

Thursday, 20 April 2023

To: Members of the MCA - Audit, Standards and Risk Committee and Appropriate Officers

## NOTICE OF MEETING

You are hereby summoned to a meeting of the South Yorkshire Mayoral Combined Authority to be held at **South Yorkshire MCA, 11 Broad Street West, Sheffield, S1 2BQ**, on: **Friday, 28 April 2023 at 10.00 am** for the purpose of transacting the business set out in the agenda.



Martin Swales  
**Chief Executive and Head of Paid Service**

## Webcasting Notice

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## **Member Distribution**

Councillor Phillip Lofts (Chair)  
Councillor Ian Auckland  
Cllr Sophie Castledine-Dack  
Councillor Austen White  
David Phillips  
Paul Schofield

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

**MCA - Audit, Standards and Risk Committee**

**Friday, 28 April 2023 at 10.00 am**

**Venue: South Yorkshire MCA, 11 Broad Street West, Sheffield, S1 2BQ**



**Agenda**

<b>Agenda Ref No</b>	<b>Subject</b>	<b>Lead</b>	<b>Page</b>
1.	Welcome and Apologies	Chair	
2.	Urgent Items/Announcements	Chair	
3.	Items to be Considered in the Absence of Public and Press	Chair	
4.	Declarations of Interest by any Members	Chair	
5.	Reports from and Questions by Members	Chair	
6.	Questions from Members of the Public	Chair	
7.	Minutes of the Previous Meeting held on 22 March 2023	Chair	5 - 16
8.	Internal Audit Plan 2023/24	Rob Barnett, Aaron Macdonald	17 - 36

**Date of next meeting:** Wednesday, 21 June 2023 at 11.00 am

**At:** South Yorkshire MCA, 11 Broad Street West, Sheffield, S1 2BQ

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120 **Declarations of Interest by any Members**

None.

121 **Reports from and Questions by Members**

None.

122 **Questions from Members of the Public**

None.

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

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

(The Internal Auditor joined the meeting.)

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

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

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

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

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

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

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

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

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

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

**RESOLVED** that:

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

(The External Audit Team left the meeting.)

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

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

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

- Risk Management
- Governance
- Core Financial Controls

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

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

## 126 **Internal Audit Reports**

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

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

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

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

## 127 **Internal Audit Recommendation Tracker**

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

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

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

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

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

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

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

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

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

(The Internal Auditor left the meeting.)

## 129 **Risk Management**

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



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

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

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

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

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

### 130 **Transport Risk Working Group**

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

Some key risk areas were identified as:

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

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

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

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

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

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

(The meeting adjourned at 12:30pm.)

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

Signed .....

Name .....

Position .....

Date .....

# Public Document Pack

## MCA - AUDIT, STANDARDS AND RISK COMMITTEE

### MINUTES OF THE MEETING HELD ON:

WEDNESDAY, 22 MARCH 2023 AT 1.00 PM

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



### Present:

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

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

### In Attendance:

Gareth Sutton	Chief Finance Officer/S73 Officer	SYMCA Executive Team
Mike Thomas	Assistant Director of Finance & Deputy s73 Officer	SYMCA Executive Team
Claire James	Head of Corporate Governance	SYMCA Executive Team
Felix Kumi-Ampofo	Director of Corporate Policy	SYMCA Executive Team
Lyndsey Whitaker	Head of Assurance & Evaluation	SYMCA Executive Team
Ellen Hinsley	Minute Taker	SYMCA Executive Team
Rob Barnett	Internal Auditor	RSM
Aaron Macdonald	Internal Auditor	RSM
Anna Mullen	Internal Auditor	RSM

### Apologies:

Cllr Sophie Castledine-Dack Rotherham MBC

### 131 Internal Audit Approach 2023/24

(The meeting resumed at 1:00pm.)

The Chair welcomed the incoming Internal Audit Team from RSM to the meeting and invited introductions.

The Internal Audit outlined their approach to the development of the 1 year internal audit plan and the 3 year strategy.

**RESOLVED** that the Committee note the Internal Audit Approach 2023/24.

## **Updated Assurance and Accountability Framework**

The Director of Corporate Policy presented the updated Assurance and Accountability Framework for 2023.

