
Transport for the North Audit & Governance Committee Consultation Call Minutes

Date of Meeting Wednesday 9 August 2023
Time of Meeting 13.00pm
Venue Microsoft Teams

Attendees:

Members:

Graham Bell (Chair)	Chair
Kevin Brady	Committee Member
Cllr Shaukat Hussain	Committee Member
Cllr Joanna Baker-Rogers	Committee Member
Daniel Watson	Invitee
Ciaran Barker	Invitee
Kier Wilkins	Invitee

Officers in Attendance:

Paul Kelly	Finance Director
Daniella Della-Cerra-Smith	Risk Manager
Julie Openshaw	Head of Legal
Stephen Hipwell	Head of HR
Gary Rich	Democratic Services Officer
Andrea Shepherd	Executive Assistant
Danny Chapman	IT and Information Manager
James Mills	Head of Stakeholder, Engagement and Communication

1. Welcome and Apologies

1.1 The Chair welcomed everyone to the meeting and extended a warm welcome to the new Members and introductions were made. Apologies were received from Cllr Hans Mundry, Cllr Tom Ross and Cllr Arooj Shah.

2. Minutes of the Previous Meetings

2.1 The minutes of the consultation call meeting held on 17 February 2023 were considered for their accuracy and were agreed to be a true representation.

2.2 The Head of Legal updated the committee on the current position regarding the membership of the committee. She stated that there are six seats available for elected Members on the committee and five have been filled; there are also 2 vacancies for independent members and following a recent recruitment process, two independent members will be recommended to September Board for approval filling the four seats for independent members.

RESOLVED:

That the minutes of the Audit and Governance Committee consultation call meeting on 17 February 2023 were agreed.

3.0 Corporate Risk Update

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- 3.1 Members received the report from The Risk Manager, who highlighted key areas on the Corporate Risk Register. She explained that there has been a change in the format which will include a two-page dashboard giving more visibility. She explained that two new Directors joined TfN in February and relevant risks have now been transferred.
 - 3.2 Cllr Baker-Rogers asked whether the risk associated with the cost of inflation also included the cost-of-living crisis and whether the implications of the war in Ukraine had been considered. The Risk Manager replied that when assessing the funding risks at corporate and functional level, the cost of inflation and the cost of living are both taken into account, including the effect on these matters due to the war in Ukraine; it is the highest risk at corporate level.
 - 3.3 Cllr Baker-Rogers asked about the risk associated with rail operators losing their franchises and being taken back into public ownership. The Risk Manager said this was considered around rail reform and travel demands. There are various actions around those risks and a deep dive is due in September.
 - 3.5 Cllr Baker-Rogers enquired as to how the climate change risk was captured. The Risk Manager advised there is a risk on Decarbonisation, managed at a corporate level (risk 299). The Finance Director advised that functional risks are also managed across TfN. Cllr Baker-Rogers asked whether TfN has considered a stretched target, as the risk currently reads as a very qualitative measure in terms of close to net zero. It was noted that TfN will explore this further.
 - 3.6 The Chair expressed surprise at how low down the list cyber risk appeared to be and urged officers to continue to review this risk.
 - 3.7 The Chair asked whether there was an update on the risk relating to TfN moving office. The Risk Manager stated the move will take place mid-September and assured the committee that there are risks associated at both functional and corporate level. She explained that there is a working group which is managing the transition and its associated risks.
 - 3.8 The Risk Manager introduced TfN's Assurance Model. She went through the process and the tool that has been developed to show how TfN demonstrates the three lines of defence. The next step is to review the key corporate risks with owners to ensure the framework is embedded and applied. An initial assurance report will be produced in October.
 - 3.9 The Chair asked about the first lines of risk ownership and ownership of the framework. The Risk Manager stated that she will update the diagram to reflect the view.
 - 3.10 Mr Brady asked where both internal and external audit is reflected in the third line of defence. The Risk Manager gave examples of what would be included within the third line, such as RSM and TfN board, and examples of what would be included as part of an external audit such as Mazars.
 - 3.11 Cllr Baker-Rogers noted the comments in the controls section did not appear to be SMART. She highlighted that there is no time element within

the comments. The Risk Manager said she would remove the note indicating that all comments should be SMART.

