

# South Yorkshire Mayoral Combined Authority

Draft Internal Audit Plan 2022/23

March 2022

Peter Clark  
Head of Internal Audit  
T: 0141 223 0785  
E: [peter.c.clark@uk.gt.com](mailto:peter.c.clark@uk.gt.com)

Lisa MacKenzie  
Internal Audit Manager  
T: 0121 232 5157  
E: [lisa.p.mackenzie@uk.gt.com](mailto:lisa.p.mackenzie@uk.gt.com)





Our internal audit plan for 2022/23 has been prepared on the basis set out in our contract dated March 2019. This plan, and our subsequent deliverables do not constitute an assurance engagement as set out under ISAE 3000. This report has not been designed to be of benefit to anyone except the Authority. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Authority. Any party other than the Authority that obtains access to this report (or a copy) under Freedom of Information Act 2002, thought the Authority's publication scheme or otherwise, and chooses to rely on this report (or any part of it) does so at their own risk. To the fullest extent permitted by law, Grant Thornton UK LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Authority.



# Contents

Section	Page
Introduction	03
Overview of the internal audit planning process	05
Factors influencing the plan	06
Draft Internal audit plan 2022/23	07
Timing of Reviews	10
Previous years' coverage	11
Appendices	14
Appendix 1: Internal Audit Charter	15

## Report Distribution

- Dave Smith, Chief Executive
- Ruth Adams, Deputy Chief Executive
- Gareth Sutton, Group Finance Director
- Executive Director of Infrastructure & Place
- Corporate Director of Business & Skills
- Stephen Batey, Director of Mayors Office
- Stephen Edwards, Executive Director
- Steve Davenport, Monitoring Officer & Principal Solicitor & Secretary to the Executive
- Mike Thomas, Deputy Section 73 Officer
- Audit, Standards and Risk Committee

# Introduction



## Background

Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive (Chief Internal Auditor) to produce a risk based plan which takes into account South Yorkshire Mayoral Combined Authority's risk management framework, its strategic priorities and objectives and the views of its senior management, Non-Executive Directors and the Audit Committee.

This annual plan for financial year 2022/23 has been developed through:

- review of the Sheffield City Region Strategic Economic Plan 2021-2041
- review of Authority's risk registers;
- review of the Annual Report including the Annual Governance Statement;
- review of minutes and papers to identify any planned changes to the control environment or emerging risks,
- discussions with Senior Management and Board members,
- review of previous years internal audit plans; and
- our wider knowledge of the Sector.

We have shared our initial risk assessment with both your Executive Team and your Non-Executive Team to refine the risks presented in this plan, ensuring that it is appropriate, focused and designed around your specific needs.

Our annual plan will be undertaken in accordance with PSIAS. It is designed to provide sufficient coverage over the Authority's risk, governance and control environment (including financial controls) so that we can provide an annual internal audit opinion.



# Introduction continued



## A risk based approach to internal audit planning

We have considered the robustness of your risk management framework and associated risk culture and can confirm we have used this as a basis for identifying and prioritising internal audit work. In particular, we have taken into account your overall appetite and tolerance for risk when prioritising our planned activity.

You are operating in a constrained financial environment and have an agreed budget for internal audit and therefore, together with senior management and the audit committee, we have used judgement to prioritise activities. We have ensured sufficient coverage over risk, governance, and control and therefore can confirm we are able to produce an annual internal audit report and opinion (limited to the work we have completed).



## Your control environment

Internal audit is not itself part of the internal control system, nor is it responsible for internal control or compliance. This remains the responsibility of management. Our work as internal audit typically includes:

- reviewing the risk management and internal control processes developed and maintained by management to ensure the achievement of agreed organisational or departmental goals;
- assessing compliance with policies and procedures, including where relevant laws and regulations and strategic plans; and
- considering the robustness and reasonableness of arrangements to ensure effective and efficient use of resources.