The MCA was required to update and publish the Assurance Framework on a yearly basis. The key amendments that had been made to the 2023 Framework were intended drive efficiency and streamline the funding approval processes without affecting the quality of submissions. The changes make use of internal practices within each authority to avoid unnecessary duplication. A new Project Management Office team had also been set up within the MCA to provide additional support to local authorities. The new processes had been trialled on a few projects and early indications were positive.

It was noted that the MCA Board had approved the Assurance Framework at its meeting on 6 March and it was intended to be submitted to Government shortly.

In response to questions, the Director of Corporate Policy advised that where projects were complete, they were able to progress through the system within 6 weeks. The Executive Director of Resources & Investment added that due to these improved processes, the MCA had been able to identify some 'delivery ready' projects to put forward for additional Government funds. In cases where other funding had originally been earmarked for these projects then the use of this additional Government funding would free up these monies to be used on other activity.

**RESOLVED** that Committee Members:

1. Note the amendments to the Assurance Framework to ensure compliance with the Government's requirements and most recent issued guidance.
2. Agree the updated draft Assurance Framework for onward publication and submission to the relevant government departments.

## **Governance Improvement Plan Update**

The Head of Corporate Governance updated the Committee on progress against the 2022/23 Governance Improvement Plan.

The report sought approval to conclude the Governance Improvement Plan for 2022/23.

**RESOLVED** that the Committee note progress against the plan and approve the recommendation that the plan be concluded at the end of the financial year, with any outstanding actions being transferred to the 2023/24 plan where appropriate.

(The Director of Corporate Policy and Head of Assurance & Evaluation left the meeting.)

134 **Code of Corporate Governance Review**

The Committee received the Code of Corporate Governance for the South Yorkshire Mayoral Combined Authority.

The existing MCA Code of Corporate Governance had been reviewed against the CIPFA Framework. Minor amendments had been made in the introduction and at 7.2.

The Code would be presented to the MCA Board on 5 June.

**RESOLVED** that the Committee consider the Code of Corporate Governance (appendix A).

135 **Initial Findings of the Annual Governance Review 2022/23**

The Head of Corporate Governance reported on the initial findings of the Annual Governance Review.

An assessment of compliance with the Code of Corporate Governance was undertaken during February and March to gain assurance of the effectiveness of current governance arrangements and to identify any opportunities for improvement.

The draft annual governance statement including the governance improvement plan was due to be presented to the MCA Board in June.

**ACTION: The Head of Corporate Governance to include the high level Corporate Risks in the Annual Governance Statement.**

**RESOLVED** that the Committee note the initial findings of the Annual Governance Review and consider and contribute to the draft the governance improvement plan.

136 **Committee Effectiveness**

The findings of the annual committee effectiveness survey undertaken during February were outlined along with proposed actions to address any areas of concern.

Members expressed concerns around the lack of a relationship between the Audit, Standards & Risk Committee and the MCA Board and Mayor.

The Head of Corporate Governance informed Members that an annual report was due to be presented to the June meeting of the MCA Board. The Mayor had also confirmed his attendance at the next Audit, Standards & Risk Committee meeting in June.

The Committee looked forward to meeting the Mayor at the June meeting and further developing this relationship.

**ACTION: The Head of Corporate Governance to explore the possibility of a mid-year update from the Committee to the MCA Board in addition to the Annual Report.**

**ACTION: The Head of Corporate Governance to research best practice between the MCA Board, Mayor and the Audit, Standards & Risk Committee to ensure its effectiveness.**

The Assistant Director of Finance informed the Members that continued professional development, in the form of treasury management training would be required to comply with the revised prudential code. The survey had also found that the Committee would appreciate some sessions on anti-fraud and corruption.

**RESOLVED** that the Committee note the findings of the annual effectiveness survey and recommend any further actions.

137 **Breach of Controls Report**

The Executive Director of Resources & Investment informed Members that no breaches of the contract procedure rules, or financial regulations had been identified.

**RESOLVED** that the update be noted.

138 **Work Plan**

The Head of Corporate Governance noted that the possibility of an additional, single-item meeting was currently being explored to agree the Internal Audit Plan & Strategy for 2023/24.

