



Joint Transport Committee Audit Committee

Wednesday, 1st September, 2021 at 10.00 am

Meeting to be held in the Whickham Room, Gateshead Civic Centre, Regent Street, Gateshead, NE8 1HH

AGENDA

Page No

1. **Apologies for Absence**

2. **Declaration of Interests**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be given to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

3. **Minutes of the inquorate meeting held on 1 June 2021** 3 - 8

4. **Joint Transport Committee Internal Audit Progress Report 2021/22** 9 - 16

5. **Date of Next Meeting**

The next meeting will be held on 24 November 2021 at 10am

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JOINT TRANSPORT COMMITTEE, AUDIT COMMITTEE

DRAFT MINUTES FOR APPROVAL

16 June 2021

Meeting held in the Lamesley Room, Gateshead Civic Centre, Regent Street, Gateshead NE8 1HH

Present:

- Stuart Green (Vice Chair)

Councillors:

- D Burnett – Gateshead Council

Officers:

- Toby Hughes – Managing Director, Transport North East
- Tracy Davis – Senior Manager – Assurance, Sunderland City Council
- Patsy O'Reagan – Principal Accountant, NECA
- Ged Morton – Deputy Monitoring Officer, Gateshead Council
- Philip Meikle – Transport Strategy Director, Transport North East
- Adam Robson – Sunderland City Council

The meeting was inquorate and those members in attendance discussed the following issues.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mark Scrimshaw, Cllr Paul Stewart (Sunderland City Council), Cllr Williams (substitute at Sunderland City Council), Cllr Charlton (Gateshead Council), Gavin Armstrong and Paul Darby.

The Committee expressed its best wishes to Mark Scrimshaw for a speedy recovery.

2. DECLARATIONS OF INTEREST

None were received.

3. INDUCTION PRESENTATION

Committee was given a brief presentation on the current position of the JTC. It was reported that the North East Transport Plan 2021-2035 has been developed which unites the two Combined Authorities with a set of objectives. JTC activities and reporting will be framed by the plan, the objectives for which are;

- Carbon neutral North East
- Healthier North East
- Overcome inequality and grow our economy
- Appealing sustainable transport choices
- Safe secure network

In terms of the Covid-19 response it has been important to ensure public confidence in public transport, therefore a public reassurance campaign has been underway which included a contribution from the Director of Public Health for Gateshead. The campaign highlighted the Covid-19 measures that are in place on the Metro and buses. Emergency Covid-19 grant was provided during the pandemic as ridership collapsed, funding for Metro was due to end on 21 June 2021 as lockdown was due to be eased. However, following the delay of this, an extension of funding is expected to be confirmed soon.

It was noted that additional grant received from the Department for Education to aid social distancing on school buses is not expected to be continued next academic year.

Rail timetables have been mainly restored and work is ongoing with train companies and TfN to make sure the North East's needs are met by any rail timetable changes. It was thought that there may be some changes to timetables nationally once government has decided its position on future funding of the railways.

There has been a regional response to Covid-19 through the working together of transport teams in Tyne and Wear, Northumberland and Durham to ensure a common approach for funding and services. Work has also been undertaken with DfT and HMT to make the case for restart and recovery funding to help shape supportive policies.

A number of transformative projects which are underway were highlighted;

- Active Travel promotion – cycle maps are due to go live this summer
- EV Charging - a number are being delivered currently and a policy on EV charging will be developed
- Northumberland Line – it is hoped that trains will be operating by the end of 2024
- Transforming Cities Fund and Active Travel Fund – a large number of schemes are underway through this funding, a lot of infrastructure improvements will be delivered
- New Metro Fleet – construction starts this year in Switzerland, the fleet is expected to arrive in the region by the end of 2022 for testing with introduction

during 2023. This will work hand in hand with Metro Flow by increasing capacity.

- Multi-Modal ticketing improvements – Smart card due to be launched
- Tyne Pass – toll booths will be taken out at the Tyne Tunnel with the introduction of the Tyne Pass, this will lead to fewer carbon emissions caused by queuing traffic. The process of transition is underway with the end point due at the end of this year.
- Pedestrian / cycling Tunnel refurbishment – this is expected to be concluded before the end of the year

A number of new opportunities were also highlighted;

- Bus partnership – yesterday the JTC agreed the statutory scheme to develop a plan for transformational improvement in bus services
- Intra-City Transport Fund – devolved funding could be accessed if the region reaches an agreement on devolution. It would require negotiation with government over the scope, extent and timing of funding.
- Rail strategy – opportunity to interface and have greater control in how North East rail is delivered.
- Leamside Line – this will provide a major opportunity for the area to increase connectivity and ease pressure on the east coast mainline
- Zero Emissions Policy – to create an overarching strategy for the North East in relation to aspirations for EV usage and charging.

