



Joint Transport Committee Audit Committee

Wednesday, 5th April, 2023 at 10.00 am

Meeting to be held in a Blaydon Room - Civic Centre

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 30 November 2022** **3 - 8**

4. **Joint Transport Committee Internal Audit Plan 2023/24** **9 - 18**

5. **Date and Time of Future Meetings**

2023/24 schedule of meetings to be confirmed following JTC AGM

Contact Officer: Rosalyn Patterson Tel: 0191 433 2088
E-mail: rosalynpatterson@gateshead.gov.uk

This page is intentionally left blank



JOINT TRANSPORT COMMITTEE, AUDIT COMMITTEE

NOTES OF INFORMAL MEETING

30 November 2022

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

Present:

- Mark Scrimshaw (Chair)

Councillors:

- A Watson – Durham County Council
- K Dawes – South Tyneside Council
- P Edgeworth – Sunderland City Council
- T Cairns – Newcastle City Council

Officers:

- Tracy Davis – Senior Manager – Assurance, Sunderland City Council
- Philip Meikle – Transport Strategy Director, Transport North East
- Patsy O'Reagan – NECA Finance Manager
- Jonathan Bailes – Transport North East
- Heather Jones – Transport North East
- Fiona Bootle – Transport North East

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

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Stuart Green, Cllr O'Brien (Sunderland City Council), Paul Darby and Gavin Armstrong.

2. JTC INTERNAL AUDIT ANNUAL REPORT 2021/22

The members in attendance discussed the Internal Audit Progress Report for 2022/23.

At the meeting in March 2022 Committee agreed to the following four audits being completed during the year;

- Bus Service Partnership
- Business Continuity Arrangements
- Service Level Agreements with External Providers
- Active Travel Fund Grant

The audits of Service Level Agreements with External Providers and the Active Travel Fund Grant are both complete and draft reports have been issued. It was noted that the two remaining planned audits will be completed by the end of this financial year.

It was reported that the risk area of 'future availability of funding' will not be subject to any internal audit work as this is in relation to government policy and an audit opinion can not be made on that.

Officers were encouraged to return post-audit questionnaires in order for performance of internal audit to be measured.

3. TRANSPORT PLAN – A YEAR REVIEW

The members in attendance received a presentation reviewing the year and future plans.

The North East Transport Plan is around the vision to move to a green, healthy, dynamic and thriving North East, with the objectives being;

- Overcome inequality and grow our economy
- Healthier North East
- Safe, Secure Network
- Carbon Neutral North East
- Attractive, sustainable alternatives

It was noted that in the last year patronage on the Metro is recovering, with usage on some weekends greater than pre-pandemic, however weekdays remain at 86% of pre-pandemic baselines. Local Transport Fund has been received up to October 2022 to assist in recovery, however bus operators have had to make cuts so size and frequency are less than previously.

Last year the Bus Service Improvement Plan (BSIP) was published in response to the Bus Strategy. The bid document set out us priority schemes and simplifying fares, a refresh of the document has just been completed.

In terms of the Active Travel Funding, tranche 2 will deliver eight schemes across the region. £17.9m has been secured for tranche 3 which is the largest in the country, this will include the North Tyneside Sea Front Sustainable Route.

The Transforming Cities Fund provides capital investment in sustainable transport network. The largest scheme of which is the Metro Flow, with £94.7m awarded for extra Metro track capacity, this is due to complete by the end of March. Just over £82m has been approved for major improvements to regional sustainable transport. There is approximately £26m left to approve in the last quarters of the year, with up to £55m to be spent by the end of the financial year.

The Zero Emission Vehicle policy was published in March, since then 10 sites were identified for taxi charging points and eight are now in place. Work is underway to prepare a more detailed strategy considering how councils can provide a consistent offer.

In relation to the Tyne Pass Scheme, this came into operation on 8 November 2021 with the removal of barriers. Initially there was some negative press, however this has since abated and 97% of users are paying the toll successfully. The benefits of the scheme are that journeys are quicker and carbon emissions have significantly reduced due to HGVs no longer stopping. October 2022 saw the highest usage in the Tyne Tunnel's history. It was requested that information relating to the research undertaken around the emissions reduction be provided to members.

