



STATEMENT OF ACCOUNTS

For the year ending 31st March 2014

Audited

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Cyngor Sir
CEREDIGION
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EXPLANATORY FOREWORD

The Statement of Accounts has been prepared to meet the requirements of the Public Audit (Wales) Act 2004 (and as further specified in the Accounts and Audit Regulations 2005) and fully reflects the Code of Practice on Authority Accounting in the United Kingdom 2013/14 requirements for accounting statements. The document offers a summary of the Joint Committee's overall financial position and a number of accounting statements, which show the range and scale, in financial terms, of the Joint Committee's activities.

BACKGROUND

Trafnidiaeth Canolbarth Cymru (TraCC) is a transport consortium, established in 2003, for the Mid Wales region. It is a joint committee made up of three Mid Wales local authorities:

- Cyngor Sir Ceredigion County Council
- Cyngor Gwynedd Council (for Meirionydd area)
- Cyngor Sir Powys County Council

The core aim of the consortium is to support the three member local authorities to develop and deliver a Regional Transport Plan. The Regional Transport Plan is a statutory plan required by Welsh Government. TraCC provides this support through its role to:

- Development and review of shared local/ regional transport policies, plans and strategies (i.e. Regional Transport Plan)
- Contribute to development of policies, plans and strategies of national government and other partners
- Develop and manage regional highways and transportation grant funding programmes (for bus services this is restricted to Ceredigion and Powys Council areas)
- Prioritise and administer regional highways and transportation funding grants
- Undertake monitoring, evaluation and reporting of impacts of regional plans and funding programmes (i.e. Regional Transport Plan Annual Monitoring Report)
- Provide specialist support and advice on travel planning, active and environmentally sustainable travel across Mid Wales, and
- Political lobbying in support of regional policies and funding programmes.

For 2013/14, there was additional responsibility to administer support for bus services, previously under the responsibility of Department for Transport and individual Local Authorities.

Ceredigion County Council is the designated "Financial Host Authority" on behalf of TraCC, with the Strategic Director for Corporate Resources being the Section 151 Officer and Treasurer for the Joint Committee. Powys County Council was the "Financial Host Authority" until April 2010, at which point Ceredigion County Council assumed the role.

Ceredigion County Council is also the “Host Authority” for the provision of the HR function to host Core Team employees and the Legal and Monitoring Officer roles on behalf of TraCC.

A summary of Trafnidiaeth Canolbarth Cymru’s (TraCC) financial performance for the year 2013/14.

FINANCIAL PERFORMANCE COMPARED TO BUDGET 2013/14

2012/13 Actual		2013/14 Actual	2013/14 Original Budget	Variance to Budget
£		£	£	£
508,932	Total Expenditure	6,466,232	5,583,382	(882,850)
508,932	Total Income	6,466,232	5,583,382	(882,850)
0	Net	0	0	0

The main variances between Original Budget and Actual Spend in 2013/14 were as follows :

1. From July 2014, the Welsh Government decided that all the management of Concessionary Travel funding to Local Authorities to be channelled via Regional Transport Consortia.
As a result additional expenditure and income to the value of £1,481,005 was incurred. This was not subject to a formal grant approval and actual expenditure was met in full by the Welsh Government.
2. Additional approval towards a scheme to increase match funding for the Machynlleth Rail Station – Access for All Rail scheme was granted during the year but then withdrawn by the Welsh Government in February 2014 (net effect £600,000).
3. Additional minor income in excess of the Government grants associated with these two items was received (£1,844).

EXPENDITURE

Summary of expenditure incurred in the last two years

	2013/14 £	2012/13 £
Employees	130,826	99,021
Transport	787,244	2,999
Supplies and Services	5,532,267	406,912
Third Party Payments	15,895	0
Total	6,466,232	508,932

EXPLANATION FOR INCREASE 2012/13 & 2013/14

Additional financial responsibilities were placed on TraCC for 2013/14. Previously grants for specific projects under Regional Transport Planning and Road Safety were subject to TraCC prioritisation and support but the financial arrangements

were between the Welsh Government and individual Local Authorities. From April 2013 TraCC became the conduit for these grant claims and payments for the region via Ceredigion County Council as host financial authority. Additional duties in the administration of Bus Services Grant, formerly Local Transport Services Grant and former Bus Services Operators Grant (previously administered by Department of Transport) were transferred to all Regional Consortia.

