

# PATROL

The Joint Committee of England and Wales  
for the civil enforcement of  
Parking and Traffic Regulations Outside London

## ANNUAL STATEMENT OF ACCOUNTS 2009/2010

PARKING AND TRAFFIC REGULATIONS  
OUTSIDE LONDON (PATROL)  
ADJUDICATION JOINT COMMITTEE

# ANNUAL STATEMENT OF ACCOUNTS 2009/10

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# CHAIR'S INTRODUCTION

I am pleased to introduce the PATROL Adjudication Joint Committee Accounts for the year April 2009 to March 2010 which includes the external audit opinion from Grant Thornton UK LLP.

The PATROL Adjudication Joint Committee has been established to enable Councils having Civil Enforcement Area Orders to exercise their functions under Section 81 of the Traffic Management Act 2004 and Regulations 17 and 18 of the Civil Enforcement of Parking Contraventions (England) General Regulations 2007. These functions are exercised jointly with the other councils in accordance with the requirements of Regulation 16 of the Civil Enforcement of Parking Contraventions (England) General Regulations 2007.

The functions exercised by the PATROL Adjudication Joint Committee on behalf of its constituent councils are appointing independent adjudicators to the Traffic Penalty Tribunal, a function which is formally delegated to the Chief Adjudicator and subject to the consent of the Lord Chancellor, providing these adjudicators with administrative staff and accommodation and providing hearing venues. Its remit in relation to the Tribunal is limited to these matters. Further information on the Traffic Penalty Tribunal can be found in the Adjudicators' Annual Reports which are available on the tribunal's web site at:  
[www.trafficpenaltytribunal.gov.uk](http://www.trafficpenaltytribunal.gov.uk).

During 2009/10 five new councils became party to the Joint Committee: City of Newcastle upon Tyne, North Lincolnshire Council, Walsall Council, West Berkshire Council and West Oxfordshire District Council.

In recognition of the devolution of traffic management to Wales and separate regulations applying the principles of the Traffic Management Act 2004, the Joint Committee has established an Executive Sub Committee (Wales). The Joint Committee is grateful to Councillor Jim Jones of Carmarthenshire for chairing this committee during the year.

The Traffic Management Act 2004 came into force on 31 March 2008 with the expectation that local authorities would produce a parking annual report in order to increase public awareness and understanding of civil parking enforcement locally. In January 2009, the Joint Committee established the PATROL Annual Report Award in order to promote best practice in this important area of public information.

An independent review group was established. The group comprising: David Leibling of the RAC Foundation; Karen Naylor, Parking Manager from Waltham Forest and Colin Eaketts from the Integrated Transport Unit of the Welsh Assembly Government was chaired by David Marklew, Retired City Engineer of Winchester.

The group circulated a report evaluation framework to local authorities focusing on the following themes:

1. Presentation
2. Local Context
3. Customer Service
4. Performance
5. Statistical Information
6. Financial Information

Shortlisted councils for the inaugural award for 2008/09 were:

- Brighton & Hove City Council
- Colchester Borough Council
- Sheffield City Council
- Torbay Council
- Weymouth and Portland Borough Council

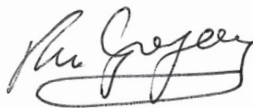
Chair of the Review Group David Marklew said 'Given that this was the first year of reporting by Local Authorities, the standard of the shortlisted entries was extremely high and demonstrated that these councils had sought to provide comprehensive information to the public about civil parking in their areas. In turn, these entries will help to promote best practice in reporting amongst councils generally.'

Brighton & Hove City Council was identified as the overall winner. In presenting the award to the Parking Team and Councillor Geoffrey Theobald OBE in Brighton, Councillor Phrynette Dickens on behalf of the PATROL Joint Committee said that 'the winning report had demonstrated how it is possible to provide clear and accessible information to the public on a wide range of parking issues'.



\* Presenting the PATROL Annual Report Award 2008/09 from left to right David Marklew, Councillor Phrynette Dickens, Councillor Geoffrey Theobald OBE and Brighton's Policy and Development Manager, Paul Nicholls.

The Annual Report Award is part of a range of public information initiatives undertaken by PATROL which aim to be beneficial for both the public and the Joint Committee members. This includes a web site at [www.patrol-uk.info](http://www.patrol-uk.info), an accompanying information leaflet and more recently the annual publication of Traffic Penalty Tribunal statistics.

A handwritten signature in black ink, appearing to read 'Ken Gregory', written over a faint horizontal line.

**Ken Gregory**

Chair of the PATROL Adjudication Joint Committee  
21 September 2010

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE PARKING AND  
TRAFFIC REGULATIONS OUTSIDE LONDON  
(PATROL) ADJUDICATION JOINT COMMITTEE

## OPINION ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the PATROL Adjudication Joint Committee (Joint Committee) for the year ended 31 March 2010 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Annual Governance Statement and the related notes to the financial Statements. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Concepts and Policies.

This report is made solely to the members of the Joint Committee in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Joint Committee, for our audit work, for this report or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF THE CITY TREASURER AND AUDITOR

The City Treasurer of Manchester City Council's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Annual Statement of Accounts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Joint Committee and its income and expenditure for the year.

We review whether the Annual Governance Statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Joint Committee's corporate governance procedures or its risk and control procedures.

We read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises the Foreword by the Head of Service. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### BASIS OF AUDIT OPINION

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We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Joint Committee in the preparation of the financial statements and related notes, and of whether the accounting policies are appropriate to the Joint Committee's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

## OPINION

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In our opinion:

- The financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Joint Committee as at 31 March 2010 and its income and expenditure for the year then ended.

## CONCLUSION ON ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

### JOINT COMMITTEE'S RESPONSIBILITIES

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The Joint Committee is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

### AUDITOR'S RESPONSIBILITIES

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We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Joint Committee for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission. We report if significant matters have come to our attention which prevent us from concluding that the Joint Committee has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Joint Committee's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### CONCLUSION

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We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria specified by the Audit Commission we are satisfied that, in all significant respects, the Joint Committee has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010.



