



Joint Transport Committee Audit Committee

Wednesday, 8th November, 2023 at 10.00 am

Meeting to be held in the Blaydon Room - Gateshead 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 meeting held 5 April 2023	3 - 6
(a) For info: Bus Partnership Board Membership	7 - 8
4. Joint Transport Committee Internal Audit Progress Report 2023/24	9 - 16
5. Joint Transport Committee Internal Audit Annual Report 2022/23	17 - 24
6. Date and Time of Next Meeting	
13 March 2024, 10am – 12noon, Whickham Room, Gateshead Civic Centre	

Contact Officer: Melvyn Mallam-Churchill

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JOINT TRANSPORT COMMITTEE, AUDIT COMMITTEE

5 April 2023

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

Present:

- Mark Scrimshaw (Chair)
- Stuart Green (Vice Chair)

Councillors:

- A Watson – Durham County Council
- L Kirton - Gateshead Council
- K Dawes – South Tyneside Council
- S O'Brien – 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
- Lucy Keating – Legal Officer acting as Monitoring Officer - Transport
- Patsy O'Reagan – NECA Finance Manager

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr McMullen (North Tyneside Council), Cllr Beynon (Northumberland County Council), Tobyn Hughes, Mike Barker and Paul Darby.

2. DECLARATIONS OF INTEREST

None were received.

3. MINUTES OF THE INQUORATE MEETING HELD ON 30 NOVEMBER 2022

RESOLVED: The minutes of the inquorate meeting held on 30 November 2022 were agreed as a correct record subject to Cllr Kirton's apologies and Lucy Keating's attendance being noted.

Matters Arising

Item 3 (Transport Plan – A Year Review) – Committee requested an update on the £55m of TCF which was left to be spent by the end of the financial year. It was confirmed that there was an underspend, with the remaining funds moving to the City Region Sustainable Settlement (CRSTS). In terms of the CRSTS, the devolution deal would allow access to £150m capital over the next three financial years. A Mayor and business case for spend would need to be agreed in May 2024. Work is underway on the business case and a potential programme of spend.

In terms of the Levelling Up Fund, £19.5m was received on 30 March 2023. This will be spent on EV charging points, an electric bus fleet of 47 new vehicles and increased infrastructure work at depots for bus charging points.

The Committee requested information on the membership of the Regional Bus Partnership Board. A list of representatives will be circulated and attached to the minutes for information.

4. JTC INTERNAL AUDIT PLAN 2023/24

The members in attendance discussed the proposed Internal Audit Plan and performance measures for 2023/24.

It was noted that, following discussions with lead officers around priorities, four pieces of audit work were identified to be undertaken in 2023/24;

- Bus Services Improvement Plan – to review the arrangements in place to manage the delivery of the BSIP, monitoring of performance and reporting arrangements.
- Capped Bus Fare Scheme – to review the arrangements in place to manage the Capped Bus Fare Scheme which is run over a three year period for under 22 year olds.
- Bus Partnership Agreements – to review whether the management of the agreements with bus providers is robust, including the arrangements for making variations to the agreements.
- Scheme Development Allocations – to review the process for allocating DfT funding to local authorities for the development of schemes across the LA7 region.

There has also been time allowed to provide assurance support for the transition into the North East Mayoral Combined Authority from 2024/25.

In relation to the Scheme Development Allocations, Committee was advised that an assessment of pipeline schemes is required as part of the CRSTS scheme. £5.6m of revenue funding has been released into the Transport North East Team, some of which will be used for local authority detailed work on schemes in their patch. The audit will ensure where money is going and how it is being used to inform the larger scheme. The Transport Plan will also identify the schemes each local authority wants to deliver around sustainable transport.

It was questioned whether rural bus routes are a consideration in terms of the CRSTS plans. Committee was advised that CRSTS funding is for physical matters, however BSIP money would be more aligned to look at this. It was reported, however, that when indicative funding was announced it was thought this would be used on enhancements, but now central government is considering removing Bus Operator grants. Therefore, some revenue funding from the BSIP grant may have to be used to preserve services instead of improving them.

