

SYMCA Audit, Standards and Risk Committee Annual Report

2023

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Contents

Foreword from the Chair of the Audit, Standards and Risk Committee

1. Introduction

2. Membership

- Gender balance
- Nomination of Chair and Vice-chair

3. Highlights of the year

- Summary of work undertaken in 2022/23
- Internal Audit
- External Audit

4. Performance Information

- Quorum and attendance
- Report publication
- Public engagement

5. Self-Evaluation of Committee Effectiveness

- Skills and knowledge
- Relationships and communication
- Administrative and operational arrangements
- Outcome

6. Effectiveness Improvement Plan

Foreword from the Chair of the Audit, Standards and Risk Committee

I am pleased to present the report of the Audit, Standards and Risk Committee for the year 2022/23. The report covers the period from 1 April 2022 to 31 March 2023 and is the second annual report prepared by the Committee since its establishment.

It has been another year of change for SYMCA – implementing the single organisational structure from 1st April 2022 and preparing for the formal dissolution of SYPTE as well as a change of political leadership in May and significant changes in Executive Leadership during the autumn.

The business of large and complex organisations like SYMCA naturally comes with risks and I am pleased with the significant progress that has been made during the year with management of risk through the implementation of the Risk Management Framework and the establishment of the Transport Risk Working Group. The level of oversight the Group provides the committee on the complex issues involved in incorporating and running the former SYPTE is important particularly given the challenges ahead for SYMCA in 2023/24, with the return of the tram concession.

The decision to work with a reduced political membership on the Committee has, in my view, been very successful and has ensured all meetings have been quorate and discussion has been more focused. The recommendations in my report from a previous year for a nominal payment to members has yet to be implemented.

We said goodbye to Angela Marshall in July and Rhys Jarvis in March after several years of dedicated service to the committee and have welcomed two new independent members – Dave Phillips, Paul Schofield – who will, I'm sure, provide a high level of knowledge and insight to the workings of SYMCA and the audit process which will further strengthen the effectiveness of the committee.

Most local authorities have seen challenging circumstances with external audit of their accounts and SYMCA has been affected extensively by repeated delays to work and presentation by our external auditors. Our finance team are to be congratulated on their sterling work in the face of adversity and the frustration of EY's non-attendance to report to committee meetings. On a positive note, thanks must go to Grant Thornton for their contribution and good service as we say farewell and look forward to working with our newly appointed internal auditors - RSM.

As South Yorkshire faces further phases of devolution continuing good governance will be the foundation that will enable the Authority to discharge its functions effectively, efficiently and be successful in driving real change for South Yorkshire. I know the Audit, Standards and Risk committee will play its part in that drive for success.

Cllr Phil Lofts (Ed. D), Chair – SYMCA Audit, Standards and Risk Committee

1. Introduction

This report is produced in accordance with best practice guidance¹ and demonstrates the Authority's commitment to operating the highest standards of governance. It demonstrates how the Audit, Standards and Risk Committee has successfully fulfilled its terms of reference and overseen improvements to the Authority's governance arrangements, risk management arrangements and control environment.

The Committee plays a key role in ensuring that the organisation is fulfilling its legal obligations, complying with statutory requirements, is managing risk effectively and has robust control measures in place for all devolved powers and funding. The Committee advises on the adequacy and effectiveness of governance arrangements and scrutinises, reviews and endorses the Treasury Management Strategy, Financial Regulations and statutory accounts, before they are finalised and presented to the MCA Board for approval.

Minutes of the Committee's meetings are available on the Authority's website².

2. Membership

Following the agreement of the MCA Board on 6th June 2022 the Committee size was reduced, for trial period of one year, to four elected members nominated by the four South Yorkshire Local Authority's, and ³at least one independent member appointed by the MCA Board.

As required by 'The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017'⁴ the membership of the Committee, so far as reasonably practical, reflects the balance of political parties of the constituent councils.

