

## Audit, Standards and Risk Committee

Wednesday, 20 September 2023

### Statement of Accounts 2021/22 Update

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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>	Governance
<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):**

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#### **Executive Summary**

Attached are the following appendices:

- The 2021/22 audited accounts for SYPTE;
- The 2021/22 audited accounts for SYMCA single entity and group;
- The external auditor's reports for both sets of accounts (also referred to as ISA260).

The Authority has now received assurance from our external auditors, Ernst Young (EY), that the 2021/22 accounts will receive an unqualified opinion with no matters to report on value for money.

The Audit Standards and Risk Committee endorsed the 2021/22 accounts at its meeting in March 2023 and granted the Executive Director of Investments and Resources in conjunction with the Chair of ASRC to make any amendments prior to submission to the MCA Board.

The MCA Board have also been made aware, through previous reports, of the reasons why the audit results have been delayed well beyond the statutory deadline of 30 November 2022. The most recent delay, however, is because the audit had not concluded before the triennial revaluation of the South Yorkshire Pension Fund. Subsequently, the external auditors advised that this revaluation meant that the MCA was required to reopen the Accounts and adjust pension related items. This was not a quick process and needed additional information from the Pension Fund actuary to complete the process.

### **What does this mean for businesses, people and places in South Yorkshire?**

The Accounts and Audit inspection process is a central part of the Authority's governance and scrutiny arrangements.

### **Recommendations**

Members are asked to consider the latest audit results reports and to endorse the revised 2021/22 accounts for approval at the next available MCA Board.

### **Consideration by any other Board, Committee, Assurance or Advisory Panel**

N/A

#### **1. Background**

- 1.1 Each year the MCA prepares a statement of accounts for the South Yorkshire Passenger Transport Executive, the Mayoral Combined Authority and the consolidated Group.
- 1.2 These accounts are scrutinised by the Audit, Standards and Risk Committee (ASRC) and formally audited by the appointed external auditors. Review of the accounts is a key control and oversight function.
- 1.3 External audit of the MCA Group's accounts is undertaken by EY, the appointed body through Public Sector Audit Appointment (PSAA) processes. EY also audit Sheffield City Council.
- 1.4 Each year the MCA is required to publish draft accounts by the end of May, with the audit required to be completed by the end of September. This audit publication date was extended to 31 July 2022 for the draft accounts and 30 November 2022 for the final audited 2021/22 accounts.
- 1.5 Whilst the unaudited draft 2021/22 accounts were published on 6 July (some 3 weeks ahead of the statutory deadline), the final audit of the accounts by EY has been significantly delayed. The reasons for the delay have been outlined in previous reports, but the latest delay is because the audit had not concluded before the triennial revaluation of the South Yorkshire Pension Fund. Subsequently, the external auditors advised that this revaluation meant that the MCA was required to reopen the Accounts and adjust pension related items.
- 1.6 The changes required the Authority to request a new report from the actuary (at a cost of £2,500) and to reflect the impact of this on the 2021/22 accounts. This also led to an exchange of views with EY on the interpretation of this revised position which required further amendments on all three sets of accounts.

1.7 However, a final set of 2021/22 accounts has now been agreed with EY who have indicated that they will provide an unqualified opinion on them with no matters to report on Value for Money.

## **2. Key Issues**

2.1 Attached are the following appendices:

- The 2021/22 audited accounts for SYPTE
- The 2021/22 audited accounts for SYMCA single entity and group
- The external auditor's results reports for both sets of accounts

2.2 The Audit Standards and Risk Committee (ASRC) previously endorsed the 2021/22 accounts at its meeting in March 2023 and granted the Executive Director of Investments and Resources in conjunction with the Chair of ASRC to make any amendments prior to submission to this Board.

2.3 However, due to the most recent delay, and its consequent impact on the 2021/22 Accounts, it was considered appropriate to present the accounts once more to ASRC in order to provide Members with a final opportunity to scrutinise the latest set before they are submitted to the MCA Board for approval.

2.4 EY has made one notable change to its audit results reports since they were previously presented to ASRC in March 2023. An "Emphasis of Matter" paragraph will be added, the purpose of which is to draw the reader's attention to a matter already disclosed in the accounts because EY believes that it is fundamental to the reader's understanding of the accounts. In this instance, the matter is the transfer of the functions of South Yorkshire Passenger Transport Executive to South Yorkshire Mayoral Combined Authority from 1 April 2023. However, Members can be reassured that this will not modify EY's intention to issue an unqualified opinion.

2.5 Members are also asked to note that whilst the 2022/23 accounts were published on 30 June 2023, EY have indicated that they do not expect to commence the audit of the 2022/23 accounts until January 2024, nine months after the year-end.

## **3. Consultation on Proposal**

3.1 Not applicable

## **4. Timetable and Accountability for Implementing this Decision**

4.1 Not applicable

## **5. Financial and Procurement Implications and Advice**

5.1 This report provides the 2021/22 accounts for endorsement by ASRC, prior to approval by the MCA Board.

5.2 PSAA have indicated that they expect audit fees to rise by, on average, 150% for the 2022/23 accounts. Provision has been made within the budget to support these increases.

## **6. Legal Implications and Advice**

- 6.1 The delays to the completion of the audit of the 2021/22 accounts have meant that the MCA is unable to comply with the publication requirements of the Accounts and Audit Regulations 2015.

## **7. Human Resources Implications and Advice**

- 7.1 There are no human resources implications as a result of this report.

## **8. Equality and Diversity Implications and Advice**

- 8.1 There are no equality and diversity implications as a result of this report.

## **9. Climate Change Implications and Advice**

- 9.1 There are no climate change implications as a result of this report.

## **10. Information and Communication Technology Implications and Advice**

- 10.1 There are no ICT implications as a result of this report.

## **11. Communications and Marketing Implications and Advice**

- 11.1 There are no communications or marketing implications as result of this report.

### **List of Appendices Included:**

- A 2021/22 audited accounts for SYPTE
- B 2021/22 audited accounts for SYMCA single entity and group
- C External auditor reports for SYPTE
- D External auditor reports for SYMCA

### **Background Papers**

None