It was queried as to how social importance and social value of particular routes could be evidenced. It was noted that this would sit within economic factors and would be an issue for Nexus and the County Councils to deal with as it is their decisions to make. It was confirmed that the decision process around those services and routes would take into consideration access to services such as health and education. It is hoped that BSIP money can go towards an attractive bus offer with social value calculated in every way. Committee were advised that Nexus are now at JTC Overview and Scrutiny Committee and the issue of social value considerations would fall within the OSCs remit. Committee agreed that a letter should be sent from the Chair to the JTC OSC Chair, requesting the OSC to look at the factors taken into account when service planning and whether social values are considered in that.

It was recognised that there are huge allocations of funding and it was queried whether there are future revenue implications and if revenue streams have been built in. It was acknowledged that this is a challenge, CRSTS will pay for the entire regions highway maintenance so it is hoped there will be opportunities to find efficiencies in highways maintenance across the seven authorities in order to create some of the savings for revenue. It was noted that it is early days and further discussions would be undertaken with all seven local authorities.

It was questioned as to the role of the Regional Bus Partnership. It was confirmed that the partnership is an advisory body, development of scheme business cases will be discussed with the partnership and any recommendation fed through to the JTC.

It was queried what the position would be if the devolution deal did not go ahead. It was noted that the barriers and opportunities for it to fail are fewer than previously. If the deal did not go ahead there would be a halt in the investment into transport and no new money would be received. There would be no funding streams and therefore would have to mitigate the impact.

Committee questioned what areas were chosen not to be prioritised for audit this year. It was confirmed that the priorities identified by officers has been covered within the proposed audit areas for this year. It was noted that officers did not want benign areas covered this year as there has been significant allocations of funding. It was noted that substantial BSIP allocation has been received for under 22's fares and multi-modal tickets, this will pass to private bus operators so assurance must be given to the DfT that the money is being handled responsibly. There will be a point where bus operators will make claims if they have lost out financially due to the cheaper fares and will be reimbursed on lost revenue. This is a new issue and a live issue therefore it is imperative to get the process right.

In terms of the audit it was noted that audits of a more operational nature have been undertaken in previous years and now the priorities are all about service delivery and what the JTC need to achieve.

It was queried whether there is a timeline for measuring volume and cost as a result of the capped bus fare scheme. In terms of the £2 scheme, this is funded directly by central government, the JTC agreed that impact and uptake of that scheme has not been significant in the region. In relation to the £1 under 22 fare the data for that will be taken from bus ticket machines which will provide accurate data and that precipitates reimbursement to bus companies.

It was confirmed that forecasting has been carried out around uptake of the £1 fare scheme and within reasonable limits it is affordable. However, if money were to run out this would need to be reviewed.

It was questioned whether there is flexibility in terms of resources within the Audit team. It was noted that there is an SLA to cover the amount of days the audit work will take, if there was any additional work discussions would have to be held with statutory officers to look at overall priorities. It was confirmed that there is a sustainable level of work at present.

RESOLVED - That the proposed Internal Audit Plan for 2023/24, which includes the key performance measures for the provision of the service, and the Audit Committee's comments be noted.

5. DATE AND TIME OF THE NEXT MEETING

To be confirmed following JTC AGM.

The North East Regional Bus Partnership Board

Membership

Charlotte Carpenter - Chair

Charlie Hamilton - Vice Chair

Kim Purcell - Commercial Director, Arriva Yorkshire and Arriva North East (Deputised by: Richard McGowan, Area Head of Commercial, Arriva North East)

Dawn Badminton Caps - Director for England, Bus Users UK

Stuart McNaughton - Strategic Transport Manager, Northumberland County Council

Andrew McGuinness - Regional Manager, Confederation of Passenger Transport / NE Bus

Steve Walker - Managing Director, Stagecoach North East

Nigel Featham - Managing Director, Go North East (Deputised by: Ben Maxfield, Business Director, Go North East)

Martin Kearney - Managing Director, Nexus (Deputised by: Huw Lewis, Customer Services Director, Nexus)