## CERTIFICATE

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



**Sarah Howard**, Senior Statutory Auditor  
Grant Thornton UK LLP  
No 1 Whitehall Riverside  
Whitehall Road  
Leeds, LS1 4BN  
28 September 2010

# FOREWORD

By the Head of Service

## INTRODUCTION

The Annual Statement of Accounts 2009/10 has been prepared in accordance with all the relevant prescribed Codes of Practice and Reporting Standards.

It represents the statutory summary of the financial affairs of The Joint Committee of England and Wales for the civil enforcement of Parking and Traffic Regulations Outside London (referred to as the PATROL Adjudication Joint Committee or PATROLAJC) for the year 2009/10, in accordance with the Accounts and Audit Regulations 2003 as amended by the 2006 Regulations. It demonstrates the Joint Committee's financial position for the year 2009/10 and presents its overall financial position at the end of that period.

The purpose of the core statements is to give those local authorities who are a party to the PATROLAJC, their members, electors, local taxpayers and any other interested parties clear information on the overall finances of the PATROLAJC. They allow the reader to determine the cost of the PATROLAJC during 2009/10, where this cost was financed from and the overall assets and liabilities of the PATROLAJC as at 31 March 2010.

The following paragraphs give a brief explanation of PATROLAJC's Annual Statement of Accounts.

### STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The statement confirms the responsibilities of the Joint Committee and its Treasurer (The City Treasurer of Manchester City Council acting as Lead Authority to the PATROLAJC) for the production and content of the Annual Statement of Accounts.

### STATEMENT OF ACCOUNTING POLICIES

The statement explains the accounting convention adopted to present the Annual Statement of Accounts and the accounting policies applied.

## INCOME AND EXPENDITURE ACCOUNT

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The income and expenditure account reports the annual income received and the expenditure incurred in operating the PATROLAJC for the year.

The surplus or deficit achieved represents the amount by which income is greater or less than expenditure. It shows the financial position of the PATROLAJC before allowing for adjustments required by statute.

## STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE (SMGFB)

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The statement reports amounts in addition to the Income and Expenditure Account deficit that are required by statute and non-statutory proper practices to be charged or credited to the general fund.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)

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The Statement brings together the gains and losses from the PATROLAJC's balance sheet with the deficit on the Income and Expenditure Account to show the total movement in the PATROLAJC's net worth for the year.

## BALANCE SHEET

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The balance sheet is fundamental to the understanding of the PATROLAJC's financial position at the end of the financial year. The statement reports on its balances on assets, liabilities (long and short-term) and reserves.

## CASH FLOW STATEMENT

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The statement facilitates the assessment of the PATROLAJC's cash flow performance, providing information that assists in assessing its liquidity, solvency and financial adaptability.

## NOTES TO THE FINANCIAL STATEMENTS

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These are the notes relating to the above statements.

## ANNUAL GOVERNANCE STATEMENT

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This statement summarises the PATROLAJC's review of the effectiveness of its overall governance arrangements including its system of control.

## FINANCIAL SUMMARY

### INCOME

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During 2009/10 the PATROLAJC received income of £2,801,631 (2008-09 £2,411,960), (excluding adjustments relating to statutory pension disclosures). Income for the year was £248,143 higher than budget. Income is mainly based on the number of penalty charge notices (PCNs) that are issued by each participating council. Included in the income figure above is £87,031 (2008-09 £67,392) generated through the provision of adjudication services to the Bus Lane Adjudication Service Joint Committee.

### EXPENDITURE

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The PATROLAJC incurred expenditure of £2,604,531 (2008-09 £2,636,880), (excluding adjustments relating to statutory pension disclosures) which resulted in an adverse variance of £51,043 (2008-09 £122,347) against the budget. The main contributing factor to this adverse variance relates to increased adjudication costs.

The net effect of the above income and expenditure position is an overall surplus of £219,100 for the year (2008-09 £220,920 deficit). The General Fund Balance as at 31 March 2010 amounts to £729,468. (31 March 2009 £532,368)

## REVENUE EXPENDITURE

The actual income and expenditure against budget is summarised below:

	<b>Budget</b> £	<b>Actual</b> £	<b>Variance</b> £
Adjudicators	868,632	1,039,924	171,292
Employees	742,657	759,910	17,253
Premises/Accommodation	173,106	169,828	(3,278)
Transport	38,150	31,658	(6,492)
Supplies & Services	286,958	255,974	(30,984)
Information Technology	328,440	278,012	(50,428)
Service Management & Support	53,045	39,640	(13,405)
Audit Fee	12,500	29,585	17,085
Contingency	50,000	0	(50,000)
<b>Expenditure Total</b>	<b>2,553,488</b>	<b>2,604,531</b>	<b>51,043</b>
Contingency	50,000	0	(50,000)
Fees & Charges	2,503,488	2,798,526	295,038
Bank Interest	0	3,105	3,105
<b>Income Total</b>	<b>2,553,488</b>	<b>2,801,631</b>	<b>248,143</b>
<b>Contribution to General Fund Reserve</b>	<b>0</b>	<b>197,100</b>	<b>197,100</b>

The table above excludes the statutory disclosures relating to FRS 17 pensions.

## RETIREMENT BENEFITS

Additional information is provided on the provisions of FRS17 Retirement Benefits. The objective of FRS17 is to ensure the accounts reflect the assets and liabilities underlying the obligations relating to retirement benefits. Further information on FRS17 is shown in the notes to the financial statements.

## THE STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL STATEMENT OF ACCOUNTS

### THE PARKING AND TRAFFIC REGULATIONS OUTSIDE LONDON (PATROL) ADJUDICATION JOINT COMMITTEE RESPONSIBILITIES

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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 case, that officer is the Head of Service
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the statement of accounts.

### THE CITY TREASURER OF MANCHESTER CITY COUNCIL'S RESPONSIBILITIES

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The City Treasurer 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 SORP).

In preparing this statement of accounts, the City Treasurer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority SORP.

The City Treasurer has also:

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

The statement of accounts presents a true and fair view of the position of the Joint Committee as at 31 March 2010, and its income and expenditure for the year ended 31 March 2010

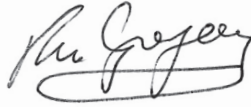


**Richard Paver**  
City Treasurer  
18 June 2010

## APPROVAL OF THE STATEMENT OF ACCOUNTS

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I confirm that these accounts were re-approved by the Joint Committee at the meeting held on 21 September 2010. Signed on behalf of the Parking and Traffic Regulations Outside London Adjudication Joint Committee.