- 3.12 The Finance Director informed the committee of the background and purpose of the deep dive process. He explained that risk had been elevated within the committee's focus and drilling down on risks through the deep dive process would provide the detail for ongoing review and challenge.

The Risk Manager introduced the deep dive on Corporate Risk 643 – Recruitment and Retention of Staff for TfN. Cllr Baker-Rogers asked whether recruitment and retention of Members could also be included in this Deep Dive.

- 3.13 The Chair asked whether a summary could be provided with regard to TfN's performance in the recruitment and retention of staff.

The Head of HR stated that TfN is in a stronger position in relation to this risk than it had been the previous year. He explained that the reorganisation of TfN and the increased certainty around its finances have contributed to bringing the annual staff voluntary turnover figure down from 25% last year to the current 9%. He further explained that the positive work that has been carried out on wellbeing, learning and development programmes including leadership development and the pay and grading review had also been beneficial.

- 3.14 The Head of HR stated that through various employee engagement mechanisms such as engagement surveys, HR business partner meetings, learning and development evaluations and exit questionnaires, there is a feeling of high satisfaction. Following the move to the new office a further engagement survey will be carried out, aligned to the Best Companies Framework.

- 3.15 Mr Brady indicted that he was surprised TfN had reached its target score and highlighted political and sectoral uncertainty that may have hindered progress. He asked whether secondment might become a fall-back action in future.

The Head of HR said scoring had increased due to successful first-time recruitment reaching 96% despite challenges in the market, and successful 6-month probationary completion is now at 100%; although the market is challenging, the mechanisms that TfN have in place appear to be successful. He informed the committee that this will be closely monitored.

The Finance Director stated that things are looking positive for TfN, because of its work and recognition, and it is becoming an organisation people want to join.

- 3.16 Cllr Baker-Rogers enquired as to whether TfN consulted with other unions as well as Unison. The Head of HR responded that TfN recognises Unison for collective bargaining purposes but if individuals do want to be represented by other trade unions, that requirement would be respected.

- 3.17 Cllr Baker-Rogers asked if there are strong fields of candidates when TfN is recruiting and whether there were any particular organisation that TfN staff leave TfN for. The Head of HR stated that there is good competition when recruiting to most roles and that this is monitored. There is a usually a

healthy short list in terms of diversity and quality of skills. There are fewer candidates available in some sectors such as legal and finance but this is not specific to TfN and is comparable in other organisations.

- 3.18 Cllr Baker-Rogers enquired about how health and safety matters were considered. The Head of HR stated that TfN works with Ellis Whittam, a health and safety support provider, and also has an Employee Forum where health and safety issues are raised. There have been no recordable accidents over the last two years. TfN has an Employee Assistance Programme and a good well-being programme.
- 3.19 Cllr Hussain enquired about personal development of staff. The Head of HR highlighted the Leadership Development programmes across the Senior and Middle management teams and that learning and development is a thread through the annual appraisal process.
- 3.20 After reviewing the risk, the Chair said that it wasn't clear where inclusivity sits in being a key factor in helping the organisation to attract and retain the right people. The Chair suggested that it would be helpful to have it as part of the risk narrative, for example the "older workers" week in November.

Cllr Baker-Rogers enquired as to how TfN was able to attract candidates from the disabled community. The Head of HR replied that TfN is at level 2 in terms of being a disability confident employer and is part of the Greater Manchester Employment charter.

RESOLVED:

Subject to matters arising as detailed in the minutes above, the following were resolved.

- 1) That the new format with the focus on individual corporate risks and the updates to the CRR be noted
- 2) That the update to the Risk Management Strategy with the inclusion of the assurance framework be noted.
- 3) That the Committee feedback on corporate risk 643, recruitment and retention of staff be noted.

