

# SOUTH YORKSHIRE MAYORAL COMBINED AUTHORITY

## Follow Up

Internal audit report 3.23/24

Final

12 September 2023

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# 1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, 100 per cent of our assignment has been conducted remotely. Remote working has meant that we have been able to complete our assignment and provide you with the assurances you require. Based on the information provided by you, we have been able to sample test to complete the work in line with the agreed scope.

## Background

We have undertaken a review to follow up on the progress made to implement the previously agreed management actions from 2022/23 from the following audits:

- Asset Management Follow Up;
- Governance;
- Risk Management;
- Core Financial Controls;
- Supplier Resilience; and
- Adult Education Budget (AEB).

The 19 management actions considered in this review comprised eight 'medium', nine 'low' and two 'improvements'. These actions were agreed as part of the audits completed by the previous internal auditor. Concentrating on the actions classified as 'medium', the focus of this review was to provide assurance that all actions previously agreed have been adequately implemented. For actions categorised as 'low' and 'improvement,' we have accepted management's assurance regarding their implementation.

## Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion South Yorkshire Mayoral Combined Authority demonstrated **reasonable progress** in implementing agreed management actions.

Our testing has found that 12 actions have been fully implemented, three actions partially implemented, two actions have not been implemented, and one action had been superseded and was no longer necessary due to a change in the control framework.

## Progress on actions

The following table includes details of the status of each management action:

Implementation status by review	Number of actions agreed	Status of management actions					Confirmation as completed or no longer necessary (1)+(4)
		Impl. (1)	Impl. ongoing (2)	Not impl. (3)	Superseded (4)		
Asset Management	3	1	1	0	1	2	
Governance	1	1	0	0	0	1	
Risk Management	3	2	1	0	0	2	
Core Financial Controls	4	4	0	0	0	3	
Supplier Resilience	6	2	2	2	0	2	
Adult Education Budget	2	2	0	0	0	2	
<b>Total</b>	<b>19</b>	<b>12</b> <b>(63%)</b>	<b>4</b> <b>(21%)</b>	<b>2</b> <b>(11%)</b>	<b>1</b> <b>(5%)</b>	<b>13</b> <b>(68%)</b>	

The following graph highlights the progress made on the actions that have been followed up as part of this review.



## 2. DETAILED FINDINGS AND ACTIONS

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

### Asset Management

**Original management action / priority** As part of the integration project, the Authority should ensure its approach to asset management takes into account, where relevant, the recommendations made as part of the independently commissioned 2018 asset management reviews.  
The Authority should establish a group Asset Management Strategy and Delivery Plan which clearly sets out its Service Delivery Model, aligns to the Authority's vision and Business Plan and outlines future strategic property decisions to manage the property portfolio sustainably and efficiently.  
*Priority: Medium*

**Audit finding / status** Through discussions with the Head of Facilities and Asset Management, we confirmed that the results from the 2018 asset management review are now out of date. However, the Authority is in the process of putting together a new asset condition survey for its major physical assets such as bridges. The Head of Facilities and Asset Management indicated that results from this would be used to inform decisions regarding preventative or remedial works programme for assets to preserve their value as well as extend their useful life.  
We also confirmed that the Authority had created an Asset Management Plan which is yet to be approved. A review of the draft document confirmed that it detailed the following key information:

- How the strategy would promote the achievement of Authority's vision;
- An outline of the Authority's service delivery model including planning, procurement, and operation and maintenance;
- Process to allow for a full lifecycle programme to be developed, which will provide options for new greener technologies to be utilised as appropriate;
- Approach to management including roles and responsibilities, KPIs and monitoring, and reporting; and
- Delivery timeline with provisional dates.

The action therefore remains ongoing until the plan has been formally approved.  
*2 - The action has been partly though not yet fully implemented*

## Asset Management

<b>Management Action 1</b>	The Asset Management Plan will be approved and made available to relevant staff	<b>Responsible Owner:</b> Head of Facilities and Asset Management	<b>Date:</b> 31 December 2023	<b>Priority:</b> <b>Low</b>
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## Risk Management

<b>Original management action / priority</b>	<p>To ensure the quality and completeness of the information within the 4Risk system, the Authority should identify and address any further training needs to ensure:</p> <ul style="list-style-type: none"><li>• There is sufficient narrative within the system to provide assurance that risks are appropriately closed. This should provide evidence that risks are only closed when they have been mitigated to an appropriate level and approval has been agreed by the risk owner.</li><li>• Mitigating controls are clearly articulated and not confused with actions in progress, or action to be taken, which should be documented separately and updated with progress made.</li><li>• Oversight and moderation processes are robust.</li></ul>
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*Priority: Low*

<b>Audit finding / status</b>	<p>Through discussion with the Head of Corporate Governance and review of an example, we were informed that reminders are regularly sent to staff and tutorials provided on request regarding the use of the 4Risk system which cover the following:</p>
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- How to add actions;
- How to close an action; and
- How to add notes or update.