During the year the membership comprised the following:

Councillor	Party	Authority represented
Councillor Philip Lofts	Labour	Barnsley MBC
Councillor Austen White	Labour	Doncaster MBC
Councillor Sophie Castledine-Dack	Conservative	Rotherham MBC
Councillor Ian Auckland	Liberal Democrats	Sheffield City Council
Rhys Jarvis	n/a	Independent
David Phillips	n/a	Independent

NB Cllr Castledine-Dack joined the Committee from January 2023. Cllrs Barley and Ball had been nominated to the Committee for the period June 2022 to September 2022 and October 2022 to December 2022 respectively.

Table 1 Audit, Standards and Risk Committee membership

To support quoracy requirements, the Committee has in place a 'reserve' member arrangement for elected members. Reserve members are as follows:

Reserves	Party	Authority represented
Councillor Ken Richardson	Labour	BMBC

¹ <https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

² <https://governance.southyorkshire-ca.gov.uk/mgCommitteeDetails.aspx?ID=142>

³ [The Combined Authorities \(Overview and Scrutiny Committees, Access to Information and Audit Committees\) Order 2017](#) requires the authority to appoint at least one independent person

⁴ [The Combined Authorities \(Overview and Scrutiny Committees, Access to Information and Audit Committees\) Order 2017](#)

Councillor Barry Johnson	Labour	Doncaster MBC
Councillor Mike Levery	Liberal Democrats	SCC
Vacant	n/a	RMBC

Table 2 Audit, Standards and Risk Committee reserve membership

Gender balance

At year end the gender balance of the substantive membership of the committee (including independent members) was 90% male and 10% female.

Nomination of Chair and Vice-chair

The Terms of Reference state that the Committee should be chaired by an Elected Member and the Vice-chair should be an Independent Person. Appointments are made annually at the first quorate meeting of the Committee after the Authority's AGM. Cllr Philip Lofts was elected Chair and, independent member, Rhys Jarvis, Vice-chair at the meeting held ⁵⁹th June 2022.

3. Highlights of the year

The main outcomes and benefits of the work of the committee during the period have included:

- A positive opinion from the Head of Internal Audit in their 2022/23 Annual Report noting 'significant assurance with some improvement required' on core audits (risk management, governance, core financial controls)
- The implementation of the Risk Management Framework which has significantly shifted the maturity assessment in terms of risk management arrangements for the Authority
- Recruitment of new independent members with significant sector experience
- 2021/22 draft accounts published in line with statutory deadlines; the external auditor's findings currently lead to an unqualified opinion, with no matters to report on the value-for-money statement
- The establishment of the Transport Risk Working Group to ensure sufficient and effective risk assurance and oversight of operational transport issues including health and safety. The Panel has been chaired by independent member Rhys Jarvis and has reported to the Committee at each meeting. Following Rhys' retirement from the Committee in March, Paul Schofield has agreed to assume the role of Chair.

Summary of Work Undertaken in 2022/23

The Committee agreed a work plan at its meeting in July 2022 and included the following as standing items on all of its agendas:

- Monitoring of the implementation of the Risk Management Framework and receipt of Risk Management Reports including all corporate Risks, all operational risks scoring medium/high and high and all risks with a health and safety theme scoring 'medium' and higher.
- Progress of the internal audit plan
- Progress of actions taken to address internal audit recommendations
- Monitoring of the Authority's Governance Improvement Plan

In addition, during the year the Committee has considered the following matters:

- Breaches of contract procurement rules
- Health and Safety reporting
- Treasury Management Strategy
- Code of Corporate Governance revision
- Annual Governance Review process and findings
- The development of the Annual Governance Statement
- The revised Assurance Framework

Internal Audit

The Authority's internal audit function has been provided by Grant Thornton. Representatives of Grant Thornton attended every Committee meeting during the year.

The Committee have reviewed the audit plan and progress against it on a continual basis. The Committee received and considered the results of seven internal audits (three from the 2021/22 Internal Audit Plan and four from the *2022/23 Internal Audit Plan). Six of the audits received a 'significant assurance with some improvement required'. One audit – Net Zero Governance – received a 'partial assurance with improvement required'. The Committee received a detailed report and presentation on the Authority's Net Zero agenda to seek further assurance.

Reports on two 'follow-up' audits were also received. The audits and audit opinion can be found in annex A. The seven audits have resulted in 28 formal audit recommendations.

