

SYMCA Audit, Standards and Risk Committee Annual Report

2023/24

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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 2023/24. The report covers the period from 1 April 2023 to 31 March 2024 and is the third annual report prepared by the committee since its establishment.

As customary the committee has had a very busy year and meetings have become extended to complete the business agenda and receive reports from officers and members on risks and organisational developments.

Following a review of governance arrangements, it was agreed by the MCA to implement a new cabinet style leadership model, with the South Yorkshire Mayor and Local Authority Leaders taking portfolio responsibilities and existing statutory Audit, Standards and Risk Committee and Overview and Scrutiny Committees continuing to meet quarterly.

The assessment of whether the changes have been effectively implemented and embedded, and whether these are delivering the required outcomes commenced at the end of January 2024.

Paul Schofield, an independent member has chaired the Transport Risk Working Group during the year, continuing to provide oversight of the integration of the former Passenger Transport Executive (PTE), potential bus franchising and the return of the tram concession. Meetings between Mayor Coppard, myself as Chair; and Dave Phillips as Vice-Chair, have been established on a twice-yearly basis to discuss these and other current issues.

The incorporation of tram services and the Office of the Police and Crime Commissioner (OPCC) will each come with their own risk profile and the committee will continue to be very busy considering their individual and collective risk factors, ranging from engineering considerations to debt management and handover issues. Bus Franchising, should the Authority decide to pursue the opportunity, is a particular issue which will bring its own political and organisational challenges.

RSM, SYMCA's internal audit partner, have developed a good working relationship with the committee via regular meetings to appraise us of their work. We look forward to developing a similar relationship with our newly appointed external auditors KPMG, who join us at a time of some turmoil in the Local Government Audit sector when there are not enough professionally qualified auditors to carry out the range of audits needed. Whilst the Government works to set up a series of backstop dates to clear the backlog in local audit opinions, I am pleased to be able to report that the external audit for SYMCA 21/22 has been completed giving an unqualified opinion with no matters to report.

The intention of DLUHC to reform evolving systemic challenges in the local audit system, and amendments to the Accounts and Audit Regulations, changes to the Code of Audit Practice, clearing the backlog of historical audit opinions up to and including financial year 2022/23 by September 2024, and embedding timely financial reporting and audit, is most welcome.

SYMCA Audit, Standards and Risk committee will continue to play its part in good governance to enable the authority to discharge its functions effectively and efficiently for the people of South Yorkshire.

Cllr Phillip A Lofts (Ed.D, M.Ed.) 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

The Committee comprises 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
Paul Schofield	n/a	Independent
David Phillips	n/a	Independent

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:

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](#)
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Reserves	Party	Authority represented
Councillor Ken Richardson	Labour	BMBC
Councillor Barry Johnson	Labour	Doncaster MBC
Vacant	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 83% male and 17% 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, Dave Phillips, Vice-chair at the meeting held ⁵21st June 2023.

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 concluding that "The organisation has an adequate and effective framework for risk management, governance and internal control" noting that further enhancements to the framework of risk management, governance and internal control will ensure that it remains adequate and effective.
- Embedding of the Risk Management Framework which has significantly shifted the maturity assessment in terms of risk management arrangements for the Authority.
- 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 continuation 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 Paul Schofield and has reported to the Committee at each meeting.

Summary of Work Undertaken in 2022/23

The Committee agreed a work plan at its meeting in June 2023 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.

⁵ <https://governance.southyorkshire-ca.gov.uk/ieListDocuments.aspx?CId=142&MId=480&Ver=4>
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- Progress of the internal audit plan
- Monitoring of the Authority's Governance Improvement Plan
- Health and Safety updates
- Transport Risk Working Group updates

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

- 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
- Tram transfer progress
- MCA Review and subsequent governance changes

Internal Audit

The Authority's internal audit function has been provided by Risk Assurance Services LLP (RSM). Representatives of RSM 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 ten internal audits. This included a 'follow on' audit which assessed the progress of recommendations and actions from audits conducted by the previous internal audit partner covering contract management, business continuity, asset management, supplier management and risk management.

The internal audit on the Assurance Framework received a 'substantial assurance' rating, and five received reasonable assurance. The Cyber Security audit received a 'partial assurance' rating. Subsequent to this, the Committee received a detailed report and presentation on the Authority's Cyber Security arrangements to provide further assurance.

The 2023/24 Internal Audit Plan has been delivered to the agreed timetable. The final reports on Governance, and a second 'Follow up' audit, are scheduled to be considered by the Committee at their meeting on 17th July 2024. The audit assignments and assurance opinions can be found in annex A. The audits have resulted in 29 low audit recommendations, 16 medium and five high audit recommendations.

External Audit

The Authority's external audit function up to and including 2022/23 has been provided by Ernst and Young (EY) who attended four out of five meetings held during the period.

EY concluded their audit of the 2021/22 accounts in October 2023 and issued an unqualified opinion immediately following formal adoption of the accounts by the MCA board on 14th November 2023. EY's Annual Audit Letter confirmed that there were no matters to report on the Authority's value for money arrangements and that there were no significant weaknesses or issues that needed to be reported.