A handwritten signature in black ink, appearing to read 'Ken Gregory', written over a faint rectangular stamp.

**Ken Gregory**  
Chair of the PATROL Adjudication Joint Committee  
21 September 2010

## STATEMENT OF ACCOUNTING CONCEPTS AND POLICIES

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (Statement of Recommended Practice (SORP)), issued in 2009 by the Chartered Institute of Public Finance and Accountancy (CIPFA). The code constitutes proper accounting practice under the terms of section 21(2) of the Local Government Act 2003. The code is based on UK Generally Accepted Accounting Practice (GAAP). As Joint Committees need to reflect statutory conditions, accounting standards are amended for specific statutory adjustments so that the PATROLAJC's accounts present a true and fair view of the financial position and transactions of the PATROLAJC. These adjustments are recognised separately through the Statement of Movement on General Fund Balance (SMGFB). All accounting policies are disclosed where they are material.

The accounting convention adopted in these accounts is historic cost.

### 1. FUNDAMENTAL ACCOUNTING CONCEPTS

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#### **1.1 Relevance**

The accounts have been prepared with the objective of providing information about the PATROLAJC's financial performance and position that is useful for assessing the stewardship of public funds and for making financial decisions.

#### **1.2 Reliability**

The financial information is reliable as it has been prepared so as to reflect the reality or substance of the transaction, is free from deliberate or systematic bias, is free from material error and has been prudently prepared.

#### **1.3 Understandability**

These accounts are based on accounting concepts and terminology which require reasonable knowledge of accounting. Every effort has been made to use plain language and where technical terms are unavoidable they have been explained in the glossary contained within the accounts.

#### **1.4 Materiality**

The concept of materiality has been utilised in preparing the accounts so that insignificant items and fluctuations under an acceptable level of tolerance are permitted provided that in aggregate they would not effect the interpretation of the accounts.

### 2. PERVASIVE ACCOUNTING CONCEPTS

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#### **2.1 Accruals**

The financial statements, other than the cash flow, are prepared



on an accruals basis. Income and Expenditure is recognised in the accounts in the period in which it is earned or incurred not as the cash is received or paid.

### **2.2 Going Concern**

The accounts have been prepared on the assumption that the PATROLAJC will continue in existence for the foreseeable future.

### **2.3 Primacy of Legislative Requirements**

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (Statement of Recommended Practice), issued in 2009 by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code is based on UK Generally Accepted Accounting Practice (GAAP) accounting standards amended for specific adjustments so that the PATROLAJC's accounts present a true and fair view of the financial position and transactions of the PATROLAJC.

## **3. ACCOUNTING POLICIES**

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Prior period adjustments are made where accounting policy changes or fundamental errors have resulted in material changes to comparative figures within the accounts. Adjustments have been made to figures where it assists the reader of the accounts to gain a better understanding of the prior year comparatives. These have not been highlighted where they do not impact on any of the primary statements.

The PATROLAJC has continued to use the same accounting policies which were used in 2008-09.

The Statement of Movement on the General Fund Balance reconciles the outturn on the PATROLAJ's Income and Expenditure Account established through statutory provisions to the movement on the general fund balance. It is used to neutralise the impact of charges made to the Income and Expenditure Account, which under statute are required to be adjusted for when calculating the movement on general fund balance. Note 5 gives further details of those charges included and excluded from the Income and Expenditure Account when determining this movement.

### **3.1 Accruals of Income and Expenditure**

The revenue accounts of the PATROLAJC are maintained on an accruals basis in accordance with the Code of Practice. Expenditure is charged to the account in the period in which goods or services are received; similarly, income is credited in the period the consideration is earned. The payment or receipt of cash does not determine the period of account.

### **3.2 VAT**

VAT is only included in expenditure, to the extent that it is not recoverable from HM Revenue and Customs.

### **3.3 Reserves**

The PATROLAJC sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred it is charged to the PATROLAJC's revenue account. The reserve is then appropriated back into Statement of Movement on the General Fund Balance so that there is no net charge for the expenditure on the general fund balance.

Reserves to manage the accounting treatment for retirement benefits do not represent usable resources for the PATROLAJC.

### **3.4 Leases**

Leases are classified as either finance or operating leases. To be classed as a finance lease the lease must transfer substantially all the risks and rewards of ownership of an asset to the lessee. The test compares the present value of the minimum lease payments to the fair value of the leased asset. Discounting takes place based on the interest rate implicit in the lease. If the discounted minimum payments are 90% or more than the fair value then it is normally a finance lease. Operating leases are defined as leases that are not finance leases.

#### **Operating Leases**

Leasing payments for operating leases are charged to revenue on a straight-line basis over the term of the lease.

### **3.5 Retirement Benefits**

The PATROLAJC pays an employer's contribution into the Greater Manchester Pension Fund, which is a fully funded defined benefits scheme administered by Tameside Metropolitan Borough Council from whom an Annual Report is available.

The amount chargeable to the PATROLAJC's revenue account for providing pensions to employees is the amount payable to the pension fund in accordance with the statutory requirements governing the pension scheme. Where this amount does not match the amount charged to the Income and Expenditure Account for the year (i.e. the amount of pension earned by the employees) the difference is taken to the Pensions Reserve. This item is shown as a reconciling Item within the Statement of Movement on General Fund Balance.

The following amounts are charged to the Income and Expenditure Account. The current service cost is charged to the net cost of services. Past service costs are shown as non distributed costs within the net cost of services as are gains and losses on settlements and curtailments. The net of interest cost and the expected return on assets are included within net operating expenditure. Unfunded benefits are accrued for in the pension's liability.

Actuarial gains and losses arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are recognised in the Statement of Total Gains and Losses.

Actuarial gains and losses arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are recognised in the Statement of Total Gains and Losses.

### **3.6 Method of Estimating Pension Fund Liabilities**

The pension figures have been prepared by an actuary in accordance with guidance note 36 (Accounting for Retirement Benefits under Financial Reporting Standard 17) issued by the Institute and the Faculty of Actuaries and adopted by the Board for Actuarial Standards in May 2006.