Mark Jackson - Head of Transport, Durham County Council (Deputised by: Cathy Knight, Integrated Passenger Transport Manager)

David Sidebottom - Director, Transport Focus

Heather Jones - Head of Enhanced Partnerships, Transport North East (TNE)

Philip Meikle - Transport Strategy Director, TNE

Tobyn Hughes - Managing Director, TNE

Officers:

Lucy Keating - Legal Manager, TNE

Michael Dodds - Senior Transport Data Analyst, TNE

Judith Elliot - Transport Data Analyst, TNE

Liz Kashouris - Bus Partnership Development Officer, TNE

Eleanor Goodman - NECA Finance Manager, TNE

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Joint Transport Committee – Audit Committee

Date: 8 November 2023

Subject: Joint Transport Committee Internal Audit Progress Report
2023/24

Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

This report provides an update on the delivery of the Internal Audit Plan for 2023/24 and the performance of Internal Audit against its agreed performance indicators.

At 30 September 2023, one of the four planned audits has been completed (Scheme Development Applications), with a substantial assurance opinion issued. The remaining three audits, one of which was ongoing at 30 September (Bus Services Improvement Plan), are planned to be completed by the end of March 2024.

Recommendations

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

Joint Transport Committee – Audit Committee

1 Background Information

1.1 In April 2023 the JTC Audit Committee agreed the Internal Audit Plan for 2023/24, which included four audits for completion during the year. The agreed audits were:

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

1.2 The audit of Scheme Development Allocations is complete and the Bus Services Improvement Plan audit is ongoing. The remaining audits are planned for quarters 3/4, therefore it is expected that they will be completed by the end of March 2024.

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 contributes 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 2023/24.

Appendix 2 – Performance of Internal Audit for 2023/24 where available.

14. Background Documents

- 14.1 JTC Standing Orders.

15. Contact Officers

Tracy Davis – Senior Manager – Assurance, Sunderland City Council.
Tracy.Davis@sunderland.gov.uk

Joint Transport Committee – Audit Committee

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

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	S
Governance Arrangements					Service Level Agreements	M			S
Operational Capacity and Resourcing					Business Continuity	L			L
Delivery of Transport Improvement Projects/Programmes	Transforming Cities Fund	M	Transforming Cities Programme - Compliance	S	Bus Services Partnership	S	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	L			L

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 2023/24			
Efficiency and Effectiveness			
Objectives	KPI's	Targets	Progress
1) To ensure the service provided is effective and efficient. Page 14	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 2023/24			
Quality			
Objectives	KPI's	Targets	Progress
1) To maintain an effective system of Quality Assurance.	1) Opinion of External Auditor	1) Satisfactory opinion	Achieved
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 risk. 90% for medium risk	Behind target – Medium risk 67%
Client Satisfaction			
Objectives	KPI's	Targets	Progress
1) To ensure that clients are satisfied with the service and consider it to be good quality.	1) Results of Post Audit Questionnaires	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)	On target - 1
	2) Results of other Questionnaires	2) Results classed as 'Good'	N/A
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported	None in year

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Joint Transport Committee – Audit Committee

Date: 8 November 2023

Subject: Joint Transport Committee Internal Audit Annual Report 2022/23

Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

This report provides a summary of the Internal Audit work undertaken during 2022/23, provides an opinion on the Joint Committee's internal control arrangements, and the performance of Internal Audit against its agreed performance indicators.

The report outlines that during 2022/23 the four planned audits were completed.

Based on the work undertaken, the opinion of the Internal Audit team is that there are good internal control arrangements in place.

Recommendations

The Audit Committee is invited to consider and, if appropriate, make comment on the Internal Audit Annual Report for 2022/23 which includes performance against the key performance measures for the provision of the service.

Joint Transport Committee – Audit Committee

1 Background Information

- 1.1 In March 2022 the JTC Audit Committee agreed the Internal Audit Plan for 2022/23, which included four audits for completion during the year. The audits agreed were:
- a) Bus Services Partnership.
 - b) Business Continuity Arrangements.
 - c) Service Level Agreements with External Providers.
 - d) Active Travel Fund Grant.
- 1.2 All four audits have been completed.

