

**WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY**  
**AT A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE**  
**HELD IN WELLINGTON HOUSE ON**  
**TUESDAY 16 DECEMBER 2008**

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

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

In Attendance: P Lundy and J Talbot - District Audit

**21. DECLARATIONS OF INTEREST**

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

**22. MINUTES**

**RESOLVED** - That the minutes of the meeting held on 24 September 2008 be approved.

**23. ANNUAL AUDIT LETTER**

The Committee considered a report of the Clerk and Chief Financial Officer on the receipt of the Annual Audit Letter from the Audit Commission for 2007/08.

It was reported that the Annual Letter was received each year from the Auditor to conclude the annual audit and summarise any findings during the year. A copy of the letter was attached at Appendix A to the submitted report.

The Committee were informed that the overall conclusions of the audit letter were positive. It specifically emphasised that the procedures and current arrangements were in place to secure value for money although they indicated that they had identified areas for consideration for further enhancement.

In this context, it was reported that the 3 year corporate plan addressed some of the issues the Auditors had raised.

Comment was made that detailed service reviews had been carried out in the past which had assisted in achieving the Gershon efficiencies required over the last 3 years.

Further work on demonstrating value for money and delivering efficiencies would be carried out and one of the key areas would be how to make the most effective use of funds for tendered services.

Councillor Lyons requested an update on last years Auditor's letter which made reference to the fact that bus patronage was not on course to meet the Authority's own target of increasing by 5% by 2010/11. In response, Councillor Greaves said he was concerned that the targets were unrealistic and that they should be revisited and that it would be useful for other factors to be taken into consideration, including:-

- (a) loss of patronage due to:
  - (i) slump in the economic climate and
  - (ii) withdrawal of services and routes.
- (b) modal shift, particularly with regard to car journeys.

**RESOLVED -**

- (a) That the Annual Audit letter be noted.
- (b) That a letter be sent to the three group Leaders on bus patronage trends.

**24. 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 the reviews of Payroll and HR Records and Sundry Income had been carried out and concluded that key controls were in place and found to be operating effectively, although some beneficial minor changes, now highlighted, would be made.

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

The Committee considered a revised Anti Fraud and Anti Corruption Policy which had been prepared as a joint document covering both the Authority and Executive.

It was reported that the revised document set out the measures in place to help prevent and detect fraudulent or corrupt acts. Members asked that arrangements in relation to PTA staff be clarified. Councillor Lyons requested that the document clarified arrangements for members and officers to report concerns in relation to processes and behaviour.

**RESOLVED -**

- (a) That the report of the Internal Audit Manager be noted.
- (b) That the document be adopted on a temporary holding arrangement, subject to the document being revised in line with the amendments suggested by the Committee.

**25. INTERNAL CONTROLS AND FINANCIAL MONITORING**

The Committee considered a report of the Clerk and Chief Financial Officer 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
- Risk Matters

It was reported that since the last meeting, the Authority's and Executive's risk Register had been transferred on to a new performance management system which offered a number of benefits including improved reporting and the linking of risks to actions within MetroPlan.

Comment was made that there were no significant changes to the level of risk although it was highlighted that the single most significant risk was the impact of the Local Transport Bill and the Governance Review which was being closely monitored.

As requested at the last meeting, a list of the Authority's and Executive's Insurance Policies was attached at Appendix D of the submitted report.

Members noted the current position with regard to the Capital Programme for 2008/09 which was detailed in Appendix B of the submitted report. Members suggested that for further clarity an additional column be added on committed spend.

Councillor Lyons asked whether any progress had been made by offering financial incentives to staff reporting areas within their departments which could be open to fraudulent activity. In response it was reported that such an exercise had been carried out through team briefing although a financial incentive had not been offered for such information.

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

## **26. REVIEW OF CAPITAL MANAGEMENT ARRANGEMENTS**

The Committee considered a report of the Clerk and Chief Financial Officer detailing how capital expenditure was monitored, managed and evaluated.

Members were informed that all schemes must firstly be considered by the Executive's Business Case Group. A detailed report must then set out full details of the scheme, including capital and revenue costs, staffing implications, cost:benefit ratio, cost per passenger, links to the LTP and/or MetroPlan and any risks involved. Once the scheme had been scrutinised and approved it must then be presented to the Executive Board before being submitted to the full Authority for approval.

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

## **27. REVIEW OF TREASURY MANAGEMENT**

The Committee considered a report of the Clerk and Chief Financial Officer on the arrangements in place for Treasury Management and actions taken in the aftermath of the collapse of the Icelandic Banks.

Whilst recognising the treasury measures in place, the Committee were advised that following the collapse of the Icelandic Banks further confirmation was sought from Leeds City Council who confirmed the risk averse approach taken by the Authority's treasury team. Members were assured that the Chief Financial Officer and Leeds City Council were satisfied that the current strategy was as robust as possible but that the situation would be closely monitored and reviewed if necessary and any changes would be reported back to the Committee.

