MERSEYTRAVEL

Code of Corporate Governance
2018/19

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Contents

1. Purpose

This document sets out Merseytravel's Code of Corporate Governance which has been produced in accordance with the principles and requirements contained within the framework established by the CIPFA/SOLACE publication, *Delivering Good Governance in Local Government: Framework (2016 Edition)*.

Merseytravel is committed to the principles of good corporate governance and demonstrates this commitment through the development, adoption and implementation of a Code of Corporate Governance. This Code sets out the Corporate Governance arrangements that are currently in place and how Merseytravel will continue to review these arrangements and implement improvements where necessary.

Merseytravel recognises that the CIPFA/SOLACE Code is specifically designed for Local Authorities. As a Passenger Transport Executive Merseytravel does not have elected Members directly in its decision making process. However, Merseytravel has adopted where possible the principles espoused by the framework.

2. What is Corporate Governance?

Corporate Governance is defined within the CIPFA/SOLACE framework document as "the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved".

To deliver good governance in the public sector "both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times".

Acting in the public interest implies primary consideration of the benefits for society, which should result in "positive outcomes for service users and other stakeholders".

For the purposes of this document, Merseytravel (the Executive) fulfil the role of the governing body as defined by the Framework.

3. The International Framework: Good Governance in the Public Sector

The Delivering Good Governance in Local Government: Framework (CIPFA/Solace 2016) ("the framework") defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual organisations with their approach to governance.

The Framework is illustrated in the diagram[1] below:

The Framework notes that Principles A and B permeate implementation of principles C to G.

The diagram also illustrates that good governance is dynamic and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

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[1] From: Delivering Good Governance in Local Government Framework (2016 Edition)

4. The Principles and Sub-Principles of Good Governance

Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub-Principle A1 - Behaving with integrity

What does this mean?	How Merseytravel will achieve this
Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	• Merseytravel Code of Conduct and related people policies; • New staff induction process; • Performance Appraisals (IPP); • Confidential Reporting (Whistleblowing) Policy • Anti-Bribery & Corruption Policy; • Training Plans
Ensuring officers take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. – Built on Seven Principles of Public Life (the Nolan Principles)	• Merseytravel Vision, Mission Statement and Corporate Values (Professionalism, Collaboration and Ownership) defined in Corporate Plan; • Internal communications; • External Comms / website; • Internal Audit work (ethics)
Leading by example and using the above standard operating principles or values as a framework for decision making and other actions	• Delegated decision process; • Procedures for recording Declarations of Interest; • Secretariat role in meetings / standards of conduct in meetings; • Constitution; • Staff engagement; • Review of people policies; • Engagement with Trade Union in policy review
Demonstrating, communicating and embedding the standard operating principles or values	• Constitution; • Anti-Fraud & Corruption policies;

through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	- Adoption of CIPFA Code of Conduct on Managing the Risk of Fraud & Corruption; - Register of Interests maintained; - Confidential Reporting Policy (Whistleblowing) arrangements in place; - Complaints Procedure; - Merseytravel Code of Conduct and related people policies; - Recording of declarations in minutes of meetings (where appropriate); - Decision making processes

Sub-Principle A2 - Demonstrating strong commitment to ethical values

What does this mean?	How Merseytravel will achieve this
Seeking to establish, monitor and maintain the organisation's ethical standards and performance	- Championing ethical compliance through Corporate Values (Professionalism, Collaboration and Ownership) defined in Corporate Plan; - Scrutiny of decision making; - Merseytravel Code of Conduct; - Internal Audit Code of Ethics
Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	- Championing ethical compliance through Corporate Values (Professionalism, Collaboration and Ownership) defined in Corporate Plan; - Merseytravel Code of Conduct; - Internal Audit Code of Ethics
Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	- Merseytravel Code of Conduct and related people policies - annual review; - New staff induction process; - Performance Appraisals (IPP); - Procurement procedures / Contract Procedure Rules; - Consultation on policy review
Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation	- Procurement procedures / Contract Procedure Rules; - Arrangements for Partnership Working - Contractual terms - ethical values stated in contracts with external service providers; - Stakeholder engagement - Partners working collaboratively on shared agendas (eg Transport Advisory Group (TAG))