The following analysis gives details of the additional responsibilities:

	2013/14	2012/13
	£	£
Core Funding	165,006	166,929
Regional Transport Programme	2,618,000	172,767
Road Safety Initiatives	503,000	0
Bus Services	1,699,221	0
Concessionary Fares	1,481,005	0
Bus Funding Review	0	169,236
Total	6,466,232	508,932

SOURCES OF FUNDING

Summary of funding for the last two years:

	2013/14	2012/13
	£	£
Government Grants	6,464,388	505,236
Other Income	1,844	3,696
Total	6,466,232	508,932

The increase in funding is due to the funding received in relation to the additional duties undertaken (see above).

FUTURE

In January 2014, the Minister for Economy, Science and Transport announced the cessation of channeling grants towards Transport related activities via the Regional Consortia and that the grants available once again would be allocated directly to local authorities and some on a competitive basis. Local authorities would be able to work collaboratively to submit joint applications. To this end, the direct financial activities of TraCC would cease from 1st April 2015. Welsh Government funding will be allocated directly to local authorities and some on a competitive basis. Whilst TraCC will no longer have any financial duties it has resolved to continue with collaboration on Regional Transport Plans and the bidding for any regional or collaborative schemes in the short term.

FURTHER INFORMATION

Interested persons have a statutory right to inspect the Accounts, during the public inspection, before the annual audit is completed. Anyone wishing further information or explanation on the Accounts should contact:

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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE JOINT COMMITTEE'S RESPONSIBILITIES

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Joint Committee, that officer is Ceredigion County Council's Strategic Director for Corporate Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

Chairman of the Joint Committee

23rd September 2014

THE RESPONSIBILITIES OF THE STRATEGIC DIRECTOR FOR CORPORATE RESOURCES

The Strategic Director for Corporate Resources is responsible for the preparation of the Joint Committee's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the code').

In preparing this Statement of Accounts, the Strategic Director for Corporate Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Strategic Director of Corporate Resources has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

THE STRATEGIC DIRECTOR FOR CORPORATE RESOURCES CERTIFICATE

I certify that the Statement of Accounts gives a true and fair view of the financial position of Trafnidiaeth Canolbarth Cymru (TRACC) at the accounting date and its income and expenditure for the year ended 31st March 2014.

Strategic Director for Corporate Resources

23rd September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFNIDIAETH CONOLBARTH CYMRU (TRACC) JOINT COMMITTEE

Independent auditor's report to the Members of Trafnidiaeth Canolbarth Cymru (TraCC)

I have audited the accounting statements and related notes of Trafnidiaeth Canolbarth Cymru (TraCC) for the year ended 31 March 2014 under the Public Audit (Wales) Act 2004.

Trafnidiaeth Canolbarth Cymru (TraCC) accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement and the Balance Sheet.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 6, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Trafnidiaeth Canolbarth Cymru (TraCC) circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Trafnidiaeth Canolbarth Cymru (TraCC)

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Trafnidiaeth Canolbarth Cymru (TraCC) as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Annual Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Trafnidiaeth Canolbarth Cymru in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Signature.....

Date.....

Name: Anthony Barrett
Appointed Auditor

Address: Wales Audit Office
24 Cathedral Road
Cardiff. CF11 9LJ

Electronic publication of financial statements

The maintenance and integrity of the Trafnidiaeth Canolbarth Cymru website is the responsibility of the Council. The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Statement of Accounts since they were initially presented on the web site.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (I&E)

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

2012/13			2013/14		
Gross Exp	Gross Inc	Net Exp	Gross Exp	Gross Inc	Net Exp
£	£	£	£	£	£
Expenditure					
99,021	0	99,021	130,826	0	130,826
0	0	0	0	0	0
2,999	0	2,999	787,244	0	787,244
406,912	0	406,912	5,532,267	0	5,532,267
0	0	0	15,895	0	15,895
508,932	0	508,932	6,466,232	0	6,466,232
Income					
0	(505,236)	(505,236)	0	(6,464,388)	(6,464,388)
0	(3,696)	(3,696)	0	(1,844)	(1,844)
0	(508,932)	(508,932)	0	(6,466,232)	(6,466,232)
508,932	(508,932)	0	6,466,232	(6,466,232)	0

MOVEMENT IN RESERVES STATEMENT

The Trafnidiaeth Canolbarth Cymru's (TraCC) Joint Committee does not operate a surplus/ deficit on the provision of its services. It has no reserves.

BALANCE SHEET

This statement shows the value of assets and liabilities recognised by the Joint Committee at the 31st March 2014.

