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Wednesday, 15 January 2020

To: Members of the SCR - Audit and Standards Committee and Appropriate Officers

NOTICE OF MEETING

You are hereby summoned to a meeting of the Sheffield City Regional Mayoral Combined Authority to be held at **11 Broad Street West, Sheffield S1 2BQ**, on: **Thursday, 23 January 2020 at 11.00 am** for the purpose of transacting the business set out in the agenda.

A handwritten signature in black ink, appearing to read 'D. Smith'.

Dr Dave Smith
Chief Executive

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Member Distribution

Councillor Allan Jones (Chair)
Rhys Jarvis (Vice-Chair)
Councillor Ian Auckland
Councillor David Challinor
Councillor Allen Cowles
Councillor Jeff Ennis
Councillor Josie Paszek
Councillor Chris Furness
Angela Marshall
Councillor Tom Munro
Councillor Paul Parkin
Councillor Mark Rayner
Councillor Ken Richardson
Councillor Austen White
Councillor Ken Wyatt

Doncaster MBC
(Independent Member)
Sheffield City Council
Bassetlaw DC
Rotherham MBC
Barnsley MBC
Sheffield City Council
Derbyshire Dales DC
(Independent Member)
Bolsover DC
NE Derbyshire CC
Chesterfield BC
Barnsley MBC
Doncaster MBC
Rotherham MBC

SCR - Audit and Standards Committee

Thursday, 23 January 2020 at 11.00 am

Venue: 11 Broad Street West, Sheffield S1 2BQ



Agenda

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SCR - AUDIT AND STANDARDS COMMITTEE

MINUTES OF THE MEETING HELD ON:

THURSDAY, 10 OCTOBER 2019 AT 11.00 AM

11 BROAD STREET WEST, SHEFFIELD S1 2BQ



Present:

Councillor Allan Jones (Chair)	Doncaster MBC
Rhys Jarvis (Vice-Chair)	(Independent Member)
Councillor Ian Auckland	Sheffield City Council
Councillor Jeff Ennis	Barnsley MBC
Councillor Josie Paszek	Sheffield City Council
Councillor Chris Furness	Derbyshire Dales DC
Councillor Ken Richardson	Barnsley MBC
Councillor Austen White	Doncaster MBC
Councillor Ken Wyatt	Rotherham MBC
Dr Dave Smith	SCR Executive Team
Noel O'Neill	Sheffield City Region

Officers in Attendance:

Dr Ruth Adams	Deputy Chief Executive	SCR Executive Team
Mike Thomas	Senior Finance Manager	SCR Executive Team
Claire James	Senior Governance & Compliance Officer	SCR Executive Team

Guests in Attendance

Dan Spiller	External Audit
Stephen Clark	External Audit
Lisa Mackenzie	Internal Audit
Gillian Richards (Minute Taker)	

Apologies:

Councillor David Challinor	Bassetlaw DC
Councillor Allen Cowles	Rotherham MBC
Angela Marshall	(Independent Member)
Councillor Tom Munro	Bolsover DC
Councillor Paul Parkin	NE Derbyshire CC
Councillor Mark Rayner	Chesterfield BC
Andrew Smith	Internal Audit
Steve Davenport	SCR Executive Team/SYPTE

1 **Welcome and Apologies**

The Chair welcomed everyone to the meeting.

Apologies were noted as above.

2 **Voting Rights for Non-Constituent Members**

It was agreed that there were no agenda items for which voting rights could not be conferred on the Non-Constituent Members.

3 **Urgent Items/Announcements**

None.

4 **Items to be Considered in the Absence of Public and Press**

None.

5 **Declarations of Interest by any Members**

None.

6 **Reports from and Questions by Members**

None.

7 **Questions from Members of the Public**

None.

8 **Minutes and Actions of the Previous Meeting held on 11th July 2019**

R Jarvis commented that with regard to minute 8 concerning the procurement of an internal audit provider it was agreed that the Committee would be involved in this process in the future and not that the role of the Committee should be clarified in the Terms of Reference.

R Adams agreed stating that the Committee would have a role in the process but not in the appointment.

With regards to the targets for housing, it was confirmed that the Strategic Economic Plan (SEP) would contain new targets for house building and this would be broken down by each local authority. The SEP would be put to the MCA for approval in January 2020 but would be available on the LEP website in draft form in November.

The Chair questioned why the minutes now had to be ratified by the Head of Paid Service (or their nominee) and not, as was usual practice, signed by the Chair.

R Adams commented that she would ask the Monitoring Officer the reason for

this and report back at the next meeting.

Action: Clarify the reason why the minutes had to be ratified by the Head of Paid Service.

RESOLVED – That subject to the amendment above, the minutes of the meeting of the SCR Audit and Standards Committee held on 11 July 2019 be agreed as a true record.

9 **External Audit Opinion on 2019/20 Accounts**

A report was submitted which summarised the external audit preliminary conclusion in relation to the audit of Sheffield City Region Mayoral Combined Authority.

Members noted that the main amendment to the report was the additional work required in respect to the Local Government Pension Scheme assets which involved PTE employees. This work was now complete and the statements signed accordingly.

The Chair expressed concern over the length of time it had taken to produce the report.

The external auditor explained that it had been challenging to receive assurance in this area. There had been lengthy discussions with Deloitte, the Chair of SYPTA and officers from South Yorkshire Pensions Authority and more extensive testing than had first been envisaged had been carried out.

R Jarvis questioned the increase in fees in relation to the audit work completed, a large proportion of which arose from the fact that Ernst & Young disagreed with the previous auditors and he felt the Committee should reject those fees.

S Clark replied that it had been decided to remove the SCR fees of £1500.

N O'Neill, newly appointed Interim Chief Financial Officer, welcomed the proposed fee reduction from the draft proposed fees.

Cllr Auckland pointed out a missing word in the report that changed the meaning of the sentence significantly.

With regard to the value for money conclusion, the report read: "We did not identify any significant risks around these criteria. We therefore expect having matters to report about your arrangements...."

The sentence should have read: "We therefore expect having no matters to report..."

It was agreed that this should be corrected.

The Chair requested organising a session to look at external audit reports in more depth to enable members to have a greater understanding of the reports and suggested that the external auditors could deliver this training.

RESOLVED – That the Committee accepts the external auditor’s report subject to the correction as detailed above.

10 **Internal Audit Recommendations Update**

A report was considered which presented an update on the status of the outstanding recommendations made by Internal Audit during 2018/19 and the final report for the audit undertaken by BMBC on Procurement Arrangements.

C James informed the Committee that the audits in relation to the AMP Technology Centre, accounts payable and payroll had all been concluded and actioned and were therefore not included in the report.

Appendix A covered the actions on the GDPR audit and indicated progress against the actions where relevant.

Appendix B was the Capital Programme, Appendix C Inward Investment, Appendix D Procurement and Appendix E was the full report on the Procurement audit undertaken by BMBC.

In response to a question from R Jarvis on Appendix B, M Thomas commented that the more detailed report on the Capital Programme’s funding streams to be presented to the MCA had slipped to Quarter 2 due to a lack of resources and would now be presented to the MCA in November.

R Adams gave a detailed update on all the actions relating to the Procurement audit.

With regard to BMBC’s Procurement audit report, the Committee felt that some aspects of the report were concerning and that the completion of actions should be speeded up to give further assurance.

Members also queried whether the current Internal Auditors had reviewed the report and actions.

L Mackenzie reported that this would not normally be done until later in the year when preparing the Head of Internal Audit’s opinion.

It was suggested that Internal Audit had some time in contingency which could be used to do some interim work that could give assurance to the Committee about progress being made.

D Smith commented that the action plan and the dates had been agreed with the previous internal auditors who had made the recommendations. The dates were set against planned interventions so that the recommendations could be implemented in a consistent way. This was a balanced approach against the level of risk attached to the recommendations but D Smith would welcome a further external view to ensure that it was a balanced approach.

L Mackenzie commented that there could be some benefit if Internal Audit took a second look, but agreed that they would not want to disrupt the arrangements

already in place.

R Jarvis commented that there were a couple of questions put by Angela Marshall who had been unable to attend the meeting, which could be relevant to the current discussion about closing out audit work through internal audit.

On the additional pieces of work that have been added, are these key priorities based on their risk profile? Is there a prioritised list of substitute audits that can be included in the Plan each year if needed, or are these add-on ad hoc and arise at the spur of the moment should additional projects be needed?

L Mackenzie replied that the Audit Strategy showed what was planned to be included, but work could be introduced based on emerging risks.

The Internal Audit report on the agenda today asked for approval to change the original Plan and put some of the time saved into contingency; the Procurement audit was a good example of a risk area where, with approval, Internal Audit could use some of those days to do that extra piece of work.

Cllr Jones suggested that the report at Appendix E should have been included before the Action Plan to avoid confusion. This was acknowledged.

