

Meeting: Audit and Governance Committee
Subject: Draft Annual Governance Statement 2023 /2024
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Sponsor: Paul Kelly, Finance Director
Meeting Date: Friday 8 March 2024

1. Purpose of the Report:

- 1.1 To provide Audit and Governance Committee with an update on the progress of the draft Annual Governance Statement for Transport for the North for the financial year 2023/2024.
- 1.2 For Audit and Governance Committee to note that further information on Transport for the North's partnership governance arrangements has been included in the draft Annual Governance Statement for 2023/2024.
- 1.3 For Audit and Governance Committee to note and support the further work to be undertaken in relation to the annual review of the effectiveness of internal controls for 2023 / 2024 and that these findings will be included in the final Annual Governance Statement for 2023 /2024.
- 1.4 For Audit and Governance Committee to note and support the future enhancements which will be included in the 2024 /2025 Annual Governance Statement.

2. Recommendations:

- 2.1 That the Audit and Governance Committee considers and reviews the draft Annual Governance Statement for 2023 /2024.
- 2.2 That Audit and Governance notes and supports the further work to be undertaken in relation to the annual review of the effectiveness of internal controls for 2023 / 2024 and that the additional work on this will be included in the final draft Annual Governance Statement for 2023 /2024.
- 2.3 That Audit and Governance Committee notes and supports the future enhancements to the 2024 /2025 Annual Governance Statement.

3. Main Issues:

Annual Governance Statement

- 3.1 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 this review in its Annual Governance Statement. The draft Annual Governance Statement for 2023 /2024 is at Appendix 1 to this report. Significant changes have been captured in the attached draft as track changes. Minor changes, such as formatting, naming conventions and repositioning unchanged sections, have been processed to easily identify the more significant changes.
- 3.2 The Annual Governance Statement is included in the Statement of Accounts which are published according to the legislative timetable. The approval deadline for the 2023/24 financial year is currently 30 September 2024 but this is likely

to be extended to allow the clearance of earlier years external audits for entities other than TfN

- 3.3 In line with guidelines, the draft Statutory Accounts, which will include the draft Annual Governance Statement, are anticipated to be published for public inspection on 31 May 2023. As has been the case in earlier years, due to the timing of meetings, the draft accounts (including the AGS), will be shared with the Chair prior to issue.
- 3.4 The system of internal controls comprises 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.
- 3.5 As part of the annual review for the Annual Governance Statement 2023 /2024, further work will be undertaken as follows:
- Further information will be included in Section 4 of the Annual Governance Statement in relation to the Annual review of the effectiveness of Transport for the North's Governance Framework

Future Enhancements to the Annual Governance Statement 2024 /2025

- 3.6 We will make further enhancements to the Annual Governance Statement 2024 /2025. We will be preparing a workplan which will assist us in preparing future statements.
- 3.7 The final version of the Annual Governance Statement for 2023 /2024 will be presented to the Committee at the next meeting on 19 July 2024. This statement will be formally approved by Transport for the North Board as part of the Statutory Accounts approval process in September 2024.

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 direct resourcing implications as a result of this report.

Legal Implications

- 4.3 The Legal implications are contained within this report.
- 4.4 An officer led Corporate Governance review is currently being undertaken. Part of the review is looking to strengthen accountability and internal challenge to ensure Transport for the North's governance framework continues to be fit for purpose for managing current and future challenges.

Risk Management and Key Issues

- 4.5 TfN's Risk Management Strategy is a key company of corporate governance and is embedded and applied throughout the organisation. The strategy contains TfN's assurance framework which was implemented in 2023.

Environmental Implications

- 4.6 There are no environmental implications from this report.

Equality and Diversity

4.7 There are no equality and diversity implications.

Consultations

4.8 Legal and Finance are continuing to consult with all relevant services areas and external service providers in relation to the review of the effectiveness of its system of internal controls for Transport for the North's Annual Governance Statement for 2023 /2024.

5. Background Papers:

5.1 Not applicable.

6. Appendices:

6.1 Appendix 1 – Draft Annual Governance Statement 2023 /2024