Members were invited to put forward any items for consideration to the 2023/24 Work Plan.

The Head of Corporate Governance noted that a new Member would need to be nominated should the Committee wish to continue with the Transport Risk Working Group, as the current Chair's term came to an end on 31 March.

**RESOLVED** that:

1. Members note the work plan and agree any changes or additional items to be scheduled.
2. Paul Schofield be nominated to Chair the Transport Risk Working Group.

As this would be his last meeting, the Chair thanked Vice Chair, Rhys Jarvis for his invaluable contribution to the Audit, Standards & Risk Committee over the last few years. The Vice Chair commented that he had been impressed with the progress and development that he had seen during this time.

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

Signed .....

.....  
Name .....

Position .....

Date .....

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**Audit, Standards and Risk Committee**

**Friday, 28 April 2023**

**Internal Audit Plan 2023/24**

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<b>Is the paper exempt from the press and public?</b>	No
<b>Reason why exempt:</b>	Not applicable
<b>Purpose of this report:</b>	Discussion
<b>Is this a Key Decision?</b>	No
<b>Has it been included on the Forward Plan of Key Decisions?</b>	Not a Key Decision

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**Director Approving Submission of the Report:**  
 Gareth Sutton, Director of Resources & Investment/s73 Officer

**Report Author(s):**  
 Rob Barnett, Internal Audit – RSM UK Risk Assurance Services

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**Summary**  
 This paper presents the 2023/24 Internal Audit Plan.

**What does this mean for businesses, people and places in South Yorkshire?**  
 Internal Audit supports the organisation in helping to achieve its objectives by giving assurance on its internal control and governance arrangements. Good governance enables the MCA to pursue its ambitions and objectives in the most effective and efficient way, bringing about better outcomes for residents and businesses in South Yorkshire.

**Recommendation(s)**  
 The Audit, Standards and Risk Committee are asked to consider the findings and recommendations of the internal audits listed below.

- List of Appendices Included:**
- A 2023/24 Internal Audit Plan

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# SOUTH YORKSHIRE MAYORAL COMBINED AUTHORITY (SYMCA)

Internal Audit Strategy 2023/24

Presented at the Audit, Standards and Risk Committee meeting of: 28 April 2023

This report is solely for the use of the persons to whom it is addressed.  
To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

## EXECUTIVE SUMMARY

Whilst this plan is presented for consideration by the Audit, Standards and Risk Committee, we will continue to hold regular meetings with management, during the year, to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in these ever changing circumstances.

The key points to note from our plan are:



**2023/24 Internal Audit priorities:** In agreeing the plan of assignments to be covered in 2023/24, we have met with each of the SYMCA Executive Leadership Board to understand their risk areas and discuss areas of coverage for consideration. The graphic on page four outlines both the internal and external sources we have used to identify audit priorities for the coming year.

We have also met with the SYMCA Executive Leadership Board as a collective to discuss the identified areas for Internal Audit reviews for 2023/34.



**Level of Resource:** The level of resource required to deliver the plan is in line with the agreement made upon our appointment. In delivering your internal audit services we will embrace technology when undertaking operational audits. Through tools such as; 4questionnaires, MS Teams meetings, secure web portals for audit data sharing (Huddle) and data analytics, our approach consists of a combination of both on-site client presence and remote auditing. This will strengthen our sampling and focus our audit testing.



**Core Assurance:** Along with key priorities at SYMCA, we have considered sector-wide challenges and issues within the proposed coverage for 2023/24 and beyond. We are also mindful of the planned changes in governance structure and bringing the Tram services back under control of the MCA and have therefore included reviews within the plan to support these changes.



**'Agile' approach:** Our approach to working with you will always be one where we will respond to your changing assurance needs. By employing 'agile' or a 'flexible' approach to our service delivery, we are able to change the focus of audits / audit delivery as requested by management or the Audit, Standards and Risk Committee.