RESOLVED:

- (i) That the Internal Audit recommendation tracker be noted.
- (ii) That the final audit report for Procurement Arrangements be noted.
- (iii) Request that officers, in conjunction with Internal Audit, reconsider the appropriateness of the timescales assigned to the recommendations of the Procurement Audit.

11

Internal Audit Plan 2019/20 - Progress Report

A report was submitted that gave an update on the 2019/20 Internal Audit Plan, asked for approval for some changes to the original Plan and also gave details of work carried out outside the original Plan.

The Committee was informed that 20 of the 69 days in respect of SCRMCA reviews and a total of 64 of the 250 days in the joint audit plan had been delivered. A detailed breakdown of the work was included within the report.

L Mackenzie informed the Committee that the grant certification work had been completed in respect of the Transport Capital Funding and the Growth Hub grants, the sign off certification had been issued.

Work in progress included reviews of the Resource Management/HR systems and Risk Management; scoping had commenced for the Back Office Transformation and Programme Management reviews for Q3.

The Committee were informed that following discussions with officers, it had been proposed to postpone the review of the Capital Programme until Quarter

4 to enable actions agreed as part of the 2018/19 to be fully implemented. It was also proposed that the number of planned days be reduced from 25 to 12 to complete a follow-up of the original report. The remaining time would be used to cover the additional grant certification work required and contingency

Members noted that the following additional work had been undertaken:

- Growth Hub - urgent grant certification work not included within the original Plan.
- Adult Education Budget – the scope, objectives and resource requirements to be discussed and agreed.

R Jarvis commented that in the event of a no deal Brexit, there may be a need to make further adjustments to the Plan.

L Mackenzie replied that this, as well as other emerging risks had been discussed in quarterly meetings; there was contingency available within the plan and additional resources would be available if required.

RESOLVED – That the Committee:

- (i) Note the progress of the audits underway.
- (ii) Note the additional work undertaken outside of the agreed Plan.
- (iii) Approve the changes to the original Plan as detailed in the report.

12 **Risk Management Monitoring**

A report was submitted which provided an update on changes to risk ownership, the status of risk management plans and on the establishment of a new Risk Management Action Plan relating to Brexit.

C James informed the Committee of the changes to risk ownership due to the recent changes in the statutory officer roles. The report detailed the changes and listed the new risk owners.

The status of each of SCR's Risk Management Action Plans were summarised at Appendix 1 to the report.

It was noted that all Risk Management Action Plans were on track; all action plans had been reviewed with the risk owners recently.

The report introduced a new Risk Management Action Plan in relation to Brexit and detailed the activities currently underway and the controls in place to manage this risk.

It also included a 3-point plan that the LEP Board had been working on since the beginning of the year which focused on 'practical support, 'intelligence' and 'lobbying'.

R Jarvis questioned the level of support that Local Authorities were receiving

from government.

D Smith replied that in the here and now, SCR had enough resource to do the work to understand the potential impacts on the economy and the position of various types of businesses that trade in Europe and other parts of the world; the government had made resources available periodically for this purpose.

The main concern at the moment was that, depending on the outcome and the speed of any impact, there was no idea what the government would make available. This made it very difficult to plan for various outcomes.

In answer to a question from Cllr Furness, D Smith explained that following the decision by the MCA to agree to the recruitment of a permanent Chief Finance Officer, an interim CFO had been recruited because the process of recruiting to permanent position took an average of six months.

At present, a job description was being finalised for a joint role to include the PTE; the advertisement would go out in the near future.

RESOLVED – That the Committee:

- (i) Note the changes in Risk Ownership.
- (ii) Note the status of the Risk Management Action Plans
- (iii) Note the establishment of a new Risk Management Action Plan relating to Brexit.

13 **2019/20 Work Plan**

A report was submitted which presented the SCR Audit and Standards Committee Work Plan for 2019/20.

Members note two proposed training events:

- Early December – Treasury Management
- Early April – Scrutinising the Accounts

Members were also informed about a proposed change of date for the July 2020 meeting. The Committee were asked to approve the change from 9th July 2020 to 16th July 2020 to be aligned with the sign-off of the PTE accounts.

RESOLVED - That the Committee:

- (i) Note the revised Work Plan for 2019/20.
- (ii) Note the proposals for Member training.
- (iii) Agree to move the July 2020 meeting of the Committee to 16th July 2020.

14 **Any other business**

None.

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

Signed

Name

Position

Date

AUDIT & STANDARDS COMMITTEE

23rd January 2020

Actions arising from the SCR Audit and Standards Committee held on 10th October 2019

Minute No	Action	Officer(s)	Status/Update
08.	Clarify the reason why the minutes had to be ratified by the Head of Paid Service.	Ruth Adams	Closed – this was an error on the minutes template. Issue resolved.

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AUDIT & STANDARDS COMMITTEE23rd January 2020**Mid Year Treasury Report 2019/20****Purpose of Report**

This report provides members with an update on treasury activities undertaken by the MCA Group for the 6 months to September 2019.

Freedom of Information & Section 12A of the Local Government Act 1972

Under the Freedom of Information Act this paper and any appendices will be made available under the Mayoral Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

Members consider and note the mid year treasury performance.

1. Introduction

- 1.1** Audit and Standards Committee is responsible for overseeing the treasury management activities of the SCR Group as set out under the CIPFA Code of Practice on Treasury Management in Public Services (the Treasury Code), CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) and associated statutory guidance on local government investments and MRP policy. The purpose of this report is to set out the treasury management activity undertaken in the current financial year and demonstrate to Members performance against the Treasury management Performance Indicators approved by the MCA at its meeting on 25 March 2019.

2. Report on Activity**2.1 Treasury management strategy**

The treasury management strategy for MCA serves 5 main purposes

- Compliance with good practice and legislation;
- Effective management of the authority's cash;
- Optimising returns on investment;
- Ensure that the MCA's capital investment plans are prudent, affordable and sustainable;

- Sound borrowing decisions are taken.

The MCA's capital investment plans set out the capital expenditure for current and future years and how the MCA intends to finance them. Crucially, it identifies the borrowing need of the MCA and the associated financing costs. Longer-term cash flow planning is used to ensure that the MCA can meet its capital spending obligations. This may involve arranging long or short-term loans, or using longer-term cash flow surpluses. Where circumstances allow and it is prudent and economic to do so, existing debt may be restructured. Ultimately, the aim is to ensure that the MCA Group's capital expenditure and investment plans are prudent, affordable and sustainable.

Part of the treasury function ensures that the MCA has sufficient liquidity to ensure cash is available when it is needed to meet spending commitments as they fall due. For the MCA this entails managing a sizeable cash investment portfolio, £241m as at 30/9/19. The MCA's annual investment strategy identifies the appropriate policies and is extremely cognisant of creditworthiness of third-parties, security and liquidity whilst seeking good returns.

To meet these objectives, the treasury management strategy agreed at the start of the year, set out the parameters which the MCA should work within in the form of a series of prudential indicators. This report sets out the mid-year performance against these indicators.

- 2.2** The Treasury Strategy applies to the whole Group and the performance indicators are set accordingly. It should be noted that currently the MCA only has borrowing powers in relation to its transport functions and the indicators reflect this.

2.3 Mid Year Performance

The treasury activities of the MCA in the first 6 months of 2019/20 have been managed within the treasury management strategy and investment strategy approved at the start of the year.

This is illustrated in Appendix 1 which shows that the MCA has operated within the prudential indicators agreed as part of the treasury strategy at the start of the year.

In particular, Members attention is drawn to the fact that:

- The anticipated borrowing requirement to support capital investment plans is within the amount approved – see Indicator 2
- The overall level of borrowing is within overall limits – see Indicators 5 and 6
- The maturity profile of the MCA Group's debt portfolio has not changed. Prevailing interest rates have meant that there has been no real opportunity to repay debt early – see Indicator 7
- Investments have been made in accordance with the Investment Strategy, including longer term investments
- Returns on investments are below the target for the year but above the revised target suggested by the MCA's treasury advisors

3. Consideration of alternative approaches

- 3.1** Do nothing – this is not an option as the MCA would fail to comply with the reporting requirements of the Prudential Code resulting in a loss of scrutiny.

4. Implications

4.1 Financial

Financial implications are set out in the Appendix to this report.

4.2 Legal

None.

4.3 Risk Management

Failure to monitor compliance with the treasury management strategy and investment strategy and related Prudential Indicators, could lead to the MCA making capital investment decisions which are unaffordable or expose the MCA to the risk of loss beyond its risk appetite.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity or social inclusion implications.