In order to assess the value of the employer's liabilities in the fund at 31st March 2010, the value of employer's liabilities have been brought forward from those at the formal valuation for 31st March 2007 allowing for the different financial assumptions required under FRS17 for the year. In calculating the service cost changes in the pensionable payroll, as estimated from contribution information, have been allowed for. In calculating the asset share, the employer's share of the assets allocated at the latest valuation have been rolled forward allowing for investment returns, the effect of contributions paid into and estimated benefits paid out of the fund.

The estimated liability will not reflect any difference in demographic experience from that assumed, the impact of differences in salary and pension increases and changes for specific individuals and the effect of any changes in the age and length of service structure of the liabilities. In particular it would not allow for the effect of transfers of liabilities affected since the last formal valuation date. This approach does not produce any material distortions in the results provided.

### **3.7 Financial Assets – Receivables**

Receivables are initially measured at fair value and carried at their amortised cost.

### **3.8 Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost.

### **3.9 Post Balance Sheet Events**

An adjusting event is one that provides evidence of conditions that existed at the balance sheet date for which the Joint Committee shall adjust the amounts recognised in its financial statements, or recognise items that were not previously recognised. A non-adjusting event is one that is indicative of conditions that arose

after the balance sheet date for which the Joint Committee does not adjust the amounts in its financial statements. A non-adjusting event is disclosed as a note to the accounts.

## INCOME AND EXPENDITURE ACCOUNT

2008/09 Actual £		Note	2009/10 Actual £
	<b>Net Cost of Services</b>		
873,818	Adjudicators		1,039,924
743,188	Employees		724,910
209,705	Premises		169,828
45,752	Transport		31,658
768,417	Supplies and Services		603,211
(2,411,960)	Fees and Charges		(2,798,526)
<b>228,920</b>	<b>Net Cost of Services</b>		<b>(228,995)</b>
0	Interest Income		(3,105)
(8,000)	Pensions Interest Cost and Expected Return on Pension Assets	11	13,000
<b>220,920</b>	<b>Net Operating Expenditure/(Income)</b>		<b>(219,100)</b>
<b>220,920</b>	<b>(Surplus) / Deficit for the Year</b>		<b>(219,100)</b>

## STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

220,920	(Surplus)/Deficit for the Year on the Income and Expenditure Account		(219,100)
4,000	Net additional Amount Required by Statute and Non-Statutory Proper Practices to be (Credited) or Debited to the General Fund for the Year	5	22,000
<b>224,920</b>	<b>Decrease / (Increase) in General Fund for the Year</b>		<b>(197,100)</b>
(757,288)	General Fund (Surplus) Brought Forward		(532,368)
(532,368)	General Fund (Surplus) Carried Forward		(729,468)



**Richard Paver**  
City Treasurer  
01 September 2010

## ■ STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the PATROLAJC for the year and shows the aggregate (increase) / decrease in its net worth. In addition to the (surplus) / deficit generated on the Income and Expenditure Account, it includes re-measurement of the net liability to cover the cost of retirement benefits.

<b>2008/09</b>		<b>2009/10</b>
<b>£</b>		<b>£</b>
220,920	(Surplus) / Deficit for the year on the Income and Expenditure Account	(219,100)
191,000	Actuarial Losses on pension fund assets and liabilities	689,000
<b>411,920</b>	<b>Total recognised Loss for the year</b>	<b>469,900</b>

## BALANCE SHEET

31 March 2009	z	31 March 2010
£		£
<b>Current Assets</b>		
222,573		204,227
667,278	7	1,291,361
<b>889,851</b>	<b>13</b>	<b>1,495,588</b>
<b>Total Current Assets</b>		
<b>889,851</b>		<b>1,495,588</b>
<b>TOTAL ASSETS</b>		
<b>Current Liabilities</b>		
(357,483)		(766,120)
<b>(357,483)</b>	<b>8</b>	<b>(766,120)</b>
<b>Total Current Liabilities</b>		
<b>532,368</b>		<b>(766,120)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		
<b>Long Term Liabilities</b>		
(69,000)		(736,000)
<b>463,368</b>	<b>11</b>	<b>(6,532)</b>
<b>(Liability) Relating to Defined Benefit Pension Scheme</b>		
<b>TOTAL ASSETS LESS LIABILITIES</b>		
<b>Financed By:</b>		
(69,000)		(736,000)
532,368	9	729,468
<b>463,368</b>	<b>9</b>	<b>(6,532)</b>
<b>TOTAL NET WORTH</b>		



Richard Paver  
City Treasurer  
01 September 2010

## CASH FLOW STATEMENT

<b>2008/09</b>		<i>Note</i>	<b>2009/10</b>
£			£
367,238	Net Cash (inflow)/outflow from Revenue Activities	12	(620,978)
	<b>Returns on Investments</b>		
	Cash Inflow		
0	Interest Received		(3,105)
<b>367,238</b>	<b>(Increase)/Decrease in Cash</b>	13	<b>(624,083)</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

<b>Note 1</b>	Office Holders Emoluments
<b>Note 2</b>	Related Party Transactions
<b>Note 3</b>	Audit Fees
<b>Note 4</b>	Statement of Movement on the General Fund Balance
<b>Note 5</b>	Reconciling Items for the Statement of Movement on the General Fund Balance
<b>Note 6</b>	Assets Held Under Leases
<b>Note 7</b>	Debtors and Payments in Advance
<b>Note 8</b>	Creditors and Receipts in Advance
<b>Note 9</b>	Reserves and Other Balances
<b>Note 10</b>	Authorisation for Issue of the Statement of Accounts
<b>Note 11</b>	Pension Scheme
<b>Note 12</b>	Reconciliation of Surplus / (Deficit) to Net Cash Flow
<b>Note 13</b>	Increase/(Decrease) in Cash
<b>Note 14</b>	Financial Instruments
<b>Note 15</b>	Post Balance Sheet Events

### NOTE 1. OFFICE HOLDERS EMOLUMENTS

The following number of office holders of the PATROLAJC received remuneration excluding employers pension contributions, in excess of £50,000:

Remuneration Band	<i>restated</i>	
	2008/09 Number of Office Holders	2009/10 Number of Office Holders
£50,000 - £54,999	2	1
£55,000 - £59,999	0	1
£60,000 - £99,999	0	0
£100,000 - £104,999	1	0
£105,000 - £124,999	0	0
£125,000 - £129,999	0	1

In addition to the Head of Service, there are 2 Adjudicators included in the table of Office Holders.

