

Audit & Governance Committee Minutes

Friday 18 November 2022

Present:

Attendee	Local Authority
Cllr Keith Little	Cumbria;
Cllr Liam Robinson	Liverpool City Region;
Cllr Hans Mundry	Warrington;
Graham Bell (Chair)	Independent Member
Kevin Brady	Independent Member
D Pevalin	Independent Member

Partners in Attendance:

Sally Haslam	DfT
--------------	-----

Invitees In Attendance:

Campbell Dearden	External Audit
Karen Murray	External Audit

Officers in Attendance:

Name	Job Title
Paul Kelly	Interim Finance Director
David Spilsbury	Financial Controller
Daniella Della-Cerra-Smith	Risk Manager
Emma Young	Senior Solicitor

Item No:

Item

1 Welcome and Apologies

- 1.1 The Chair welcomed Members to the meeting. Apologies were received from Cllr Jonathan Owen, Mr Andrew Mawdsley, Ms Lisa Randall and Ms Alex Hire.

2 Declarations of Interest

- 2.1 There were no declarations of interest.

3 Minutes from the Previous Meeting

3.1 The minutes of the meeting held on 21 September 2022 were considered for their accuracy. The Finance Director updated on the following matters.

- Pt 5.2 The Chair believed the plan was informative and highlighted the list of KPIs in the risk register goes through to March 2023 but there are less on the Business Plan. Mr Kelly will review the Plan and provide an update – **Review of documents showed that they appear to align. 20 KPI's in the business plan and in the corporate risk register.**
- Pt 5.3 Mr Brady raised the issue of Electric Vehicle Charging Infrastructure (EVCI) which has not been discussed by the Committee so far, nor is it on the risk register, even though it is in the Business Plan. Mr Kelly stated that this is an omission and will be picked up – **The corporate risk register reflects the Key Performance Indicators (KPIs) and business objectives outlined in the Business Plan for Financial Year 2022/23. EVCI is managed at project level and has a risk register that is reviewed monthly. There are currently two corporate risks which EVCI links into - TCR 02, 880 and TCR 08 299 as well one opportunity - TCR02 913. Mitigation actions have been added to make this more explicit and align with the 2022/23 business plan.**
- Pt 5.4 Cllr Little explained that the North of England are behind with regards to EVCI and there is a need for a closer relationship between TfN, LTA's and the Government on this, in order for the North to catch up. He requested that this be brought back to the November meeting – **Same comment as 5.2 and in addition a deep dive is planned for November and will allow members to gain more clarity on EVCI.**
- Pt 5.7 Members stated that a Northern view and a streamline of regular funding is required. They expressed their frustration with the current process, where Local Authorities bid against each other for money to try and do projects within their areas. They expressed a need to combine resources in order to achieve a northern vision. The Chair requested that these points be revisited at the next meeting – **The principle of, and funding required, to position TfN as a centre of excellence is currently being discussed with DfT. It will be further considered as part of the 2023/24 Business Planning process.**
- Pt 6.2 The Chair stated that the audit plan focuses on control and effectiveness; more can be done in terms of creating the linkage between risk themes and the audit plan. An area that could be looked at in terms of control, is project and programme level control. Ms Hire said she and Mr Kelly will look at that area in terms of scoping for an audit review – **The scope of the review is currently being considered.**

- Pt 9.3 Mr Kelly would like to discuss with Chair going forward how the cycle of membership can be implemented to support the delivery of the committee's remit – **To be discussed as part of the recruitment process.**
- Pt 9.4 The Chair asked that Mr Kelly double check against the Audit Committee Report and the Governance Statement within the accounts, to ensure that terminology and wording is the same in each document

Resolved

That the minutes of the 21 September 2022 be noted.

4 Corporate Risk Review

- 4.1 Members received the report from Ms Della-Cerra-Smith who highlighted the key points. Ms Della-Cerra-Smith then introduced the Electric Vehicle Charging Infrastructure (EVCI) risk deep dive which was the Members chosen work area to explore further. Members then received the presentation from Mr Simon McGlone.
- 4.2 Cllr Robinson thanked the team for the proactive work being done on EVCI and stated that there are huge risks for the North of England, its economy and transport network if the correct infrastructure is not in place.
- 4.3 Mr Brady highlighted the issues around TAMEs legal and licensing and enquired whether TfN are able to manage these areas. He highlighted the fact that TfN are trying to position TAME as a Centre of Excellence with EVCI being a part of this, however he expressed concern that other local authorities may look to duplicate TfN's work rather than work collaboratively.

In response Mr McGlone stated that TAME's legal, and licensing was no longer a risk on the project risk register and that TfN are in a good position in terms of being a Centre of Excellence. He added that there have been various offers of interest to share the tool nationally and that partners are actively using TfN evidence for levelling up submissions and bids. Mr Kelly informed the Committee that TfN are in discussions with the DfT about what the Centre of Excellence could look like and explained that the EV work has proved to be a great success with the organisation wanting to do more good value for money solutions that will contribute to TfN being seen as a Centre of Excellence as well as delivering on its core duties. TfN are supporting other Sub National Transport Bodies (STBs) and local authorities, reinforcing TfN as a quality organisation and its delivery of good value for money solutions.

- 4.4 Cllr Little stated that the way to get the best results in the North is to work collaboratively and through TfN. He expressed concern about how EVCI is going to develop going forward in more rural areas and

highlighted the low take up of EV's in the North combined with the low take up by the energy providers to introduce EVCI on a greater scale.