We were also informed by the Head of Corporate Governance that staff had been provided with training when the system was implemented and tutorials are provided on request. Information is also outlined in the Staff Bulletin to ensure that staff have sufficient knowledge relating to inputting correct and adequate information into the 4Risk system before actions are closed.

We were provided with five reports of closed risks from the risk registers from January to July 2023 from which we confirmed the following:

- All controls for closed risks had been clearly stated.
- Two out of five reports had detailed actions clearly outlined.
- Two out of five reports had sufficient narratives for all closed risks.

The breakdown for the three reports that did not include detailed actions or sufficient narratives for closed actions is as follows.

- Out of the eight closed risks from the Finance Risk Register, two did not detail further actions and sufficient narratives.
- Out of the 13 closed risks from the Legal and Governance Risk Register, eight did not detail further actions and sufficient narratives.

## Risk Management

- Out of the three closed risks from the Project Management Office Risk Register, one did not detail further actions and sufficient narratives.

This action is ongoing because staff require ongoing training and support on using the system and sufficient narratives had also not been provided for some risks that had been indicated as closed.

*2 - The action has been partly though not yet fully implemented.*

<b>Management Action 2</b>	Training should be enhanced and additional materials provided for key staff regarding the use of 4Risk system in managing and reporting risk.	<b>Responsible Owner:</b> Head of Corporate Governance	<b>Date:</b> 31 December 2023	<b>Priority:</b> <b>Low</b>
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## Supplier Resilience

**Original management action / priority** As the PTE & MCA move to one integrated Authority, one comprehensive register of key suppliers and partners should be established. The register should include all relevant information, complete with a priority assessment and risk of failure to providing the contracted service.

Agreed Action:

As part of the integration project, the MCA Group will be adopting a new contract management function that will provide oversight and management based on a risk matrix. Officers will ensure that this recommendation forms part of this assessment.

*Priority: Low*

**Audit finding / status** We confirmed through discussions with the Head of Procurement that after the integration into one Authority, there was a need to maintain a single contract register. Currently both the SYMCA contracts and former SYPTE contracts are held on different registers. The MCA are currently looking at hosting a single contracts register in ProContract. ProContract is the e-tendering platform currently used by the organisation. Further discussion with the Head of Procurement confirmed that the Authority had initiated plans to obtain a contract management software that would serve as a register for all key suppliers and partners. We were provided with a screenshot of the system from which we confirmed that it had the capacity to segregate contracts into live, archived and destroyed. Supplier details retained on the system include supplier name, contract number, company number, start date, contract value, and any applicable extensions.

We were however not able to confirm whether there is a section to document priority assessment and risk of failure.

*2 - The action has been partly though not yet fully implemented.*

<b>Management Action 3</b>	Management will determine whether the contract management system has the ability to document priority of assessment and risk of failure. Where this is not possible, alternatives will be considered.	<b>Responsible Owner:</b> Head of Procurement	<b>Date:</b> 31 October 2023	<b>Priority:</b> <b>Low</b>
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## Supplier Resilience

<b>Original management action / priority</b>	<p>A Supplier Management Strategy to be established for the integrated Authority outlining the overall governance arrangements in place for managing key suppliers.</p> <p>Agreed Action:</p> <p>As part of the integration project, the MCA Group will be adopting a new contract management function that will provide oversight and management of contracts based on a risk matrix. Officers will ensure that this recommendation forms part of this assessment.</p> <p><i>Priority: Medium</i></p>			
<b>Audit finding / status</b>	<p>Through correspondence with the Head of Corporate Governance, we were informed that work on the formal Supplier Management Strategy has not progressed. The Head of Corporate Governance highlighted that this has been mainly due to team restructure, change of approach, and delay to refresh the Business Continuity Plans.</p> <p>This action therefore remains not implemented.</p> <p><i>3 - The action has not been implemented.</i></p>			
<b>Management Action 4</b>	<p>A Supplier Management Strategy will be established for the integrated Authority outlining the overall governance arrangements in place for managing key suppliers.</p>	<b>Responsible Owner:</b> Head of Procurement	<b>Date:</b> 31 March 2024	<b>Priority:</b> <b>Medium</b>

