

**WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY**  
**AT A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE**  
**HELD IN WELLINGTON HOUSE ON**  
**FRIDAY 29 JUNE 2007**

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

Councillors D Congreve, S King, T Leadley, M Lyons and G Phelps

In Attendance: P Lundy and J Talbot - District Audit

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors R Downes and J Jarosz.

**2. DECLARATIONS OF INTEREST**

Councillors D Congreve and G Phelps declared a personal interest in Agenda Item 6 - Final Accounts of the Authority and Executive for 2006/07, as they were members of the West Yorkshire Pension Fund.

**3. MINUTES**

**RESOLVED** - That the minutes of the meeting held on 2 March 2007 be approved.

**4. 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.

A detailed discussion took place on:

Travel Centre Ticket Stocks  
Farebox Revenue  
Third Party Access to IT Systems

A number of issues were raised and further information was requested by members.

**RESOLVED** - That a further report be submitted on the issues raised.

## **5. STATEMENT OF INTERNAL CONTROL**

The Committee considered a report of the Clerk and Chief Financial Officer setting out the Statement of Internal Control which was included in the 2006/07 accounts and the supporting evidence.

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

In this respect it was reported that the Statement of Internal Control, detailed in Appendix 1 of the submitted report was also included in the Annual Accounts and must be signed by the Chair. Members noted the various aspects of the SIC, setting out the actions which had been taken/would be taken in the future to ensure that the governance arrangements which were in place were adequate and satisfactory.

**RESOLVED** - That the Statement of Internal Control be approved and signed by the Chair of the Authority.

## **6. FINAL ACCOUNTS OF THE AUTHORITY AND EXECUTIVE FOR 2006/07**

The Committee considered a report of the Chief Financial Officer and Passenger Transport Executive on the Final Accounts for 2006/07 and the Treasury Management Statement.

Members were advised that there had been a change to the format of the accounts as a result of the new 2006 SORP (Statement of Recommended Practice) which must be complied with when producing the Authority's accounts. A further change was also anticipated next year when it was expected that a further step would be taken to align Local Authority accounts with those produced by companies.

The Committee were informed that for the past two years (2004/05 and 2005/06) the auditors had only issued an opinion on the accounts and had yet to issue a final audit certificate due to the ongoing fraud case. Since the court proceedings were anticipated to be completed before September, it was expected that this year the Authority would receive not only a full Audit Opinion and Certificate for 2006/07, but also the 'missing' certificates for 2004/05 and 2005/06.

**RESOLVED** -

- (i) That the final accounts of the Authority for 2006/07 be approved and the signing of the accounts be authorised.

- (ii) That the revaluation of the Assets in 2006 be noted and that confirmation be given that Authority were unaware of any reason for impairment to have occurred.
- (iii) That amendments to the revenue grant payable to the Executive to the exact figure of £145,737,351.98 be approved.
- (iv) That the capital grant to the Executive of £15,177,792.00 and methods of funding used be approved.
- (v) That the Treasury Management policy and prudential decisions as detailed in Appendix 4 of the submitted report be approved.
- (vi) That capital expenditure in 2006/07 relating to individual schemes as detailed in Appendix 3 of the submitted report be approved.

## **7. ANNUAL AUDIT PLANS 2007/08**

The Committee considered a report of the Clerk and the Chief Financial Officer on the Audit Plans which had been submitted by the Authority's Internal and External Auditors.

### **Internal Plan 2007/08**

It was reported that it was current practice for the Authority to use the Executive's Internal Audit Section to carry out their internal audit function. The Committee supported this approach. In their opinion, this was considered appropriate in view of the fact that most of the financial systems, such as accounting and payroll and staffing issues including codes of conduct, were operated on a joint basis.

### **Audit Commission Plan 2007/08**

The Audit Commission presented the Plan which detailed work for the forthcoming year and was submitted for members' consideration. Comment was made that whilst the plan was similar to previous years, ie responsibilities, key tasks and criteria. The emphasis had changed slightly to concentrate more on value for money and self appraisals. Members were informed that the plan centred on the risks identified by the Authority and covered the annual accounts, the Best Value Performance Plan and produced a value for money conclusion.

In response to a question raised by the Committee clarification was given regarding increases in the audit fees.

### **RESOLVED -**

- (i) That the Internal Audit Plan for 2007/08 be approved.

- (ii) That the Audit Commission Plan for 2007/2008 be approved.

## 8. **STANDING ORDERS RELATING TO MEETINGS**

The Committee considered a report of the Clerk on proposed amendments to the Authority's Standing Orders.

It was reported that over the last year a number of procedural matters had been raised at PTA meetings over which the existing Standing Orders were silent and therefore the Standing Orders had been redrafted to clarify some of these matters.

Councillor Lyons challenged the decision to bring the changes to the Standing Orders to the Committee without any prior consultation with the Labour Group.

In response the Chair indicated that Members were made aware at the Annual General Meeting that Audit and Governance Committee, being the appropriate Committee, would be considering the proposed changes to Standing Orders and that they would be making recommendations prior to a decision being taken by all members of the Authority at its meeting in July.

Following a debate Councillor King proposed an alternative recommendation in order to progress the matter and taking into consideration the views of the Labour Group. A vote was then taken and the alternative recommendation was agreed.

**RESOLVED** - That copies of the Standing Orders be sent to all PTA Members for their comments and that prior to the meeting of the Authority Group meetings be held and a meeting of the Leaders be convened to discuss the changes and any other comments made by Members.

## 9. **LOCAL TRANSPORT BILL**

The Committee considered a report of the Passenger Transport Executive on the draft Local Transport Bill and the process for the development of the Bill.

It was reported that the draft Local Transport Bill had been published in May 2007. Members were informed of the three main elements affecting public transport:

- (i) local bus services
- (ii) powers and governance arrangements in metropolitan areas
- (iii) local road pricing schemes

The Committee were advised that all specific work on powers and governance would be overseen by the Audit and Governance Committee.

In the development of a response it was reported that the three elements of the draft Bill would be considered separately, including Audit and Governance implications which would be dealt with on the following basis:

- Implications for Metro (including consideration of the preference of future model(s);
- How the proposed model(s) would work at a West Yorkshire level;
- How the arrangements might be expanded to cover the City Region.

**RESOLVED -**

- (i) That the report be noted.
- (ii) That the process for the development of a response to the draft Bill as detailed in the submitted report be endorsed.