31st March 2013		31st March 2014
£		£
	CURRENT ASSETS	
<u>230,765</u>	Short Term Debtors	<u>1,896,917</u>
230,765		1,896,917
	CURRENT LIABILITIES	
<u>(230,765)</u>	Short Term Creditors	<u>(1,896,917)</u>
(230,765)		(1,896,917)
	0 TOTAL ASSETS LESS LIABILITIES	0

NOTES TO THE STATEMENT OF ACCOUNTS

1. ACCOUNTING POLICIES

i. General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2013/14 financial year and its position at the year-end of 31st March 2014. The Joint Committee is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2005, and those Regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice for Local Authorities 2013/14, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- Revenue from the provision of services is recognised when the Joint Committee can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Joint Committee's financial performance.

iv. Non-Current Assets and Charges to Revenue for Non-Current Assets

Trafnidiaeth Canolbarth Cymru (TraCC) Joint Committee does not own any non-current assets. Whilst the Joint Committee has the use of land, buildings, vehicles, plant and equipment, ownership remains with the member local authorities. The relevant authority finances enhancements and major repairs to these assets. No charge is made to the Joint Committee for the use of these assets

v. Employee Benefits

Officers undertaking the Joint Committee's Core Team activities are employed directly by Ceredigion County Council on behalf of the Joint Committee. These officers are eligible for membership of the Local Government Pension Scheme, which is a final salary defined benefit scheme.

The Council's Local Government Pension Scheme employer contributions, in respect of officers employed on the Joint Committee's behalf, are included in the Joint Committee's net cost of service.

The requirements of International Accounting Standard 18 – Employee Benefits (IAS 18), relating to staff carrying out the Joint Committees Core Team activities are fully reflected in the accounts of Ceredigion County Council. The Council's accounts reflect the underlying commitment that the Council have in the long term to pay retirement benefits to their employees and to make up and shortfall in net assets in the pension fund.

vi. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Joint Committee's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vii. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

viii. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions (including donations) are recognised as due to the Joint Committee when there is reasonable assurance that:

- the Joint Committee will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Joint Committee are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) in the Comprehensive Income and Expenditure Statement.

ix. Overheads and Support Services

The costs of overhead and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/14 (SeRCOP). The relevant bases of allocation relate, where possible, to actual usage of the service.

x. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Joint Committee a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions included in the accounts may not be legally enforceable and may only be inferred from a set of facts in a particular situation therefore the inclusion of them in the accounts does not mean that liability has been accepted.

Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year that the Joint Committee becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income in the Comprehensive Income and Expenditure Statement if it is virtually certain that reimbursement will be received if the Joint Committee settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Joint Committee a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Joint Committee a possible asset whose existence will only be confirmed by the

occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits.

xi. Value Added Tax (VAT)

The Accounts have been prepared on a VAT exclusive basis, to the extent that it is recoverable.

2. MATERIAL ITEMS OF INCOME AND EXPENDITURE

The Joint Committee does not have any material items of Income and Expenditure to report that require any further explanation.

3. OVERHEADS AND SUPPORT SERVICES

Ceredigion County Council is the designated “Financial Host Authority” on behalf of the Joint Committee. A charge is made for Accountancy support for the financial management role which is reflected in the Income and Expenditure statement under Supplies and Services.

Ceredigion County Council is also the “Host Authority” for the provision of the HR function to host Core Team employees and the Legal and Monitoring Officer roles on behalf of the Joint Committee. This involves Ceredigion County Council directly employing officers on behalf of the Joint Committee to provide central support services for TraCC’s governance and decision-making arrangements. These costs are reflected in the Income and Expenditure Statement on the Employees line.

Travel expenses incurred by the officers in carrying out their duties are included in the Income and Expenditure Statement on the Transport line (£5,789).

4. INCOME AND EXPENDITURE ANALYSIS

	Core Team Funding £	Regional Transport Programme £	Road Safety Initiatives £	Bus Services £	Concessio- nary Fares £	Total £
Expenditure						
Employees	130,826	0	0	0	0	130,826
Transport	5,789	0	0	781,455	0	787,244
Supplies and Services	12,496	2,618,000	503,000	917,766	1,481,005	5,532,267
Third Party Payments	15,895	0	0	0	0	15,895
Total Expenditure	165,006	2,618,000	503,000	1,699,221	1,481,005	6,466,232
Income						
Government Grants	(165,000)	(2,618,000)	(503,000)	(1,697,382)	(1,481,005)	(6,464,387)
Other	(6)	0	0	(1,839)	0	(1,845)
Total Income	(165,006)	(2,618,000)	(503,000)	(1,699,221)	(1,481,005)	(6,466,232)
Net Expenditure	0	0	0	0	0	0

Transport

Bus Services Transports expenditure of £781,455 includes a grant paid to Powys and Ceredigion County Councils (former LTSG), and to various local bus service providers within the Trafnidiaeth Canolbarth Cymru (TraCC) Mid Wales Region. Together they form the Bus Services Support Grant (BSSG), formerly the BSOG scheme.