It was suggested that the presentation be provided to all members of the Committee via an informal Teams meeting.

It was questioned as to how the rail timetabling will change as a result of Covid. It was noted that it is too early to know, however ridership of national rail at its height has only been 40% of pre-pandemic figures. Some of the large cities where a large commuting network is in place, have become a drain on national resources rather than being profitable. The government has indicated that this situation cannot be sustained indefinitely and this will be reviewed in due course. Locally Metro usage is back up to 60-65% of pre-Covid figures and as the North East has the lowest prevalence of homeworking in the country, it is seeing faster recovery.

RESOLVED: That the information presented be noted and that this presentation be offered to Members of the Committee as an informal briefing prior to the next Committee meeting.

4. MINUTES OF THE PREVIOUS MEETING HELD ON 14 APRIL 2021

RESOLVED: The minutes of the meeting held on 14 April 2021 were agreed as a correct record.

5. JTC STRATEGIC RISK REGISTER

Committee received a report providing an up to date assessment of the strategic risks the JTC faces in seeking its objectives.

It was noted that the register has been updated in light of recent reports considered by the JTC and its sub Committees. Risks have been grouped together to try and refine the register.

A risk workshop will be planned with officers to look at the register in more detail and any further changes will be reported back to Committee.

Due to the current relaxation of restrictions, the Committee was asked to consider the risk scores for two risks;

- Strategic Risk 2 – Failure to achieve the planned outcomes to overcome inequality and support the growth of the economy in the JTC area
- Strategic Risk 4 – The transport network within the JTC area fails to achieve the planned outcomes regarding the offer of appealing sustainable transport choices to people living or working in the area or visiting or travelling through the area.

Both risks are rated red and it was suggested that they may no longer be relevant. The point was made that all risks in red should be looked at in more detail. It was also noted that there is still a degree of uncertainty although there is a lot going on that would justify most risks being at amber.

It was suggested that member and substitute members of the Committee be included in the risk workshop.

It was agreed that initially an officer workshop would be held and the outcome of it would be brought back to Committee for Member's views.

- RESOLVED:
- (i) The Committee considered the Strategic Risk Register and comments noted.
 - (ii) A report will be brought back following the officer workshop.

6. JTC INTERNAL AUDIT ANNUAL REPORT 2020/21

Committee received a report on the internal audit work carried out during 2020/21. In July 2020 this Committee agreed the three audits to be completed during the year as;

- Regional Transport Plan
- Contract Management Arrangements – TT2
- Transforming Cities Programme

These audits were undertaken and the outcomes were highlighted in the report.

In terms of the KPI's it was noted that timeliness of reports and percentage of audits completed by the target date were not met due to the current working situation. It is expected that this will improve going forward.

It was questioned whether that audits brought added value to the service. It was confirmed that this offers assurance to officers that they are acting correctly.

RESOLVED: That the Audit Committee considered the proposed Internal Audit Annual Report for 2020/21 and the key performance measures for the provision of the service.

7. DATE AND TIME OF THE NEXT MEETING

The next meeting will take place on Wednesday 1 September 2021 at 10am.

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Joint Transport Committee – Audit Committee

Date: 1 September 2021

Subject: Joint Transport Committee Internal Audit Progress Report
2021/22

Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

This report provides an update on the delivery of the Internal Audit Plan for 2021/22 and the performance of Internal Audit against its agreed performance indicators.

The report outlines that one of the three audits planned to be completed in the year has been completed and the remaining two will be undertaken by the end of March 2022.

Recommendations

The Audit Committee is invited to consider and, if appropriate, make comment on the Internal Audit Progress Report for 2021/22, which includes the key performance measures for the provision of the service.

Joint Transport Committee – Audit Committee

1 Background Information

- 1.1 In April 2021 the Audit Committee agreed the Internal Audit Plan for 2021/22, which included three audits for completion during the year. The agreed audits were:
- a) Transport Assurance Framework.
 - b) Contract Management Arrangements – TT2.
 - c) Transforming Cities Programme - Compliance.
- 1.2 The audit of the Contract Management Arrangements – TT2 is complete and the final report has been issued. It is expected that the other two planned audits will be completed by the end of March 2022.