2. Proposals

- 2.1 Appendix 1 provides a summary of the audits undertaken last year and in the previous three financial years, including the audit opinion and the overall opinion for the Risk Area. It can be seen that all of the overall opinions are green apart from those in relation to Business Continuity Arrangements. Whilst action has been taken to develop and strengthen the business continuity arrangements for the Joint Transport Committee, the business continuity plans were not in place at the time of the audit.
- 2.2 It is acknowledged that work is ongoing to develop the arrangements for the new North East Mayoral Combined Authority, which will include business continuity arrangements for all activities of the new Combined Authority. Outstanding issues from this audit, along with any other relevant Internal Audits will be passed over the new Combined Authority and followed up as appropriate.
- 2.3 Appendix 2 shows Internal Audit's current performance against the key performance indicators agreed for the service; activity directly relevant to JTC is shown where it can be. Regarding the performance in relation to the timeliness of the issue of the audit report (75%) this is due to one audit being slightly outside of the targets. In relation to the 'implementation of recommendations KPI' at 67% this is the result of a follow up of the two recommendations made in the report for Transforming Cities. One recommendation is still outstanding relating to the clarification of the requirements and arrangements for grant certification.
- 2.4 Based on the work undertaken, the opinion of the Internal Audit team is that there are good internal control arrangements in place.

Joint Transport Committee – Audit Committee

3. Reason for the Proposals

- 3.1 The Public Sector Internal Audit Standards (PSIAS) 2017 state that the provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the Internal Audit team to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 3.2 This report satisfies that requirement. In addition, the JTC 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 None as report is for information.

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.

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.

Joint Transport Committee – Audit Committee

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 Internal Audit Annual Report 2022/23.

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 undertaken.

Appendix 2 – Performance of Internal Audit for 2022/23 where available.

14. Background Documents

- 14.1 JTC Standing Orders.

15. Contact Officers

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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

Organisational Risk Areas	Audits 2019/20	Opinion	Audits 2020/21	Opinion	Audits 2021/22	Opinion	Audits 2022/23	Opinion	Overall Opinion
Future Availability of Funding									
Funding Opportunities			Regional Transport Plan	S					S
Use of Funding and Resources					Transport Assurance Framework	S	Active Travel Fund Grant	S	S
Governance Arrangements	Governance Arrangements	S					Service Level Agreements	M	S
Operational Capacity and Resourcing							Business Continuity Arrangements	L	L
Delivery of Transport Improvement Projects/Programmes	Project Management, Procurement and Contract Management	S	Transforming Cities Fund	M	Transforming Cities Programme - Compliance	S	Bus Services Partnership	S	S
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 Arrangements	L	L

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 2022/23			
Efficiency and Effectiveness			
Objectives	KPI's	Targets	Progress
1) To ensure the service provided is effective and efficient. Page 22	1) Complete sufficient audit work to provide an opinion on the key risk areas identified.	1) Sufficient Audit work completed over a 3-year period	Achieved
	2) Percentage of draft reports issued within 15 days of the end of fieldwork.	2) 90%	Behind target – 75%
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	3) 85%	Behind target – 75%

Joint Transport Committee – Audit Committee

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2022/23

Quality			
Objectives	KPI's	Targets	Progress
1) To maintain an effective system of Quality Assurance. 2) To ensure recommendations made by the service are agreed and implemented.	1) Opinion of External Auditor 2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented.	1) Satisfactory opinion 2) 100% for high and significant risk. 90% for medium risk	Achieved Significant – N/A Medium – 67%
Client Satisfaction			
Objectives	KPI's	Targets	Progress
1) To ensure that clients are satisfied with the service and consider it to be good quality.	1) Results of Post Audit Questionnaires 2) Results of other Questionnaires 3) Number of Complaints / Compliments	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor) 2) Results classed as 'Good' 3) No target – actual numbers will be reported	Achieved - Score of 1 N/A None in year

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