## Supplier Resilience

<b>Original management action / priority</b>	<p>Within its joint contract management function, the Authority to ensure that supplier management guidance is clearly articulated within its contract management and monitoring guidance. This should include a formal process for continuous supplier monitoring e.g. checks on financial sustainability, breaches of law and regulation, compliance to corporate social responsibilities and the monitoring of KPIs which can be consistently applied.</p> <p>Agreed Action:</p> <p>As part of the development of a new Group contract management function, the MCA will develop a new proportionate risk-based approach to its contract management.</p> <p>At the heart of these proposals are the development of contract management standards supported by guidance, tools, and training.</p> <p><i>Priority: Medium</i></p>			
<b>Audit finding / status</b>	<p>Through correspondence with the Head of Corporate Governance, we were informed that work on the formal Supplier Management Strategy has not progressed. The Head of Corporate Governance highlighted that this has been mainly due to team restructure, change of approach, and delay to refresh the BCP plans.</p> <p>This action therefore remains not implemented.</p> <p><i>3 - The action has not been implemented.</i></p>			



## Supplier Resilience

<b>Management Action 5</b>	<p>The MCA will develop a new proportionate risk-based approach to its contract management.</p> <p>This will include the development of contract management standards supported by guidance, tools, and training.</p>	<b>Responsible Owner:</b> Head of Procurement	<b>Date:</b> 31 March 2024	<b>Priority:</b> <b>Medium</b>
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## Supplier Resilience

<b>Original management action / priority</b>	<p>The Authority to ensure there are robust and comprehensive Business Continuity Plans in place in the event of a key supplier failure.</p> <p>There is the opportunity to ensure that, in preparation for integration, plans are produced in collaboration to incorporate both the PTE and MCA requirements in relation to Supplier Resilience as a joint organisation.</p> <p>Agreed Action:</p> <p>Supplier failure events will be considered as part of refreshed Business Continuity Plans and the adoption of new contract management standards.</p> <p><i>Priority: Medium</i></p>
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<b>Audit finding / status</b>	<p>Discussions with the Head of Procurement confirmed that the MCA does not have a singular business continuity plan. Rather, individual departments who manage contracts have Business Continuity Plans that are unique to specific their teams. We were informed that these Business Continuity Plans consider both internal and external factors and their associated risks including the risk of client failure. The Head of Procurement indicated that these risks identified are fed into the respective Risk Register and escalated to the directorate where appropriate.</p> <p>Correspondence with the Head of Governance confirmed that following the integration of SYPTE and SYMCA, the MCA has made a new template of Business Continuity Plans available to all teams. The teams are required to produces a first draft by 15 September 2023. A review of the new template affirmed that it provided detailed guidance to on how to complete the various sections. The review also confirmed that supply chain disruptions/provider failure is among the options for contingency plans listed on the form.</p> <p>This action is therefore ongoing and will be closed once the Business Continuity Plans have been completed.</p> <p><i>2 - The action has been partly though not yet fully implemented.</i></p>
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<b>Management Action 6</b>	<p>The Business Continuity Plans will be completed, approved and made available to key stakeholders.</p>	<b>Responsible Owner:</b> Departmental Leads	<b>Date:</b> 31 November 2023	<b>Priority:</b> <b>Medium</b>
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## APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing actions. This opinion relates solely to the implementation of those actions followed up and does not reflect an opinion on the entire control environment.

Progress in implementing actions	Overall number of actions fully implemented	Consideration of high priority actions	Consideration of medium priority actions	Consideration of low priority actions
Good	75% +	None outstanding.	None outstanding.	All low actions outstanding are in the process of being implemented.
Reasonable	51 – 75%	None outstanding.	75% of medium actions made are in the process of being implemented.	75% of low actions made are in the process of being implemented.
Little	30 – 50%	All high actions outstanding are in the process of being implemented.	50% of medium actions made are in the process of being implemented.	50% of low actions made are in the process of being implemented.
Poor	< 30%	Unsatisfactory progress has been made to implement high priority actions.	Unsatisfactory progress has been made to implement medium actions.	Unsatisfactory progress has been made to implement low actions.

## APPENDIX B: ACTIONS COMPLETED OR SUPERSEDED

From the testing conducted during this review we have found the following actions to have been fully implemented and superseded.