5. Communications

5.1 None.

6. Appendices/Annexes

6.1 Appendix 1 – Prudential Indicators

REPORT AUTHOR	Simon Tompkins
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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: None

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Capital Expenditure Plans and Prudential Indicators: 2019/20**Indicator 1 - Capital expenditure estimates**

Capital Expenditure	2019/20	2019/20
	Estimate	Forecast
	£'000	£'000
South Yorkshire Transport Programmes	£31,776	£42,885
Local Growth Fund	£35,458	£35,458
Corporate	£0	£0
Total Expenditure	£67,234	£78,343

The figures for the South Yorkshire transport programme comprise the capital expenditure for which the MCA is accountable together with SYPTE's capital programme. The forecast expenditure on the South Yorkshire transport capital programme of £42.885m is as reported to the MCA in the Q2 monitoring report. All of the increase on the original estimate is funded by grant & contributions.

The value of the LGF programme represents the minimum expenditure required to fully utilise the 2019/20 LGF grant allocation of £29.868m plus 2018/19 carry forward of £5.591m.

Indicator 2 – Capital Financing Requirement (CFR) estimates

The table below shows how the planned capital expenditure is expected to be financed. Any capital expenditure not funded by capital grants, capital receipts, or revenue contributions, results in a need for borrowing.

Capital Expenditure	2019/20	2019/20
	Estimate	Forecast
	£'000	£'000
South Yorkshire Transport Programmes	£31,776	£42,885
Local Growth Fund	£35,458	£35,458
Corporate	£0	£0
Total Expenditure	£67,234	£78,343

Transport Programme Financed by:		
Capital Receipts	£0	£1,464
Capital Grants	£22,741	£33,345
Other Contributions	£0	£1,314
Net borrowing needed for the year	£9,035	£6,762

Local Growth Fund Programme Financed by:		
Capital Receipts	£0	£0
Capital Grants	£35,458	£35,458
Other Contributions	£0	£0
Net borrowing needed for the year	£0	£0

The borrowing requirement stems from the decision taken in 2018/19 to borrow up to £23.3m over the 3 year period 2018/19 to 2020/21 (in respect of Rotherham Interchange, re-railing and the BDR pot). The actual borrowing requirement in 2018/19 was £12.087m, with a further estimated borrowing requirement of £6.962m in 2019/20 and £4.235m in 2020/21. The aggregate borrowing requirement over the 3 year period of £23.284m is therefore within the overall borrowing requirement approved in 2018/19.

The MCA's overall forecast underlying need to borrow or Capital Financing Requirement (CFR) at the end of 2019/20 is now £116.646m as illustrated in the table below:

Capital Financing Requirement (CFR)	2019/20	2019/20
	Estimate	Forecast
	£'000	£'000
Opening CFR	£111,212	£113,045
Movement in CFR	£5,840	£3,601
Movement in CFR represented by:		
- Expenditure not funded by grants, receipts or contributions	£9,035	£6,762
- MRP/VMRP and other movements	-£3,195	-£3,161
Closing CFR	£117,052	£116,646

NB: note that the above figures relate to the MCA itself. SYPTE have capital financing requirements in addition to these figures – principally the PFI arrangement relating to Doncaster Interchange.

Indicator 3 - Amount of external debt against the Capital Financing Requirement (CFR)

The purpose of this indicator is to assess the extent to which borrowing is only being used in the medium to longer term to finance capital expenditure.

CURRENT BORROWING POSITION	2019/20	2019/20
	Estimate	Forecast
	£'000	£'000
External Debt		
-CA Loans at 1st April	£25,660	£25,660
-Expected change in CA Loans	£0	£0
-PTE Debt at 1st April	£161,375	£161,375
-Expected change in PTE Loans	£0	£0
Gross debt	£187,035	£187,035
The Capital Financing Requirement (CFR)	£117,052	£116,646
Debt in excess of CFR	-£69,983	-£70,389

The benchmark recommended by CIPFA is that the estimated amount of gross debt should not exceed the estimated CFR for the current and following two years.

The reason why gross debt is substantially in excess of CFR for the MCA Group is a legacy of previous capital financing regulations that applied to PTEs which required amounts set aside for the repayment of debt to be held in cash. This is one of the reasons for the high level of treasury investments held by the MCA as illustrated in Indicator 8.

The excess is forecast to unwind in the medium term as debt matures and is repaid. For example, £53m of debt is due to be repaid in 2020/21 and a further £62.4m over the period 2021/22 to 2023/24.

Indicator 4 - Ratio of Financing Costs to Net Revenue Stream

This indicator is a measure of the affordability of decisions taken to finance capital investment borrowing in the context of an authority's overall financial sustainability.

As the MCA currently has powers to borrow in relation to its transport functions, the information given in the table relates solely to transport.

Ratio of financing costs to net revenue streams - transport	2019/20	2019/20
	Estimate	Forecast
	£'000	£'000
Interest payable	£13,136	£13,136
MRP	£3,195	£3,161
Less Investment Income	-£1,910	-£1,819
Total Financing Costs	£14,421	£14,478
Income – transport levy	£54,365	£54,365
Finance Costs as a percentage of Unrestricted Revenue Income	26.5%	26.6%

As the interest payable is principally fixed rate PWLB borrowing, the amount of interest payable is in effect pre-determined before the start of the financial year as is the transport levy. The only variable is therefore the return on treasury investments.

The ratio is currently relatively high which reflects the fact that a significant proportion of SYPT's operational budget is required to meet the borrowing costs of its debt portfolio. The ratio will start to reduce significantly as debt is repaid commencing in 2020/21 when external interest payable is expected to fall by £3.6m as a consequence of £53m of debt being repaid.

External Debt

Indicator 5 – authorised limit

The **authorised limit on external debt** represents a control on the maximum amount of debt the MCA Group can borrow for capital investment and temporary cash flow purposes. Under Section 3 of the Local Government Act 2003 this limit is agreed by the MCA and cannot be revised without that body's agreement.

The authorised limit reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the long term.

Authorised Limit	2019/20	2019/20
	Estimate	Forecast
	£'000	£'000
Loans	£228,500	£187,035
Other Long Term Liabilities	£11,500	£11,246
Total	£240,000	£198,281

Indicator 6 – Operational Boundary

The operational boundary is the maximum amount of money the MCA group expects to borrow during the financial year. It acts as a useful warning if breached during the year that underlying spend may be higher than expected or income lower than budgeted.

Operational Boundary	2019/20	2019/20
	Estimate	Forecast
	£'000	£'000
Loans	£213,500	£187,035
Other Long Term Liabilities	£11,500	£11,246
Total	£225,000	£198,281

As illustrated under both Indicator 5 Authorised Limit and Indicator 6 operational Boundary, the maximum amount of debt the MCA Group expects to have during the course of the year is that brought forward at 1 April 2019.

The debt portfolio of £187.035m is expected to be unchanged throughout the financial year, as no new borrowing is anticipated during the year (the underlying borrowing requirement instead being met internally from treasury investments) and there are no scheduled loan repayments due in the year (there is no possibility to reschedule debt due to the prohibitively high cost of early redemption).

The borrowing strategy approved at the start of the year was for the underlying borrowing requirement to be met internally from treasury investments rather than to borrow externally. This was in the expectation that the cost of new borrowing would continue to exceed likely investment returns.

In the first half of the year, PWLB rates fell from 1.7% to 2.7% at the start of the financial year to 1.2% to 2% as at 8 October 2019 bringing them closer to the average return on short term investments of 0.9%.

However, on 9 October 2019, Government suddenly increased PWLB rates by 1% with immediate effect taking them up to the range 2.2% to 3%. There may be a small increase in returns in response, particularly in the area of earned on local authority to local authority lending, but this is not expected to match the 1% increase in PWLB rates. As a consequence, the borrowing strategy approved at the start of the year of borrowing internally remains the preferred strategy at least in the short to medium term.

No temporary revenue borrowing has been necessary or is anticipated in 2019/20.

Hence, for the year to date, the maximum amount of MCA Group external debt is well within the Authorised Limit and operational Boundary approved at the start of the year.

Treasury management

Managing exposure to the risk of interest rate changes

Borrowing

The MCA Group's debt portfolio at 30 September 2019 comprises PWLB fixed rate debt of £166.375m, £20m of market loans where the lender has an option to change the interest rate periodically on specified call dates, typically every 6 months, and £0.660m of other loans.

Given the current historically low interest rate environment, it is thought unlikely that the lender would exercise the option to change the interest rate on the market loans in the short to medium as rates are forecast to remain significantly below the interest rates currently being paid on these loans which range from 4.50% to 4.95%.

Investments

The investment portfolio predominantly comprises fixed term deposits with local authorities and other high quality counterparties, call accounts and Money Market Funds.

There is a mix of short term and long term fixed term deposits (£55.5m short term and £60m long term at 30 September 2019). The short term deposits enable the MCA Group to take advantage of any increase in returns whereas the long term investments provide the security of a higher return with over the medium term with high quality counterparties. Money Market Funds provide the high liquidity required to manage the MCA Group's cash position on a day to day basis.