Supplies & Services

Supplies and Services expenditure shown under each programme (excluding core team costs) are grants paid to partner Local Authorities with responsibility to complete specific projects on behalf of TraCC, that assist in the development, implementation and monitoring of the Regional Travel Plan and its individual projects.

5. DEBTORS

	31st March 2014	31st March 2013
	£	£
Central Government Bodies	1,460,773	230,765
* Other Local Authorities	436,144	0
	1,896,917	230,765

* Trafnidiaeth Canolbarth Cymru (TraCC) Joint Committee does not operate its own bank account. All its cash transactions are processed through Ceredigion County Council's bank account. Therefore, the debtors figure on the 31st March 2014 Balance Sheet includes a debtor of £436,144 to reflect the cash balance held by Ceredigion County Council on behalf of the Joint Committee.

6. CREDITORS

	31st March 2014	31st March 2013
	£	£
* Other Local Authorities	(1,785,444)	(143,883)
Central Government Bodies	(24,594)	(47,079)
Other Entities and Individuals	(86,879)	(39,803)
	(1,896,917)	(230,765)

* Trafnidiaeth Canolbarth Cymru (TraCC) Joint Committee does not operate its own bank account. All its cash transactions are processed through Ceredigion County Council's bank account. Other Local Authorities for 31st March 2013 includes a creditor of £143,883 to reflect the cash due to Ceredigion County Council.

7. MEMBERS ALLOWANCES

The TraCC Board consists of six County Councillors, two from each of the participating local authorities.

The Joint Committee (TraCC) does not pay these member's salaries or expenses. Ceredigion County Council, Powys County Council and Gwynedd Council pay the salaries and expenses for their respective two members.

8. OFFICERS' REMUNERATION

The *Code of Practice on Authority Accounting in the United Kingdom 2013/14*, requires disclosure of employees whose remuneration for the year (excluding employers pension contributions), exceeds £50,000. The Joint Committee has no employees whose remuneration for the year exceeds £50,000.

9. EXTERNAL AUDIT COSTS

The Statement of Accounts have been produced for both the Financial Years 2012/13 and 2013/14, for issue on 30th June 2014. The costs for the audit of

both these Statement of Accounts by Ceredigion County Council's external auditors will be incurred during the year 2014/15.

10. GRANT INCOME

The Joint Committee credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/14.

	£
WG -Regional Transport Plan – Core funding	165,000
WG - Regional Transport Programme	2,618,000
WG - Road Safety Initiatives	503,000
WG - Bus Services	1,697,382
WG - Concessionary Fares	1,481,006
Other - Bus Services	1,838
	<u>6,466,226</u>

WG = Welsh Government

11. RELATED PARTY TRANSACTIONS

The Joint Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

Central Government

Central government has significant influence over the general operations of the Joint Committee – it is responsible for providing the statutory framework within which the Joint Committee operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Joint Committee has with other parties. Grants received from government departments are set out in Note 10.

Local Authorities

Ceredigion County Council, Powys County Council and Gwynedd Council are the participating authorities that make up the TraCC consortium. Material transactions with these three Council's in the form of providing Grants funding is detailed elsewhere in the accounts.

Members

Members on the TraCC Joint Committee's board have direct control over the Joint Committee's financial and operating activities. There are no financial transactions between these members and the Joint Committee as their salaries are paid by their Local Authority (Note 7).

12. DEFINED BENEFIT CONTRIBUTION SCHEMES

Officers employed by Ceredigion County Council in undertaking the Joint Committee's Core Team activities can participate in the Local Government Pension Scheme, a defined benefits statutory scheme, administered by Carmarthenshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Joint Committees Income and Expenditure Account, includes employer's contributions paid into the Local Government Scheme within the Employees Costs line.

Full details of the scheme can be found within Ceredigion County Council's 2013/14 Statement of Accounts.

13. EVENTS AFTER THE REPORTING PERIOD

There are no post Balance Sheet events for 2013/14.