Internal audit is only one source of assurance available to you. The delivery of our internal audit plans will not, and does not, seek to cover all the risks and controls in place across the Authority. We will liaise with external audit, and other assurance providers to ensure that duplication is minimised. We do not place reliance on other sources of assurance available to you when forming our annual opinion.



## Acknowledgement

We would like to take this opportunity to thank you and your staff for their co-operation during the formulation of this Internal Audit Plan.

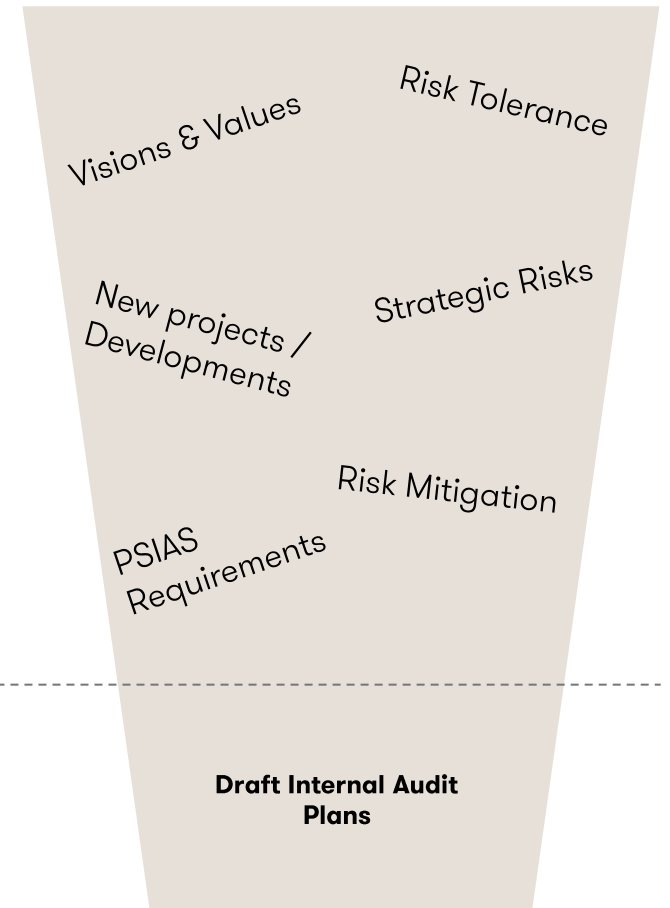
# Overview of the internal audit planning process



<b>Stage 1</b>	Your Visions & Values
<b>Stage 2</b>	Understanding your Risk Maturity
<b>Stage 3</b>	Review of Strategic Risk Registers
<b>Stage 4</b>	PSIAS Internal Audit Standard Requirements
<b>Stage 5</b>	In year developments / New Projects
<b>Stage 6</b>	Your internal audit budget to inform prioritisation

