

## MCA - AUDIT, STANDARDS AND RISK COMMITTEE

### MINUTES OF THE MEETING HELD ON:

WEDNESDAY, 22 MARCH 2023 AT 11.00 AM

SOUTH YORKSHIRE MCA, 11 BROAD STREET WEST,  
SHEFFIELD, S1 2BQ



#### Present:

Councillor Phillip Lofts (Chair)  
Rhys Jarvis (Vice-Chair)  
Councillor Ian Auckland  
Councillor Austen White  
David Phillips  
Paul Schofield

Barnsley MBC  
Independent Member  
Sheffield City Council  
City of Doncaster Council  
Independent Member  
Independent Member

#### In Attendance:

Gareth Sutton	Chief Finance Officer/S73 Officer	SYMCA Executive Team
Mike Thomas	Assistant Director of Finance & Deputy s73 Officer	SYMCA Executive Team
Tim Taylor	Director of Public Transport Operations	SYMCA Executive Team
Claire James	Head of Corporate Governance	SYMCA Executive Team
Ellen Hinsley	Minute Taker	SYMCA Executive Team
Sue Gill	External Auditor	Ernst & Young
Emily Mayne	Internal Auditor	Grant Thornton
Hassan Rohimun	External Auditor	Ernst & Young

#### Apologies:

Cllr Sophie Castledine-Dack Rotherham MBC

#### 117 Welcome and Apologies

The Chair welcomed all to the meeting, in particular the new Independent Member, Paul Schofield. Apologies were noted as above.

#### 118 Urgent Items/ Announcements

None.

#### 119 Items to be Considered in the Absence of Public and Press

None.

120 **Declarations of Interest by any Members**

None.

121 **Reports from and Questions by Members**

None.

122 **Questions from Members of the Public**

None.

123 **Minutes and Actions of the Previous Meeting held on 25 January 2023**

**RESOLVED** that the minutes of the meeting held on 25 January 2023 be approved.

(The Internal Auditor joined the meeting.)

124 **2021/22 Accounts - External Audit Update**

The Committee received an update on the progress of the external audit on the 2021/22 Accounts.

The External Audit of both the MCA and PTE were nearing completion. It was noted that there had been progress on the MCA audit since the report had been written, including:

- The audit procedures to test payroll starters and leavers' testing had been completed.
- There were now 2 cases awaiting confirmation on investments.
- The IAS19 information had been received from the actuary.
- The audit procedures in respect of Grant Income had been completed.

The final audit opinion was subject to completion of the remaining outstanding final procedures.

The Assistant Director of Finance proposed that the Committee endorse the 2021/22 Accounts for submission to the MCA Board in June. It was further proposed that delegated authority be granted to the Executive Director of Resources & Investment in consultation with the Chair of the Audit, Standards & Risk Committee, to make any amendments to the 2021/22 Accounts as required.

In response to questions, the External Auditor advised that the final audit opinion was expected to be issued following the Committee's approval of the accounts at the June meeting. It was anticipated that the audit work on the 2022/23 accounts would commence around the end of 2023 or start of 2024. This was due to capacity and resource issues and could not be accelerated.

Members raised serious concerns around the delay in issuing the final audit opinion as well as the impact on the following year's audit and expressed deep discontent that there was no flexibility on timescales. The Assistant Director of

Finance noted that a delay in the 2022/23 audit could cause an overlap with the outgoing and incoming External Auditors and potentially create a situation where 2 audits would be running concurrently. This would also be happening at a time of generational change for the MCA with the tram reverting to public ownership.

**ACTION: The External Auditor to meet with the Executive Director of Resources & Investment and Assistant Director of Finance to discuss the timetable for the audit of the 2023/24 Accounts. The findings to be brought to the next meeting.**

**RESOLVED** that:

1. The Committee note the External Audit Report on 2021/22 Accounts.
2. The Committee endorse the 2021/22 Accounts for submission to the MCA Board in June.
3. Delegated authority be granted to the Executive Director of Resources & Investment in consultation with the Chair of the Audit, Standards & Risk Committee, to make any amendments to the 2021/22 Accounts as required.

(The External Audit Team left the meeting.)

## 125 **2022/23 Internal Audit Plan Progress Report**

Members were updated on the progress of the 2022/23 internal audit plan.

Since the previous meeting, the following 3 internal audits had been completed and had received significant assurance:

- Risk Management
- Governance
- Core Financial Controls

The 2 outstanding reviews, on Integration and Adult Education Budget (AEB), would be presented to the next meeting.

