

Meeting: Audit & Governance Committee Consultation Call
Subject: Committee Effectiveness Review
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Sponsor: Paul Kelly, Finance Director
Meeting Date: Friday 19 July 2024

1. Purpose of the Report:

- 1.1 To share the results of the self-assessment exercise and subsequent gap analysis.
- 1.2 To agree actions to improve future effectiveness.
- 1.3 To assist the Committee Chair when producing the Annual Report of the Committee for 2024 /2025 for consideration by the Committee at a future date.

2. Recommendations:

- 2.1 Note the outcome of the Effectiveness Review and consider and approve (1) the recommended actions, paragraph 3.10 and (2) the draft documents set out in paragraph 6.

3. Main Issues:

The Effectiveness of the Audit and Governance Committee

- 3.1 The Audit and Governance committee is a key component of Transport for the North's governance framework. Its purpose is to provide an independent and high-level focus on the adequacy of governance, risk, and control arrangements. Its role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective. It has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.
- 3.2 It is considered good practice to regularly assess the effectiveness of the Audit and Governance Committee. CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance, and they provide numerous guidance documents, including an Audit Committee - Practical Guidance for Local Authorities and Police 2022 Edition. This includes a self-assessment of good practice – a high-level review that incorporates the key principles set out in CIPFA's Position Statement.
- 3.3 Where the Audit and Governance Committee has a high degree of performance against the good practice principles, then it is an indicator that it is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective Committee.

The Survey

- 3.4 The self-assessment was conducted via a survey issued by the Chair of the Audit and Governance Committee via the author of the report to all Members on 19 March 2024 with a return date of 8 April 2024. Due to annual commitments, the return date was extended to 15 April 2024.
- 3.5 Six responses were received. As we conducted the survey via survey monkey, we were unable to establish how many responses were received from (1) Elected Members (2) Independent Members and (3) Officers.

The Results

- 3.6 Overall, the results are positive with most areas canvassed showing a medium to high level of effectiveness with a number of improvements being highlighted.
- 3.7 Officers have met with the Chair of the Audit Committee in May 2024, to discuss the results, and which areas need to be strengthened and how this will be undertaken.
- 3.8 The results are summarised in Appendix 1. Within this document, we have included, Members comments (comments made as part of the survey), Officers comments in response and also proposed actions. These actions have been included in the Audit and Governance Committee Effectiveness Action Plan 2024/2025 (Appendix 2).

Next Steps

- 3.9 Any areas for improvement or gaps in the assessment criteria are to be included in:
- 1) The draft Effectiveness Action Plan maintained by Legal Services
 - 2) Addressed by way of the inclusion of information in the Audit and Governance Committee Member Induction Pack (Appendix 3)
 - 3) Included within the Committee's Work Programme.
- 3.10 Following a review of the results and comments, we are proposing to undertake the following to strengthen the Committee's effectiveness, namely:
- 1) We are working with our colleagues and deploying different ways to recruit Elected Members to the Committee in order that their attendance at meetings is more consistent. We acknowledge that Elected Member attendance is important for strengthening the Committee's effectiveness as they provide a local perspective on issues which are different and complementary to the perspective provided by the Independent Members
 - 2) We have prepared a well-constructed, comprehensive Induction pack for new and existing Members, for information, knowledge, and training purposes
 - 3) We are proposing that all new and existing Members undertake a skills audit. We have prepared an initial draft for comment (Appendix 5), and this will be further worked-up and finalised prior to being implemented
 - 4) We are reviewing and wish to seek Member's opinions on what training would be beneficial
 - 5) We are proposing to monitor and evaluate the committee's effectiveness on an annual basis. The self-assessment results for 2024 /2025 will demonstrate if the proposed actions arising from the 2023 /2024 survey have strengthened the Committee's effectiveness
 - 6) We are reviewing how we can source and implement fraud awareness training for our managers. We are also proposing that our Anti-Fraud strategy is reviewed on an annual basis as part of strengthening our counter fraud measures
 - 7) We have set up twice yearly meetings between the Chair of the Committee and the Chief Executive Officer and Chair of the Transport for the North Board in order to add another assurance
 - 8) We have prepared a draft Work Programme (Appendix 4) which sets the items for each quarter.

4. Corporate Considerations

Financial Implications

- 4.1 There are no financial implications as a result of this report.

Resource Implications

- 4.2 There are no resource implications. Human Resources will work with author of the report, the Finance Director, and the Chair of the Committee in developing the draft Skills Audit for future use.

Legal Implications

- 4.3 The legal implications are contained in the body of the report.
Risk Management and Key Issues
- 4.4 There are no risk implications as a result of this report.
Environmental Implications
- 4.5 There are no environmental implications as a result of this report.
Equality and Diversity
- 4.6 There are no equality and diversity implications arising from the contents of this report. For accessibility purposes, members are asked to contact the author of the report, if they require any support in reviewing the report and its appendices.
Consultations
- 4.7 No external consultations were required for the purposes of this report.

5. Background Papers

- 5.1 CIPFA - Audit Committees: Practical Guidance for Local Authorities and Police (2022 edition)
 CIPFA - Guiding the audit committee (2022 edition) - Supplement to the audit committee member guidance.

6. Appendices

- 6.1 Survey Results 2023 /2024
 6.2 Audit and Governance Committee Effectiveness Action Plan 2024 / 2025
 6.3 Audit and Governance Committee Member Induction Pack
 6.4 Audit and Governance Committee Work Programme
 6.5 TfN Audit & Governance Committee - Competency Framework

Glossary of terms, abbreviations and acronyms used	
a)	CIPFA Chartered Institute of Public Finance
b)	CEO Chief Executive Officer