14. AUTHORISATION OF ACCOUNTS FOR ISSUE

The Statement of Accounts is authorised for issue by the Strategic Director for Corporate Resources on 23rd September 2014.

ANNUAL GOVERNANCE STATEMENT

This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) and the Society of Local Authority Chief Executives and Senior Managers (S.O.L.A.C.E.), entitled the 'Delivering Good Governance in Local Governance Framework'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.

Scope of Responsibility

Trafnidiaeth Canolbarth Cymru (TraCC) (the Committee) is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Committee also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Committee is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions which includes arrangements for the management of risk.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Committee is directed and controlled and its activities through which it accounts to, engages with and leads the community. The system of internal control is a significant part of that framework. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively.

The Governance Framework

The Joint Committee is currently governed through the revised Joint Agreement dated 1 August 2013 which establishes Ceredigion County Council as the Administrative and Financial host, whilst setting out how the Committee operates and makes decisions. It also includes additional responsibilities on the Joint Committee following a change in the Welsh Government funding of Regional transport including bus services in Wales.

All reports considered by the Committee and the minutes of decisions taken are, unless confidential, made fully available on the TraCC and Ceredigion County Council websites.

The Committee is directed and controlled by the Governance Framework through the systems and processes that are in place. This Framework enables the Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Joint Committee utilises the following in its governance duties:

- Ceredigion County Council's accounting procedures and Financial Regulations. The Authority's Strategic Director for Resources is responsible for the proper administration of the Committee's financial affairs, as required by Section 151 of the Local Government Act 1972. Procedures for tendering and contract letting are included in Ceredigion County Council's Financial Regulations.
- Ceredigion County Council's Treasury Management arrangements, which follow professional practice and are subject to annual reviews by Ceredigion County Council's Audit Committee and Council.
- Ceredigion County Council's Head of Legal, Human Resources and Democratic Services is the designated 'Monitoring Officer' in accordance with the Local Government and Housing Act, 1989, and ensures compliance with established policies, procedures, laws and regulations.
- Ceredigion County Council's Audit Committee considers the effectiveness of the Council's Governance arrangements, as it applies to the Joint Committee, through a planned work programme. It monitors the work of auditors (internal and external) and inspectors.
- Ceredigion County Council's Internal Audit staff operate to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the United Kingdom, 2006' produced by C.I.P.F.A. and its role and status is set out in Ceredigion County Council's Internal Audit Terms of Reference. The Chief Internal Auditor provides reports to the Audit Committee of a summary of audit findings and activity and also in the Annual Report to the Audit Committee gives an opinion on the overall adequacy and effectiveness of the Ceredigion County Council's control environment.

There were no internal audits planned or undertaken within the year for the Joint Committee

- Ceredigion County Council's Human Resources and Health and Safety policies
- Ceredigion Council Council's Data Protection policy and also has procedures in place to meet its responsibilities under the Freedom of Information Act and the Regulation of Investigatory Powers Act 2000.

Review of Effectiveness

Ceredigion County Council has conducted an annual review of the effectiveness of its governance framework during 2013/14 including the system of internal control. The review of effectiveness is informed by managers within the Authority who have responsibility for the development and maintenance of the governance environment and also by comments made by the external auditors and other inspection agencies. Leadership Group and the Audit Committee have both been involved in the review.

The effectiveness of the governance framework draws on evidence and assurances from:

- Internal and external audit and inspection
- Financial Controls
- Risk and Performance Management
- Legal and ethical standards
- Strategic Directors and other senior management, including the s151 Officer and the Monitoring Officer
- Audit and Scrutiny Committees

Ensuring the Joint Committee's financial management arrangements conform with the governance requirements of the CIPFA Statement on *The Role of the Chief Financial Officer in Local Government*

Ceredigion County Council's Strategic Director for Resources is the Joint Committee's Chief Financial Officer and:

- Reports directly to Ceredigion's Chief Executive and is a key member of Ceredigion's Leadership Group;
- Leads and directs a finance function that is resourced to be fit for purpose;
- Is professionally qualified and suitably experienced.

Significant Control Issues

Trafnidiaeth Canolbarth Cymru operates within the financial control environment operated by Ceredigion County Council. No Internal Audit coverage was carried

out or planned in 2013/14 in respect of TraCC. No significant issues have been identified when completing the above statement.

Signed:

Cllr A Williams
Chair of Joint Committee

W Gwyn Jones
Strategic Director for Corporate
Resources

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Date: 25/06/2014

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Date: 26/06/2014