**RESOLVED –**

- (a)** That the treasury management arrangements be reaffirmed.
- (b)** That officers be thanked for their diligence in managing the Authority's monies during the recent banking crisis.

## **28. METROCARDS FOR MEMBERS**

The Committee considered a report of the Clerk and Chief Financial Officer on the proposed reintroduction of MetroCards to members of the Authority.

It was reported that in 2003 on the advice of the Auditors, MetroCards were withdrawn. Recent discussions with the current Auditor had suggested that the current position had changed as there was now recognition that by allowing members to experience more frequently the services that the PTA sponsored, it would enhance Governance. At the same time, by acting as 'mystery shoppers', any information gathered by members on such journeys

could be used in formulating transport policy and help to further understand the issues faced by the travelling public of West Yorkshire.

It was emphasised that any member who received a MetroCard would not be able to submit expense claims for travel by public transport within the County.

A paper clarifying the Auditor's position was submitted for members' consideration.

#### **RESOLVED –**

- (a)** That MetroCards for members of the Authority be reintroduced at the earliest opportunity.
- (b)** That the Members' Allowance Scheme be amended accordingly.

### **29. POLICY UPDATE**

The Committee considered a report of the Passenger Transport Executive which gave an update on the following policy/strategy issues:

- Local Transport Act
- Transport Governance Review
- Sub National Review
- Department for Transport's National Policy Document, 'Delivering a Sustainable Transport System'

#### **Transport Act**

It was reported that the provisions of the new Act would come into effect through various orders on appointed days. The Committee were advised that the name change to Integrated Transport Authorities was expected to come into effect within the first 2 months of 2009. The immediate implication for the Authority was that it would become the West Yorkshire Integrated Transport Authority.

Members welcomed the Quality Contract provisions of the Act. The provision for Statutory Quality Partnerships was also being strengthened (including the ability to set minimum frequencies, maximum fares and improved standards as part of the partnership agreement). It was also mentioned that the Act also established a national bus and rail passenger champion by extending the remit of the current rail body, Passenger Focus.

#### **Review of Transport Governance**

The Committee was given an update on the review of Transport Governance. It was reported that since the last meeting of the Authority the Leaders of the AWYA had received a presentation from the Chair and Deputy Chair of the

PTA highlighting the democratic deficit associated with the 10 member ITA as proposed by Atkins.

Comment was also made that, at their meeting held on 1 December 2008, the Leeds City Region Leaders Board had agreed that a Leeds City Region Integrated Transport Authority would be the best strategic transportation body to deliver the Leaders Board's ambitions and requested Chief Executives to provide options to remove the barriers to that.

The Leaders' Board also recognised that a City Region ITA might not be immediately deliverable, but agreed to commission work to progress both options:

- Leeds City Region ITA
- West Yorkshire ITA with stronger city region partnership links.

The Committee were advised that the work would be led by the Chief Executives supported by a sub-group of the City Region Connectivity Partnership and that a further work stream on the interim arrangements was being developed, particularly focused on the Local Transport Plan. That work would be led by Metro in conjunction with the Chief Highways Officers from the districts with appropriate input from the City Region sub group.

### **Sub National Review**

It was reported that responses had been received from the Local Government Yorkshire and the Humber and Yorkshire Forward indicating that they had forwarded the Authority's concerns that the Transport Board should be chaired by an accountable elected representative to the appropriate officers who were leading the work on the design and development for the transport thematic Board.

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

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

The Committee considered a recommendation to exclude the press and public from Agenda Item 12, 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 12.

### **31. FINANCIAL MANAGEMENT ARRANGEMENTS**

The Committee considered a report of the Clerk on proposals to make the Authority's current temporary arrangements permanent.

#### **Chief Financial Officer**

It was reported that previously the Committee and the Staffing Working Group had agreed the revised arrangements for an initial 6 months trial period. Members were advised that since that time the arrangements introduced were operating effectively and efficiently and therefore it was proposed that they should be agreed on a permanent basis. Comment was also made that at that time the remuneration of the Assistant Director Finance was enhanced to reflect the additional responsibility. Evaluation work with assistance from Hays Consultants had compared the duties and responsibilities of the post with the relevant comparative posts in the private and public sector. Comment was made that although this work had confirmed that the salary was within the recognised parameters for that role, confirmation of this arrangement and salary would need to be sought from the Staffing Working Group.

#### **Non Executive Director**

The Committee was advised that the appointments were made for an initial one year period in order to provide an opportunity to reassess the arrangement, particularly in the light of governance changes arising from the Local Transport Act. In view of the fact that changes to governance were not at the stage where an alternative option could be usefully considered, it was proposed to continue that arrangement for a further year.

The Committee also sought clarification on the roles regarding potential conflicts of interest.

#### **RESOLVED -**

- (a)** That, with regard to the position of the PTA's Chief Financial Officer, the financial arrangements as previously agreed with effect from 1 April 2008 and detailed in the submitted report, be made permanent subject to the approval of the Staffing Working Group.
- (b)** That the reappointment of non-Executive Directors be deferred for further clarification.