4.0 Year End Draft Statutory Accounts including Annual Governance Statement

- 4.1 The Finance Director reported on the draft Accounts. He explained that they will be presented to committee in final form at the September meeting in readiness for recommending for approval at the Board meeting on 27 September.
- 4.2 The Head of Legal presented the Annual Governance Statement, explaining that it is prepared under a separate governance process and formally published as part of the accounts.
- 4.3 Cllr Baker-Rogers enquired about the process TfN follows when putting the accounts out for public consultation, noting that although the North has 15 million people, there was not a single request for information. Cllr Baker-Rogers made a number of suggestions as to how the accounts consultation process could reach a wider audience.

The Finance Director explained that they are published on the website in accordance with the statutory requirement and noted that consideration would be given to publicise our publication measures.

- 4.4 The Chair noted that the Governance Statement could in the future benefit from additional measures including a possible review of committee performance. During the independent member interviews, a consistent point was raised around how perspective members viewed assessing performance of the committee and the effectiveness of its work.

RESOLVED:

- 1) That the committee notes and approves the progress made on the production of the Annual Governance Statement.
- 2) That the committee notes the progress made on the production of the Annual Statement of Accounts 2022/23 which includes the draft Annual Governance Statement.
- 3) That it be noted that the committee will receive a further report on the Accounts in September prior to approval by the Board at the end of September.

5.0 Internal Audit Update

- 5.1 Members received the reports from Mr Barker who highlighted the key points within the progress report including the Equality Diversity and Inclusion review, Project Management and IT and Remote Working Asset review. The Follow Up report was also reported on.
- 5.2 Mr Barker stated that RSM is working with TfN management to confirm dates for the remaining audits for the year.
- 5.3 Cllr Baker-Rogers asked whether themes over a year, could also be analysed across a number of years to see whether there are any patterns or any recurring themes. Mr Barker said that this progress report encompasses two years but for 23/24 the themes can be summarised across 22/23 and gauge any themes for those years and future years.
- 5.4 In relation to the Project Management review, the Chair indicated some of the detail did not fit with the grading issued in the report; the absence of control in some areas provided a higher grading level than expected. The Finance Director explained an internal group of officers is working on a fit for purpose solution for TfN. The work will be finalised at the end of September and it will be implemented in the final quarter. The audit team will revisit this area of work to see whether it delivers what was intended in the original report.
- 5.5 Mr Barker summarised the annual summary report for the previous year's audit work.
- 5.6 Mr Barker introduced the IT and Remote Working Asset Management audit report.

Mr Brady queried the lack of controls in place for 13 laptops to have gone missing following staff departures. The Head of IT and Information Services assured the committee that a full IT asset management log was now in place and that the number of missing laptops has reduced.

The Finance Director assured the meeting that the missing laptops are encrypted and are not being used. The system that TfN has in place now is robust and strong. Mr Brady asked for the detail to be added to the follow up report. The Chair agreed it needs to be raised as an action due to the control failing.

RESOLVED:

That the reports be noted.

6.0 External Audit Update

- 6.1 Members received the Audit Strategy Memorandum report, setting out the intended audit strategy for the 22/23 audit of the financial statements, from Mr Watson.

Mr Watson focused on three areas - the significant audit risks that have been identified during the audit planning phase, the value for money arrangements and the materiality level of the audit. Mr Watson reported that since the report was drafted in July the audit was progressing well and although the pensions assurance from the pension fund audit would still be outstanding, Mr Watson will be able to report at the September meeting on the Audit Completion Report.

- 6.2 Mr Brady highlighted that last year a concern was flagged on the reserves but this does not appear to be present. Mr Watson stated that TfN's reserve strategy will be addressed in the financial sustainability risk. The Finance Director will assess what the required level of reserves are for the organisation under the Value for Money section.

RESOLVED:

That the report be noted.

7.0 Quarterly Operating Report (Jan – Mar 2023)

- 7.1 Members received the report from The Finance Director. The report going forward will be reduced.

RESOLVED: That the report was noted.

8.0 Date, time and location of the next meeting

Friday 15 September 2023 at 11.00am-13.00pm at Manchester Town Hall Extension.