closely monitored. It was suggested that a representative from Leeds City Council's Treasury Management Department be invited to attend the next meeting to demonstrate how the risks relating to treasury management were managed.

**RESOLVED -**

- (a) That the report be noted.
- (b) That a representative from Leeds City Council's Treasury Management Department be invited to attend the next meeting.

**36. ANNUAL BUDGET 2009/10**

The Committee considered a report of the Passenger Transport Executive to note the approval of the annual capital and revenue budgets for 2009/10 and the proposed monitoring arrangements.

Members were aware that the concessionary travel costs and the required level of reserves had had a significant impact on the 2009/10 revenue budget. The three year agreement with the major bus operators had provided a level of certainty allowing reserves to be reduced from the predicted £6m to a projected position of £4.1m by the end of 2009/10.

Members discussed tendered services and it was noted that the Tendered Services Working Group was to undertake a comprehensive review of tendered service provision and would consider how tendering strategies could assist in mitigating some of the economic impacts on bus services overall. The review would also reappraise the 6 and 20 policy and the development of new value for money measures and other indicators which would assist in monitoring tendered services. Progress with the review would be reported to the Business Improvement Group.

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

**37. INTERNAL AUDIT REPORT**

The Committee considered a report of the Internal Audit Manager on work undertaken by the Internal Audit section and key issues were identified in the report.

It was reported that reviews on Purchasing and Procurement and Debtors Systems had concluded that key controls were in place and found to be operating effectively, although some beneficial minor changes would be made. A review had also been undertaken on Bus and Rail Survey Systems and two key areas had been identified where controls could be improved and action had been agreed to provide enhancements to the system to address the issues.

### **Anti Fraud and Anti Corruption Policy/Strategy**

The Committee considered the revised Anti Fraud and Anti Corruption Policy which was attached to the submitted report. This had been prepared as a joint document covering both the Authority and Executive and set out the measures in place to help prevent and detect fraudulent or corrupt acts.

It was noted that the full policy would be published on the internet. The District Auditor circulated a copy of a user-friendly leaflet which had been produced on countering fraud in the NHS and it was suggested that a similar approach be investigated.

It was reported that, through the risk management process, staff had been asked to report areas which could be open to fraudulent activity. Arrangements were also being made to hold a number of staff briefings where this and other issues would be raised.

#### **RESOLVED -**

- (a) That the report of the Internal Audit Manager be noted.
- (b) That, subject to the amendment to Appendix B, the revised Anti-Fraud & Anti-Corruption Policy/Strategy be approved.
- (c) That the production of an anti-fraud and corruption leaflet be investigated.

### **38. CODE OF CORPORATE GOVERNANCE**

The Committee considered a report of the Passenger Transport Executive which sought approval for the Code of Corporate Governance.

It was noted that although not mandatory, it was considered best practice for the Authority to have a Code of Corporate Governance. This set out the processes, practices, systems and values that the Authority had established and a draft version was attached at Appendix A to the submitted report.

**RESOLVED -** That the Code of Corporate Governance be approved.

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

The Committee considered a recommendation to exclude the press and public from Agenda Item 9, which was likely to lead to disclosure of exempt information as defined in paragraphs 1 (Information relating to any individual) and 3 (Information relating to the financial or business affairs of any particular person (including the authority holding the information)) of Schedule 12A, Local Government Act 1972.

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

**RESOLVED** - That, as disclosure could prejudice future negotiations, the press and public be now excluded from Agenda Item 9.

### **40. APPOINTMENT OF NON-EXECUTIVE DIRECTORS**

The Committee considered a report of the Clerk on the appointment of non-Executive Directors (NEDs) to the Passenger Transport Executive.

It was considered that as a detailed governance review was being undertaken, it would be pragmatic to continue with the current arrangements in relation to the appointment of NEDs but on a rolling three month basis. It was proposed that the NEDs meet the Chair of the Audit and Governance Committee on a six monthly basis and that they should have the ability to submit reports to the Committee and attend any of the meetings. It was noted that once the new governance arrangements were clarified, any NED appointments would be subject to a full recruitment process.

**RESOLVED** -

- (a)** That Mr Page and Mr Darbyshire be reappointed as non-Executive Directors to the Passenger Transport Executive on a rolling three month basis.
- (b)** That the non-Executive Directors be provided with the right to submit reports to Audit and Governance Committees and to attend the meetings if they choose.
- (c)** That the non-Executive Directors meet with the Chair of Audit and Governance every 6 months.
- (d)** That following a governance review the appointment of NEDs will be subject to a recruitment process.