

LCR AUDIT & GOVERNANCE COMMITTEE

At a meeting of the LCR Audit & Governance Committee held in the Authority Chamber - No.1 Mann Island, Liverpool, L3 1BP on Wednesday, 19th January, 2022 the following Members were

P r e s e n t:

Councillor Edna Finneran
Chair of the Audit and Governance Committee
(in the Chair)

Councillor D Burgess-Joyce	Overview and Scrutiny Committee	Wirral BC
Councillor J Hansen	Overview and Scrutiny Committee	Sefton BC
Councillor P Moloney	Overview and Scrutiny Committee	Liverpool CC
Councillor G Morgan	Combined Authority	Knowsley MBC
Councillor M Wharton	Combined Authority	Halton BC
Martin McDonagh	Independent Member	
Jean Gleave	Independent Member	

33. APOLOGIES

There were no apologies for absence.

34. DECLARATIONS OF INTEREST

There were no declarations of interest.

35. MINUTES OF THE LAST MEETING

The minutes of the last meeting held on 22 September 2021 were agreed as a correct record.

36. INTERNAL AUDIT UPDATE

The Committee considered the report of the Head of Internal Audit which provided an overview of the internal audit work completed in respect of the Combined Authority in the third quarter of 2021-22, in accordance with the Internal Audit Plan 2021-22.

Dave Knott, Internal Audit Manager presented the report and provided information on the following key points:-

- A summary of the Internal Audit Plan delivery for the period;
- Details of the work undertaken, and key items of note in respect of corporate systems, Combined Authority-specific systems and Merseytravel-specific systems;
- Details of work undertaken in respect of fraud, bribery and corruption;
- An update on internal audit performance with reference to the key performance indicators detailed in the Quality Assurance and Improvement Programme (QAIP); and
- An update on the service's compliance with the Public Sector Internal Audit Standards (PSIAS).

Dave Knott advised that Internal Audit had made positive progress in the period of this report to deliver the Internal Audit Plan 2021-22. 86% of the Plan was completed or underway with completion on target for the end of the Year.

The Chair, Councillor Edna Finneran invited questions/comments from Members of the Committee.

Councillor David Burgess-Joyce asked what the Committee needed to be aware of as a Group to be able to support the Combined Authority?

Dave Knott advised that planning was underway for 2022/23. The Combined Authority was receiving a large amount of funding and this was a key area for consideration in the plan along with new developments in the organisation such as the Freeport.

Councillor Burgess-Joyce asked was there a risk due to a lack of funding?

Dave Knott clarified that a lot of funding was being received by the Combined Authority. The management of this funding presented risks to the organisation and consequently this funding would be a focus for the Audit Plan for the next year.

Jean Gleave, Independent Member, thanked Dave Knott for the report. Referring to page 17 of the pack, she asked about the 2 reviews that had been added to the plan and the reviews being pushed back and if there were there any concerns about the requested work and the work needing to be rescheduled as a consequence.

Dave Knott reported that there were no concerns and the additional work had been accommodated but not to the detriment of the work that had been rescheduled. Some of that work could not be undertaken anyway due to timescales and stages of development.

Jean Gleave referred to Page 5 and the 'Health and Safety' audit, but it was not in table 1. She asked if it was still being finalised or agreed or was it a previous audit?

Dave Knott advised that the audit would have been in draft at the previous meeting. It had now been finalised and the recommendations were included in the report.

Jean Gleave referred to table 3, 'Corporate Systems' and follow-up work. There were still some recommendations going back to 2019/20 and 2017/18 which hadn't been implemented. She asked if the risks were still being managed.

Dave Knott reported that Audit continually follow-up on recommendations. Discussions were ongoing with regard to the outstanding recommendations and Audit was aware of the work being done to manage the risks in the interim. There were no major concerns and a lot of work had been undertaken with Departments over the past year which had led to a significant reduction in the amount of outstanding recommendations.

Jean Gleave asked whether the Plan would be completed by the end of the year or was there anything that could hinder progress.

Dave Knott advised that he was not aware of anything which would prevent progress and he was confident about completion. If an unplanned piece of work arose then a decision would have to be made about the work within the plan.

RESOLVED That:

- (i) the report be noted; and
- (ii) the progress made in the delivery of the approved Internal Audit Plan in respect of the Combined Authority, be noted.

37. RISK MANAGEMENT UPDATE

The Committee considered the report of the Head of Internal Audit which provided an update in respect of the system of corporate risk management and the activity that has been undertaken in continuing to embed this system during the third quarter of 2021-22.

Natasha Bryan, Risk Manager presented the report and highlighted the following key points:-

- The Corporate Risk Register had and would be reviewed by Executive Leadership Team as a whole and individually by Executive Directors;
- Risks had stayed static but with the Register, the key changes related to actions;
- There had been a further review of risk owners;
- Further improvements in embedding the risk management process;
- A Risk Management Skills Training offer for Senior Managers had been developed and launched;
- An E-learning package for all staff on Corporate Risk has also been developed and launched;
- A further workshop with the Executive Leadership Team was planned for 1 March 2022; and
- There had been good engagement with Senior Managers to progress the Risk Register to this stage.