Indicator 7 – Maturity structure of borrowing (Refinancing risk)

A refinancing risk arises where an authority intends to refinance debt as it falls due for repayment. This is mitigated by setting limits on the amount that falls due for repayment in any one year to spread the risk of having to refinance loans at a time when terms might be disadvantageous or interest rates are high.

However, the MCA Group's current financial strategy is to repay debt as it falls due rather than to refinance debt. It is therefore not exposed to refinancing risk as such.

Nevertheless, it is helpful to understand the maturity profile of the MCA Group's debt insofar as it impacts on the Group's longer-term finances.

Hence, the table below indicates when the MCA Group's debt is scheduled to be repaid expressed in terms of the MCA Group's borrowing at the start of 2019/20 but excluding Doncaster PFI.

Maturity of borrowing:	2019/20 estimate		2019/20 Forecast		2019/20 estimate		2019/20 Forecast	
	Fixed Rate Borrowing		Fixed Rate Borrowing		Variable Rate Borrowing		Variable Rate Borrowing	
	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	0%	5%	0%	0%	0%	100%	0%	0%
12 months to 2 years	0%	35%	0%	32%	0%	0%	0%	0%
2 years to five years	0%	40%	0%	40%	0%	0%	0%	0%
5 years to 10 years	0%	20%	0%	20%	0%	0%	0%	0%
10 years to 20 years	0%	5%	0%	5%	0%	0%	0%	0%
20 years to 30 years	0%	0%	0%	0%	0%	0%	0%	15%
30 years to 40 years	0%	3%	0%	3%	0%	0%	0%	85%

There has been no change to the MCA Group's debt portfolio or maturity profile since the start of the year.

As noted above, the substantial differential in interest rates between the historic rate at which loans were taken out (which range from 4.25% to 8.75%) and the current very low interest rates for premature repayment (currently in the range 0.7% to 2% for PWLB depending on the length of the loan) means that it will continue to be prohibitively expensive to repay loans early due to the substantial premiums this would incur. Accordingly, the assumption remains that all fixed rate loans will be repaid as they mature.

No loan repayments are scheduled in 2019/20. However, £53m of fixed rate PWLB debt is due to be repaid in 2020/21 (hence the upper limit for 12 months to 2 years being 32%) and a further £62.4m of fixed rate PWLB debt in the period 2021/22 to 2023/24 (hence the upper limit for 2 years to 5 years being 40%)

The variable rate borrowing figures in the table represent the £20m of market loans held by SYPTE where the lender has an option to change the interest rate periodically on specified call dates. Under CIPFA's Code of Practice on treasury Management these are classified as variable where they are in their call period. However, as noted above, in the current low interest rate environment it is considered

unlikely that these call options will be exercised.

Investment strategy / performance

The MCA Group follows statutory MHCLG investment guidance and CIPFA recommended good practice in placing a high priority on the prudent management of risk by prioritising security and liquidity over maximising returns.

These principles are applied in practice by:

- Only investing with highly creditworthy counterparties
- Defining the types of investment instrument the MCA Group can invest in between high security and high liquidity specified investments of up to 1 year with high credit quality counterparties and non specified investments of higher risk that which need to be managed and monitored more closely, and
- A limit on longer term investments invested for more than 365 days

This strategy has been adhered to during the 6 months to September 2019, as investments have been restricted to:

- Deposits with local authorities
- Call accounts with reputable banks with a high credit rating, and
- Money Market Funds.

Money Market Funds are highly liquid which can be withdrawn at very short notice and assist in managing the cash position on a day to day basis. The MCA's Money Market Funds are instant access very low risk with a high credit rating.

All the longer term investments held by the MCA Group are fixed term deposits placed with local authorities in South Yorkshire (see Indicator 9).

The table shows the analysis of investments by investment type at 30 September 2019:

Investments by investment type	30.9.2019	30.9.2019
	Actual	Actual
	£'000	%
Fixed term local authority deposits - long term	60,000	25
Fixed term local authority deposits - short term	55,500	23
Call accounts	80,000	33
Money Market Funds - Low Volatility	45,940	19
Total investments	241440	100

Rate of return on investments (Yield)

Indicator 8 – Target return on treasury investments

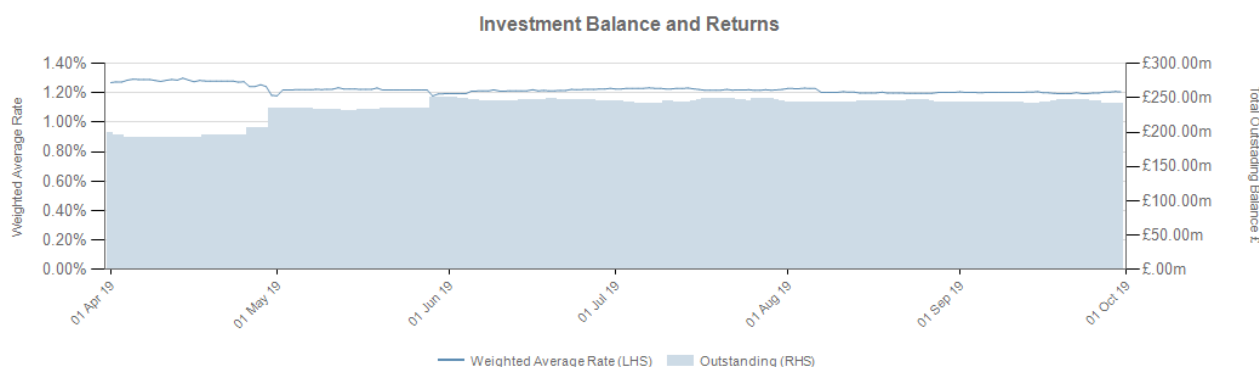
Returns on investments	2019/20	2019/20
	Estimate	Forecast
	%	%
Target return on treasury investments	1.45	1.22

The target return on treasury investments approved at the start of the year of 1.45% assumed that there would be a slow but gradual increase in returns on shorter term investments to 1.25% on average over the course of the year. This in turn was contingent on there being a slow but gradual increase in the Bank of England base rate from 0.75% at the start of the year to 1% in June 2019 to 1.25% in March 2020.

However, there has been no change to the Bank of England base rate to date and the latest forecast from our treasury advisors is that the first rate rise to 1% may not now occur until December 2020. As a consequence, the target investment performance on investments of around three months' duration suggested by our treasury advisors has been downgraded to 0.75% for 2019/20.

The actual average return on investments earned in the 6 months to September 2019 was 1.22%. This comprised 0.91% on short term investments (c. £170m on average in the first 6 months) and 2% on long term investments (c. £65m on average in the first 6 months).

This is illustrated in more detail, together with the level of investment balances held, in the graph below. The investment balances comprise the short and longer term investments relating to the MCA Group's transport related functions and the short term investments relating to the MCA / LEP's economic development functions.



Indicator 9 - Liquidity: Funds invested for greater than 365 days

Long term cashflow projections are used to determine the maximum amount of treasury investments that can be held longer term for periods of more than 365 days.

Longer term investments tend to attract higher returns than short term investments and can therefore improve the overall return. For example, as noted above under Indicator 8, the average return on the £60m of long term investments currently held by the MCA of 2.1% compares favourably to the average return on short term investments of 0.9%. However, they need to be managed within the overall risk appetite of the Authority and to ensure there is sufficient cash in the long term as, for example, debt repayments fall due.

All the longer term investments held currently are with secure counterparties (local authorities within South Yorkshire). The balance of £60m is within maximum level of long term investments approved in the 2019/20 treasury strategy of £90m illustrated in the table below.

The level of long term investments and range of counterparties they can be placed with will be reviewed in setting the 2020/21 strategy.

Investment greater than 365 days	2019/20	2019/20
	Estimate	Forecast
	£'000	£'000
Maximum sums	£90,000	£90,000

AUDIT & STANDARDS COMMITTEE

23rd January 2020

Annual Audit Letter – year ended 31st March 2019

Purpose of Report

This report presents the Annual Audit Letter.

Freedom of Information and Schedule 12A of the Local Government Act 1972

Under the Freedom of Information Act this paper and any appendices will be made available under the Mayoral Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

The Audit and Standards Committee is asked to consider the annual audit letter to Sheffield City Region Mayoral Combined Authority following completion of audit procedures for the year ended 31 March 2019.

Sheffield City Region Mayoral Combined Authority

Annual Audit Letter for the year
ended 31 March 2019

23 January 2020



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Focused on your future



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA set out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities and Terms of Appointment. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary



Executive Summary

We are required to issue an annual audit letter to Sheffield City Region Mayoral Combined Authority (the Authority) following completion of our audit procedures for the year ended 31 March 2019. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Authority's:	Unqualified - the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
Concluding on the Authority's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Authority.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Authority, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Authority's Whole of Government Accounts return (WGA).	We had no matters to report.

Area of Work	Conclusion
Issued a report to those charged with governance of the Authority communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 11 July 2019.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 8 October 2019.

