



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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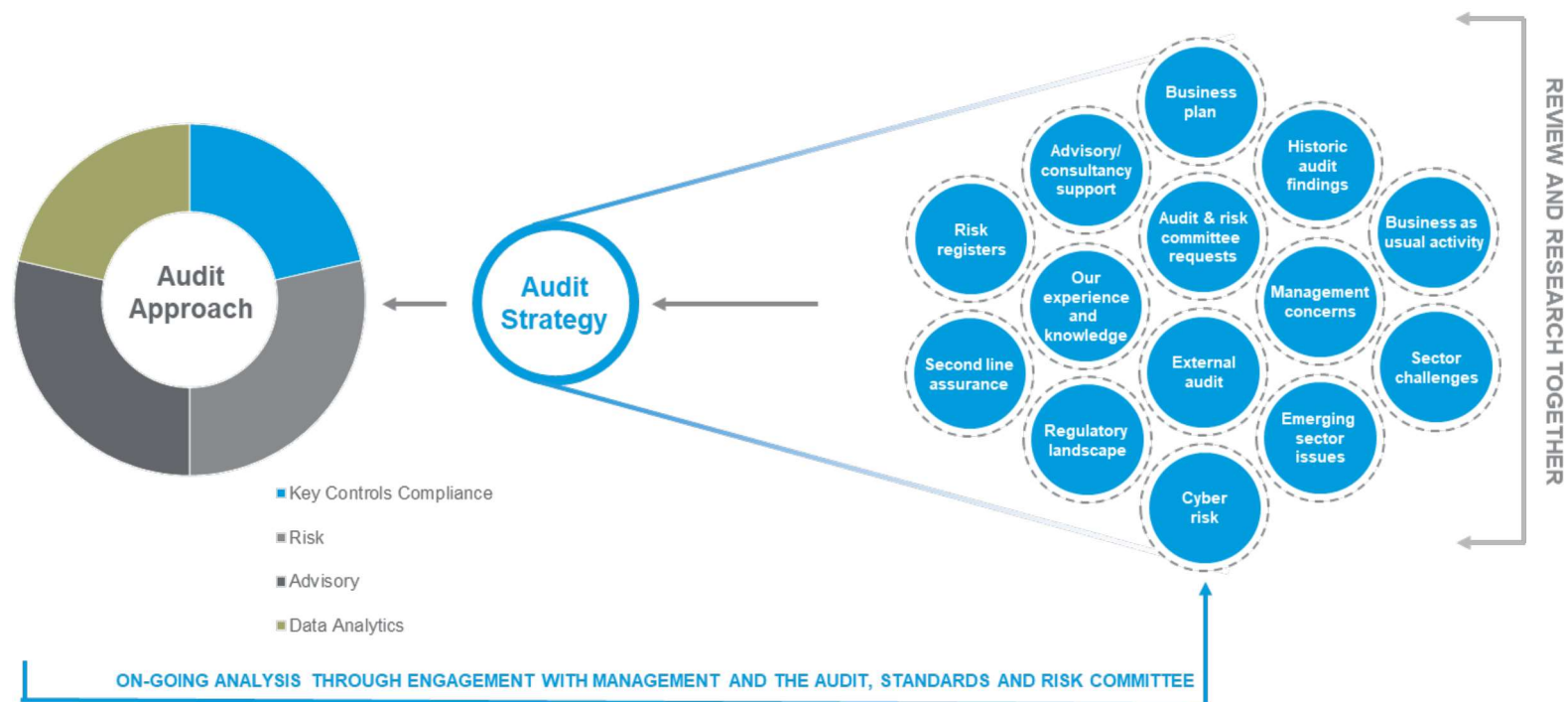
1. YOUR INTERNAL AUDIT PLAN 2023/24

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
Strategic Risks				
<p>Corporate Risk: COR0009 – Bus Recovery Funding</p> <p>Bus Data Quality</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>Corporate Risk: COR0015 – Tram Services</p> <p>Tram Services Progress Healthcheck, and Health & Safety Framework</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 & 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>Corporate Risk: COR0021 – Heightened Cyber Security Threat</p> <p>Cyber Security</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"> IT security policies and procedures; Security over the physical access to core IT infrastructure (servers and cabling); Network user registration / de-registration procedures for staff; The password policy in place and user account security settings governing access to the MCA's network; 	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"> • System backups; and • Virus protection software. 				
<p>Corporate Risk: COR0001 – Adult Education Budget Performance</p> <p>Adult Education Budget (AEB)</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>Core Assurance</p> <p>Risk Management</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>Governance</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>Purchasing and Creditors</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>Assurance Framework</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
Other Internal Audit Activity				
Grant Certification				
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>Management</p> <ul style="list-style-type: none"> • Annual planning; • Preparation for, and attendance at, Audit, Standards and Risk Committee; • Regular liaison and progress updates; • Liaison with external audit and other assurance providers; and • Preparation of the annual opinion. 		25 days	Throughout the year	
<p>Follow Up</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
Strategic Risks				
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	✓		
Core Assurance				

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		
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.

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

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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