

AUDIT & GOVERNANCE COMMITTEE

At a meeting of the Liverpool City Region (LCR) Audit & Governance Committee held in the Authority Chamber - No.1 Mann Island, Liverpool, L3 1BP on Wednesday, 17th October, 2018 the following Members were in attendance: -

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| Councillor Edna Finneran | Overview & Scrutiny | Knowsley MBC |
| Councillor Paula Murphy | Overview & Scrutiny | Sefton MBC |
| Councillor Dr John Pugh | Overview & Scrutiny | LCR Opposition Group |
| Councillor Sir Ron Watson OBE | Overview & Scrutiny | LCR Opposition Group |
| Councillor Derek Long | Combined Authority | St Helens MBC |
| Councillor Ian Maher | Combined Authority | Sefton MBC |

1. APPOINTMENT OF CHAIRPERSON

Councillor Ian Maher nominated Councillor Paula Murphy to be the Chairperson of the Liverpool City Region Audit and Governance Committee.

This was seconded by Councillor Derek Long.

RESOLVED that Councillor Paula Murphy be appointed as the Chairperson of the LCR Audit and Governance Committee for the remainder of the municipal year 2018/19.

2. APPOINTMENT OF VICE CHAIRPERSON

Councillor Ian Maher nominated Councillor Edna Finneran to be the Vice Chairperson of the Liverpool City Region Audit and Governance Committee.

This was seconded by Councillor Derek Long.

RESOLVED that Councillor Edna Finneran be appointed as the Vice Chairperson of the Liverpool City Region Audit and Governance Committee for the remainder of the municipal year 2018/19.

3. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Rob Polhill.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. MINUTES OF THE PREVIOUS MEETINGS

RESOLVED that the following minutes of the previous meetings of the Liverpool City Region Audit and Governance Committee be approved as a correct record: -

- a) 8 September 2017;
- b) 22 February 2018; and
- c) 28 March 2018

6. INTERNAL AUDIT PERFORMANCE REPORT QUARTER 1 AND 2

The Committee considered a report relating to the internal audit work completed in respect of the Combined Authority for the period 1 April to 30 September 2018 presented by Laura Williams, Head of Internal Audit.

Members enquired about the fleet management and assurance issues that needed to be addressed as well as the differences between the assurance opinions.

John Fogarty informed the Committee that the fleet management is the fleet that is used to operate the Mersey Tunnels.

Laura Williams informed the Committee that the assurance issues were related to policies and procedures and how they were adopted and implemented. She also stated that the differences between the assurance opinions were: -

- Substantial – operating effectively and generally happy
- Reasonable – operating adequately
- Limited – not where it is supposed to be
- No Assurance – poor

There was a discussion about the assurances and the levels of opinions in relation to the follow-up and how it should be differentiated and consistent and be made clear for the members of the public to understand it.

Laura Williams informed the Committee that the different levels of assurances are dependent on the priority levels of the recommendations made in the audit report. All recommendations are followed up equally and discussions were currently being held with officers about the progress being made in implementing the recommendations made.

Members enquired about the publication scheme audit, the timescales involved in implementing the recommendations and whether it could not be completed earlier.

Laura Williams informed the Committee that the Chief Legal Officer had advised that the publication scheme would be completed by March 2019.

Jill Coule advised that the website was being developed and the publication scheme would be completed before the original timescales.

RESOLVED that the Audit and Governance Committee notes: -

- a) the progress made in the delivery of the approved Internal Audit Plan in respect of the Combined Authority.
- b) the outcomes of the audit work undertaken during the period of the report.

- c) that Audit and Governance training would be organised for members of the Committee prior to the next meeting in January 2019.
- d) that a copy of the report relating to Fleet Management be circulated to the Committee.
- e) that Jill Coule, Monitoring Officer to action the development of the Publication Scheme

7. KPMG ANNUAL AUDIT LETTER

The Committee considered a report relating to the Annual Audit Letter for 2017/18 provided by the Combined Authority's outgoing external auditors (KPMG) for information, presented by John Fogarty, Director of Corporate Services.

There was a discussion about the recommendation on the report relating to the Combined Authority "noting" the Annual Letter and what the role of the Audit and Governance Committee was in its approval.

John Fogarty informed the Committee that the report had already been to the Combined Authority for approval and it was a matter of process to be submitted to the Audit and Governance Committee.

The Chair enquired about the reference to an "unqualified conclusion" on page 27 of the report and commented that she was confused as the Metro Mayor had reported at the last Overview and Scrutiny Committee that it was a "qualified opinion".

John Fogarty informed the Committee that it was the terminology being used and that it was an "unqualified opinion" that was reported by the internal auditors.

Members enquired about the meaning of "misstatements" and "significant audit differences" references on page 27 of the report.

John Fogarty informed the Committee that the references were from financial statements and related to the inaccuracy of the accounts but was not material but rather an opinion.

RESOLVED that the Audit and Governance Committee: -

- a) receives the Annual Audit Letter for 2017/18 which was considered by the Liverpool City Region Combined Authority at its meeting in August 2018; and
- b) agrees that officers collate a glossary of terms and audit jargon to be circulated to members of the Committee to assist in understanding the terminology being used in reports.

8. APPOINTMENT OF INDEPENDENT MEMBER UPDATE

The Committee considered a report relating to the recent recruitment of the Independent Member to the Audit and Governance Committee presented by Jill Coule Monitoring Officer.

Members discussed the report and the options available and enquired about approaching other local authorities in the region before looking at other costly methods.

RESOLVED that the Audit and Governance Committee: -

- a) notes the progress to date for the recruitment of an Independent Member; and
- b) agrees to Option 2 being considered first, then Option 1 and Option 3 as a last resort due to the financial implications and that officers take the appropriate steps to appoint an Independent Member as soon as practicable.
- c) provides the Chair with an update and keeps the Committee informed of the progress.

9. WORK PROGRAMME FOR 2018-19

The Committee considered a report relating to the Audit and Governance Work Programme for 2018/19.

Jill Coule informed the Committee that the Work Programme was produced as a guide for the Committee to be aware of items likely to be submitted to future meetings and now that a Chair and Vice Chair had been appointed to the Committee meetings would be arranged to look at the Work Programme in more detail. She also stated that a report on Information, Management and Governance would be included in the Work Programme for the January 2019 meeting.

Members discussed the Work Programme and highlighted the March meeting being a "full agenda" and consideration may need to be given to including another meeting in the schedule to consider the reports appropriately.

RESOLVED that the Audit and Governance Committee Work Programme for 2018/19: -

- a) in consultation with the Chair and officers, be agreed as a developing document that would be subject to changes and additions as the municipal year progresses;
- b) be agreed subject to a report on Information, Management and Governance being included in the Work Programme for the January 2019 meeting; and
- c) in consultation with the Chair and officers, looks at the March 2019 meeting and agrees a way forward to consider the reports scheduled to be submitted.

10. ANY OTHER URGENT BUSINESS

There was no other urgent business.

11. DATE OF THE NEXT MEETING

The date of the next meeting on 23 January 2019 was noted.

Minutes 1 to 11 received as a correct record on the 23 day of January 2018.

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Chairperson of the Audit and Governance Committee

(The meeting closed at 2.55 pm)

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