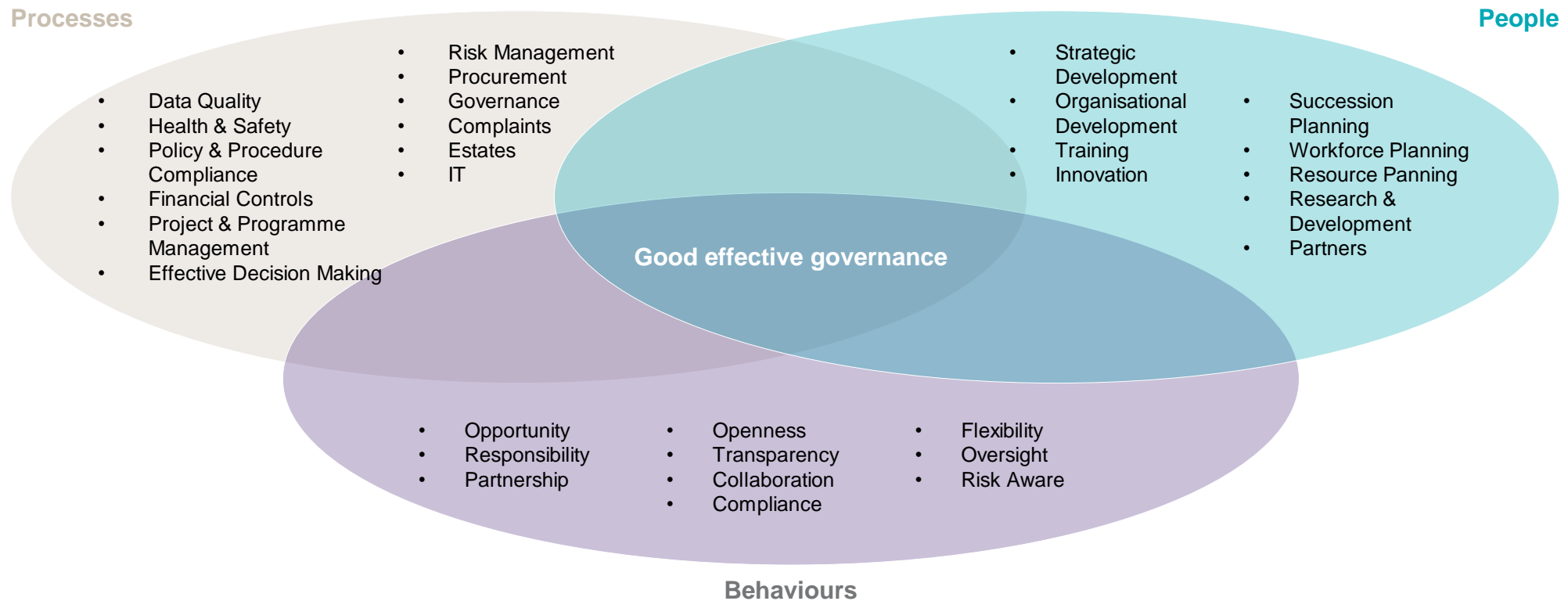
**Possible Internal Audit Considerations**

**Internal Audit Budget**



# Factors influencing the strategic plan

Our internal audit work takes into account your cultural values and commitments as well as processes. We look holistically across the Authority, recognising good and effective governance requires a well balanced combination of process/people/behaviours. We consider these three aspects within each internal audit review. The diagram below considers internal audit coverage over the 3 year period against the changing risk environment to ensure our coverage covers all 3 areas.



# Draft Internal Audit Plan 2022/23



The 2022/23 Internal Audit plan is summarised below. This plan has been discussed with the Group Finance Director and Management Board, and will be presented for approval by the Audit, Standards and Risk Committee in March 2022. The specific objectives; associated risks; our scope and approach to each review; and timing will be agreed with the relevant audit sponsor.

Internal Audit Area - Core	Executive Lead	Scope/Rationale	Proposed Timing	
			Q	Days
<b>HOIA Opinion / Corporate Governance</b>				
Core Financial Controls	Group Finance Director	Evaluation and testing of the design, implementation and operation of key controls in the Authority's core financial systems. This will include, on a cyclical basis, review of controls over the general ledger, journals, payroll, cash and banking, accounts receivable and payable and budgetary control.	Q3	25
Risk Management	Deputy Chief Executive	In accordance with Public Sector Internal Audit Standards, we are required to complete a review of risk management. We will review the current arrangements in place to ensure that management have appropriate assurance that risks are managed and escalated appropriately through the Authority and that there is sufficiency overview and scrutiny of these risks. This review will consider the design and operating effectiveness of the processes for identifying, assessing, recording, managing, reviewing and reporting risks at a divisional level.	Q3/4	18
Governance	Deputy Chief Executive	We will review the adequacy of the governance arrangements in place within the Group. Our review will focus on the application of and compliance with the Authority's Assurance Framework and will consider how each Authority receives assurance.	Q3/4	16
GDPR / IT Controls / Cyber	Deputy Chief Executive	The detailed scope will be discussed and agreed with the audit sponsor	Q1	18