In terms of the forward look for 2022/23, the City Region Sustainable Settlement (CRSTS) has £5.7bn funding available to eight City Regions for a five year period. This is subject to the North East having a Mayoral Combined Authority in place, this would then become the main future source for capital transport investment post 2023. It was noted that work is underway to develop proposals based on the pipeline of schemes in the Transport Plan but that this is contingent upon a successful outcome of devolution negotiations.

Delivery of a range of improvements to the bus network are being planned for 2022/23 using BSIP funding. This includes; enhancements to the bus network and more bus priority schemes, fare initiatives aimed at the youth market and new multi-modal regionwide tickers which can be used between different operators. There are also plans for a regionwide app to make a single source of information which will accompany a regional brand. There will also be pilots for Demand Responsive Transport (DRT) in rural areas in Northumberland and Durham, this would be a bookable service with no timetable for areas where there is no existing bus service. The plan is anticipated to be signed off in the new year with funding running until 2025. It was questioned whether some of this funding could be used to improve or install digital boards at bus stops. It was confirmed that the pot of funding has been reduced to £1.2bn to be shared across the country and the DfT has specified what the funding could be used for and this restricts use on such things as digital boards. It was acknowledged that uncertainty of bus timetables continues to be a barrier to using buses for a lot of people and a team in the region are working on improving this.

It was reported that the DfT has confirmed that they are happy for the BSIP to become a legal document, which is a major milestone. Comments from all local authority solicitors have been requested for next week then the process will start in terms of sending documents to operators. If there are no operator objections there will be a move to a statutory consultation process with key stakeholders for four weeks and the outcome of that will be reported to JTC in February. Consideration of responses will be undertaken and any necessary changes arising from those responses will be made, however it is hoped that the BSIP reflects the will of the region. Once JTC agrees the scheme will be formalised and funding released. It was noted that it is key to get this agreed in February to ensure funding is received for this financial year. At present it is unclear as to whether deferring a decision to March's JTC would mean losing funding, therefore to agree in February would guarantee first financial year funding.

New strategies and strategies for approval in 2022/23 include;

- North East Rail and Metro Strategy
- Making the Right Travel Choice Strategy
- North East Active Travel Strategy
- North East Freight Study

The Active Travel Strategy will be published in 2023/24, a trainee Public Health Registrar has joined the team for one year and will be working on the strategy and policy development. The findings from public health will be fed back at the end of the year placement.

A bid for Levelling Up fund was made in the summer and it is anticipated that the outcome of that bid will be known by the end of the financial year.

Work is ongoing with Transport for the North (TfN) for the next Road Improvement Strategy to be published by National Highways. Key junctions have been outlined at; Moor Farm, Seaton Burn and White Mare Pool. Work is ongoing to enhance the relationship between the region and national highways and take a more collaborative position. Further reporting on this will be brought to a future meeting.

During the next year progress is planned regarding the business case for the Washington Metro Loop which is the longer term ambition of re-opening of the Leamside line. Over the next year the Northumberland Line will be closer to delivery, which is expected to be running in 2024.

Usage of the Tyne Pedestrian and Cyclist Tunnels continues to increased, there is still work ongoing around the inclined glass lift which is expected to be complete by Spring 2023.

4. THE TERMS OF REFERENCE OF THE CAPITAL PROGRAMME BOARD

Members in attendance received the updated and ratified Terms of Reference of the Transport Capital Programme Board.

5. THE TERMS OF REFERENCE OF THE NORTH EAST REGIONAL BUS PARTNERSHIP

Members in attendance received the Terms of Reference of the North East Regional Bus Partnership. It was noted that as part of governance arrangements, the Board was created to monitor performance, it is not a decision making Board, and it will report through the JTC. Membership includes representatives from Northumberland, Durham and Tyne and Wear Heads of Transport as well as representatives from operators and user groups. The Board meets on a quarterly basis and reviews against KPIs and feeds through to JTC.

