

Meeting: Audit & Governance Committee

Subject: Preparation of the Annual Governance Statement

Author: Manjit Dhillon, Senior Solicitor

Sponsor: Paul Kelly, Finance Controller

Meeting Date: Friday 25 February 2022

1. Purpose of the Report:

- 1.1 The purpose of this report is to advise Members of the progress made in carrying out the corporate governance review and for Members to consider the first draft Annual Governance Statement for the financial year 2021/2022.
- 1.2 Under Regulation 6(1) of the Accounts and Audit Regulations 2015, Transport for the North is required to carry out an annual review of the effectiveness of its system of internal controls and to publish a report of the review in its Annual Governance Statement.
- 1.3 This report sets out the progress the review team has made in preparing the Annual Governance Statement and a first draft is attached with main changes shown highlighted at Appendix 1.

2. Recommendations:

- 2.1 That the Audit and Governance Committee receive the report and provide feedback on the draft Annual Governance Statement prior to full publication in May 2022. The final report will be circulated to the Committee before publication.

3. Main Issues:

- 3.1 Under the provisions of the Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 Transport for the North is required to carry out an annual review of the effectiveness of its internal systems of control and to publish a report of that review. This report, the Annual Governance Statement, must be published before the beginning of June in each year along with the Statement of Accounts and Narrative Statement.
- 3.2 The system of internal controls are all the measures taken together which Transport for the North has put in place to safeguard the expenditure of public money and to ensure value for money. These include Transport for the North's financial regulations and contract procurement rules which are set out in the Constitution. It also includes the risk management framework through which Transport for the North ensures that risks to its operations are identified and managed. The controls also include the oversight exercised by the Audit and Governance Committee.
- 3.3 In carrying out this annual review Transport for the North is required to comply with the guidance issued by CIPFA in its guidance "Delivering Good Governance". The Guidance sets out seven principles of good governance and the Annual Governance Statement is split into sections covering each principle.
- 3.4 We have assessed our activities against the seven principles of good governance and provided evidence of the way in which Transport for the North has conducted itself in accordance with the principles:

- Identify systems processes and documentation that provide evidence of good governance
- Identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified
- Identify any issues that have not been addressed and consider how they should be addressed
- Identify the individuals responsible for carrying out any identified actions

3.5 The review team has also considered the governance challenges identified in the Annual Governance Statement prepared for 2019/20, assessed the extent to which these challenges have been met during the current financial year, and updated the table included in the Annual Governance Statement 2019/20.

3.6 The review will also need to consider the future governance challenges that are likely to arise in 21/22 and these have been included in a table in the Statement.

4. Key Changes:

4.1 A greater emphasis on the Diversity & Inclusion Policy is made under Principle A to highlight the establishment of the Diversity Working Group and the Diversity & Equalities Action Plan which seeks to embed equality and diversity considerations across TfN's Business Plan and the organisation as a whole.

4.2 Under Principle B, a note has been made to recognise the work being done to bring hybrid meeting technology to the organisation as well as updates to cover the 2021 TfN Conference, Member Working Group engagements, public consultations and podcast and social media reach.

4.3 Principle C references the ongoing work to revise the Strategic Transport Plan with decarbonisation at its heart. The proposed revision is currently being taken through the governance processes both internally and externally with a view to publication of the draft document in March 2023.

4.4 The NPR work referenced under Principle D is paused while significant changes are made to the programme following the publication of the Integrated Rail Plan. The Statement will be updated as necessary to reflect this process. Further reference to this is made under Principle G.

5. Corporate Considerations

5.1 *Financial Implications*

TfN Finance Team has confirmed there are no new financial implications.

5.2 *Resource Implications*

TfN HR Team has confirmed there are no new resource implications.

5.3 *Legal Implications*

The legal implications have been considered and are included in the report.

5.4 *Risk Management and Key Issues*

There are no new risks identified as a result of this report.

5.5 *Environmental Implications*

A full impact assessment has not been carried out because the report does not propose any new strategy or service provision

5.6 *Equality and Diversity*

A full impact assessment has not been carried out because the report does not propose any new strategy or service provision

5.7 *Consultations*

No consultation has been carried since no new policies are being proposed.

6. Background Papers

6.1 The Annual Governance Statements from the previous years for the background to this work.

7. Appendices

7.1 Draft Annual Governance Statement 2021/22

Glossary of terms, abbreviations and acronyms used (*if applicable*)

Please include any technical abbreviations and acronyms used in the report in this section. (Please see examples below.) This will provide an easy reference point for the reader for any abbreviations and acronyms that are used in the report.

a) CIPFA Chartered Institute of Public Finance and Accountancy