# Draft Internal Audit Plan 2022/23



Internal Audit Area - Core	Executive Lead	Scope/Rationale	Proposed Timing	
			Q	Days
<b>HOIA Opinion / Corporate Governance</b>				
Grant Certification	Group Finance Director	Certification of grant claims including the Growth Hub, Local Transport Capital Funding Grants and Local Authority Bus Subsidy Ring-Fenced (Revenue) Grant.	Q1 & 3	20
Internal Audit Contract Management	Group Finance Director	Internal Audit Contract Management and Liaison	All	12
		Audit Committee Preparation, Reporting & Attendance	All	18
		Planning & year end reporting	4	5
		Follow Up / Recommendation Tracking	All	10
<b>Subtotal: HOIA Opinion / Corporate Governance</b>				<b>142</b>
<b>Subtotal: Risk Based and Follow-up Reviews</b>				<b>95</b>

## TOTAL 2022/23 INTERNAL AUDIT DAYS TO BE DELIVERED

This is made up of:

- 250 contracted days
- + 28 days brought forward from the 2021/22 Audit Plan
- - 41 days transferred to Grant Thornton's advisory team to deliver a value for money review of the Authority's Community Transport provision.

**237**



# Draft Internal Audit Plan 2022/23



Internal Audit Area - Core	Executive Lead	Scope/Rationale	Proposed Timing	
			Q	Days
<b>Risk Based and Follow-up Reviews</b>				
AEB	Interim Director of Business & Skills	Audit resource has been brought forward from the 2021/22 audit plan to complete a full cycle review including year-end procedures. The detailed scope and coverage of the review will be discussed and agreed with the audit sponsor.	Q2/3	28
Integration	Deputy Chief Executive	The MCA is moving away from the current Group Structure and integrating the PTE to be a wholly owned Subsidiary Body. As part of the integration process, the Authority has reviewed and implemented a new Target Operating Model (TOM). This review will assess the effectiveness and embeddedness of the TOM.	Q2	25
Net Zero Governance	Interim Director of Transport, Infrastructure & Housing / Group Finance Director	Our review will build on the NAO document around the role of Audit Committees and climate change. Our review will focus on reviewing the Authority's governance arrangements, including roles and responsibilities, processes and risk management arrangements to test where Audit Committee should best focus their attention and advise the Committee on how best to provide oversight.	Q1	22
<b>Subtotal: Risk Based Reviews</b>				<b>75</b>
Follow up of Partial Assurance reports	Group Finance Director	Asset Management	Q4	10
	Group Finance Director	Supplier Resilience	Q4	10
<b>Subtotal: Follow-up Reviews</b>				<b>20</b>

# Timing of Reviews



We propose to complete the reviews below in 2022/23. We have also included provisional timing for each review, although recognise that this may be subject to change.

Review	Days	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Net Zero Governance	18	█											
Grant Claim Certification	20		█				█						
GDPR / IT Controls / Cyber	22			█									
Integration	25				█								
AEB	28					█							
Core Financial Controls	25							█					
Risk Management	18									█			
Governance	16									█			
Asset Management	10											█	
Supplier Resilience	10											█	
Internal Audit Contract Management Time	35	All Months											
Follow-up / Recommendation Tracking	10	All Months											
Audit Committee Reporting				█	█			█			█		█
<b>Total</b>	<b>237</b>												

# Internal audit previous years' coverage



Internal Audit area	Executive Lead	Year and Assurance Opinion		
		2019/20	2020/21	2021/22
<b>HOIA Opinion / Corporate Governance</b>				
Core Financial Controls	Group Finance Director	Yes	Yes	Yes
Governance	Deputy Chief Executive	Yes	Yes	In Progress
Risk Management	Deputy Chief Executive	Yes	Yes	In Progress
GDPR / IT Controls	Group Finance Director	Yes	IT Advisory Work	Yes
<b>Risk Based Reviews:</b>				
Project Management (SYPTÉ)	Director of Customer Services	Yes		
Asset Management (SYPTÉ)	Director of Customer Services	Yes		
Programme Management (MCA)	Assistant Director, Programme and Performance Unit	Yes		
Air Quality (SYPTÉ)	Director of Customer Services		Advisory	
Concessions – Disabled Persons Pass (SYPTÉ)	Director of Customer Services		Advisory	