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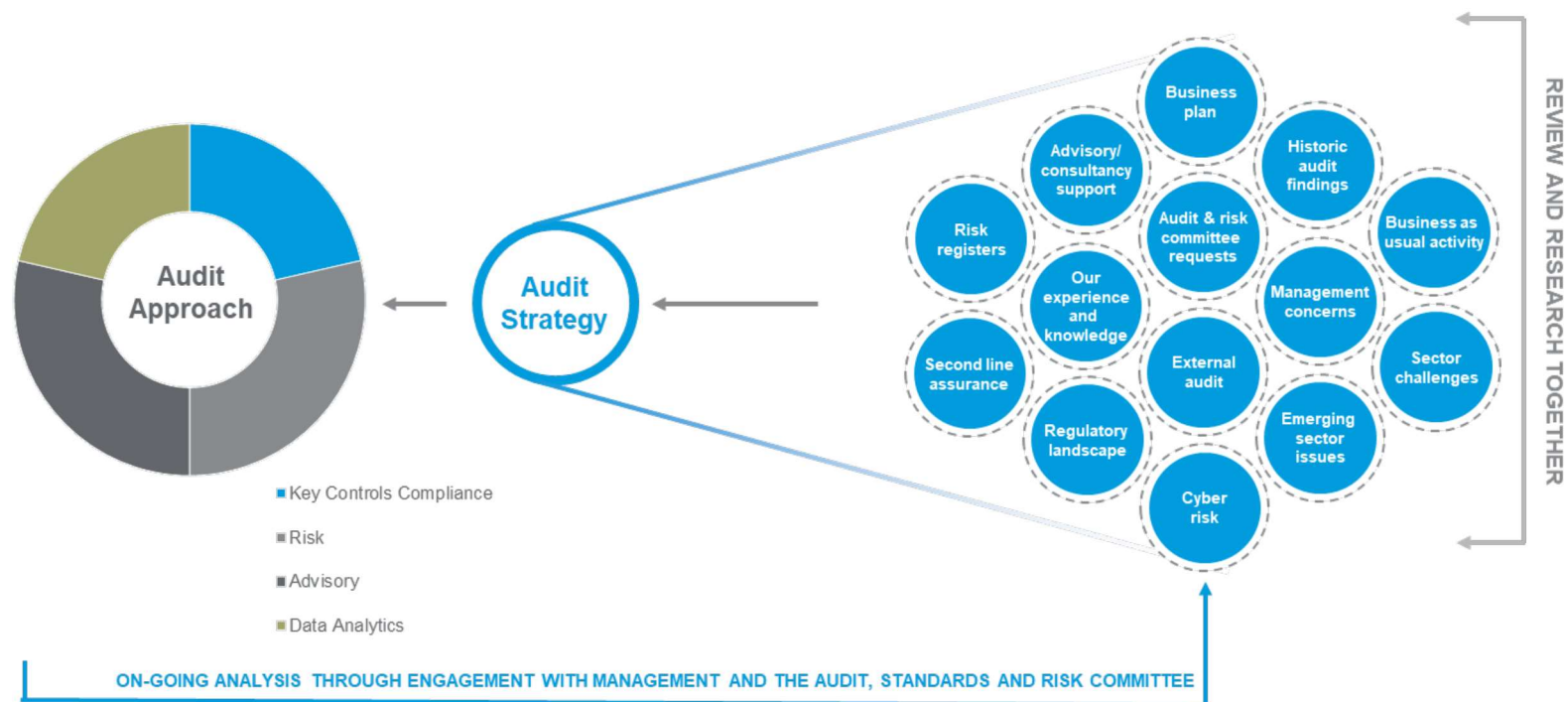
# 1. YOUR INTERNAL AUDIT PLAN 2023/24

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting South Yorkshire Mayoral Combined Authority in the year ahead, including changes within the sector.

## Risk management processes

We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the Executive Leadership Board members.

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).

## 2. INTERNAL AUDIT PLAN 2023/24

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2023/24. The table details the strategic risks which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions and an audit management allocation.