We would like to take this opportunity to thank the Authority's staff for their assistance during the course of our work.

Stephen Clark
 Partner
 For and on behalf of Ernst & Young LLP



02 Purpose and Responsibilities



Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Authority.

We have already reported the detailed findings from our audit work in our 2018/19 Audit Results Report to the 11 July 2019 Audit and Standards Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Authority.

Responsibilities of the Appointed Auditor

Our 2018/19 audit work has been undertaken in accordance with the Audit Plan that we issued on 18 April 2019 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2018/19 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Authority has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Authority;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Authority, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Authority is below the specified audit threshold of £500m. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Authority

The Authority is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Authority reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

Financial Statement Audit

Key Issues

The Authority's Statement of Accounts is an important tool to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 8 October 2019.

Our detailed findings were reported to the 11 July 2019 Audit and Standards Committee.

The key issues identified as part of our audit were as follows:

Fraud Risk	Conclusion
<p>Misstatements due to fraud or error</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>We did not identify any material weaknesses in controls or evidence of material management override.</p> <p>Through our testing of journals, we did not identify any matters to report.</p> <p>We did not identify any instances of inappropriate judgements being applied or bias within significant accounting estimates.</p>
<p>Risk of fraud in revenue and expenditure recognition</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We consider that this significant risk is associated to the following specific areas:</p> <ul style="list-style-type: none"> Improper capitalisation of revenue expenditure in order to reduce the impact on the general fund Understatement of expenditure recognised as liabilities in the balance sheet at the year-end Improper application of revenue cut-off. 	<p>Our testing did not identify any material misstatements with respect to revenue and expenditure recognition.</p> <p>Overall our audit work did not identify any material issues or unusual transactions which may have indicated that the financial position had been misreported.</p> <p>Our testing of asset additions did not identify any inappropriate capitalisation.</p> <p>Our work testing cut-off of both debtors and creditors did not yield any errors. We covered large samples as this was our first year and reviewed all payments made in the month after the year-end over £74,000.</p> <p>There were no further matters to report.</p>



Financial Statement Audit (cont'd)

The other risk identified as part of our audit were as follows:

Risk	Conclusion
<p>Valuation of Property, Plant and Equipment</p> <p>The Authority has a large and complex asset base that makes up a significant proportion of its balance sheet. Valuation of assets is an area subject to professional estimation and therefore a higher inherent risk of misstatement.</p> <p>The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management are required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet, including the use of valuation experts.</p>	<p>Although we did not identify any errors in our work, management had identified errors relating to the treatment of valuations and impairments in previous financial periods. This led to prior year adjustments of £7.2m. We reviewed the work that management performed to correct the errors and performed work to ensure that no material residual issues exist.</p> <p>Our work in assessing the competency of management's expert in this area of judgement has concluded with no issues identified.</p>
<p>Local Government Pension Scheme</p> <p>The accounting entries relating to the Local Government Pension Schemes are underpinned by significant assumptions and estimates. There is therefore an increased risk of misstatement and error.</p> <p>The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. At 31 March 2018 this totalled £35.9 million.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>In the year we reported the following findings:</p> <p>We requested that, due to uncertainty in the valuation of assets disclosed in relation to the South Yorkshire Pension Fund, that management obtain an updated IAS19 results report to ensure that the most up to date assets figure is used. This was obtained and the appropriate adjustments made to the financial statements</p> <p>In the year; a high court ruling (The McCloud Judgement) created an constructive obligation at the balance sheet date which would increase the liability of SYPTE to the Pension Fund. Our assessment identified a potentially material difference yielded by the outcome of this judgement. As such, management requested updated information from the Pension Fund Actuary (Mercer's) to obtain a more accurate assessment of the increased liability that occurred as a result of this ruling. Additional liabilities of £768k were recognised following this exercise.</p> <p>In relation to rulings around GMP Equalisation, the scheme actuary stated that any additional impact not disclosed would be immaterial. We performed our own work in this area and have reported an immaterial judgmental difference that management did not adjust for.</p> <p>Our conclusion in this area was delayed due to us being unable to place assurance on the report received from the pension fund auditor, a key part of our assurance in this area. We performed additional testing of our own in this area with the co-operation of South Yorkshire Pensions Authority. We were subsequently able to obtain sufficient evidence to be able to conclude that the Pension Fund assets included in the Authority's Group statements are stated free from material error.</p>

Financial Statement Audit (cont'd)

The other risk identified as part of our audit were as follows:

Risk	Conclusion
<p>Implementation of new accounting standards:</p> <ul style="list-style-type: none"> - IFRS 9 - Financial Instruments - IFRS 15 - Revenue contracts with customers <p>These are new accounting standards applicable for local authority accounts from the 2018/19 financial year. There is a risk that the Authority does not implement the requirements of the standards correctly</p> <p>IFRS 9 is applicable for local authority accounts from the 2018/19 financial year and will change; how financial assets are classified and measured; How the impairment of financial assets are calculated; and the disclosure requirements for financial assets.</p> <p>There are transitional arrangements within the standard; and the 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 9. However, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty on the accounting treatment.</p> <p>IFRS15 is applicable for local authority accounts from the 2018/19 financial year. The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p> <p>The 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised. The impact on local authority accounting is likely to be limited as large revenue streams like council tax, non-domestic rates and government grants will be outside the scope of IFRS 15. If the Authority has not assessed if standard is relevant, there may be a risk of material misstatement if recognition of revenue is incorrect and new disclosure requirements are not included in the financial statements.</p>	<p>We have reviewed the work performed by management to determine the impact the new standards have on the financial statements. A five step process was followed for significant income streams and they were deemed to be in line with the appropriate treatment under IFRS 15 and as such didn't require any changes.</p> <p>Management have provided a full consideration of the changes that have been necessary. We have nothing to report in regards to these changes.</p>

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £2,956k, which is 2% of gross revenue expenditure reported in the accounts of £148million. We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Authority.
Reporting threshold	We agreed with the Audit and Standards Committee that we would report to the Committee all audit differences in excess of £147k.

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We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits:
- ▶ Related party transactions.

We set a materiality of £1k for remuneration disclosures including any severance payments, exit packages and termination benefits and related party transactions which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this. We identified only minor misstatements in relation to these notes.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

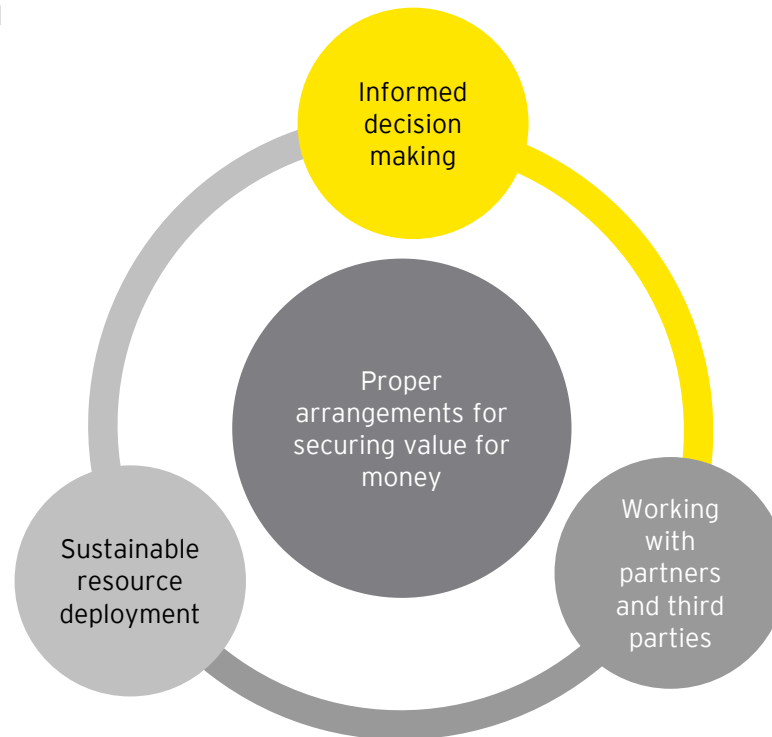


04 Value for Money

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.



We did not identify any significant risks in relation to these criteria.



05 Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Authority for Whole of Government Accounts purposes. The Authority is below the specified audit threshold of £500mn. Therefore, we were not required to perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Authority or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2018/19 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit and Standards Committee and again to the Mayoral Combined Authority Board in July. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive audit approach and have therefore not tested the operation of controls.



