

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Chair and Members of the Combined Authority
Audit Committee

Meeting: 3 November 2015

Authority/Authorities Affected: Combined Authority/all districts

EXEMPT/CONFIDENTIAL ITEM: No

REPORT OF THE TREASURER

LIVERPOOL CITY REGION COMBINED AUTHORITY QUARTERLY UPDATE REPORT

1. PURPOSE OF REPORT

- 1.1 The purpose of this Report is to provide Members of the Liverpool City Region Combined Authority Audit Committee with an update of internal audit work undertaken during the second quarter of 2015/16 (July – September).

2. RECOMMENDATIONS

- 2.1 The Liverpool City Region Combined Authority Audit Committee is recommended to:
- (a) Note the overview of work undertaken on behalf of the Combined Authority during the second quarter of 2015/16; and
 - (b) Request further updates in respect of internal audit work undertaken in accordance with the proposed plan of work during the year.

3. BACKGROUND

- 3.1 The Accounts and Audit (England) Regulations 2015 require that “a relevant Authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance” (Part 2, Section 5).
- 3.2 The Liverpool City Region Combined Authority Audit Committee has agreed to place reliance on the relevant internal audit work being undertaken during 2015/16 by Merseytravel as the Executive Body and (where appropriate) by Halton Borough Council.

- 3.3 The Merseytravel Internal Audit Plan includes allocation of 150 internal audit days, to include appropriate grant assurance work and provision for the following Internal Audit reviews in respect of Combined Authority assets or obligations:
- (a) Tunnel tolls recording systems & income reconciliation
 - (b) Programme Management
 - (c) Commissioning
 - (d) Members Code of Conduct.
- 3.4 During the period July – September, grant assurance work regarding the following funding streams has been completed as follows:
- Growth Deal – Major Schemes (Quarter 1 Claim)
- 3.5 Further grant assurance work is on-going in respect of the following:
- Growth Deal – Major Schemes (Quarter 2 Claims)
 - Growth Hub
 - Skills Capital Investment Fund
- 3.6 An internal audit review of Member’s Code of Conduct was on-going at the quarter end and the outcome of this review will be reported to the next meeting of this Committee. A review of Fast-Tag Accounts Management had commenced at the time of writing this Report.
- 3.7 Eighteen internal audit days have been utilised for the audit work detailed in paragraphs 3.6 and 3.7 during the quarter. Year to date, 32 audit days have been utilised, although it is expected that grant assurance work will significantly increase in the remaining six months of the year.
- 3.8 As the Lead Authority for Employment & Skills, Knowsley Council have undertaken, on behalf of the Combined Authority, an internal audit review of the bidding process for the Skills Capital Investment Fund. Substantial Assurance was obtained that the internal controls were operating effectively.
- 3.9 The review identified that the application process was fair and transparent; however applications for funding are sent to a generic email address and not a secure portal. It was recommended that if the secure portal was used, this would provide greater assurance that all bids have been received on time, have not been amended, and are sealed prior to the closing date. Further discussions will be held with the Procurement Manager to identify the most appropriate method to submit the bids if a similar bidding process were to be undertaken in the future. Two recommendations were made and accepted by managers.
- 3.10 Merseytravel will undertake grant assurance work in respect of individual claims made through the Skills Capital Investment Fund, going forwards.

4. RESOURCE IMPLICATIONS

There are no direct issues arising from this report.

4.1. **Financial**

There are no direct issues arising from this report.

4.2. **Human Resources**

There are no direct issues arising from this report.

4.3. **Physical Assets**

There are no direct issues arising from this report.

4.4. **Information Technology**

There are no direct issues arising from this report.

5. **RISKS AND MITIGATION**

- 6.1 The Authority is required by law to ensure that adequate and effective internal audit arrangements are provided for. The risk of non-compliance with statutory and Constitutional requirements is mitigated by the work completed and on-going as outlined in this Report, and through regular updates provided to the Audit Committee of progress and findings.

6. **EQUALITY AND DIVERSITY IMPLICATIONS**

There are no direct issues arising from this report.

7. **COMMUNICATION ISSUES**

- 8.1 There are no direct issues arising from this report.

8. **CONCLUSION**

- 9.1 The Audit Committee is required to consider the internal audit arrangements of the Authority, and advise accordingly. This Report seeks to demonstrate that the Authority's Constitutional requirements are being met and to facilitate the effectiveness of the Audit Committee in undertaking its roles and responsibilities.

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Treasurer

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Appendices:

None

Background Documents:

None