NB - *At time of writing, delivery of the 2022/23 Audit Plan is still in progress with the final two reports scheduled to be considered by the Committee at their meeting 21st June 2023. The Committee have noted some slippage on the Internal Audit Plan during the year due to capacity issues for both the internal audit provider and SYMCA officers.

Following an open tender process, a new internal audit firm – RSM - has been appointed from 1st April 2023. The Committee agreed the 2023/24 internal audit plan at a formal meeting held 28th April 2023.

External Audit

The Authority's external audit function is provided by EY who attended two out of five meetings during the period.

The Committee received the 2021/22 draft accounts for scrutiny on 14th July 2022 and noted that these drafts had been published within the statutory deadlines. At the time of writing the 2021/22 external audit is ongoing therefore no formal recommendations have been made. However, at the time of writing the external auditor had indicated that there were no significant issues to report. Furthermore, he envisaged issuing an unqualified audit opinion subject to the completion of any outstanding queries. He also noted that his team had concluded their value for money procedures and that they had no matters to report.

The Committee has noted that delays to the auditing of the accounts and the resulting impact on business-as-usual activity for the Finance team. The Committee has communicated this to the audit partner and asked for assurances around the planning for the 2022/23 audit.

There were two recommendations made as a result of the 2020/21 external audit both of which were implemented and adopted on an ongoing basis. These related to reviewing the fixed asset register and disclosure notes. There are no outstanding recommendations from any years prior.

4. Performance Information (supporting data provided at annex A)

Quorum and attendance

Five meetings were held between June 2022 and March 2023. All meetings were quorate.

Report publication

For the meetings held between June 2022 and March 2023 a total of 61 substantive reports were considered by the Committee. No reports were published late.

Public Engagement

- Attendance by members of the public and press

The Audit, Standards and Risk Committee is a statutory meeting, is required to be held in public and receive and answer public questions.

No members of the public attended any of the Audit, Standards and Risk Committee meetings during the year or submitted any questions.

- Webcast

Meetings of the Audit, Standards and Risk Committee are webcast live and made available on the Authority's website for six months, after which, they are archived and available on request.

At time of writing, live and archived views of Audit, Standards and Risk Committee meetings that have taken place in 2022/23 total 326.

- Website page hits

At time of writing, for the meetings held between June 2022 and March 2023 the Committees webpages received 439 visits.

5. Self-Evaluation of Committee Effectiveness

The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that Audit Committees undertake an assessment of their own effectiveness annually. An online survey to facilitate this took place in quarter four, closing on 24th February. Based on the substantive membership of the Committee the survey received an 80% response rate.

The survey focussed on 3 key areas:

- the skills and knowledge of the Committee
- relationships between members, members and SYMCA officers and members and the MCA Board and Mayor
- administration and operational requirements of the Committee

New questions were added this year to ask members their opinion on the use of Working Groups and on the impact of the reduced membership of the Committee.

The key findings are as follows:

Skills and Knowledge

Members were asked about the Committee's effectiveness in:

- Advising on Annual Governance Review and Statement
- Scrutinising Treasury Management Strategy
- Considering and recommending the Accounts

As well as overseeing:

- Risk management arrangements
- The effectiveness of the control environment
- Anti-fraud and corruption arrangements
- The internal audit strategy and plan

Responses indicated that in general, Members were satisfied that the Committee was effective in these areas. Members did, however, indicate that an opportunity to develop knowledge around SYMCA's strategies and plans and assurance processes, and develop more knowledge around anti-fraud and corruption issues would be welcomed. In line with feedback from the previous survey, it was commented that a structured induction for new members would be beneficial.

Relationships and Communication

In general, responses indicated that relationships between members and between members and officers are effective although it was suggested that there may be some benefit in members having more opportunity to build relationships with each other. Members indicated that they would like to see a closer working relationship with the Board and the Mayor.

Administrative and Operational Arrangements

Members were satisfied that the work plan covers the assurance needs of the Committee but recognised that agendas are very full and report packs quite lengthy.