06 Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Authority is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2020/21 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2020/21 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the 2020/21 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, what is clear is that the Authority will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Authority must therefore ensure that all lease arrangements are fully documented.</p>
IASB Conceptual Framework	<p>The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework) will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>This introduces;</p> <ul style="list-style-type: none"> - new definitions of assets, liabilities, income and expenses - updates for the inclusion of the recognition process and criteria and new provisions on derecognition - enhanced guidance on accounting measurement bases - enhanced objectives for financial reporting and the qualitative aspects of financial information. <p>The conceptual frameworks is not in itself an accounting standard and as such it cannot be used to override or disapply the requirements of any applicable accounting standards.</p> <p>However, an understanding of concepts and principles can be helpful to preparers of local authority financial statements when considering the treatment of transactions or events where standards do not provide specific guidance, or where a choice of accounting policies is available.</p>	<p>It is not anticipated that this change to the Code will have a material impact on Local Authority financial statements.</p> <p>However, Authorities will need to undertake a review to determine whether current classifications and accounting remains valid under the revised definitions.</p>



07

Audit Fees

Audit Fees

Our fee for 2018/19 is in line with the scale fee set by the PSAA reported in our Audit Planning Report.

Description	Final Fee 2018-19 £	Planned Fee 2018-19 £	Scale Fee 2018-19 £	Final Fee 2017-18 £
Sheffield City Region Mayoral Combined Authority and Group consolidated financial statements	29,414	29,414	29,414	38,200
Proposed Scale Fee Variation to be agreed by the Audit and Standards Committee *	11,377	-	-	
Proposed Scale Fee Variation contested by management **	1,556			
South Yorkshire Passenger Transport Executive	27,613	27,613	27,613	35,861
Proposed Scale Fee Variation agreed by SYPTE Audit and Risk Committee	5,477	-	-	
Proposed Scale Fee Variation contested by management **	10,695			
Total Audit Fee	86,132	57,027	57,027	74,061

All fees exclude VAT

*The proposed variation to the scale fee is subject to PSAA approval and relates to additional audit work performed to:

- Gain assurance over the additional defined benefit obligation liabilities arising from the McCloud Judgement;
- Review of prior period adjustments relating to the accounting treatment for SYITA Properties Ltd; and
- Review of prior period adjustment relating to accounting entries for historic impairments.

** Contested element that will be submitted to PSAA for arbitration relates to:

- Additional work performed to obtain assurance over the pension assets held as part of the South Yorkshire Pensions Authority. (SYPTE Only)
- Additional work performed on prior period adjustment for upfront payments to SYPA made to reduce pensions deficit. (SYPTE with a group element for SCRMCA)

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AUDIT & STANDARDS COMMITTEE23rd October 2020**Update on Internal Audit Recommendations made in 2018/19****Purpose of Report**

This report presents an update on the implementation of the recommendations made by SCR's Internal Audit provider (BMBC) during 2018/19.

Freedom of Information & Section 12A of the Local Government Act 1972

Under the Freedom of Information Act this paper and any appendices will be made available under the Mayoral Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

Members are asked to review the progress of the implementation of internal audit recommendations.

1. Introduction

- 1.1 The Audit and Standards Committee is responsible for overseeing and reviewing the Authority's internal audit strategy, and receiving reports, as appropriate, from the Internal Auditor.

This paper updates the Committee on the implementation of the recommendations made by SCR's Internal Audit provider (BMBC) for the financial year 2018/19.

2. Proposal**2.1 GDPR Compliance**

At the time of the Audit & Standards Committee in October 2019 there was one outstanding recommendation out of six made:

1. *'The roles and responsibilities for GDPR (including SIRO and Information Governance) should be clarified and then clearly defined within the relevant Job Descriptions.'*

Status: The actions identified to implement this recommendation are **partially complete**. This is due to a re-organisation of roles since the audit was undertaken: roles and responsibilities for GDPR are clarified in the SCR 'Information Asset Assurance Process'

which has been in place since 2018 and recently reviewed as part of a scheduled review of all GDPR related documentation. The job description for the Monitoring Officer/Principal Solicitor now includes reference to the role of Data Protection Officer (DPO). In November, the SCR Management Team agreed that the Head of Governance would assume the role of Senior Information Risk Owner (SIRO). The job description will be updated in due course.

The Committee is asked to note that a further GDPR audit is currently underway. The outcome of this audit is scheduled to be reported to the Audit & Standards Committee in March.

2.2 Capital Programme

At the time of the Audit & Standards Committee in October 2019 there was one outstanding recommendation out of six made:

1. *'The quarterly report presented to the CA in relation to the SYPTe's Capital Programme should include a more detailed breakdown of the funding streams.'*

Status: The actions identified to implement this recommendation are **complete**. The Q2 report submitted to the MCA in November included a more detailed breakdown of the funding streams for the SYPTe Capital Programme.

2.3 Inward Investment

At the time of the Audit & Standards Committee in October 2019 there were two outstanding recommendations out of two made. These were:

1. *'The International Trade and Investment Plan should include agreed implementation dates against each of the detailed objectives (actions) and also targets against each of the outcomes (key performance indicators), to enable the delivery of plan to be proactively managed and monitored during the year.'*
2. *'Key performance Indicators should be set for the Inward Investment Team and performance measured against these reported to the Trade and Investment Advisory Board on a regular basis to enable challenges to be made if applicable.'*

Status: The actions identified to implement these recommendations are **on hold** whilst a new Plan, aligned to the new Strategic Economic Plan (SEP), is developed. The LEP Board will be asked at their meeting in January to agree to a consultation on the draft SEP. A workshop will be undertaken with the Business Growth Board in early February. The findings of the consultation will be considered by the LEP Board in March and a final SEP published in May.

2.4 Procurement Arrangements

At the time of the Audit & Standards Committee in October 2019 there were 10 outstanding recommendations out of 11 made. These were:

1. *'The Transparency Code and associated best practice requirements need to be fully met in relation to the Contracts Register.'*
2. *'The Employee Agreement should be reviewed and updated to ensure that GPC card holders formally declare the requirement to adhere to the regulatory / policy requirements.'*

3. *'All application forms and evidence of approval should be securely retained in future, in accordance with the requirements of Financial Regulations and Document Retention Policy. Management should consider the use of merchant category restrictions and individual transaction limits to provide for enhanced controls with regards to procurement card expenditure.'*
4. *'All procurement cardholders and approving officers should be reminded of the process requirements and submission timescales that must be met. Official itemised receipts / invoices (VAT receipts where applicable) should be obtained for all purchases, in addition to the procurement card terminal receipt.'*
5. *'A review of the business credit limit, current card holders and individual credit limits should be undertaken to determine if there is a continued business requirement for a procurement card, with credit limits adjusted (as appropriate). Cards should be cancelled / removed where a business need is no longer required and / or allocated to additional users as considered appropriate.'*
6. *'Procurement cards should be utilised in accordance with the terms and conditions and all purchases should be approved by the cardholder prior to orders being placed. In addition, officers should be required to complete an Employee Agreement confirming their adherence to the requirements of the T&Cs of the card and also regulatory / procedural requirements.'*
7. *'All Officers should be reminded of the importance of adhering to the Public Contract Regulations, CPR and procedural requirements when undertaking procurement related activity.'*
8. *'All officers must complete and submit a return declaring any conflicts of interest (including nil returns). Declarations should be analysed and considered when undertaking procurement activity compensating controls and / or appropriate safeguards implemented (where considered appropriate) to mitigate associated risks. Conflict of interest forms should be completed by all officers within the procurement process on a risk basis and should extend to those RFQ opportunities that are openly advertised.'*

Status: The actions identified to implement these recommendations are **complete**.

A specific piece of work has been commissioned which will seek to develop the SCR MCA's procurement function and strategy. This significant piece of work has been commissioned to review the whole procurement function to ensure future procurement meets the needs of the evolving and growing SCR budget. This will involve a detailed review of existing procurement policies and the development of fit for purpose SCR MCA Procurement Strategy. The scope of the project will include implementing and embedding policies and processes into organisational ways of working. The following recommendations will be addressed within this piece of work that will be completed by 30th June 2020.

9. *'The Contract Procedure Rules and other procurement related documentation should be reviewed and updated in conjunction with the Operational Contracts Team at the earliest opportunity. All officers should be notified of the updated documentation, upon the completion of the review and signposting provided to its location.'*
10. *'A business entertainment and foreign travel policy should be drafted and approved, to confirm the type and level of expenditure that is acceptable to the SCR MCA when attending meetings and other commercial (business) related events. The policy should be published on the Intranet Site.'*

3. Consideration of alternative approaches

3.1 N/A

4. Implications

4.1 Financial

None.

4.2 Legal

None.

4.3 Risk Management

Internal Audit forms part of SCR's system of internal control. The monitoring of the recommendations made by Internal Audit, and the agreed management response, supports governance improvement and the management of risk.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity or social inclusion implications.

5. Communications

5.1 None.

6. Appendices/Annexes

6.1 None

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Other sources and references: n/a

Audit & Standards Committee

23rd January 2020

Group Internal Audit Plan Progress Report

Purpose

This report provides an update on the progress of the 2019/20 Group Internal Audit Plan.