The Chair, Councillor Edna Finneran invited questions/comments from Members of the Committee.

Councillor David Burgess-Joyce referred to the completion of mandatory training. He asked if this had been revisited in light of pandemic and training not being essential whilst getting staff to return to the workplace.

Natasha Bryan responded and stated that essential training had been targeted for specific need, following consultation with the Risk Group and Executive Leadership Team. The e-learning package was more of a general overview and available to all other staff.

Jean Gleave, Independent Member commented that she was pleased to see that risks had been allocated to risk owners as part of the development of the risk register. She noted that some of the risks were quite broad and assumed that they would be broken down into more detail behind the scenes. In relation to timescales, she felt that some were imminent, yet these risks were ongoing. She asked if the timescales related to actions which were underway now.

Natasha Bryan advised that the timescales did relate to particular actions to address the overarching risks. As an example, a lot of work had been done on cyber risk and business continuity under the 'Resilience' strand where immediate actions could be undertaken to address some of the overall corporate risks.

Martin McDonough, Independent Member referred to the 'Coronavirus Pandemic' and was surprised that it had not been added to the 'Corporate Risk Register', particularly in light of the effect of staff, revenue streams and service provision.

Natasha Bryan indicated that the 'Pandemic', or 'Covid' was not referred to specifically but was one of the elements under the 'Business Continuity within the 'Resilience' strand which could affect the day to day operation of the Organisation.

Martin McDonagh added that he felt that it should have been included given the major impact on revenue streams, timetables, the use of public transport and tunnel tolls.

Natasha Bryan reported that there were Working Groups looking at those specific areas. Internal Audit did cover those areas as part of the 'Resilience Risk'.

Councillor David Burgess-Joyce agreed with the comments made by Martin McDonagh and suggested that in future, it be highlighted within this report but remain under the relevant strand within the 'Corporate Risk Register'.

Natasha Bryan agreed to look into the request.

Jean Gleave commented that the 'Corporate Risk Register' was in a different format and there were other risks which weren't as explicit. She asked if the Committee could receive a more detailed information from time to time.

Natasha Bryan reported that the full 'Corporate Risk Register' had been attached as an Appendix to the report which provided more detail.

Councillor Pat Moloney referred to financial risks and asked if inflation had been identified as a separate risk or whether it was being encompassed as part of the general financial risks?

Natasha Bryan responded and stated that as part of a number of elements, inflation had been considered and would be considered again by the Executive Leadership Team when they meet to review the 'Corporate Risks'.

RESOLVED That:

- (i) the updated Corporate Risk Register, be noted; and
- (ii) the progress made in embedding the system of corporate risk management into the organisation, be noted.

38. CHIEF OFFICERS DISCIPLINARY PROCEDURE

The Committee considered the report of the Chief Legal and Monitoring Officer which sought:-

- (1) consideration of amendments to the Liverpool City Region Combined Authority Constitution; and
- (2) inclusion of a designated section, outlining the processes and procedures for dealing with Chief Officers for disciplinary matters; and
- (3) for these proposed amendments to be recommended to the meeting of the Combined Authority for approval.

Jill Coule, Chief Legal and Monitoring Officer advised that the report detailed comprehensive procedures with regard to Chief Officers. Following recent recruitment exercises, the position had been reviewed and it was determined that it would be helpful to outline these procedures publicly and transparently, should the occasion arise. Having reviewed the position carefully, the national model promoted by the Joint Negotiating Committee and the related guidance were being recommended to the Committee.

Jill Coule added that should the Committee be minded to agree the recommendations, the issue would need to be considered by the Combined Authority because of the constitutional amendments which would be required to incorporate this process. Those recommendations would include an extension of remit of the Audit and Governance Committee, as Members would be involved in the disciplinary process should it be needed.

The Chair, Councillor Edna Finneran invited questions/comments from Members of the Committee.

Councillor David Burgess-Joyce referred to page 88 and asked should all of those matters be brought to a cross-party group? He felt that the paragraph was contradictory.

Jill Coule responded and stated that the point raised was contained within the guidance. She added that as the recommendations were requesting a change to the terms of reference for this Committee, which was a politically balanced, that where practically possible, a politically balanced approach would be the suggested approach. This would also be subject to local circumstances.

RESOLVED – That:

- (i) the Joint Negotiation Committee (JNC) Model Disciplinary Procedure and Guidance for Local Authority Chief Executives, which included the processes and procedures for dealing with both the appointment and discipline of Chief Officers (Appendices 1 and 2), be approved;
- (ii) the Guidance for Local Authority Chief Executives, in accordance with the Joint Negotiating Committee October 2016 National Salary Framework & Conditions of Service Handbook, be noted;
- (iii) the Combined Authority include the JNC Model Disciplinary Procedure in the Constitution; and
- (iv) the Combined Authority approve the JNC Model Disciplinary Procedure and the amendments to the Constitution as set out in Appendix 4 of this report.

39. ANY OTHER BUSINESS

There were no items of other business for consideration at this meeting.

Minutes 33 to 39 received as a correct record on the 30 day of March 2022.

Chair of the Audit and Governance Committee

(The meeting closed at 2.27 pm)