

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

DATE: 15 SEPTEMBER 2006

AGENDA ITEM NO: **6(b)**

SUBJECT: FINAL ACCOUNTS 2005/06

Report of the Clerk and Chief Financial Officer

1. **MATTER FOR CONSIDERATION**

- 1.1. Consideration of the auditors comments and completion of the final accounts for 2005/06.

2. **INFORMATION**

- 2.1. Members at the meeting of the Authority on 23 June 2006 considered the final accounts for 2005/06 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, newly 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 was previously known as a SAS610 report and simply dealt with problems encountered with the accounts. It now includes not only comments on the accounts but also a statement on findings on Governance issues with a new Value for Money conclusion. In addition Members should be aware that there is now no longer a requirement for the auditor to issue a certificate for Best Value arrangements and any such comments would be contained in other audit reports.
- 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. eg paragraphs 14 to 16 are identical to paragraphs 9 to 11. There are also

many instances where there is a paragraph (eg Paragraph 22) which describes what is done by the auditor but ends with the comment 'we have no issues to report to you in this respect'.

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

2.6.1. Firstly Table 1 on page 8 refers to 'adjusted misstatements'. These are items that appear in the attached accounts, which have been changed since the original presentation. They actually have no net effect whatsoever on the Authority's own revenue account or balance sheet and are purely presentational. They range from the writing out of the previous Supertram expenditure in the group account to the hiding of the depreciation in 'net cost of services' in the group account.

2.6.2. Any changes made since June generally refer to wording or to the group accounts, which are being produced for the first time this year. Since they are all cosmetic, and to simplify this report, they have all simply been highlighted in the attached document rather than being commented upon in this report. Any queries Members may wish to raise will be dealt with at the meeting.

2.6.3. The second matter refers to governance arrangements shown under a heading of Internal control (page 11 of the audit report). These have been under internal consideration by the Authority for some time and have not previously appeared in any report by the auditor. They clearly require detailed consideration with a proper risk review and SWOT assessment being carried out before determining the most appropriate approach. Whilst the general comment of the auditor is accepted a further report will be presented to Members at the appropriate time.

2.7. The Action plan in the auditor's governance report contains their recommendations and the Authority's officers' responses.

Letter of representation (Appendix B)

2.8. The attached letter has been produced to follow the content and format requested by the auditor.

2.9. Members are requested to consider the Annual Governance Report before considering the final accounts for 2005/06, to authorise the signing of the letter of representation and consequently to approve the final accounts for 2005/06.

Final Accounts 2005/06 (Appendix C)

2.10. The final amended version of the Authority's 2005/06 as agreed with the auditor is attached as Appendix C. All the changes requested by the auditor 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 will therefore be met by an announcement in the Yorkshire Post, 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

Lead Officer :	A Darbyshire
Date:	August 2006
File :	accounts/Final accounts 2005-06