Freedom of Information & Section 12A of the Local Government Act 1972

Under the Freedom of Information Act this paper and any appendices will be made available under the Mayoral Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

The Audit and Standards Committee are asked to note the progress of 2019/20 audit activity undertaken by Grant Thornton for:

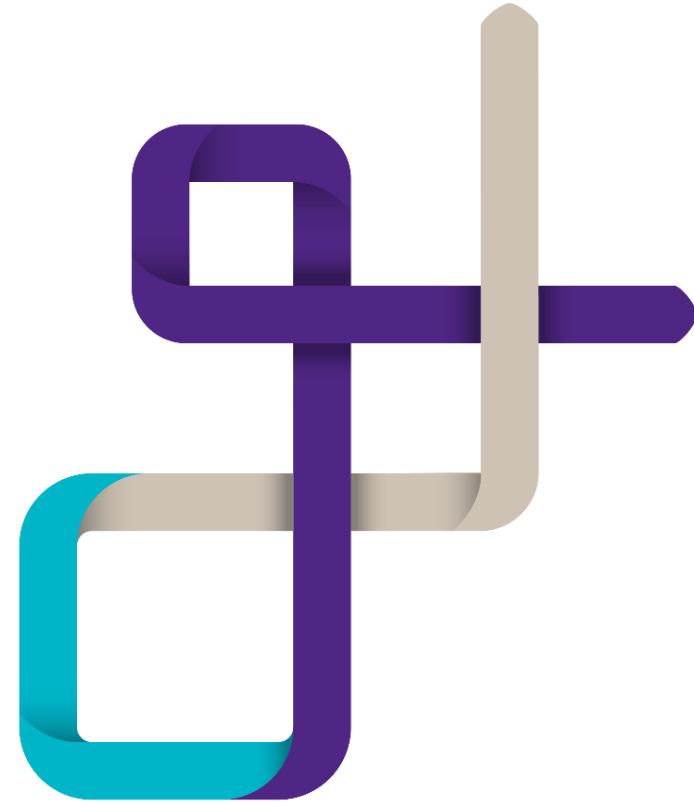
- Joint SCR & SYPTE audits
- SCR MCA audits
- SYPTE audits



Internal Audit Progress Report

Sheffield City Region Mayoral Combined Authority and
South Yorkshire Passenger Transport Executive

January 2020



Introduction & headlines

Purpose

This report provides an update on progress against the 2019/20 internal audit plan. We have delivered 38 of the 69 days in respect of SCRMCAs reviews and a total of 127 of the 250 days in the joint audit plan, a full detailed breakdown can be found at pages 3 and 4.

Work in progress

As at the date of preparing this report we are currently working on the following reviews:

- Core Financial Controls
- Risk Management
- Information Governance / GDPR
- Resource Management / HR systems review
- Programme Management

Scoping and planning has also commenced in respect of the following reviews:

- Governance
- Back Office Transformation

Resourcing

We confirm that we have sufficient internal audit team members available to deliver the internal audit plan on time. We will flex the plan where needed for emerging priorities and to accommodate timescales requested by management.

Changes to the audit plan since the last meeting subject to approval

There has been no further changes to the Audit Plan since the last Audit Committee.

Additional work undertaken outside of the audit plan

There has been no work undertaken outside of the Audit Plan.

Progress against 2019/20 Internal Audit Plan

Audit	Planned days	Start date	Scope Meeting held	APB agreed	Fieldwork started	Fieldwork completed	Debrief held	Draft report sent	Mgt response received	Final report sent	Days used
Annual Reviews for HOIA opinion and Joint Authority Audits											
Core financial controls	30	Quarter 3									6
Risk Management	14	Quarter 4									11
Governance	14	Quarter 4									1
Information Governance / GDPR	15	Quarter 4									10
Capital Programme	12	Quarter 4									1
Sub-total	85										29
Sheffield City Region Mayoral Combined Authority											
Resource Management / HR Systems	12	Quarter 2									10
Back Office Transformation	12	Quarter 3									1
Grant Claims	6	Quarter 2									6
Programme Management	12	Quarter 3									8
Adult Education Budget	4	Quarter 3									0
Follow up of recommendations	5	Ongoing									1
Attendance at Audit Committee & other client meetings	18										12
Sub-total	69										38

Progress against 2019/20 Internal Audit Plan

Audit	Planned days	Start date	Scope meeting held	APB agreed	Fieldwork started	Fieldwork completed	Debrief held	Draft report sent	Mgt response received	Final report sent	Days used
South Yorkshire Passenger Transport Executive											
Ticketing and Concessions	16	Quarter 3									4
Grant Claims	3	Quarter 3									3
Project Management	12	Quarter 2									12
Asset Management	15	Quarter 2									15
Assurance Mapping	8	Quarter 1									4
Air Quality and Environment	8	Quarter 2									6
Follow up of recommendations	5	Ongoing									2
Attendance at Audit Committee & other client meetings	20	Ongoing									14
Sub-total	87										60
Contingency	9										0
Total	250										127



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AUDIT & STANDARDS COMMITTEE

23rd January 2020

Annual Governance Review Process & Progress Against SCR's Governance Improvement Plan

Purpose of Report

This paper:

- updates the Committee on the progress against the Governance Improvement Plan described in the 18/19 Annual Governance Statement
- sets out the SCR Annual Governance Review Process for 19/20

Freedom of Information and Schedule 12A of the Local Government Act 1972

Under the Freedom of Information Act this paper and any appendices will be made available under the Mayoral Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

The Audit and Standards Committee is asked to consider:

- the progress against the Governance Improvement Plan 18/19
- the proposed Governance Review Process for 19/20

1. Introduction

- 1.1** Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review, at least once in a year, of the effectiveness of its systems of internal control and include a statement reporting on the review with any published Statement of Accounts. The scope of SCR's governance and internal control framework spans the whole of the organisation's activities and, as recommended in the CIPFA/SOLACE Framework ***Delivering Good Governance in Local Government 2016***, is described in SCR's local Code of Corporate Governance. This Code was approved by the Audit and Standards Committee in April 2017 and has been reviewed annually. The Code demonstrates that SCR's governance arrangements comply with the core and sub-principles contained in the Framework. The proposed process for conducting the annual review is outlined in section 2.1.
- 1.2** CIPFA guidance on the preparation of an Annual Governance Statement prescribes that the statement should include an 'agreed action plan showing actions taken, or proposed, to deal with significant governance issues'. This paper provides an update on the progress against the

action plan presented in the 18/19 Annual Governance Statement. This can be found at appendix A.

1.3 It is important to note that SCR operates in a very dynamic and developing environment and, as such, there is constant focus on reviewing and improving governance arrangements. For example:

- The SCR LEP has undertaken and submitted a self-assessment of governance, delivery and strategy in preparation for the Annual Performance Review with government taking place 24th January. It is anticipated that SCR will continue to be evaluated positively by government.
- New governance arrangements for Thematic Boards, agreed in 2019, have been implemented and the Boards have been operational since July. A review of their effectiveness will be undertaken in quarter 4 of 19/20.
- New arrangements for strengthening the appraisal of schemes seeking investment, agreed by the MCA and LEP during 2019 have been implemented. An effectiveness review will be undertaken alongside the review of Thematic Boards.
- The Assurance Framework which sets out how SCR will use public money (LGF funds) responsibly and achieve value for money is currently under review and a revised version presented to the LEP / MCA for approval in March alongside a set of reviewed and updated LEP terms of reference and associated policies e.g. code of conduct, expenses
- A full audit of scheme delivery has been undertaken in order to maximise the use of LGF funding and to manage the risk of underspend.
- SCR's strategic risk management approach is also focussed upon the effectiveness of the arrangements that underpin the delivery of SCR's Strategic Economic Plan. The Statutory Officers of the MCA keep Risk Management Action Plans under review to evaluate current controls and any adequacy concerns.
- To increase transparency around decision making the meeting management system 'Modern.gov' has been implemented and integrated with the SCR website. In addition, since April 2019 the MCA, Audit & Standards and Overview & Scrutiny have all been webcast live.

2. Proposal and justification

2.1 Review Process

During February and March SCR's Governance team will work with the Executive team; to conduct an assessment of compliance with SCR's Code of Corporate Governance; to gain assurance the effectiveness of current arrangements and to; identify any opportunities for improvement.

This process will include

- a group session with MCA Statutory Officers
- a group session with the Executive Team Senior Leadership Team
- One to one meetings with Assistant Directors and specific team members where required.

The findings of the review and an updated Code of Corporate Governance is scheduled to be presented to the Audit and Standards Committee in April 2020.

3. Consideration of alternative approaches

3.1 An annual review of the effectiveness of systems of internal control is required by the Accounts and Audit Regulations 2015.

4. Implications

4.1 Financial

There are no financial implications relating to the proposal set out regarding the annual governance review however, non-compliance with the Accounts and Audit Regulations may result in a qualified audit opinion for 19/20 and potentially a withdrawal or withholding of funding.