Sub-Principle A3 – Respecting the rule of the law

What does this mean?	How Merseytravel will achieve this
Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	- Statutory provisions; - Compliance with statutory guidance; - Constitution (revised annually); - Reporting arrangements; - Mandatory training linked to specific roles where appropriate
Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	- Job description/specifications defining responsibility and accountability; - Merseytravel (Executive) Terms of reference; - Constitution; - Democratic Services / Secretariat support; - Mandatory training linked to specific roles where appropriate
Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	Records retained of legal advice provided by officers
Dealing with breaches of legal and regulatory provisions effectively	- Role of Head of Legal - Record of legal advice provided by officers; - Prosecutions; - Civil litigation; - Statutory provisions
Ensuring corruption and misuse of power are dealt with effectively	- Effective anti-fraud and corruption policies and procedures and counter fraud arrangements; - Adoption of CIPFA Code of Conduct on Managing the Risk of Fraud & Corruption; - Confidential Reporting (Whistleblowing) Policy / arrangements; - Investigation Protocol

Core Principle B - Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub-Principle B1 – Openness

What does this mean?	How Merseytravel will achieve this
Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	- Annual Performance & Financial Outturn report; - Freedom of Information Act (FOIA) / Data Protection Act (DPA) & General Data Protection Requirements (GDPR) compliance; - Disclosure Log - Merseytravel Vision, Mission Statement and Corporate Values (Professionalism, Collaboration and Ownership) defined in Corporate Plan; - Service Planning process; - Merseytravel website; - Liaison with local media / press; - Weekly Internal Communication Briefing
Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	- Constitution; - Delegated Decision System; - Records of formal decisions in Executive minutes; - Liverpool City Region Combined Authority (LCRCA) and Committee meetings – Public meetings, Agendas and minutes
Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	- Decision making protocols; - Delegated Decision system; - Report pro-formas; - Record of professional advice in reaching decisions; - Calendar of dates for submitting, publishing and distributing timely reports is adhered to
Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	- Stakeholder engagement and consultation; - Communication Strategy; - Local Negotiating Forum; - Mystery Shopping;

| | • Joint Negotiating Forum; |
| | • Twitter forums |

Sub-Principle B2 - Engaging comprehensively with institutional stakeholders[2]

What does this mean?	How Merseytravel will achieve this
Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	• Stakeholder engagement and consultation; • Communication Strategy; • Attendance at Liverpool City Region Combined Authority (LCRCA) Chief Executive's Meetings; • Transport Advisory Group (TAG); • Liaison with local media / press
Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	• Stakeholder engagement and consultation; • Communication Strategy; • Legal Agreements; • Shared services and collaboration; • Joint delivery initiatives • Partner workshops
Ensuring that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.	• Stakeholder engagement and consultation; • Terms of reference for partnership working • Shared resources/ secondments; • Shared funding bid development;

Sub-Principle B3 – Engaging with individual citizens and service users effectively

What does this mean?	How Merseytravel will achieve this
Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that	• Stakeholder engagement and consultation; • Communication Strategy; • Customer Panels/ Forums • Terms of reference for partnership groups

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[2] Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable

service (or other) provision is contributing towards the achievement of intended outcomes	
Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	• Stakeholder engagement and consultation; • Communication Strategy; • Defined roles and responsibilities of officers
Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	• Stakeholder engagement and consultation; • Communication Strategy; • Customer Comments / Complaints System; • Twitter Forums; • Customer research / insight
Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account	• Stakeholder engagement and consultation; • Communication Strategy; • Customer Comments / Complaints System; • Twitter Forums; • Website
Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	• Stakeholder engagement and consultation; • Communication Strategy; • Member engagement on specific /local issues
Taking account of the impact of decisions on future generations of tax payers and service users	• Stakeholder engagement and consultation; • Communication Strategy; • Impact Assessments; • Decision making processes; • Engagement with District partners in determination of levy

Core Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Sub-Principle C1 – Defining outcomes

What does this mean?	How Merseytravel will achieve this
Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions	• Merseytravel Vision, Mission Statement and Corporate Values (Professionalism, Collaboration and Ownership) defined in Corporate Plan; • Corporate / service planning process
Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	• Community engagement and involvement; • Corporate and service plans; • Community strategy
Delivering defined outcomes on a sustainable basis within the resources that will be available	• Corporate / service planning process; • Progress and Performance reporting arrangements
Identifying and managing risks to the achievement of outcomes	• Progress and Performance reporting arrangements • Links between Corporate Planning and Corporate Risk register • Role of Primary Assurance & Risk Group (PARG)
Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	• Stakeholder engagement and consultation; • Communication Strategy; • Website; • Engagement with Community Groups; • Liaison with local media / press

