

# **WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY**

## **AUDIT AND GOVERNANCE COMMITTEE**

**DATE: 28 SEPTEMBER 2007**

**AGENDA ITEM NO: 5**

**SUBJECT: FINAL ACCOUNTS 2006/07**

### **Report of the Clerk and Chief Financial Officer**

#### **1. MATTER FOR CONSIDERATION**

- 1.1. Consideration of the Auditor's comments and completion of the final accounts for 2006/07.

#### **2. INFORMATION**

- 2.1. Members at the meeting of the Authority on 29 June 2007 considered the final accounts for 2006/07 prior to their being audited. Those accounts have now been audited and a revised version is attached as Appendix C.
- 2.2. Appendix A is the auditors report, entitled 'Annual Governance Report', which must legally be considered before the accounts can be approved.
- 2.3. Appendix B then contains the 'letter of representation' which the Authority is obliged to provide to the Auditor to give him comfort that the accounts contain all meaningful information and that he has been provided with everything necessary for his consideration of the accounts.

#### **The Annual Governance report from the Auditor (Appendix A)**

- 2.4. The Annual Governance Report (AGR) sets out the points that the Auditor wishes to make as a result of his audit of the accounts. It includes not only comments on the accounts but also a statement on findings on Governance issues with a Value for Money conclusion. There will be a final report for the year which is expected to be brought to the next meeting entitled 'Annual Audit Letter' covering all matters for the year which the Auditor wishes to draw to Member's attention.
- 2.5. Members should not be concerned at the length of the report as this is determined more by the standard layout adopted than the content. Overall the content is positive, with a clean audit opinion being provided on the accounts and, at Appendix 8 within the AGR, a positive conclusion provided on value for money.

2.6. There are, however, the following matters for Members to consider:

2.6.1. Paragraph 18 on page 7 refers to 'unadjusted misstatements' and the Auditor draws attention to the payment of Supertram funding of £2.5m to Leeds City Council. As requested by the Auditor this is referred to in the letter of representation attached. However, his suggestion that the Authority treat the payment as a revenue one is considered incorrect as the Authority would have no powers to make such a payment. In addition the payment relates to the earlier agreement between Leeds and the other Districts where Leeds 'gave up' capital resources to allow the Levy to be increased. The payment is therefore from a resource set aside for capital and reimburses Leeds for its 'lost' capital resources. Further information can be provided at the meeting if requested.

2.6.2. Table 1 on page 8 refers to 'adjusted misstatements'. The first item refers to changes arising from the SORP – these are highlighted in the attached accounts and have no net effect on the results for the year.

The second item in the table refers to amendments made to the Group accounts. These resulted largely from the technical difficulties in consolidating the Authority accounts with those of the Executive as both sets of accounts are prepared in accordance with different accounting practices. Whilst a number of the figures have changed in the group section of the accounts Members should be aware that the underlying closing position of the Executive's and Authority's accounts remains unchanged. If Members require any further information on the detail of these consolidation adjustments they can be provided at the meeting.

2.7. The accounts for 2004/05 and 2005/06 have only received an audit opinion and have not been formally closed with an audit certificate due to the ongoing court case related to the fraud. At the end of paragraph 11 of the AGR the auditor indicates that he now expects to be able to formally conclude those years at the same time as he finalises 2006/07. This is to be welcomed.

### **Letter of representation (Appendix B)**

2.8. The attached letter has been produced to follow the content and format suggested by the Auditor.

2.9. Members are requested to consider the Annual Governance Report before considering the final accounts for 2006/07, to authorise the signing of the letter of representation and consequently to approve the final accounts for 2006/07.

## **Final Accounts 2006/07 (Appendix C)**

- 2.10. The final amended version of the Authority's 2006/07 accounts, as agreed with the Auditor, is attached as Appendix C. The key changes made to the Authority's accounts are highlighted. As stated earlier all the changes are cosmetic and there has been no change to the financial position of the Authority.
- 2.11. Members are asked to consider the revised accounts and authorise their signing by the Chair of the Authority.
- 2.12. Once approved and signed there is a legal requirement that they be published by the end of September. It is not sufficient to include them on the internet as part of the papers of this meeting. The requirement is therefore being met by an announcement in the Yorkshire Post today, as a widely circulated paper throughout West Yorkshire, and by their posting onto the Internet.

### **3. FINANCIAL AND LEGAL IMPLICATIONS**

- 3.1. None directly arising out of this report.

### **4. STAFFING IMPLICATIONS**

- 4.1. None directly arising out of this report.

### **5. EQUAL OPPORTUNITY IMPLICATIONS**

- 5.1. None directly arising out of this report.

### **6. RECOMMENDATIONS**

- 6.1. That the annual governance report be noted
- 6.2. that the letter of representation be signed
- 6.3. that the accounts be approved and signed as appropriate

Clerk to the Authority

Chief Financial Officer

West Yorkshire Passenger Transport Authority