2. Proposals

- 2.1 Appendix 1 provides a summary of the audits completed to date for this year and in previous years against the Organisational Risk areas. As the opinion of some audits contribute towards more than one risk area they may be shown more than once. An overall opinion is also provided for each risk area.
- 2.2 Appendix 2 shows Internal Audit's performance indicators, and the performance based on the completed audits for the year.

3. Reason for the Proposals

- 3.1 The Audit Committee continues to fulfil an ongoing review and assurance role in relation to the governance, risk management and internal control issues of the JTC.

4. Next Steps and Timetable for Implementation

- 4.1 The results of the Internal Audit work completed for the year and the overall opinion on the JTC's control arrangements will be presented in an Annual Report after the year end.

5. Potential Impact on Objectives

- 5.1 There will not be a direct impact on the JTC's objectives, however the report supports the JTC by providing assurance that the internal control arrangements in place to manage risks are effective or where assurance cannot be given highlighting opportunities for improvement.

Joint Transport Committee – Audit Committee

6. Finance and Other Resources Implications

6.1 There are no financial implications arising from this report other than the agreed fee for the service to be delivered.

7. Legal Implications

7.1 There are no legal implications arising specifically from this report.

8. Key Risks

8.1 There are no risk management implications from this report.

9. Equalities and Diversity

9.1 There are no equalities and diversity implications arising from this report.

10. Crime and Disorder

10.1 There are no crime and disorder implications directly arising from this report.

11. Consultation /Engagement

11.1 The Head of Paid Service, Monitoring Officer, Chief Finance Officer and the JTC's Proper Officer for Transport have been consulted on the report.

12. Other Impact of the Proposals

12.1 The proposals comply with the principles of decision making. Relevant consultation processes have been held where applicable.

13. Appendices

Appendix 1 – Summary of Internal Audit work for 2021/22.

Appendix 2 – Performance of Internal Audit for 2021/22 where available.

14. Background Documents

14.1 JTC Standing Orders.

Joint Transport Committee – Audit Committee

15. Contact Officers

Tracy Davis – Senior Manager – Assurance, Sunderland City Council.

Tracy.Davis@sunderland.gov.uk

16. Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓
- Managing Director, Transport North East (Proper Officer for Transport)✓

Joint Transport Committee – Audit Committee

Appendix 1

Summary of Internal Audit Work

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Organisational Risk Areas	Audits 2019/20	Opinion	Audits 2020/21	Opinion	Audits 2021/22	Opinion	Overall Opinion
Future Availability of Funding							
Funding Opportunities			Regional Transport Plan	S			
Use of Funding and Resources					Transport Assurance Framework		
Governance Arrangements	Governance Arrangements	S					
Operational Capacity and Resourcing							
Delivery of Transport Improvement Projects/Programmes	Project Management, Procurement and Contract Management Procedures	S	Transforming Cities Fund	M	Transforming Cities Programme - Compliance		
Transport Infrastructure Assets					Contract Management Arrangements – TT2	S	
Service Delivery			Bus Services Grant Claim	S			
Catastrophic Event							

Assurance Level (Opinion) Key:

F – Full S – Substantial M – Moderate L – Limited N – None

Joint Transport Committee – Audit Committee

Appendix 2

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2021/22			
Efficiency and Effectiveness			
Objectives	KPI's	Targets	Progress
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the key risk areas identified. 2) Percentage of draft reports issued within 15 days of the end of fieldwork. 3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	1) Complete sufficient audit work to provide an opinion on the organisational risk areas 2) 90% 3) 85%	Achieved Ahead of target – 100% Ahead of target – 100%

Joint Transport Committee – Audit Committee

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2021/22			
<p>Page 15</p> <p>Objectives</p> <p>1) To maintain an effective system of Quality Assurance.</p> <p>2) To ensure recommendations made by the service are agreed and implemented.</p>	<p>KPI's</p> <p>1) Opinion of External Auditor</p> <p>2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented.</p>	Quality	
		<p>Targets</p> <p>1) Satisfactory opinion</p> <p>2) 100% for high and significant risk. 90% for medium risk</p>	<p>Progress</p> <p>Achieved</p> <p>None available</p>
Client Satisfaction			
<p>Objectives</p> <p>1) To ensure that clients are satisfied with the service and consider it to be good quality.</p>	<p>KPI's</p> <p>1) Results of Post Audit Questionnaires</p> <p>2) Results of other Questionnaires</p> <p>3) Number of Complaints / Compliments</p>	<p>Targets</p> <p>1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)</p> <p>2) Results classed as 'Good'</p> <p>3) No target – actual numbers will be reported</p>	<p>Progress</p> <p>Achieved – Score of 1</p> <p>N/A</p> <p>None in year</p>

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