Head of Service	2008/09 £	2009/10 £
Salary including fees and allowances	<b>49,869</b>	<b>51,180</b>
Expense Allowances	<b>405</b>	<b>Nil</b>
Total Remuneration Excluding Pension Contributions	<b>50,274</b>	<b>51,180</b>
Employers Pension Contributions	<b>6,782</b>	<b>6,960</b>
Total Remuneration Including Pension Contributions	<b>57,056</b>	<b>58,140</b>

## NOTE 2. RELATED PARTY TRANSACTIONS

During the year, transactions with related parties were as follows:

<b>Payments</b>	<b>2008/09</b> <b>£</b>	<b>2009/10</b> <b>£</b>
Greater Manchester Pension Fund - employer's contributions	72,000	89,000

## NOTE 3. AUDIT FEES

The following amount of fees are payable to Grant Thornton:

	<b>2008/09</b> <b>£</b>	<b>2009/10</b> <b>£</b>
External Audit Services	12,000	15,860

## NOTE 4. STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure Account shows the PATROLAJC's actual financial performance for the year, measured in terms of the resources consumed and generated over the past twelve months.

Retirement benefits are charged as amounts become payable to the pension funds and pensioners, rather than as future benefits earned.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

## NOTE 5. RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE:

<b>2008/09</b> <b>£</b>		<b>2009/10</b> <b>£</b>
	<b>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Reserve Balance for the year</b>	
4,000	Amount by which pension costs calculated in accordance with the SORP (i.e. in accordance with FRS17) are different from the contributions due under pension scheme regulations	22,000
<b>4,000</b>	<b>Net additional amount required to be debited to the General Fund Balance for the year</b>	<b>22,000</b>

## NOTE 6. ASSETS HELD UNDER LEASES

### Operating Leases

Operating lease rentals on land and buildings paid during the year amounted to £82,350 (2008-09 £120,629).

Undischarged obligations under operating lease agreements at 31st March 2010 amounted to £123,525 (£205,875 as at 31st March 2009).

Payments that the PATROLAJC is committed to make during the next year in respect of operating leases for land and buildings are as follows:

	<i>restated</i>	
	<b>2008/09</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>
Commitment expires within year	0	0
Commitment expires in second to fifth years	82,350	82,350
Commitment expires over five years	0	0
	<b>82,350</b>	<b>82,350</b>

## NOTE 7. DEBTORS AND PAYMENTS IN ADVANCE

	<b>2008/09</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>
<b>Amounts Falling Due in One Year</b>	<b>222,573</b>	<b>204,227</b>
<b>Represented By:</b>		
Local Authority Debtors	103,878	44,335
Prepayments	118,695	73,075
VAT	0	86,817
	<b>222,573</b>	<b>204,227</b>

## NOTE 8. CREDITORS AND RECEIPTS IN ADVANCE

	<b>2008/09</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>
<b>Amounts Falling in One Year</b>	<b>357,483</b>	<b>766,120</b>
<b>Represented By:</b>		
Other Local Authorities	195,531	590,083
Other	161,952	176,037
	<b>357,483</b>	<b>766,120</b>

#### NOTE 9. RESERVES AND OTHER BALANCES

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The PATROLAJC maintains two reserves on the Balance Sheet; the General Fund which is a reserve to meet general expenditure, which represents the net worth of the Joint Committee, and the Pensions Reserve which reflects a balancing account to allow inclusion of pensions liability in the Balance Sheet.

Movements on these reserves were as follows:

	<b>31st March 2009</b>	<b>Net Movement in Year</b>	<b>31st March 2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>
General Fund Reserve	532,368	197,100	729,468
Pensions Reserve	(69,000)	(667,000)	(736,000)
<b>Total Reserves</b>	<b>463,368</b>	<b>(469,900)</b>	<b>(6,532)</b>

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#### NOTE 10. AUTHORISATION FOR ISSUE OF THE STATEMENT OF ACCOUNTS

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The 2009/10 Statement of Accounts were authorised for issue by Richard Paver, the City Treasurer on 01 September 2010. All the events after the balance sheet date until this date have been considered for disclosure as events after the balance sheet date.

#### NOTE 11. PENSION SCHEME

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As part of the terms and conditions of employment of its officers and other employees, the PATROLAJC offers retirement benefits. Although these benefits will not actually be payable until the employees retire, the PATROLAJC has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The PATROLAJC participates in the Local Government Pension Scheme which is a fully defined benefits scheme. The last triennial valuation was on 31st March 2007. Tameside MBC administers the scheme on behalf of the PATROLAJC.

## TRANSACTIONS RELATING TO RETIREMENT BENEFITS

The cost of retirement benefits in the Net Cost of the PATROLAJC are recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the PATROLAJC is based on the cash payable in the year, so the real cost of retirement benefits is reversed out on the Statement of Movement in the General Fund Reserve. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Reserve during the year:

	<b>2008/09</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>
<b>Income and Expenditure Account</b>		
<b>Net cost of Services:</b>		
current service cost	53,000	54,000
past service costs	23,000	0
<b>Net operating expenditure:</b>		
interest cost	111,000	109,000
expected return on assets in the scheme	(119,000)	(96,000)
<b>Net charge to the Income and Expenditure Account</b>	<b>68,000</b>	<b>67,000</b>
Statement of Movement in the General Fund Reserve		
Reversal of net charges made for retirement benefits in accordance with FRS17	4,000	22,000
<b>Actual amount charged against the General Fund Reserve for the pensions in the year:</b>		
Employers' contribution payable to scheme	72,000	89,000

## ASSETS AND LIABILITIES IN RELATION TO RETIREMENT BENEFITS

### Reconciliation of present value of the scheme liabilities:

	<b>Funded Liabilities:</b>	
	<b>2008/09</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>
1st April	1,570,000	1,546,000
Current Service Cost	53,000	54,000
Interest Cost	111,000	109,000
Contributions by Scheme Participants	37,000	45,000
Actuarial Losses/(Gains)	(226,000)	1,141,000
Benefits Paid	(22,000)	(23,000)
Past Service Cost	23,000	0
<b>31st March</b>	<b>1,546,000</b>	<b>2,872,000</b>

## Reconciliation of fair value of the scheme assets:

	Local Government	
	2008/09	2009/10
	£	£
1st April	1,688,000	1,477,000
Expected Rate of Return	119,000	96,000
Actuarial Gains/(Losses)	(417,000)	452,000
Employer Contributions	72,000	89,000
Contributions by Scheme Participants	37,000	45,000
Benefits Paid	(22,000)	(23,000)
<b>31st March</b>	<b>1,477,000</b>	<b>2,136,000</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a gain of £549,000, (2008-09 loss of £291,000).