Assignment title	Management actions
Asset Management	<b>Status: Superseded</b> The current job description does not detail the associated responsibilities that are currently being undertaken. The interim Asset Manager is leaving the Authority in December 2022 and the job description will be updated as part of the recruitment process. <i>Priority: Medium</i>
	<b>Status: Implemented</b> This role is incorporated into that of the Asset Manager but is not explicitly documented within the job description. This will be updated as part of the recruitment process for a new Asset Manager. This recommendation is linked to recommendation 3. <i>Priority: Low</i>
Governance	<b>Status: Implemented</b> SYMCA should develop the Code of Corporate Governance Monitoring Spreadsheet to include further details about the sources of assurance and where there may be gaps identified. <i>Priority: Low</i>
Risk Management	<b>Status: Implemented</b> The Authority should ensure that there is sufficient resource and capacity in place to ensure the Risk Management Framework continues to progress and embed across the Authority, to ensure there is a consistent approach to managing risk which becomes business as usual and an integrated part of decision making. <i>Priority: Medium</i>
	<b>Status: Implemented</b> The Authority should ensure that, as the Risk Management Framework continues to embed there is an agreed format for oversight, monitoring and reporting risk at directorate and team level, which is reflected in the Risk Management Framework. <i>Priority: Low</i>
Core Financial Controls	<b>Status: Implemented</b> The Authority should ensure that:

Assignment title	Management actions
	<p>The scheme of delegation is accurately reflected within the structure of the ARM and any changes made due to integration are completed as soon as possible.</p> <p>Controls around visibility regarding ratification of approval levels and subsequent changes made are reviewed and strengthened where possible to provide a robust audit trail.</p> <p><i>Priority: Low</i></p>
	<p><b>Status: Implemented</b></p> <p>Accounts Payable reconciliations should be in place to cover the single entity.</p> <p><i>Priority: Improvement</i></p>
	<p><b>Status: Implemented</b></p> <p>Recommendation 3: The Authority should consider routine production of an exception report to facilitate independent management review of any significant variations to pay.</p> <p>Recommendation 4: The practice of having all payroll-based calculations (either from admin or overtime forms) calculated and input by one individual and independently reviewed is good practice and should be applied wherever possible. This was previously recommended in 2021/22.</p> <p>Recommendation 5: Employee administration forms should be signed by two members of the HR Team to evidence independent review. This was previously recommended in 2021/22.</p> <p><i>Priority: Low</i></p>
	<p><b>Status: Implemented</b></p> <p>Updates and reconciliation of the FAR should take place on a more frequent basis to ensure accurate and timely information.</p> <p>The Authority should consider the potential benefits from utilising integrated asset management and capital accounting software in the future.</p> <p><i>Priority: Improvement</i></p>
<p><b>Supplier Resilience</b></p>	<p><b>Status: Implemented</b></p> <p>The overall risk of supplier failure to be assessed and included within the risk register if appropriate.</p>

**Assignment title****Management actions**

Agreed Action:

Supplier resilience risk has now been added to the Corporate Risk Register. Adoption on the Corporate Risk Register will support broader oversight and local mitigations.

*Priority: Low*

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**Status: Implemented**

As part of the joint integrated approach, the requirements for completing an environmental and sustainability assessment to be documented as part of the Authority's Contract Procedure Rules. The assessment should be undertaken in all cases as part of the due diligence and onboarding process and reviewed intermittently throughout the contract to ensure that performance is maintained at acceptable levels.

Agreed Action:

The MCA will consider how best to meaningfully reflect its environmental policies within its supplier management processes.

*Priority: Low*

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**Adult Education Budget (AEB)****Status: Implemented**

To improve contract management and monitoring, the Authority should establish clear and achievable timelines for regular meetings with Heads of Providers. These meetings should be documented and should cover performance against agreed targets, financial management, and any issues or concerns arising during the contract period.

*Priority: Medium*

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**Status: Implemented**

The Authority must prioritise the implementation of robust contract monitoring processes, supported by clearly defined roles and responsibilities, adequate capacity, and sufficient resources to ensure compliance. It is crucial to establish a strong framework for monitoring contracts to mitigate risks associated with non-compliance and to ensure that contractual obligations are met efficiently and effectively.

*Priority: Medium*

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# APPENDIX C: SCOPE

The scope below is a copy of the original document issued.

## Scope of the review

The internal audit assignment has been scoped to provide assurance on how the MCA manage the following area.

### Objective of the audit

To meet internal auditing standards and to provide assurance on action taken to address management actions previously agreed by management.

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## Scope of the review

The following areas will be considered as part of the review:

- Asset Management;
- Governance;
- Risk Management;
- Core Financial Controls;
- Supplier Resilience; and
- Adult Education Budget (AEB).

**The following limitations apply to the scope of our work:**

- The follow up will only cover management actions agreed in the identified reports;
- We will not review the whole control framework of the areas listed above. Therefore, we are not providing assurance on the entire risk and control framework of these areas;
- We will only conduct sample testing on high and medium priority actions;
- Where sample testing will be undertaken, our samples will be selected over the period since actions were implemented or controls enhanced; and
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

<b>Debrief held (final evidence)</b>	31 August 2023
<b>Draft report issued</b>	1 September 2023
<b>Responses received</b>	12 September 2023
<b>Final report issued</b>	12 September 2023

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We thank you again for working with us.

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