On the issue of infrastructure Mr McGlone stated that getting the right infrastructure for both EV and non-EV is important. On the issue of urban and non-urban areas he explained that the framework that TfN uses looks at both urban and non-urban areas and hopes that TfN will be able to attract private sector investment.

- 4.5 The Chair stated that one of the measures of success is not just the number of charging points but also how the issue of social exclusion is addressed. Many people do not have access to EVCI and those that do will have to continue to park their vehicle next to infrastructure to be able to charge it.

From a risk point of view, he questioned how the project will cater for the changes that could occur such as the dynamic nature of the risks.

- 4.6 Mr McGlone recognised that there is a lot of uncertainty around issues such as technology and how people will travel in the future and he explained that TfNs Future Travel Scenarios are used to help map out the requirements. He added that the metrics are monitored and evaluated across the region, and the visual tool will be transferred to a live monitoring tool, so the current standing of deployment can be compared to where TfN wants to be in the future.

Chair requested a workplan of subjects that could be explored further during 2023/24 such as the Anti-Fraud Strategy.

Mr Brady wondered whether the distribution of information to independent members via email is a Cyber Security and third-party issue and requested it be reviewed.

Resolved:

That the Committee notes the updates to the Corporate Risk Register and the four management actions concluded as part of the RSM risk maturity audit and reviews the EVCI project risks ahead of the deep dive. This is to provide assurance, that efficient and effective risk management practice and processes are in place.

5 Quarterly Operating Report

- 5.1 Mr Kelly informed members that TfN has migrated from a monthly report to a quarterly report. The Chair observed that a high number of KPI's had yet to be completed and asked when TfN anticipate they will be met. Mr Kelly advised that an update will be given at the February meeting.

Resolved:

That the report be noted.

6 Financial Update

- 6.1 Mr Spilsbury presented the financial update to Members showing the financial position at the end of September. Mr Kelly explained that going forward TfN will be simplifying the Treasury Management Strategy.

Resolved:

- 1) That the Committee note the financial performance to September 2022
- 2) That the Committee note the Budget Revision 2
- 3) That the Committee note Compliance with Treasury Management Strategy

7 Internal Audit Update

- 7.1 Mr Barker presented the Progress Report. He informed the Committee that the Health and Safety audit is being replaced by the Project and Programme Management audit which is in the process of being scoped. The GDPR audit is going through the quality assurance processes. Mr Barker indicated that RSM are comfortable that these projects will be delivered by the end of the year.

- 7.2 Mr Barker presented the key highlights from the Risk Maturity Report, and advisory review. Three low management actions and one medium management action was advised, and Mr Barker presented these to Members.

- 7.3 Mr Brady queried ownership of the Risk Maturity Report prior to the implementation date of March 2023.

Ms Della-Cerra-Smith explained that the first stage will be to look at the three lines of the defence and then implementation will take place in October 2023, TfN are considering solutions suitable for the size and nature of the organisation.

- 7.4 The Chair highlighted that maturity models are all different and the importance of finding the appropriate solution for the size of the organisation. Having a clear assurance view helps to identify topics for deep dives. The three lines model was updated by the Institute of Internal Auditors in 2020 and the Chair recommended that reference is made to the new model.

Resolved:

That the Committee note the Internal Audit Report

8 External Audit Update

- 8.1 Members received the External updated report from Mr Dearden who highlighted the key points in the report.

- 8.2 Ms Murray updated the Committee on the current position regarding the pension fund. She explained that this is very close to completion and

hopes that the letter will be received by the end of November. Mr Kelly added that if the letter does not arrive by then, then TfN will advise on the website as to why they have been unable to have the accounts signed off. He stated that when the letter arrives, the accounts will be signed off, and assuming no adjustments are required, the management letter and accounts will be sent to Mazars.

- 8.3 Mr Kelly updated the Committee on the Public Sector Audit Appointments (PSAA) developments. He explained that a procurement exercise is reaching its conclusion and that TfN has no objections in appointing Mazars from 1 April 2024 for the following 5 years.

Ms Murray explained that opting into the PSAA scheme, which is supported by the local government association, means that TfN has an independently appointed auditor.

- 8.4 Mr Brady sought clarification on the status of the National Audit Office's (NAO) Whole of Governments Accounts Guidance which states organisations are due to make returns by August 2022. Ms Murray explained that TfN are under the threshold, so there is nothing that needs to be done.

Resolved:

- 1) That if the pension fund letter does not arrive by 30 November, TfN will advise on the website why they have been unable to have the accounts signed off. Upon receipt of the pension fund letter, accounts will be signed off and sent to Mazars.
- 2) That TfN will appoint Mazars as external auditor from 1 April 2024 for the following 5 years.

9 Preparation of the Annual Governance Statement

- 9.1 Ms Young informed the Committee that the preparation of the Annual Governance Statement is in hand. She explained that it is a statutory obligation and checks will take place to ensure that the guidance is being complied with. She further informed the Committee that a report will be brought back to the February Audit and Governance Committee meeting.
- 9.2 Ms Young requested that should Members have any comments to input into the statement that they should contact the Legal Team.
- 9.3 Mr Brady expressed his concern about recommending the Governance Statement for sign off later in the process due to not being cited on the efficacy of other committees.

Resolved:

That the Audit and Governance Committee notes this report and the intended timeline for preparation of the Annual Governance Statement.

10 Date and Time of Next Meeting

Friday 17th February 2023
11am
Consultation call