Sub-Principle C2 - Sustainable economic, social and environmental benefits

What does this mean?	How Merseytravel will achieve this
Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision	• Capital investment decision making processes (Capital programme); • Role of Programme Management Office; • Budget planning process
Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	• LCRCA Transport Committee - Discussion between members and officers on the information needs of members to support decision making; • Record of decision making and supporting materials retained; • Delegated Decision System; • Records of formal decisions in Executive minutes
Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits through consultation where possible, in order to ensure appropriate trade-offs	• LCRCA Transport Committee - Discussion between members and officers on the information needs of members to support decision making; • Record of decision making and supporting materials retained; • Delegated Decision System; • Records of formal decisions in Executive minutes
Ensuring fair access to services	• Stakeholder engagement and consultation; • Communication Strategy; • Public Sector Equality Duty - Equality Impact Assessments; • Equality Policy; • Decision making processes

Core Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

Sub-Principle D1 – Determining interventions

What does this mean?	How Merseytravel will achieve this
Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided	• LCRCA Transport Committee - Discussion between members and officers on the information needs of members to support decision making; • Record of decision making and supporting materials retained; • Delegated Decision System; • Records of formal decisions in Executive minutes
Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	• Stakeholder engagement & consultation; • Communication Strategy; • Impact Assessments- Public Sector Equality Duty & Data Privacy Impact Assessments; • Decision making processes; • Financial Strategy; • Customer Comments / Complaints system; • Twitter Forums

Sub-Principle D2 - Planning interventions

What does this mean?	How Merseytravel will achieve this
Establishing and implementing robust planning & control cycles that cover strategic & operational plans, priorities & targets	• Calendar of dates for submitting, publishing & distributing timely reports is adhered to; • Corporate / service planning process
Engaging with internal & external stakeholders in determining how services & other courses of action	• Stakeholder engagement & consultation; • Communication Strategy

should be planned and delivered	
Considering and monitoring risks facing each partner when working collaboratively, including shared risks	• Role of Programme Management Office (PMO)
Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances	• Legal Agreements with delivery partners; • Monitoring arrangements; • Role of PMO
Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	• KPIs have been established and approved for each service area, are included in the service plan and are reported upon quarterly
Ensuring capacity exists to generate the information required to review service quality regularly	• Performance Reports provide sufficient detail and highlight areas for action / improvement (where appropriate)
Preparing budgets in accordance with objectives, strategies and the medium term financial plan	• Evidence that budgets, plans and objectives are aligned
Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	• Budget guidance and protocols • Medium term financial plan • Corporate plans

Sub-Principle D3 – Optimising achievement of intended outcomes

What does this mean?	How Merseytravel will achieve this
Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	• Links between Budget planning and Corporate planning; • Formal process for bringing forward development options and the funding thereof
Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	• Medium term financial strategy and capital programme are developed with reference to corporate strategic objectives
Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period	• Financial Strategy • Medium term financial plan design to allow impact of scenarios to be tested and modelled

in order for outcomes to be achieved while optimising resource usage	
Ensuring the achievement of 'social value' through service planning and commissioning	• Consideration of social value in decision making and corporate planning – eg: provision of Supported Bus Network

Core Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Sub-Principle E1 – Developing the entity's capacity

What does this mean?	How Merseytravel will achieve this
Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	• Regular reviews of activities, outputs and planned outcomes; • Progress and Performance reporting arrangements; • Individual Performance Plans (IPP) appraisal process
Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently	• Benchmarking utilised where appropriate (eg: CIPFA benchmarking); • Best practice principles; • Quality standards (eg ISO14001); • KPIs
Recognising the benefits of partnerships and collaborative working where added value can be achieved	• Forging effective partnership working; • Professional networks; • Formal partnerships managed via agreed Terms of Reference Eg: Bus Alliance, Transport Advisory Group (TAG)
Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	• Workforce planning / organisational "heatmap" process; • Organisational development planning; • Apprenticeship Levy deployment

Sub-Principle E2 - Developing the capability of the entity's leadership and other individuals

What does this mean?	How Merseytravel will achieve this
Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	• Role descriptions; • Code of Conduct; • Protocols
Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	• Scheme of delegation reviewed at least annually; • Constitution; • Standing orders and financial regulations which are reviewed on a regular basis
Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	• Role descriptions; • Code of Conduct; • Protocols
Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	• Role descriptions; • Code of Conduct; • Protocols
Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: - ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching	• Corporate Induction ; • Structured approach to learning and development; • Individual Performance Plans (IPP) appraisal process

individual and organisational requirements is available and encouraged - ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis - ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external	
Ensuring that there are structures in place to encourage public participation	• Consultations; • Stakeholder Engagement; • Liaison with local media / press; • Website; • Twitter Forums
Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	• Peer Review; • Self-assessment processes; • Individual Performance Plan (IPP) Process
Holding staff to account through regular performance reviews which take account of training or development needs	• Individual Performance Plan (IPP) Process
Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	• Culture of Management support; • Occupational Health Service; • Health & Safety Officer role; • Employee Benefits (Counselling services, physio, Active Merseytravel Project, Reading Challenge)

Core Principle F - Managing risks and performance through robust internal control and strong public financial management

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.

Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery.
Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub-Principle F1 – Managing Risk

What does this mean?	How Merseytravel will achieve this
Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	- Forging formal links between the Merseytravel Corporate Risk Register and the Corporate Planning process - Consideration of risk implications a mandatory requirement in all formal decision making - Implementation of the Merseytravel Risk Management Strategy & Policy Statement
Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	- Regular review and update of the Merseytravel Corporate Risk Register - Implementation of the Merseytravel Risk Management Strategy & Policy Statement - Role of the Primary Assurance & Risk Group (PARG)
Ensuring that responsibilities for managing individual risks are clearly allocated	- Allocation of Risk Owners within the Corporate Risk Register - Merseytravel Risk Management Strategy & Policy Statement

Sub-Principle F2 - Managing performance

What does this mean?	How Merseytravel will achieve this
Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	• Performance monitoring and reporting arrangements; • Reporting to Merseytravel (transport) Committee; • Role of Internal / External Audit; • Role of Programme Management Office (PMO)
Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	• Consideration of risk implications a mandatory requirement in all formal decision making; • Decision making protocols; • Discussion between members and officers on the information needs of members to support decision making • Publication of agendas and minutes of LCRCA & Committee Meetings
Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible – or encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making	• Audit, Risk & Governance (ARG) Board; • Scrutiny by Liverpool City Region Combined Authority (LCRCA) Scrutiny Committee
Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	• Quarterly outturn reporting on service plans to Merseytravel (the Executive) and formal reporting to LCRCA Transport Committee; • Calendar of dates for submitting, publishing and distributing timely reports that are adhered to
Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)	• Compliance with financial standards & guidance; • Financial regulations and standing orders

Sub-Principle F3 - Robust internal control

What does this mean?	How Merseytravel will achieve this
Aligning the risk management strategy and policies on internal control with achieving objectives;	• Establishing formal links between Merseytravel Corporate Risk Register and Strategic Internal Audit Plan • Forging formal links between the Merseytravel Corporate Risk Register and the Corporate Planning process; • Internal Audit Reports
Evaluating and monitoring risk management and internal control on a regular basis	• Role of the Primary Assurance & Risk Group (PARG) • Regular monitoring of risk management by Merseytravel (the Executive) and Audit, Risk & Governance (ARG) Board; • Risk Management Strategy & Policy Statement subject to regular review / update
Ensuring effective counter fraud and anti-corruption arrangements are in place	• Formal adoption of CIPFA Code of Practice in Managing the Risk of Fraud & Corruption (2014) • Maintenance of Fraud Risk Register • Counter-Fraud Plan – Delivered by Internal Audit • Regular review and update of suite of Counter-Fraud, Corruption and Bribery Policies • Ensuring proper arrangements are in place for Confidential Reporting (Whistleblowing) and are working effectively • Regular monitoring of counter-fraud arrangements by Audit, Risk & Governance (ARG) Board • Engagement with National Fraud Initiatives (eg: National Fraud Initiative (NFI) and Fighting Fraud Locally
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal Auditor	• Maintaining effective Internal Audit arrangements which are operating in accordance with the requirements of the Accounts & Audit Regulations (2015) and Public Sector Internal Audit Standards (PSIAS) • Production of Head of Internal Audit's Annual Report and Annual Audit Opinion to inform Annual Governance Statement;

	• Annual Governance Statement;
Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body and provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon	• Audit, Risk & Governance (ARG) Board fulfils the role of Audit Committee • ARG Board Independent Members (and Independent Chair) • ARG Board undertakes annual review of its own effectiveness at least annually • ARG Board Terms of Reference reviewed at least annually; • Compliance (where appropriate) with best practice – "Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013)"

Sub-Principle F4 – Managing Data

What does this mean?	How Merseytravel will achieve this
Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	• Role of the Information Management Group (IMG) chaired by the appointed Senior Information Risk Officer (SIRO); • Information Management Policy Framework; • Role of Senior Information Management Officer (SIMO); • Data protection policies and procedures / GDPR compliance
Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	• Ensuring that there are robust Third Party Access Agreements / Data Sharing Agreements in place, where appropriate; • Role of IMG / SIMO; • Role of Internal Audit in ensuring that information management processes are in place and working effectively
Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	• Data Intelligence Project – Oversight by IMG; • Data quality / validation processes; • Role of IMG / SIMO; • Role of Internal Audit in ensuring that information management processes are in place and working effectively