## SCHEME HISTORY

	2006/07	2007/08	2008/09	2009/10
	£	£	£	£
Present Value of Liabilities	(1,870,000)	(1,570,000)	(1,546,000)	(2,872,000)
Fair Value of Assets	1,672,000	1,688,000	1,477,000	2,136,000
<b>Surplus/(Deficit) in the Scheme</b>	<b>(198,000)</b>	<b>118,000</b>	<b>(69,000)</b>	<b>(736,000)</b>

The liabilities show the underlying commitment that the PATROLAJC has in the long run to pay retirement benefits. The total liability of £736,000 has a substantial impact on the net worth of the PATROLAJC as recorded in the Balance Sheet resulting in a negative overall balance of £6,532.

However, statutory arrangements for funding the deficit mean that the financial position of the PATROLAJC remains healthy:

- the deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of the employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the PATROLAJC in the year 31st March 2011 is £83,000.

## BASIS FOR ESTIMATING ASSETS AND LIABILITIES

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme's assets and liabilities have been assessed by Hymans Robertson, an independent firm of actuaries.

### The main assumptions used in their calculations have been:

	2008/09	2009/10
<b>Long-term Expected Rate of Return on Assets in the Scheme:</b>		
Equity Investments	7.0%	7.8%
Bonds	5.4%	5.0%
Other	8.9%	10.6%
<b>Mortality Assumptions:</b>		
<b>Longevity at 65 for Current Pensioners</b>		
Men	19.6 years	20.8 years
Women	22.5 years	24.1 years
<b>Longevity at 65 for Future Pensioners</b>		
Men	20.7 years	22.8 years
Women	23.6 years	26.2 years
Rate of Inflation	3.1%	3.8%
Rate of Increase in Salaries	4.6%	5.3%
Rate of Increase in Pensions	6.3%	6.9%
Rate of Discounting Scheme Liabilities	6.9%	5.5%
Take-up of Option to Convert Annual Pension into Retirement Lump Sum		
– pre April 2008 service	50%	50.0%
– post April 2008 service	n/a	75.0%

### The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held.

	31st March 2009	31st March 2010
Equities	67.0%	67.0%
Bonds	16.0%	16.0%
Other Assets	17.0%	17.0%
	<b>100.0%</b>	<b>100.0%</b>

## ACTUARIAL GAINS AND LOSSES

The actuarial gains and losses identified on the Pensions Reserve in 2009/10 can be analysed into the following categories measured as a percentage of assets or liabilities at 31st March 2010.

	2007/08	2008/09	2009/10
Difference between the Expected and Actual Return on Assets – Gain/(Loss)	-10.7%	-27.8%	21.2%
Experience Gains/(Losses) on Liabilities	0.1%	0.0%	0.0%

## NOTE 12. RECONCILIATION OF SURPLUS/(DEFICIT) TO NET CASH FLOW

2008/09 £		2009/10 £
(220,920)	<b>Surplus / (Deficit) on Income and Expenditure Account</b>	219,100
	<b>Servicing of Finance Items</b>	
0	Interest Received	(3,105)
	<b>Non Cash Transactions</b>	
(4,000)	Pension Fund Adjustments	(22,000)
	<b>Items on an Accruals Basis</b>	
(48,963)	add Decrease/(Increase) in Debtors and Payments in Advance	18,346
(93,355)	add Increase/(Decrease) in Creditors and Receipts in Advance	408,637
<b>(367,238)</b>	<b>Net Cash Inflow/(Outflow) from Revenue Activities</b>	<b>620,978</b>

## NOTE 13. INCREASE/(DECREASE) IN CASH

	2008/09 £	2009/10 £
Cash in hand at 1st April	1,034,516	667,278
Movements in Year	(367,238)	624,083
<b>Cash in hand at 31 March</b>	<b>667,278</b>	<b>1,291,361</b>



## NOTE 14. FINANCIAL INSTRUMENTS

### Fair Value of Assets and Liabilities Carried at Amortised Cost

	Carrying Amount 31st March		Fair Value 31st March	
	2009	2010	2009	2010
	£	£	£	£
Trade Creditors	357,483	766,120	357,483	766,120
Total Financial Liabilities	357,483	766,120	357,483	766,120

	Carrying Amount 31st March		Fair Value 31st March	
	2009	2010	2009	2010
	£	£	£	£
Trade Debtors	222,573	117,410	222,573	117,410
Total Receivables	222,573	117,410	222,573	117,410

### Nature and Extent of Risk arising from Financial Instruments and the Management of those risks

Manchester City Council in line with its Treasury Management Strategy invests any surplus income over expenditure held by the Patrol Adjudication Joint Committee.

## NOTE 15. POST BALANCE SHEET EVENTS

The Chancellor of the Exchequer announced in his emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of the employer's FRS17 liabilities by around 5.6%, and the FRS17 balance sheet deficit by around 15.8%. In monetary terms the liabilities and deficit have fallen by around £116,288.

# ANNUAL GOVERNANCE STATEMENT 2009/10

## SCOPE OF RESPONSIBILITY

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The PATROL Adjudication Joint Committee (PATROLAJC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The PATROLAJC also has a duty under the Local Government Act 1999 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 PATROLAJC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The PATROLAJC, in so far as it is applicable, is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* in developing its Code of Corporate Governance and in preparing this Annual Governance Statement. This statement explains how the PATROLAJC has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit [Amendment] [England] Regulations 2006 in relation to the publication of a statement on internal control.

