

# Audit & Governance Committee Minutes

Friday 15 September 2023  
Manchester City Council, Town Hall Extension, Albert Square,  
Manchester, M60 2LA

## Present:

Attendee	Local Authority
Graham Bell (Chair) Cllr Tom Ross	Independent Greater Manchester Combined Authority;
Cllr Joanna Baker Rogers	South Yorkshire Mayoral Combined Authority;
Cllr Hans Mundry Kevin Brady	Warrington; Independent

## Invitees In Attendance:

Alex Hire	RSM UK (Internal Audit)
Daniel Watson	Mazars (External Audit)

## Officers in Attendance:

Name	Job Title
Gary Rich	Democratic Services Officer
Paul Kelly	Finance Director
Julie Openshaw	Head of Legal
Daniella Della-Cerra-Smith	Risk Manager
Joanne Barclay	Senior Solicitor

### Item No:

### Item

## 1 Welcome and Apologies

- 1.1 The Chair welcomed everyone to the meeting and extended a warm welcome to new Member Cllr Tom Ross. Apologies were received from Cllr Shaukat Hussain and Cllr Arooj Shah.

## 2 Declarations of Interest

- 2.1 There were no declarations of interest.

## 3 Minutes from the Previous Meeting

- 3.1 The minutes from the previous consultation call were formally approved as a true and accurate record of the call held on Wednesday 9 August 2023.

**Resolved:**

That the minutes of the Audit & Governance Committee held on 9 August 2023 be approved.

**4 Risk Management**

- 4.1 Members received the report from the Risk Manager who highlighted key areas on the Corporate Risk Register. She explained that the current risk environment had not changed significantly. She explained that TfN is due to move to its new office at Manchester Town Hall next week and noted that TfN is continuing to monitor risk with regard to the political environment due to the anticipated general election. Risks across functional areas are being discussed having regard to the current political environment. The Risk Manager highlighted the changes made to the risk register following feedback at the August meeting.
- 4.2 The Chair raised a point regarding particular risks which TfN has little or no control and how that information is viewed when looking at the risk register. The Risk Manager responded that there is an indication recorded in the control action area of the register, recorded as either a high, medium or low score, indicating what influence TfN has over the risk.
- 4.3 Cllr Baker-Rogers asked how ambitions to reduce risks are decided on and whether there is sufficient drive and/or challenge to reduce a risk with a high rating. The Risk Manager explained that if additional actions have been put in place there will be a reduction in risk. She provided assurance to the committee that very high and high risks are reviewed with the risk manager and work area manager on a monthly basis.
- 4.4 Cllr Mundry stated that in some areas, for example, funding, risks are not in TfN's control or influence and that it is very difficult for organisations not to have at least some high risks. The Risk Manager commented that in the area of funding, the impact on the organisation is also very high. The Finance Director indicated that the cost base is in TfN's control, so any reduced funding arrangements would need a commensurate reduction in our cost base.
- 4.5 Mr Brady commented that with regard to Mazars' Audit report, from a good governance perspective, the committee needs to record that TfN has acknowledged that there is a significant risk but also that it is being mitigated via the risk register through risk 916. Mr Brady recognised that the political environment is being considered at a strategic level, and highlighted that other organisations are horizon scanning in relation to potential change in administration. The attendance and views of the Transport Secretary and Shadow Transport Secretary at the TfN conference were referenced.

- 4.6 Cllr Baker-Rogers asked for a narrative to be provided before risks are presented explaining why there are so many risks over which TfN is unable to influence or control the level. Additionally, Cllr Baker-Rogers asked why net zero is not an appropriate target for TfN; The Head of Decarbonisation for TfN has provided a response and this will be forwarded to Cllr Baker Rogers.

**Deep Dive, Corporate Risk 310.**

- 4.7 TfN's Rail Strategy Manager gave an overview of the risk and answered the Committee's questions.
- 4.8 Cllr Baker-Rogers acknowledged that this is a very timely piece of work and highlighted the importance of keeping it up to date.
- 4.9 Mr Brady requested more information about the relationship between the proposed North West business unit and the North East with TfN. The Rail Strategy Manager illustrated how the North East councils can now have more of a role in specifying local services and influence on what Northern are doing due to the track layout. It will be difficult for the North West to have the same level of influence because there are more constraints on the West Coast rail line.
- 4.10 Cllr Ross highlighted how things seemed to have stopped at a national level but at local or combined authority level there is a desire to get moving especially around the public transport rail offer. TfN is balancing those two perspectives.
- 4.11 The Chair raised that risk is about assumptions made and it is how the assumptions are threatened that leads down a particular decision route. The Chair noted that there was devolution in the write up of risk 310 and the idea of introducing a national centrally funded position by definition is counter-devolutionary, so he asked how could anything in that reform support this drive towards devolution of power.
- 4.12 The Rail Strategy Manager explained how double devolution and political devolution could work.
- 4.13 The Chair noted that we are bad at predicting the future, but we do know that eventually there will be rail reform, therefore the risk could be written by focusing on TfN's ability to respond to change as it happens rather than focusing on Great British Railways. The Rail Strategy Manager responded by referencing the use of TfN's future travel scenarios which help with looking at the future and making long term plans.