# Internal audit previous years' coverage



Internal Audit area	Executive Lead	Year and Assurance Opinion		
		2019/20	2020/21	2021/22
Resource Management (MCA)	Deputy Chief Executive	Yes		
Capital Programme	Director of Transport, Housing and Infrastructure	Yes		
Ticketing & Concessions (SYPTTE)	Director of Customer Services		Yes	
Procurement	Group Finance Director		Yes	
Public Engagement & Consultation	Director of Mayors Office Group / Director of Customer Services		Yes	
AMP Technology Centre (MCA)	Group Finance Director		Yes	
Travel & Expense Claims (MCA)	Group Finance Director		Yes	
AEB Readiness (MCA)	Director of Business & Skills		Yes	
Health & Safety Compliance (SYPTTE)	Executive Director		Yes	
Policy Management (SYPTTE)	Group Finance Director		Yes	

# Internal audit previous years' coverage



Internal Audit area	Executive Lead	Year and Assurance Opinion		
		2019/20	2020/21	2021/22
Assessing the Risk of Fraud	Group Finance Director			Yes
Asset Management	Group Finance Director			Yes
Supplier Resilience	Group Finance Director			Yes
Procurement (MCA)	Group Finance Director			Yes

# Appendix

## Internal Audit Charter

# Our Internal Audit Charter



Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of South Yorkshire Mayoral Combined Authority ('the Authority'). It supports the Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

## Aim

The aim of this Charter is to set out the management by all parties of the internal audit process. The Charter sets out the context of the internal audit function, including the place of the Audit Committee, the key personnel, timescales and processes to be followed for each internal audit review.

## Role

The internal audit activity is established by the Audit Committee on behalf of the Authority. Internal audit's responsibilities are defined by the Audit Committee as part of its oversight role.

## Professionalism

The internal audit activity will adhere to Public Sector Internal Audit Standards (PSIAS), which are based on mandatory guidance of the Chartered Institute of Internal Auditors (CIIA) including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.

The CIIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to the Authority's relevant policies and our Grant Thornton Internal Audit manual and internal audit practices. Internal audit activity will also reflect relevant directions, as appropriate.

# Our Internal Audit Charter



## Authority

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the Authority's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Audit Committee.

## Accountability

The Chief Internal Auditor will be accountable to the Audit Committee and will report administratively to the Chief Finance Officer. The Audit Committee will approve all decisions regarding the performance evaluation, appointment, or removal of the Chief Internal Auditor.

The Chief Internal Auditor will communicate and interact directly with the Audit Committee, including between committee meetings as appropriate.

## Independence and objectivity

The internal audit activity will remain free from interference by any element in the Authority, including matters of audit selection, scope, procedures, frequency, timing, or report content. This is essential in maintaining our independence and objectivity. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

The Chief Internal Auditor will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.



# Our Internal Audit Charter



## Scope and responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by internal audit include:

- Consistency of operations or programmes with established objectives and goals;
- Effectiveness and efficiency of operations and use of resources;
- Compliance with significant policies, plans, procedures, laws, and regulations;
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information; and
- Safeguarding of assets.

Internal Audit is responsible for determining a risk based internal audit plan. In doing so, internal audit maintains a proper degree of coordination with external audit. Internal audit may perform consulting and advisory services related to governance, risk management and control. It may also evaluate specific operations at the request of the Audit Committee or management, as appropriate.

Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the Audit Committee and to senior management, including fraud risks, governance issues, and other matters needed or requested by the Authority.

## Engagement with management

Internal audit aims to work closely with senior and operational managers to develop and deliver a programme of internal audit work that adds value to the Authority and encourages continuous process improvement. To achieve this, internal audit will work closely with management during the audit planning and reporting stages, as described below.