The JTC took the view that it did not want political representation on the Board. Lucy Keating attends in quasi monitoring officer role to ensure the Board does not stray into the remit of the JTC.

6. DATE AND TIME OF THE NEXT MEETING

Wednesday 5 April 2023, 10am.

This page is intentionally left blank

Joint Transport Committee – Audit Committee

Date: 5 April 2023

Subject: Joint Transport Committee Internal Audit Plan 2023/24

Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

This report provides members with the proposed Internal Audit Plan and performance measures for 2023/24.

As part of the Audit Plan for 2023/24 it is proposed that four audits, covering the following areas are undertaken:

- a) Bus Services Improvement Plan.
- b) Capped Bus Fare Scheme.
- c) Bus Partnership Agreements.
- d) Scheme Development Allocations.

Recommendations

The Audit Committee is invited to consider and, if appropriate, make comment on the proposed Internal Audit Plan for 2023/24 which includes the key performance measures for the provision of the service.

Joint Transport Committee – Audit Committee

1 Background Information

- 1.1 The Terms of Reference of the Audit Committee included within the Standing Orders of the North East Joint Transport Committee (JTC) state that the Audit Committee should receive on an annual basis, *'Internal Audit's Strategic Audit Plan, including Internal Audit's terms of reference, strategy and resources. The JTC Audit Committee will approve, but not direct, the JTC Strategic Audit Plan'*. The submission of this report seeks to allow the Audit Committee to fulfil this requirement.
- 1.2 The internal audit service is provided to JTC by the internal auditors of Sunderland City Council.

2. Proposals

- 2.1 The Internal Audit Strategy was agreed by the Committee in 2019/20 and as no changes have been made to it this report only sets out the proposed Internal Audit plan and performance measures for 2023/24.
- 2.2 The draft Internal Audit Plan for 2023/24 is set out in Appendix 1. The Audit Plan covers Internal Audit's key performance measures and outlines the proposed internal audit work for the JTC.

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 Delivery of the audit plan will be monitored to ensure it is delivered together with any actions arising from audit work. Update reports will be provided to the JTC Audit Committee throughout the year.

Joint Transport Committee – Audit Committee

5. Potential Impact on Objectives

- 5.1 The development of the audit plan 2023/24 will not impact directly on the JTC's objectives, however the delivery of the audit plan will support 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.

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 draft Internal Audit Plan 2023/24.

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 – Internal Audit Plan 2023/24 provides a description of the audit work to be carried out during the year.

Joint Transport Committee – Audit Committee

14. Background Documents

14.1 JTC Standing Orders.

15. Contact Officers

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

Tel - 07342704254

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

Internal Audit Plan 2023/24

1. Introduction

This document presents the Internal Audit Plan for 2023/24 including the key performance measures for Internal Audit.

2. Division of Responsibilities

- 2.1 It is management's responsibility to manage the systems of the JTC to ensure that risks are managed, an appropriate system of internal control is maintained, and its assets adequately protected. This includes ensuring that controls are in place to guard against error, potential fraud and corruption, and that there is efficiency and effectiveness in how the systems are operated.
- 2.2 Internal Audit independently reviews how effectively management discharges this aspect of its responsibilities by evaluating the effectiveness of systems and controls and providing objective analyses and suggesting areas for improvement. Management retains full ownership and responsibility for the implementation of any agreed actions within the agreed timescales.

3. Development of the Plan

- 3.1. The plan was developed based on consultation with key officers within the JTC and consultation with the JTC's statutory officers and consideration of the key activities and risks relevant to the JTC.
- 3.2. As specific areas of concern or irregularity may require investigation as and when they arise, a small contingency is made for this work. Should a significant piece of work be required there may be a need to replace a planned audit, in consultation with the JTC.
- 3.3 Where individual audits cannot be undertaken as originally planned (e.g. service no longer provided), attempts will be made to replace the audit with a suitable replacement in consultation with the JTC's Chief Finance Officer. Where these changes are agreed this shall be considered a variation to this Plan for the purposes of performance reporting.