**Resolved:**

- 1) That the update to the Risk Management strategy be noted.

- 2) That the update to the Corporate Risk Register and the Committee feedback on corporate risk 310 be noted .

## **5 Business Plan and Quarterly Operating Report**

- 5.1 The Finance Director highlighted the two documents that had been appended to the report. He explained that modifications and changes to the report will be considered going forward and the Quarterly Operating Report will be reported to Board on 27 September and on an ongoing basis.
- 5.2 Cllr Baker-Rogers asked whether TfN is on track to achieve the key milestones. The Finance Director indicated that progress against the milestones was captured within the report, but they were on track.
- 5.3 The Chair stated the importance of reflecting on how good we are at things and are we getting better in comparison to this stage last year.
- 5.4 Cllr Mundry stressed the importance of looking at how effective TfN is and the need to be able to demonstrate TfN's value to those who fund us and those who need us. The Finance Director responded that funding was agreed for the TfN Offer and this recognised that TfN provides good output and is doing a good job. An emerging matter is that other Sub-National Transport Bodies (STBs) are enquiring how they get a reasonable share of activity.

### **Resolved:**

That the content of the 2023/4 Business Plan and the Quarterly Operating Report for the first quarter to June 2023 be noted.

## **6 Internal Audit Update**

- 6.1 There was no internal audit report presented at this meeting.

It was noted that there are four reviews to complete; three will be delivered in October/November and one in the new year. RSM will be meeting with TfN to finalise the forthcoming reviews.

## **7 External Audit Update**

- 7.1 Members received the Audit Completion report for 2022/23 from Mr Daniel Watson who explained that other than the close out of the audit of Greater Manchester Pension Fund (GMPF), which is expected in October, there are no outstanding matters.
- 7.2 Cllr Baker-Rogers asked how information can be gained earlier from the Pension Fund in the future. Mr Watson explained that how audits are

sequenced is one of the causes of delay and it is being looked at nationally.

- 7.3 The Finance Director thanked Mr Watson for the work that is being done and seamless changeover from the previous Mazars' personnel. The Finance Director reiterated to the Committee that until the sign off GMPF pension is achieved the accounts cannot finally be approved. A notice will be put on TfN's website to explain if the approval is delayed.
- 7.4 Cllr Ross praised Mazars for the clear and positive report they had provided.

**Resolved:**

That the External Audit report be noted.

**8 Draft Audit and Governance Committee Annual Report to the TfN Board**

- 8.1 The Finance Director presented the annual report.
- 8.2 Cllr Baker-Rogers enquired about the timescales for the procurement of the internal audit service for 2024 – 27 and what involvement Members have in the process. In response the Finance Director stated that the tender for internal audit service is in progress and is due back on 21 September. He informed the Committee that there will be significant involvement from them in establishing what the work programme will be going forward. A draft plan on what TfN will be focussing on will be presented for discussion by February. He stated that Committee members are expected to have a significant input in the process to ensure that all the areas for review are considered.
- 8.3 Mr Brady queried, on Appendix 3, whether the assurance framework adequately addresses governance arrangements in other significant partnerships, as this Committee is not sighted on those governance arrangements and asked whether that sentence should be removed.

The Risk Manager responded by saying that either a specific deep dive could be run in that area for 2024/25 or the comment could be removed. The Finance Director suggested a broader explanation of governance arrangements could be provided to members. Two new independent members will be in place following approval at Board, so the February meeting would be an opportune time to discuss this further.

- 8.4 Ms Hire said a piece of work could be done on the governance work going forward in order to provide the Committee with assurance.
- 8.5 Cllr Baker-Rogers asked what stage TfN is at regarding the internal audit programme, specifically the various stages that each of the programmes have reached. Cllr Baker-Rogers expressed concern about the equality and diversity audit resulting in only reasonable assurance. Ms Hire

stated that reasonable assurance was a positive outcome not a negative opinion and that whilst a self-assessment had been completed it did need a refresh.

Cllr Baker-Rogers stated that she had not seen the word “advisory” before in an audit plan. Ms Alex Hire explained that the auditors do not give an overall head of internal audit opinion although they do provide actions, and the actions that are in the advisory reviews are followed up. Cllr Baker-Rogers asked for it to be made clearer in the report that the audit has been done.

**Resolved:**

That the Committee recommends the report for submission to the TfN Board.

**9 Year End Statutory Accounts**

9.1 The Finance Director presented the final version of the year end statutory accounts. There was a recommendation from Mazars that the exit packages were to be provided for all employees.

**Resolved:**

That the draft Statement of Accounts be recommended to the Board meeting on 27 September that it be approved.

**10 Date and Time of Next Meeting**

The next meeting of the Committee will be held as a Consultation call on Friday 15 December at 11:00 am.