Sub-Principle F5 – Strong public Financial Management

What does this mean?	How Merseytravel will achieve this
Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	- Budget planning process; - Financial Regulations and procedures; - Role of Director of Resources / Head of Finance; - Role of Local (External) Audit
Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	- Budget monitoring reports; - Ensuring budget planning and corporate planning are aligned

Core Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub-Principle G1 – Implementing good practice in transparency

What does this mean?	How Merseytravel will achieve this
Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	- Website; - Publication Scheme; - Disclosure Log; - Annual Performance & Financial Outturn report; - Publication of Financial Statements
Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	- Website; - Publication Scheme; - Annual Performance & Financial Outturn report; - Publication of Financial Statements; - Report reviewing processes

Sub-Principle G2 - Implementing good practices in reporting

What does this mean?	How Merseytravel will achieve this
Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way	- Publication of Financial Statements; - Publication Scheme; - Annual Performance & Financial Outturn report;
Ensuring members and senior management own the results reported	Defined accountability / reporting arrangements – eg: Named officers in formal reports with recorded follow up actions allocated as required
Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good	- Primary Assurance & Risk Group (PARG); - Audit, Risk & Governance (ARG) Board; - Annual Governance Statement; - Role of Local (External) Audit

governance (the annual governance statement)	
Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate	• Annual Governance Statement; • Executive function of Merseytravel to Liverpool City Region Combined Authority (LCRCA) • Consolidation of Merseytravel Accounts into LCRCA Accounts;
Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations	• Internal processes are compliant with best practice; • Benchmarking is used (where appropriate)

Sub-Principle G3 - Assurance and effective accountability

What does this mean?	How Merseytravel will achieve this
Ensuring that recommendations for corrective action made by External Audit are acted upon	• Presentation of Annual Audit Letter / Report to Audit, Risk & Governance (ARG) Board; • Role of Director of Resources / Head of Finance; • Role of ARG Board;
Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon	• Maintaining effective Internal Audit arrangements which are operating in accordance with the requirements of the Accounts & Audit Regulations (2015) and Public Sector Internal Audit Standards (PSIAS); • Role of ARG Board
Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	• Transparency / acknowledgement that recommendations have informed positive improvement
Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	• Primary Assurance & Risk Group (PARG); • Audit, Risk & Governance (ARG) Board; • Annual Governance Statement; • Role of Local (External) Audit
Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met	• Community / stakeholder engagement; • Consultations; • Liaison with local media / press

5. Assessment of Merseytravel's Compliance with its Code of Corporate Governance

By adopting this code, Merseytravel has committed to the continuous improvement of its corporate governance arrangements.

The **Audit, Risk & Governance Board** will provide those charged with governance with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

The **Primary Assurance & Risk Group** (PARG) will undertake a review of Merseytravel's governance arrangements, at least on an annual basis, to ensure continuing compliance with best practice as set out in the CIPFA/SOLACE Framework, to provide assurance that:

- corporate governance arrangements are adequate and operating effectively in practice; or
- where reviews of the governance arrangements have revealed gaps, action is planned and implemented to make improvements.

The **Director of Resources** will prepare an Annual Governance Statement and in so doing recognises that the process of preparing the Governance Statement should itself add value to Merseytravel's corporate governance and internal control arrangements.

The **Annual Governance Statement** will be submitted to the Audit, Risk & Governance Board and to Merseytravel for approval and will include the following:

- An acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control;
- An indication of the level of assurance that the systems and processes;
- that comprise Merseytravel's governance arrangements can provide;
- An outline of the key elements of the governance framework, including reference to group activities where those activities are significant;
- A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements; and
- Where appropriate, an outline of the actions taken, or proposed, to deal with any identified significant governance issues, including an agreed action plan.

In reviewing and approving the Annual Governance Statement, the Audit, Risk & Governance Board will be provided with assurances on the effectiveness of the governance framework, the system of internal control, and how these address the key risks faced by Merseytravel.

The effectiveness of Merseytravel's systems of internal control and processes will be reviewed by Internal Audit, through the delivery of the Internal Audit Plan, and a significant level of assurance will be obtained through the Head of Internal Audit's

Annual Audit Opinion. Management will also provide a primary source of assurance, with further reliance placed on sources such as external audit and external inspectorates, where appropriate.