**RESOLVED** that the Committee note the progress of 2022/23 internal audit activity.

## 126 **Internal Audit Reports**

The Committee were presented with the findings of 3 internal audits and a follow-up report:

- Governance – The audit concluded that processes provided ‘significant assurance with some improvements required’. 2 recommendations had been raised.
- Risk Management – The review determined that ‘significant assurance with some improvements required’ was provided and 4 actions had been recommended.
- Core Financial Controls – ‘Significant assurance with some improvements required’ was received on the audit. 5 recommendations and 4 improvement points had been raised.

- Supplier Resilience Follow-up – It was noted that there had been less progress in this area than would have been expected.

**RESOLVED** that the Committee note the findings and recommendations of the internal audit.

## 127 **Internal Audit Recommendation Tracker**

Members received an update on the implementation of the recommendations made by Internal Audit.

Currently there were 18 agreed actions, none of which were yet due for implementation, although 13 would become due on 31 March 2023. It had been agreed to extend the 2 medium risk actions relating to GDPR.

**RESOLVED** that the Committee note the progress of the implementation of internal audit recommendations.

## 128 **Annual Internal Audit Report including Draft Head of Internal Audit Opinion**

The Committee was presented with the Annual Internal Audit Report and the Draft Head of Internal Audit Opinion.

34 recommendations had been raised over the course of the year. No high priority, 16 medium risk and 13 low risk recommendations had been raised along with 5 improvement points. There had been no instances of any 'no assurance' reports being raised. It was highlighted that although there were no overdue actions, 7 had been extended.

The draft Head of Internal Audit opinion for 2022/23 was one of 'significant assurance with some improvement required'. This opinion would be subject to the completion of the reports on Integration and AEB as well as the implementation of agreed actions.

Members welcomed the positive draft opinion but flagged the lack of capacity and resource as a key issue. The Executive Director of Resources & Investment provided reassurance that the MCA was working to address this. A new Director of Human Resources had recently been appointed and more resource had been brought into the department to drive recruitment and improve the MCA's retention package.

**RESOLVED** that the Committee note the Draft Internal Audit Annual Report & Head of Internal Audit Opinion.

(The Internal Auditor left the meeting.)

## 129 **Risk Management**

The Head of Corporate Governance introduced an item on the progress of embedding the Risk Management Framework and Dashboard.

Since January two key changes had been implemented to further embed risk management practice. The landing page in the IT system had been reconfigured so that each user can see all risks but can only edit those that they either own or have been assigned. A reminder to review risks will be sent to users once a month. The reminder also sets out the deadlines for quarterly reviews and system shutdown dates when the system will be frozen to generate reports.

A Risk Management Support Plan would be developed for the next 12 months to ensure that activities can be delivered within the allocated resource. The Risk Dashboard was also planned to be further developed to include comparative data to view any emerging trends.

The Head of Corporate Governance informed Members that use of the Risk Management system was still embedding. Work to embed the system was planned for over the next year, including support for users to become proficient and ensure its most effective use.

In response to questions, the Director of Public Transport Operations advised that the Bus Recovery Grant (BRG) funding had now been extended to 30 June 2023. This announcement would reduce the expected dependence on reserves, as had been previously approved to supplement the tendered services budget. Local authorities were being engaged to discuss how to use the reserves to best protect the network.

**RESOLVED** that the Committee note the Risk Management Dashboard and the progress in embedding processes.

## 130 **Transport Risk Working Group**

The Vice Chair provided a progress report on the work of the Transport Risk Working Group.

Some key risk areas were identified as:

- The MCA was currently tendering for 3-year bus service contracts in order to try to provide some stability. The results of the process would have an impact on the network.
- The return of the tram to public ownership in 2024 would require appropriate resourcing by the MCA. An experienced transition lead has been appointed and a number of other jobs were also being recruited to.
- The age range of the tram fleet was between 25-30 years old, meaning that decisions would be required on the approach to refurbishing the fleet and the time at which it needs to be replaced.
- Safety at the interchange between the tram and road network at Bernard Road was a cause for concern given a number of near misses and a significant collision at the junction on 23 July 2021.

The Director of Public Transport Operations added that Bernard Road was the single most frequent place for near misses on the network and since the significant incident in 2021 only minor mitigations have so far been implemented.

Cllr Auckland advised that he had contacted the Head of Service at Sheffield City Council after the last meeting and the issue had also been escalated to the Chief Executive.

**ACTION: The Executive Director of Resources & Investment to arrange a meeting with relevant officers at Sheffield City Council to discuss safety at the Bernard Road interchange.**

**ACTION: Safety at the Bernard Road interchange to be upgraded to the Corporate Risk Register.**

**ACTION: A report on any progress made on safety at the Bernard Road interchange to be brought to the next Committee meeting.**

(The meeting adjourned at 12:30pm.)

I, the undersigned, confirm that this is a true and accurate record of the meeting.

Signed .....

Name .....

Position .....

Date .....