Joint Transport Committee – Audit Committee

3.4 Time has also been allocated for the provision of advice and guidance on internal control matters.

4 Planned Audit Work for 2023/24

4.1 A summary of internal audit work against each of the organisational risk areas is shown in Annex 1. The following audits are planned for 2023/24.

Bus Services Improvement Plan

4.2 Audit work will review the arrangements in place to manage the delivery of the Bus Services Improvement Plan. This will include monitoring of performance and reporting arrangements.

Capped Bus Fare Scheme

4.3 The Audit will review the arrangements in place to manage the Capped Bus Fare Scheme which is to run over a three year period for travellers under the age of 22.

Bus Partnership Agreements

4.4 The audit will review whether the management of the agreements with bus providers is robust, including the arrangements for making variations to the agreements.

Scheme Development Allocations

4.5 The audit will review the process for allocating Department of Transport funding to Local Authorities for the development of schemes across the LA7 region.

4.6 In addition to the audits set out above, time has been allowed to provide assurance support for the transition into the North East Mayoral Combined Authority from 2024/25.

5 Reporting Protocols

5.1 At the conclusion of each individual audit a draft report and, if necessary, a proposed action plan will be forwarded to the appropriate manager. Once agreement has been reached, a final report (including any agreed action plan) will be forwarded to the relevant senior officer and the Head of Paid Service. Where audits highlight issues which need to be brought to the attention of the Chief Finance Officer they will be raised as and when necessary.

5.2 Senior Management and the Audit Committee will be updated on progress against the audit plan mid-way through the year.

Joint Transport Committee – Audit Committee

5.3 An Annual Report will be prepared for the Audit Committee, in order to give assurance, or otherwise, regarding the JTC's internal control environment

6 Performance Management

6.1 All work undertaken will be in accordance with the internal audit service's policies and procedures, which are based upon the Public Sector Internal Audit Standards.

6.2 The Key Performance Indicators which will be used to measure the performance of the service throughout the year are shown in Annex 2.

Joint Transport Committee – Audit Committee

Annex 1

Summary of Internal Audit Work

Organisational Risk Areas	Audits 2020/21	Opinion	Audits 2021/22	Opinion	Audits 2022/23	Opinion	Audits 2023/24	Opinion	Overall Opinion
Future Availability of Funding									No Internal Audit Work
Funding Opportunities	Regional Transport Plan	S							S
Use of Funding and Resources			Transport Assurance Framework	S	Active Travel Fund Grant	S	Scheme Development Allocations		S
Governance Arrangements					Service Level Agreements	M			S
Operational Capacity and Resourcing					Business Continuity				
Delivery of Transport Improvement Projects/Programmes	Transforming Cities Fund	M	Transforming Cities Programme - Compliance	S	Bus Services Partnership		Bus Services Improvement Plan		S
							Capped Bus Fare Scheme		
							Bus Partnership Agreements		
Transport Infrastructure Assets			Contract Management – TT2	S					S
Service Delivery	Bus Services Grant Claim	S	Bus Services Grant Claim	S	Active Travel Fund Grant	S			S
Catastrophic Event					Business Continuity				

Assurance Level (Opinion) Key: F – Full S – Substantial M – Moderate L – Limited N – None

Joint Transport Committee – Audit Committee

Annex 2

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2023/24

Efficiency and Effectiveness

Objectives	KPIs	Targets
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the organisational risk areas	1) Audit opinion provided at year end
	2) Percentage of draft reports issued within 15 days of the end of fieldwork	2) 90%
	3) Percentage of audits completed by the target date	3) 85%

Quality

Objectives	KPIs	Targets
1) To maintain an effective system of Quality Assurance	1) Opinion of External Auditor	1) Satisfactory opinion
2) To ensure recommendations made by the service are agreed and implemented	2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented	2) 100% for high and significant. 90% for medium risk

Client Satisfaction

Objectives	KPIs	Targets
1) To ensure that clients are satisfied with the service and consider it to be good quality	1) Results of Post Audit Questionnaire	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)
	2) Results of Audit Questionnaire	2) Results classed as 'good'
	3) Number of complaints and compliments	3) No target – actual numbers will be reported

This page is intentionally left blank