

# Transport for the North Audit & Governance Committee – Minutes

**Meeting:** Transport for the North Audit and Governance Committee

**Date:** Friday 20 September 2019, 11:00am - 1:00pm

**Venue:** Meeting Room 9, 1<sup>st</sup> Floor, Manchester Meeting Place, Sackville Street, Manchester, M1 3BB

## Attendees:

Chris Melling, CM (Chair)  
Cllr Keith Little, KL (Vice-Chair)  
David Pevalin, DP  
Cllr Chris Brewis, CB  
Cllr Liam Robinson, LR

Independent Member  
Cumbria County Council  
Independent Member  
Lincolnshire County Council  
Liverpool City Region

## Invitees:

Chris Whittingham, CW  
Alex Hire, AH  
Dominique Dawodu, DD

External Audit, Mazars  
Internal Audit, RSM, UK  
Sponsor Team, Department for Transport

## Officers:

Gary Rich, GR  
Iain Craven, IC  
Gareth Sutton, GS  
Julie Openshaw, JO  
Haddy Njie, HN

Democratic Services Officer  
Finance Director  
Financial Controller  
Head of Legal  
Risk Manager

## Apologies:

Cllr Simon Blackburn  
Kevin Brady  
Cllr Mark Winnington

Blackpool  
Independent Member  
Staffordshire County Council

## 1.0 Welcome and Apologies

## Action

1.1 Colleagues were welcomed to the meeting.

1.2 Apologies for absence were noted.

## 2.0 Declarations of Interest

2.1 There were no declarations of interest.

### **3.0 Minutes of the Last Meeting and Matters Arising**

- 3.1 The minutes of the meeting on 10 July 2019 were considered and their accuracy as a correct record was confirmed.

**RESOLVED:** That the minutes of the meeting held on 10 July 2019 be approved as a true and accurate record.

### **4.0 Annual Audit Letter (R)**

- 4.1 Chris Whittingham of Mazars, the external auditor, presented the Annual Audit Letter.

The letter formally concluded the 2018/19 audit.

The report issued on 31 July 19 highlighted that in the auditor's opinion the financial statements give a true and fair view of Transport for the North's financial position as at 31 March 2019 and of its expenditure and income for the year. The letter also stated that the financial statements had been properly prepared.

The auditor was satisfied that in all significant respects, Transport for the North has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

The auditor also concluded that it did not need to use its statutory powers to issue a report in the public interest or to make written recommendations to Transport for the North.

- 4.2 The Vice Chair thanked the internal and external auditors for their work in preparing the accounts.

**RESOLVED:** That the Annual Audit letter for Transport for the North for 2018-19 be noted.

### **5.0 Internal Audit Progress Report (R)**

- 5.1 Alex Hire (AH) introduced herself and presented her report.
- 5.2 Since the previous Committee meeting in July 2019 only the Treasury Management Framework report has been issued.
- 5.3 AH noted that a meeting was held on 30 August with the Finance Director, IT and Information Manager and Head of Human Resources where the audit plan was discussed and that areas selected for work are aligned with the current risk.

AH further stated that work programmes have been agreed in relation to the IT audit and the absence management and wellbeing audits and work on the former would commence in the week beginning 23 September.

- 5.4 The Chair raised the issue around cyber security and whether Transport for the North are effectively covered against a cyber-attack.

AH explained that this will be within the scope and part of the review of SharePoint.

- 5.5 The Finance Director suggested that a discussion around business planning areas would better focus attention on areas for the audit plan.
- 5.6 The Chair stated that he would like assurances on governance, particularly relating to Northern Powerhouse Rail (NPR) and would like to see this added to the plan. He also requested that this work start soon. The Finance Director indicated that he would meet with Internal Audit with a view to getting this work carried out.
- 5.7 The Finance Director stated that the Business Plan has scheduled the completion of the Assurance Framework for February 2020.
- 5.8 The Vice Chair placed equal importance on the possible areas for audit but felt that recommendations as to what the focus should be needs to come from officers.
- 5.9 AH stated that she will have further discussions regarding what needs be included and then will circulate the timetable to Members. AH
- 5.10 Councillor Liam Robinson queried why the internal audit function was outsourced.  
The Finance Director stated that this approach had been adopted due to the small size of Transport for the North and the nature of the work it performs. However, this arrangement could be revisited during the business planning process.

Councillor Robinson suggested that this work could possibly be undertaken by constituent authority members.

**RESOLVED:** That the internal audit report be noted.

## **6.0 External Audit Progress Report (R)**

- 6.1 The External Audit progress report summarised the audit report letter that was presented in Item 4.

**RESOLVED:** That the external progress report be noted.

## **7.0 Risk Management Strategy (R)**

- 7.1 The Risk Manager presented the Risk Management Strategy report and sought approval from Members for the updated strategy.
- 7.2 The updated strategy reflected internal governance changes, as well as responding to recommendations from internal audit and strengthening the links into the Transport for the North constitution.
- 7.3 The Chair stated that it is essential for a risk management document to be in place and that it be monitored regularly.

**RESOLVED:**

1. That the report be noted; and
2. That the Risk Management Strategy be approved.

## **8.0 Next Committee Date (V)**

- 8.1 At the previous meeting Members had asked to receive advanced notice of committee dates. The Chair proposed the following dates for the next year and suggested that the meetings rotate between Manchester and Leeds:

Friday 22 November 2019 - Leeds  
Friday 28 February 2020 - Manchester  
Friday 12 June 2020 - Leeds  
Thursday 16 July 2020 - Manchester

## **9.0 Exclusion of the Press and Public (V)**

- 9.1 To resolve that the public be excluded from the meeting during consideration of the following items of business because it is likely that, in view of the nature of the business to be transacted or the nature of proceedings, there will be disclosure of confidential information as defined in s100A(2) of the Local Government Act 1972 (as amended) and exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

## **10.0 IST Update (R / V)**

- 10.1 The Director of Finance apologised for the late circulation of the appendix, which had become disconnected from the main report.

- 10.2 The report at the appendix had been presented to the Transport for the North Board on 12 September.
- 10.3 It was explained to Members that the Transport for the North Board had been presented with a list of options on how to proceed and that the Board had resolved to take an “active pause” to enable officers to continue to work on the options and present a further report to Board on 5 December.
- 10.4 Councillor Liam Robinson paid tribute to the Officers involved in the project for their diligence and hard work.
- 10.5 The Chair asked that the Audit and Governance Committee be kept fully apprised on what options are available.

**RESOLVED:**

1. That the report be noted; and
2. That the Audit and Governance Committee be kept fully apprised on all the options.

#### **11.0 Risk Review (R / P)**

- 11.1 Following the last meeting the Chair asked for full risk register to come back to the meeting to allow it to be examined in greater depth.
- 11.2 The Risk Manager presented the risk review updating Members on the risks related to the four main transformational programmes. These are Northern Powerhouse Rail, Integrated and Smart Travel, Major Roads Network and Strategic Rail.

**RESOLVED:** That the Risk Review report be noted.

#### **12.0 Any Other Business**

- 12.1 There was no other business

r = report; p = presentation; v = verbal