# Our Internal Audit Charter



## Annual internal audit plan

The audit year runs from 1 April to 31 March. At least annually, the Chief Internal Auditor will submit to the Audit Committee an internal audit plan for review and approval. The Internal Audit Plan will detail, for each subject review area:

- The outline scope for the review;
- The number of days allocated;
- The timing, including the Audit Committee to which the final report will be presented; and
- The review sponsor.

The Internal Audit Plan will be developed using a risk-based methodology, including input of senior management. Prior to submission to the Audit Committee for approval, the plan will be discussed with senior management. Any significant deviation from the approved Internal Audit Plan will be communicated through the periodic activity reporting process.

## Assignment planning and conduct

Terms of reference (audit planning brief) will be drafted prior to the start of every assignment setting out the scope, objectives, timescales and key contacts for the assignment. Specifically, the terms of reference will detail the timescales for carrying out the work, issuing the draft report, receiving management responses and issuing the final report. The terms of reference will also include the name of the staff member who will be responsible for the audit (review sponsor) and the name of any key staff members to be contacted during the review (key audit contacts). The terms of reference will be agreed with the review sponsor and the key audit contacts (for timings) before the review starts.

The internal auditor will discuss key issues arising from the audit as soon as reasonably practicable with the key contact and/or review sponsor, as appropriate. For each review, a close-out meeting will be held to discuss the initial audit findings within five days of completion of the audit fieldwork.

# Our Internal Audit Charter



## Reporting and monitoring

A written report will be prepared and issued by the Chief Internal Auditor or designee following the conclusion of each internal audit engagement and will be distributed to the review sponsor and key contacts identified in the terms of reference for management responses and comments.

Draft reports will be issued by email within fifteen working days of fieldwork concluding. The covering email will specify the deadline for management responses, which will normally be within a further fifteen working days. The management comments and response to any report will be overseen by the review sponsor. Internal audit will make time after issuing the draft report to discuss the report and, if necessary, meet with the review sponsor and/or key contact to ensure the report is factually accurate and the agreed actions are clear, practical, achievable and valuable.

The internal auditors will issue the final report to the review sponsor. The final report will be issued within five working days of the management responses being received. Finalised internal audit reports will be presented to the Audit Committee. The working days set out above are maximum timescales and tighter timescales may be set out in the terms of reference, as required.

## Follow up of management actions

The internal audit team will follow-up on engagement findings and recommendations. Internal audit will work with directors or their nominated leads to follow up on completion of agreed management actions. Internal audit will report progress in implementing recommendations quarterly to the Audit Committee. Internal audit will confirm for implementation of all significant findings to supporting evidence to confirm implementation.

## Audit Committee

The Audit Committee meets five times a year typically. Dates for Audit Committee meetings will be provided to internal audit as soon as they are agreed. The Chief Internal Auditor and/or Internal Audit Manager will attend all meetings of the Audit Committee. Internal audit will schedule its work so as to spread internal audit reports reasonably evenly over the Audit Committee meetings. The annual Internal Audit Plan will detail the internal audit reports to be presented to each Audit Committee meeting.

# Our Internal Audit Charter



## Reporting and monitoring

The Chief Internal Auditor will generally present specific reports to the committee as follows:

Output	Meeting
Audit needs assessment	January/February
Annual internal Audit Plan	February/March
Annual report	May
Progress report, including follow-up of recommendations	Each meeting

The Audit Committee will meet privately with the internal auditors at least once a year.

## Periodic assessment

The Chief Internal Auditor is responsible for providing a periodic self-assessment on the internal audit activity as regards its consistency with the Audit Charter (purpose, authority, responsibility) and performance relative to its Plan. In addition, the Chief Internal Auditor will communicate to senior management and the Audit Committee on the internal audit activity's quality assurance and improvement programme, including results of ongoing internal assessments and external assessments conducted at least every five years in accordance with PSIAS.

## Review of Charter

This Charter will be reviewed by both parties each year and amended if appropriate.



---

[grantthornton.co.uk](https://www.grantthornton.co.uk)

© 2022 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.