Working Groups

Members were asked about the usefulness of Working Groups (such as the Transport Risk Working Group) and whether any might be required in other specific areas to add an additional layer of oversight. None were identified via survey responses however, through discussion at the meeting on 22nd March it was agreed that the Transport Risk Working Group should continue into 2023/24.

Committee Size

Members were asked if the reduced size of the Committee had had a positive impact on the quality of debate at meeting and on the overall effectiveness of the Committee. Responses were mixed but did not indicate the reduction had been detrimental and that the reduced membership had at least had a positive impact on the ability to meet quoracy requirements. It

was agreed through discussion at the meeting on 22nd March, to recommend to the MCA Board that the reduce membership be maintained into the coming year.

6. Effectiveness Improvement Plan

	Area	Recommended actions
1.	Skills and Knowledge	<ul style="list-style-type: none"> Establish a structured induction ongoing programme of knowledge and skills development programme for Elected and Independent Members which includes regular contact with Senior Officers and the Mayor
2.	Relationships and Communication	<ul style="list-style-type: none"> Amend Committee Terms of Reference to include the requirement to submit an annual and mid-year report to the MCA Board and to set out a formal mechanism to escalate any issues to the Mayor as Chair of the MCA Board.
3.	Administrative and Operational Arrangements	<ul style="list-style-type: none"> When agreeing the Committee Work Plan for 2023/24 (scheduled for the ASRC meeting 21st June) assess the volume of agenda items required for the Committee to meet its accountabilities against the time available
4.	Working Groups	<ul style="list-style-type: none"> Schedule Transport Risk Working Group meetings for 2023/24 Consider any other areas, as appropriate, where a working group may provide an additional level of oversight and assurance
5.	Committee Size	<ul style="list-style-type: none"> Recommend to the MCA Board, via the Chair's Annual Report and the Nominations and Appointments process, to maintain the current Committee composition

Table 3 Effectiveness Improvement Plan

Internal Audit Work 2022/23

ASRC Meeting	Audit Reports Received	Audit Plan Year	Outcome
June 2022	No audit reports received	n/a	n/a
July 2022	Risk Management	2021/22	Significant assurance with some improvement required
October 2022	Governance		Significant assurance with some improvement required
	GDPR		Significant assurance with some improvement required
January 2023	Asset Management Follow-up	2022/23	n/a
	Net Zero Governance		Partial assurance with improvement required
March 2023	Governance		Significant assurance with some improvement required
	Risk Management		Significant assurance with some improvement required
	Core Financial Controls		Significant assurance with some improvement required
	Supplier Resilience Follow-up		n/a
June 2023	Adult Education Budget		tbc
	Integration of HR	tbc	

Performance Information – 2022/23

Attendance

LA	Councillor	Party	09/06/2022	14/07/2022	19/10/2022	25/01/2023	22/03/2023
BMBC	Clr Philip Lofts (Chair)	LAB	Present	Present	Present	Apologies Reserve in attendance – Clr Richardson	Present
DMBC	Clr Austen White	LAB	Present	Present	Present	Present	Present
RMBC	Clr Emily Barley	CON	Apologies	Apologies	No longer appointed	No longer appointed	No longer appointed
	Clr Simon Ball	CON	Not yet appointed	Not yet appointed	Apologies	No longer appointed	No longer appointed
	Clr Sophie Castledine-Dack	CON	Not yet appointed	Not yet appointed	Not yet appointed	Present	Apologies
SCC	Clr Ian Auckland	LIB DEM	Present	Present	Apologies Reserve in attendance – Clr Levery	Present	Present
Independent Members							
Rhys Jarvis (Vice Chair)			Present	Present	Present	Present (Chaired the meeting)	Present
Angela Marshall			Present	Present	Term concluded	Term concluded	Term concluded
Dave Phillips			Not yet appointed	Not yet appointed	Present	Present	Present
Paul Schofield			Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Present

Quoracy

Meetings	Number of members present	*Quorum Status
09/06/2022	6/6	Quorate
14/07/2022	5/6	Quorate
19/10/2022	5/6	Quorate
25/01/2023	6/6	Quorate
22/03/2023	6/7	Quorate