	Audit approach	Days	Proposed timing	Proposed Audit, Standards and Risk Committee
<b>Strategic Risks</b>				
<p><b>Corporate Risk: COR0009 – Bus Recovery Funding</b></p> <p><b>Bus Data Quality</b></p> <p>This review will assess the quality of the data being collected for the bus network including, areas such as footfall and patronage which is being used to inform decision making over the future of the bus network.</p> <p>We will use our data interrogation software, Alteryx, to supplement our testing.</p>	Risk based / Data Analytics	20 days	26 June 2023	September 2023
<p><b>Corporate Risk: COR0015 – Tram Services</b></p> <p><b>Tram Services Progress Healthcheck, and Health &amp; Safety Framework</b></p> <p>This review will be conducted to provide assurance over the transition project progress being reported through to the Board. We will also assess the control design of the Health &amp; Safety Framework in preparedness for the transition of tram services.</p> <p>The detailed scope will be agreed with management nearer to the audit date.</p>	Risk Based	15 days	25 September 2023	December 2023
<p><b>Corporate Risk: COR0021 – Heightened Cyber Security Threat</b></p> <p><b>Cyber Security</b></p> <p>The MCA hold Cyber Essentials Accreditation and are currently seeking to achieve Cyber Essentials Plus.</p> <p>This review will be performed by our Subject Matter Experts to assess the controls in place to mitigate cyber risks and threats; with the specific scope being agreed with management nearer the time of the audit fieldwork. However, potential areas for coverage include:</p> <ul style="list-style-type: none"> <li>IT security policies and procedures;</li> <li>Security over the physical access to core IT infrastructure (servers and cabling);</li> <li>Network user registration / de-registration procedures for staff;</li> <li>The password policy in place and user account security settings governing access to the MCA's network;</li> </ul>	Risk Based	25 days	17 July 2023	September 2023

	Audit approach	Days	Proposed timing	Proposed Audit, Standards and Risk Committee
<ul style="list-style-type: none"> <li>• System backups; and</li> <li>• Virus protection software.</li> </ul>				
<p><b>Corporate Risk: COR0001 – Adult Education Budget Performance</b></p> <p><b>Adult Education Budget (AEB)</b></p> <p>This review will assess the controls in place for managing the AEB budget and the monitoring controls in place for managing underperformance and under delivery.</p>	Risk Based	17 days	19 February 2024	March 2024
<p><b>Core Assurance</b></p> <p><b>Risk Management</b></p> <p>The MCA has invested time and resources over the past few years into developing the risk management framework. This review will assess the maturity of the risk management framework and how this has been embedded at both strategic and operational level. We will utilise a 4Questionnaire to help gauge engagement and understanding of the risk management processes.</p> <p>We will also assess the Board Assurance Framework to identify how the Board are getting assurances over key risks from both internal and external sources.</p>	Risk Based	12 days	30 October 2023	December 2023
<p><b>Governance</b></p> <p>The governance structure is due to change from June 2023, with the restructuring of the Boards. This review will assess whether those changes have been effectively embedded and rolled out, and whether these are delivering the required outcomes.</p> <p>We will also use 4Questionnaire to gauge the views and opinions of members on these changes to seek to identify further improvements.</p>	Risk Based	15 days	29 January 2024	March 2024
<p><b>Purchasing and Creditors</b></p> <p>These reviews will be undertaken on a rolling basis and will cover various key financial systems within the MCA.</p> <p>For 2023/24, our review will focus on purchasing and creditors.</p> <p>We will incorporate Alteryx data analysis testing into our audits to ensure sufficient coverage for sampling and extracting data and subsequent data analysis / matching.</p>	Risk Based / Data Analytics	13 days	13 November 2023	December 2023



	Audit approach	Days	Proposed timing	Proposed Audit, Standards and Risk Committee
<p><b>Assurance Framework</b></p> <p>The MCA have recently adopted a more streamlined approach to their assurance framework and scrutiny of applications for grant funding and projects. This review will assess how the new framework has been adopted, complied with and whether it is delivering the desired outcomes.</p>	Risk based	16 days	8 January 2024	March 2024
<b>Other Internal Audit Activity</b>				
<b>Grant Certification</b>				
Following the completion of a number of grant returns in 2023/24 which require sign off, we have included a note within the internal audit plan to undertake reviews of evidence to substantiate compliance against grant terms. Fees will be agreed separately. These grants require the involvement of our grant specialists and authorised individual to sign off grant claims. We will liaise directly with management with regards to this work.				
<p><b>Management</b></p> <ul style="list-style-type: none"> <li>Annual planning;</li> <li>Preparation for, and attendance at, Audit, Standards and Risk Committee;</li> <li>Regular liaison and progress updates;</li> <li>Liaison with external audit and other assurance providers; and</li> <li>Preparation of the annual opinion.</li> </ul>		25 days	Throughout the year	
<p><b>Follow Up</b></p> <p>To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management. This will comprise of two reviews during the year.</p>		12 days	7 August 2023 11 March 2024	September 2023 May 2024
A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.				