## THE ANNUAL GOVERNANCE STATEMENT FRAMEWORK

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The Annual Governance Statement Framework comprises the systems processes, culture and values, by which the Joint Committee is directed and controlled. It enables the Joint 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 and not absolute 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 PATROLAJC 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 governance framework has been in place for the year ended 31 March 2010 and up to the date of approval of the Statement of Accounts.

#### ANNUAL REVIEW OF OUR GOVERNANCE ARRANGEMENTS

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An important element of governance is the internal control environment which comprises the PATROLAJC's policies, procedures and operations that are in place to:

- Establish and monitor the achievement of the Joint Committee's objectives
- Identify, assess and manage risks to achieving the Joint Committee's objectives
- Facilitate appropriate governance
- Ensure value for money
- Ensure compliance with established policies, procedures, laws and regulations
- Safeguard the Joint Committee's assets and interests from losses such as arising from fraud, irregularity or corruption
- Ensure the integrity and reliability of information, accounts and data including internal and external reporting and accountability processes

The PATROLAJC's governance arrangements have been reviewed against the following core principles of the CIPFA/SOLACE code of governance:

- Focus on the committee's purpose and outcomes
- Clarity through defined functions and roles
- Demonstrating values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and risk management
- Developing the capacity and capability of members and officers to be effective.
- Stakeholders are engaged appropriately

The following summarises the annual review of governance arrangements both in terms of progress against significant issues identified in last year's Annual Governance Statement and a general review of governance arrangements in line with the above six core principles:

## **Progress against Significant Issues identified in the Annual Governance Statement for 2008/09**

The budget setting process for 2010/11 was informed by three year forecasts of income and expenditure.

The new financial accounting system was introduced successfully and the underpinning procedures were considered by Internal Audit as part of their programme for 2009/10. The results of their audit will be presented to the Joint Committee in June 2010.

The Internal Audit Programme for 2010/11 will include a review of the Financial Regulations prior to their approval by the Joint Committee's Executive Sub Committee in June 2010.

### ANNUAL REVIEW OF GOVERNANCE ARRANGEMENTS 2009/10

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#### **Focussing on the PATROLAJC's Purpose**

The PATROLAJC's agreed primary objectives are set out in the PATROLAJC Agreement and the objectives of the Traffic Penalty Tribunal are set out in the Adjudicators' Annual Reports and on the Traffic Penalty Tribunal's web site at:

[www.trafficpenaltytribunal.gov.uk](http://www.trafficpenaltytribunal.gov.uk).

Performance is monitored and reported within a Performance Management Strategy and Framework.

The PATROLAJC reviews its services and financial performance through its reporting procedures to the PATROLAJC and its Advisory Board. A Reserves Policy has been established and is reviewed on an annual basis by the Joint Committee's Executive Sub Committee.

Complaints regarding the tribunal are handled by the Chief Adjudicator and the Tribunal Manager in accordance with established judicial procedures. Complaints regarding Joint Committee matters are handled by the Head of Service.

#### **Clarity through defined functions and roles**

The PATROLAJC Agreement sets out the functions of the Joint Committee, its Standing Orders, Financial Standing Orders and Rules of Financial Management. A Scheme of Delegation is in place and terms of reference are in place for an Executive Sub Committee, an Executive Sub Committee (Wales) and the Joint Committee's Advisory Board.

External audit is undertaken by the external auditors appointed by the Audit Commission to the Lead Authority. The Annual Governance Report from the Auditor is presented to the Joint Committee's Executive Sub Committee in September each year.

The Joint Committee commissions Internal Audit Services to the Lead Authority to provide an independent opinion on the

adequacy and effectiveness of internal audit control systems. An Annual Audit Plan is agreed.

The Joint Committee's Executive Sub Committee is responsible for reviewing the outcome of internal and external audit in providing assurance over the effectiveness of internal controls.

Following consultation with the Treasurer and Auditors, a separate bank account and accounting system for the Joint Committee has been introduced. This has further strengthened the Joint Committee's governance arrangements and streamlines the financial monitoring process.

Coinciding with the introduction in January 2010 of new arrangements in the Lead Authority for supporting the preparation of the Joint Committee accounts, adjustments have been made to the Lead Authority service charge for 2009/10. The Joint Committee at its Executive Sub Committee meeting in January 2011 will review a service level agreement reflecting these new arrangements for 2010/11.

### **Demonstrating values of good governance through upholding high standards of conduct and behaviour.**

The Agreement sets out behavioural standards for Members. This is further reiterated through a briefing pack which is issued to new councillors nominated to the Joint Committee. The briefing pack has been reviewed by the Joint Committee in January 2010. In June 2009, the Joint Committee approved of a Code of Corporate Governance. This will be reviewed at the June 2010 meeting.

### **Taking informed and transparent decisions which are subject to effective scrutiny and risk management.**

The Terms of Reference for the Advisory Board include the consideration of agendas and reports prior to submission to the Joint Committee. Terms of reference are also in place for the Joint Committee's Executive Sub Committee. Both Terms of Reference are reviewed each year. Agendas and reports of the Joint Committee are available electronically and are openly accessible. During 2010/11, work will commence on increasing the range of governance information available through the PATROL web site.

Audit recommendations in relation to publicity around the accounts process will be introduced during 2009/10 including notifying local authorities of the accounting timetable so that this information can be made available through their web sites.

The management of risks to delivery of the PATROLAJC's aims and objectives is monitored through the Joint Committee's Risk Register. This has been subject to review by the Joint Committee in 2009/10.

Arrangements for business continuity management are generally well developed and are subject to regular review.

### **Developing the capacity and capability of members and officers to be effective.**

An appraisal scheme and competency framework for staff has been used to identify development needs. A Learning and Development Policy has been introduced. The induction programme for new staff has been reviewed and strengthened. Staff briefings are held to disseminate information on organisational issues. A briefing pack, which is subject to annual review, is provided to new councillor representatives.

The Chief Adjudicator is responsible for addressing the development needs of Adjudicators and positive feedback has been received on adjudicator training through an evaluation undertaken by the Judicial Studies Board in 2009/10.