*quorum is two thirds

NB only 50% of the meetings held in 201/22 were quorate

Report publication

Meeting	*Substantive Reports	**Pages
09/06/2022	10	128
14/07/2022	7	326
19/10/2022	13	224
25/01/2023	16	350
22/03/2023	15	360
Total	61	1388

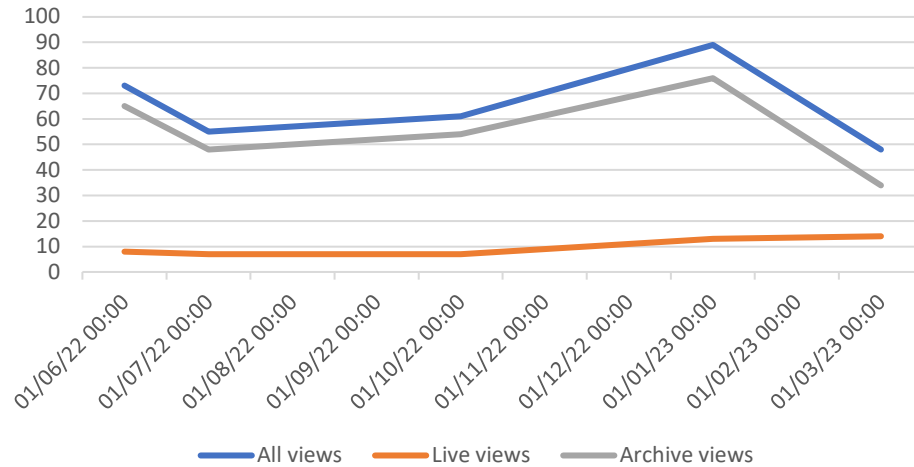
*Does not include minutes, action log etc

**Total pack size

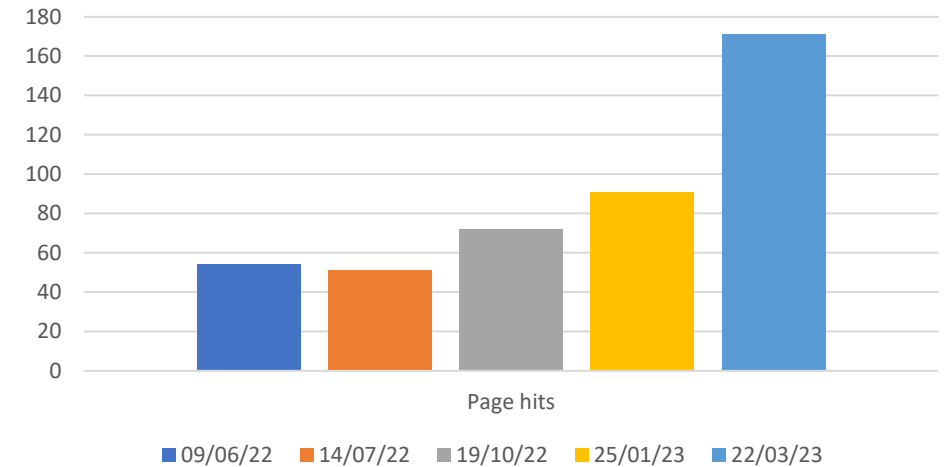
NB – all papers were published in line with statutory requirements

Performance Information – Public Engagement 2022/23

Webcast - Live vs Archive Views



Web page visits per Committee meeting



	Live views	Archive views	All views	Total length of viewing (hrs/min/secs)
09/06/2022	8	65	73	11:08:08
14/07/2022	7	48	55	12:04:57
19/10/2022	7	54	61	08:11:05
25/01/2023	13	76	89	28:09:06
22/03/2023	14	34	48	15:58:35
Total	49	277	*326	**75h 31 mins 51 secs

*compared to 21/22 total no. of views has increased by 29
 ** compared to 21/22 viewing has increased by 3 hours 7 mins

NB the meeting held on 22/03/23 took place over morning and afternoon sessions

Meeting date	Page hits
09/06/22	54
14/07/22	51
19/10/22	72
25/01/23	91
22/03/23	171
Total	439