## 2.1 Working with other assurance providers

The Audit, Standards and Risk Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

# APPENDIX A) YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM UK Risk Assurance Services LLP. The team will be led by Rob Barnett as your Head of Internal Audit, supported by Anna Mullen as your Client Manager and Aaron Macdonald as your Assistant Manager.

## Core team

The delivery of the 2023/24 audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required.

## Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM 'generally conforms\*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

\*The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

## Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

## Corporate responsibility

At RSM we believe it is our responsibility to positively impact on our society and the environment. We have three pillars of corporate responsibility: environment, charity and community. For more details on RSM's commitment visit our website: [Corporate responsibility | RSM UK](#).

## APPENDIX B) INTERNAL AUDIT STRATEGY 2023/24 – 2025/26

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 above, as well as our own view of the risks facing the sector as a whole.

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance (Independent review / assurance)		
2023/24	2024/25	2025/26

Audit Area	Corporate Risk	2023/24	2024/25	2025/26
<b>Strategic Risks</b>				
Adult Education Budget (AEB)	COR0001	✓		
Policy Changes	COR0002			✓
Net Zero	COR0007		✓	
Bus Data Quality	COR0009	✓		
Financial Resilience / Budgeting	COR0012			✓
Tram Services Progress Healthcheck	COR0015	✓		
Health and Safety	COR0018		✓	
HR Processes	COR0020		✓	
Cyber Security	COR0021	✓		
<b>Core Assurance</b>				

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance (Independent review / assurance)			
Audit Area	2023/24	2024/25	2025/26
<b>Corporate Risk</b>			
Assurance Framework	✓		
Business Continuity Planning		✓	
Culture		✓	
Data Quality		✓	✓
Fraud			✓
GDPR			✓
Governance	✓		
Key Financial Controls	✓	✓	✓
	(Purchasing)	(Payroll)	(Debtors)
Procurement			✓
Risk Management	✓		
Staff Wellbeing			✓

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance (Independent review / assurance)			
Audit Area	2023/24	2024/25	2025/26
Corporate Risk			

Strategic Partnerships			✓
Systems Integration			✓

# APPENDIX C) INTERNAL AUDIT CHARTER

## Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for South Yorkshire Mayoral Combined Authority. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit, Standards and Risk Committee.

The internal audit service is provided by RSM UK Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The internal audit function is required to comply with the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

## Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

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*“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.*

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## Independence and ethics

To provide for the independence of internal audit, its personnel report directly to Rob Barnett (acting as your Head of Internal Audit). The independence of RSM is assured by the internal audit service reporting to the Chief Executive, with further reporting lines to the Executive Director Resources and Investment.

The Head of Internal Audit has unrestricted access to the chair of Audit, Standards and Risk Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to South Yorkshire Mayoral Combined Authority. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Audit, Standards and Risk Committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Audit, Standards and Risk Committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

## Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Audit, Standards and Risk Committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Audit, Standards and Risk Committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the Audit, Standards and Risk Committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Executive Leadership Board - who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- MCA Board - The highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "board" may refer to a committee or another body to which the governing body has delegated certain functions (e.g. an Audit, Standards and Risk Committee).

## Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

## Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Audit, Standards and Risk Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.



The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

## Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Audit, Standards and Risk Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Audit, Standards and Risk Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM UK Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

## Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

## Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the Audit, Standards and Risk Committee.

## **Fraud**

The Audit, Standards and Risk Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Audit, Standards and Risk Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

## **Approval of the internal audit charter**

By approving this document, the internal audit strategy, the Audit, Standards and Risk Committee is also approving the internal audit charter.

# FOR FURTHER INFORMATION CONTACT

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of **South Yorkshire Mayoral Combined Authority**, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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