### **Stakeholders are engaged appropriately**

Outreach is a key aspect of the work of the tribunal. Consultation with the tribunal's key stakeholders including appellants and council user groups and specific forums to address the differing legislative requirements for Welsh councils informs actions to meet these objectives. The latter has resulted in arrangements being introduced to establish an Executive Sub Committee (Wales).

### **Review of Effectiveness**

The effectiveness of governance arrangements is subject to regular review including:

- Annual review of effectiveness of the governance framework including the Advisory Board considering the draft Annual Governance Statement prior to final approval.
- Regular review of the PATROLAJC governance documentation and associated rules and procedures.
- Reviews of performance in accordance with the agreed Performance Strategy and Framework.
- Reports by the Lead Officer in the discharge of statutory functions.
- Review of the effectiveness of internal controls by the PATROLAJC's internal auditors.
- Submission of an Annual Governance Report by the external auditor.

In addition, the preparation of the Annual Governance Statement was reviewed in 2008/09 and the recommendation in respect of the use of an annual governance statement self assessment framework has been applied in 2009/10. The criteria of the framework are as follows:

- Codes, protocols and regulations
- Business planning
- Performance Management
- Risk Management
- Financial Management
- Human Resources

The assessment for 2009/10 concluded that controls are in place however also highlighted significant governance issues which are reported below.

### **Significant Governance Issues**

Grant Thornton LLP through their audit of 2008/09 accounts identified the importance of:

- Gaining further assurance over the accuracy of Penalty Charge Notice figures which form the basis for the way in which the Joint Committee defrays its expenses. Immediate actions include reviewing the authorising signatories for the councils' formal statistical return to the Joint Committee and reviewing against annual returns made by the councils to the Department for Transport.
- Finalising the opening balance in the Joint Committee's new bank account. This was achieved prior to the 2009/10 year end. This has now been concluded.
- Reviewing the way in which the accounts and audit timetable is advertised. This process has been reviewed for 2010/11. The accounts and audit timetable will be issued to all member councils for them to make available via their web site and will be posted on the PATROL web site as well as being advertised in the London Gazette.
- Ensuring the clarity of communication for the Joint Committee and Member Authorities in relation to the basis for expense apportionment. This has been addressed.

Internal Audit in their review of the Financial Management System identified a number of areas where systems needed to be strengthened and these have been responded to as follows:

### **Management of cheques**

Actions include running missing cheque reports from the finance system; confirmation with bank that cheques have not been banked, and where appropriate cheques cancelled with the bank. All cheques for 2009/10 have been accounted for. For 2010/11, Cheques are only removed when completing a payment run; every payment run is accompanied by a front sheet detailing the sequence of cheque numbers, member of staff who completed the cheque payments and authorising officers who signed the cheques. A missing cheque report is run on a monthly basis.

## Payment Records

Procedures have been put in place for 2010/11 including documentation which details the date of the payment run. This document is signed by the two cheque signatories.

## Management of purchase cards

For 2010/11, the number of purchase cards has reduced to two with use restricted to the Finance Team. Both cards are stored in a safe and a signing out system is in use.

## Budget holder responsibilities

A devolved budget holder framework has been introduced for 2010/11 and all staff involved in purchasing have received training in the new ordering procedure. Changes include budget holder authorisation of payments, record keeping and reporting on variances.

## CONCLUSION

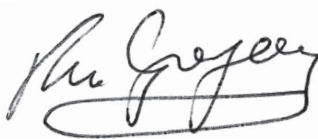
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The outcome from these ongoing reviews has been assessed by the Head of Service on behalf of the Lead Officer and in overall terms she is satisfied that the system of internal control is effective or arrangements have been put in place to strengthen control where necessary. The Head of Service, on behalf of the Lead Officer, has also approved a programme of further activity to enhance the process of continuous and annual review and any changes identified will be proposed to the PATROL Adjudication Joint Committee, its Executive Sub Committee and Advisory Board.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.



**Louise Hutchinson**  
Head of Service on behalf of the Lead Officer  
21 September 2010



**Councillor Ken Gregory**  
Chair of the PATROL Adjudication Joint Committee  
21 September 2010



## GLOSSARY OF FINANCIAL TERMS

### ACTUARIAL GAINS AND LOSSES

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For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

### ASSETS

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Items of worth which are measurable in terms of value. Current assets are ones that may change in value on a day-to-day basis (i.e. debtors)

### BALANCES

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The reserves of the PATROLAJC, which include the accumulated surplus of income over expenditure.

### CREDITORS

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Amounts owed by the PATROLAJC for goods and services provided by the balance sheet date, where payment has not been made at the date.

### CURRENT SERVICE COST

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The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

### CURTAILMENTS

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For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all of their future service.

### DEBTORS

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Sums of money owed to the PATROLAJC at the balance sheet date but not received at that date.

## DEFINED BENEFIT SCHEME

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A pension or other retirement benefit scheme, other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

## EXPECTED RETURN ON PENSION ASSETS

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For a funded defined benefit pension scheme, the average return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

## EXPENDITURE

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Amounts paid by the PATROLAJC for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment as expenditure is deemed to have been incurred, once the goods or services have been received even if they have not been paid for.

## FAIR VALUE

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The fair value of an asset or liability is the price it could be exchanged in an arm's length transaction.

## FEES AND CHARGES

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Income arising from the provision of services.

## FINANCIAL REPORTING STANDARDS (FRS)

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These are statements prepared by the Accounting Standards Board (established by the major accounting bodies) to ensure consistency in accountancy matters, any departure from these must be disclosed in the published accounts.

## INCOME

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Amounts due to the PATROLAJC for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received, as income is deemed to have been earned once the goods or services have been supplied even if the cash has not been received.

#### INTEREST COST (PENSIONS)

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For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

#### LIABILITIES

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Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

#### OPERATING LEASE

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A lease other than a finance lease.

#### PAST SERVICE COST

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For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

#### RESERVES

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These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

#### REVENUE EXPENDITURE

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Expenditure incurred on the day-to-day running of the PATROLAJC. This mainly includes employee costs, general running expenses and capital financing costs.

#### STATEMENT OF STANDARD ACCOUNTING PRACTICE (SSAP)

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# CONTACT DETAILS

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