4.2 Legal

There are no legal implications relating to the proposal set out regarding the annual governance review.

4.3 Risk Management

Risks to SCR's governance arrangements are managed through the Strategic Risk Management Framework.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity or social inclusion implications relating to the proposal set out regarding the annual governance review.

5. Communications

- 5.1 The timetable of meetings required to conduct the annual governance review will be communicated internally to those involved.

6. Appendices/Annexes

- 6.1 Appendix A – Governance Improvement Plan 19/20 – Progress Update

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Other sources and references: None

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Governance Area	Focus for 19/20	Lead	Milestones/ Deadline	Status Update	RAG Rating
Strategic					
Strategy Led Prioritisation	<ul style="list-style-type: none"> Develop a refreshed Strategic Economic Plan and Local Industrial Strategy and identify innovative interventions that deliver the Region's ambitions. 	Chief Executive	Autumn 19	Work to deliver a new SEP is well underway, the evidence base has been collated, and the writing of the document is well underway. The document is collaborative in its development. A provisional deadline for wider consultation on a draft is scheduled for late Jan/Feb, with a final proposed date of April 2020.	A
Strategy Led Prioritisation	<ul style="list-style-type: none"> Continue to support Leaders and the Mayor in developing an integrated set of priorities that effectively deliver the economic, social and environmental ambitions of the City Region. 	Chief Executive	Ongoing	A review of Mayoral priorities takes place with the Mayor every quarter. This is communicated within the Executive to ensure appropriate resources are deployed. A number of MCA workshops and one to one sessions with Leaders and CEX are scheduled to agree priorities with Leaders.	A
Reputation & Influence	<ul style="list-style-type: none"> Effectively communicate SCR's refreshed strategic ambitions securing stakeholder support and buy-in and successfully make our case for future funding. 	Chief Executive	Dec 19 onwards	Over 50 meetings have been led by the LEP Chair and CEX to secure buy-in to the revised vision for growth. A formal consultation is being scheduled for late Jan/Feb 2020.	G
Operational					
Financial Planning	<ul style="list-style-type: none"> Develop and agree a Medium-Term Financial Strategy and Reserves Strategy that support longer term ambitions and short-term operational performance. 	Group Finance Director	Autumn 19	Complete. MTFS went to MCA in November and approved. Detailed budget seminar on 16 th Jan. Final budget to March 20 MCA.	
Financial Planning	<ul style="list-style-type: none"> Undertake a full review of the governance arrangements of the Transport Capital Programme. 	Deputy Chief Executive and Group Finance Director	Dec 19	In line with the transition to the revised governance approach for the MCA/LEP arrangements for Transport Governance was reviewed and refreshed. At a programme level, in view of the TCF funding request for £220m operational programme governance arrangements are in the process of being reviewed and amended to	A

				manage any delivery risks for this programme.	
Monitoring & Evaluation	<ul style="list-style-type: none"> In line with Government requirements review the monitoring and evaluation framework in order to strengthen project and programme evaluation and to strengthen future decision making. 	Deputy Chief Executive	Jan 20	Work is underway to conclude this review in line with government requirements. A number of programme / project evaluations have concluded and/or are underway.	G
Assurance Processes	<ul style="list-style-type: none"> Embed the agreed arrangements to strengthen processes for the appraisal and assurance of schemes. 	Deputy Chief Executive	Autumn 19	The arrangements agreed with the LEP and MCA were implemented to the agreed timeframe. Government are delaying issuing a new National Assurance Framework, however further work to refresh and update the local AAF will commence in Q4.	G
Delivery					
Programme Management	<ul style="list-style-type: none"> Ensure the orderly conclusion of the LGF Programme during 19/20 and 20/21 	Deputy Chief Executive	Mar 21	A forensic risk assessment of all schemes in delivery, pending contract and in the pipeline has been undertaken and is being updated on a fortnightly basis. This is subject to Management Board oversight at their fortnightly meeting. The LEP Board are being appraised of the position and are making decisions on remaining LGF allocations.	G
Programme Management	<ul style="list-style-type: none"> Further to the development and agreement of the refreshed Strategic Economic Plan, develop effective programmes to deliver new priorities. 	Deputy Chief Executive	Mar 20 – Mar 22	The revised SEP is planned for April 2020, following which implementation plans will be developed. Whilst Government has delayed decision making on any future funds including Shared Prosperity Funds and / or a further LGF round, work will progress to ensure any SCR submission is supported by a robust, evidence led business case.	G/A
Programme Management	<ul style="list-style-type: none"> Secure successor funding to continue with SCR's programme or work at pace and avoid disjointed delivery. 	Chief Executive	Mar 20 – Mar 22	As above, work has progressed on the business case for the Transforming Cities Fund (TCF) which has been submitted to government (Nov 19), work will commence on business planning for other funding (not yet announced) in January 2020.	G/A

Organisational Capability	<ul style="list-style-type: none"> Ensure the organisation has the capability and capacity to transition from programme delivery into a strategic development and policy led negotiations. 	Chief Executive	Mar 20	Work is underway to review the current structure, in the approved budget envelope for resources, to ensure the capacity and capability exists to achieve a successful transition and be best placed to secure additional resource. .	A
Organisational Capability	<ul style="list-style-type: none"> Ensure organisational vision and challenges are understood by workforce. 	Chief Executive	Autumn 19	A revised Corporate Plan and revised suite of organisation values have been developed. To date this has been communicated with the Senior Management Team and is planned to roll out to the organisation by the CEX, with the input of the Mayor and the LEP Chair, in January 2020 (delayed from November – due to the flooding).	G/A
Organisational Capability	<ul style="list-style-type: none"> Identify training and development requirements. 	Deputy Chief Executive	Mar 20	<p>A range of organisational development activities have been put in place within the year, including:</p> <ul style="list-style-type: none"> An all staff development day; CEX staff briefings every fortnight; A CEX blog on key issues, A management development programme; Roll out of Better Business Case Training, in partnership with HMT, to staff and partner organisations; <p>Further work is planned to establish a more formalised organisational development plan.</p>	G/A

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AUDIT & STANDARDS COMMITTEE23rd January 2020**Work Plan for 2019/20****Purpose of Report**

This report presents the SCR Audit and Standards Committee work plan for 2019/20.

Freedom of Information & Section 12A of the Local Government Act 1972

Under the Freedom of Information Act this paper and any appendices will be made available under the Mayoral Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

Members consider the revised work plan for 2019/20 and agree any additional items to be scheduled.

1. Introduction

- 1.1 The Audit and Standards Committee work plan for 2019/20, is required to facilitate the Committee in meeting its accountabilities.
- 1.2 This work plan is revised quarterly to ensure it remains on schedule.

2. Proposal**2.1 Work Plan**

The proposed work plan is attached at appendix A. This document aims to ensure the Audit and Standards Committee are appropriately sighted on key governance issues and activities in a timely manner and ensure that items relevant to their statutory accountabilities are appropriately scheduled.

- 2.2 Since the workplan was presented to the Committee in October the following items have been re-scheduled.

- Financial Regulations Review – this has been postponed pending a wider review of financial regulations across the group
- Strategic Risk Monitoring – whilst strategic risks are monitored by Statutory Officers regularly, a formal review of Risk Management Action Plans has been deferred

pending the outcome and recommendations from the Risk Management internal audit which is due to conclude at the end of January/beginning of February.

- Treasury Management Strategy 20/21 – deferred to March meeting, further to Audit & Standards Committee feedback on the Mid-year report (item 9 on the agenda)

3. Consideration of alternative approaches

- 3.1** A work plan is required to ensure the Audit and Standards Committee is able to meet its accountabilities.

4. Implications

4.1 Financial

None.

4.2 Legal

None.

4.3 Risk Management

Failure to consider this annual work plan could result in ineffective controls of the SCR MCA / LEP.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity or social inclusion implications.

5. Communications

- 5.1** None.

6. Appendices/Annexes

- 6.1** Appendix A – Work Plan

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Other sources and references: n/a

Appendix A

Date	Agenda items
Training	Treasury Management
Thursday 23 rd January 2020	Treasury Management Mid-year Report Update on 18/19 AGS Governance Improvement Plan Actions 19/20 AGR Process IA Progress Report
Thursday 26 th March 2020	AGR findings (inc annual review of code of corporate governance) IA Plan 2020/21 IA Progress Report IA Charter External Audit Annual Plan Updated Assurance and Accountability Framework - Implementation Review of Risk Management arrangements (updated Policy and Strategy) Strategic Risk Monitoring (annual action plan review) Financial Regs Review 19/20 Draft Treasury Management Strategy
Training	Scrutinising the Accounts
Thursday 11 th June 2020	Draft AGS Draft Accounts IA Annual Report
Thursday 16 th July 2020	Final AGS Final Accounts IA Progress Report

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