The 2021/22 audit has concluded 12 months after the statutory deadline of November 2022, initially due to the disruption caused by the Covid pandemic but also due to the external auditors struggling to resource the contract into which they had entered. The Committee has been kept abreast of the continuing delays throughout the course of the year and has expressed its dissatisfaction to the audit partner on the slow progress.

Consequently, at time of writing, work on the 2022/23 accounts audit has not commenced and is bound up in the national consultation that is taking place on resetting local government audit to restore more timely audit reporting. At present, our external auditors are conducting a review of the Authority's 2022/23 value for money arrangements, however in line with the consultation, they have confirmed they will not complete their audit of the Authority's 2022/23 financial statements. Consequently, instead of giving an audit opinion on the financial statements, they will issue a disclaimer. The exact form and timing of the disclaimer is subject to guidance emerging from the national consultation, but the external auditor confirmed to the Audit Standards and Risk Committee that the form of wording will reflect no fault on behalf of the MCA. The accounts audit, and whether it is deliverable by the back stop of 30 September 2024 for all outstanding audits up to and including 2022/23 proposed in the national consultation, is still to be confirmed.

From 2023/24, KPMG have been appointed as external auditors. They are currently conducting their planning and risk assessment which will inform their 2023/24 External Audit Plan.

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

Quorum and attendance

Five meetings were held between 1st April 2023 and 31st March 2024. All meetings were quorate.

Report publication

For the meetings held between April 2023 and March 2024 a total of 36 substantive reports were considered by the Committee. Out of a total of five agenda packs to be published, one was published one day 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. Only one public question was submitted.

- 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 2023/24 total 398.

- Website page hits

For the meetings held between April 2023 and March 2024 the Committees webpages received 691 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 21st February. Based on the substantive membership of the Committee the survey received an 83% response rate (questions can be found at annex B).

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

The key findings were 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 advising on the Code of Corporate Governance
- Considering and recommending the Statement of 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, risk management and statement of accounts would be welcome. As well as some further learning on the MCA Assurance Processes and the Code of Corporate Governance.

Members also rated their understanding of the role and responsibilities of the SYMCA Audit, Standards and Risk Committee as high, and were generally confident that the Committee

possess the wider skills necessary to be fully effective. Feedback suggested that an independent member with specific 'risk' skills may be beneficial going forward.

Relationships and Communication

To support member knowledge and development this year informal briefing sessions along with members of the Overview and Scrutiny were introduced. The responses received from the survey indicate that these sessions were welcomed and have been very successful.

In general, responses indicated that relationships between members and between members and officers are effective. There has been opportunity for the members to meet the Mayor and Executive Team throughout the year and overall, it is noted that the relationship has improved from last year, however there were suggestions around how this can be further improved, such as informal meetings with the mayor without officers being present.

Administrative and Operational Arrangements

Members were satisfied that the work plan covers the assurance needs of the Committee but recognised that there are often a lot of papers to digest. It was suggested that a brief two-minute, high level summary of the key points could be presented rather than reading through a full presentation.

Working Groups

Members were asked about the usefulness of Working Groups (such as the Transport Risk Working Group) and whether it might be beneficial to form a working group for any other specific areas in order to add an additional layer of oversight. Results indicated that the Transport Risk Working Group has been effective and valuable. Comments suggested that consideration of working groups to focus on the integration of the Office of the Police and Crime Commissioner (OPCC) and on cyber security may be beneficial.

6. Effectiveness Improvement Plan

	Area	Recommended actions
1.	Skills and Knowledge	<ul style="list-style-type: none"> • Incorporate knowledge development areas highlighted by the survey into the 24/25 training and engagement plan for statutory committees. • Next round of recruitment for independent members to seek risk management skills set.
2.	Relationships and Communication	<ul style="list-style-type: none"> • Additional meetings with the mayor
3.	Administrative and Operational Arrangements	<ul style="list-style-type: none"> • Officers to ensure presentation of papers is succinct to allow ample time for discussion.
4.	Working Groups	<ul style="list-style-type: none"> • Consider potential for additional working groups e.g. OPCC integration, cyber resilience.

Table 3 Effectiveness Improvement Plan

Internal Audit Work 2023/24

ASRC Meeting	Audit provider	Audit Reports Received	Audit Plan Year	Outcome	No. Of recommendations
April 2023		Internal Audit plan	n/a	n/a	
June 2023	Grant Thornton	AEB	2022/23	Partial assurance with improvement required	3
		Integration		Advisory basis, no audit opinion provided	0
September 2023	RSM	Follow up audit	2023/24	Reasonable progress	6
December 2023		Cyber		Partial assurance with improvement required	13
		Bus Data		Reasonable assurance with some improvement required	10
		Risk Management		Reasonable assurance with some improvement required	6
		Purchasing and Creditors		Reasonable assurance with some improvement required	10
		Tram Services		Reasonable assurance with some improvement required	5
March 2024		AEB		Reasonable assurance with some improvement required	3
		Assurance Framework		Substantial assurance	2
July 2024	Governance	Substantial assurance	1		

Performance Information – 2023/24

Attendance

LA	Councillor	Party	28/04/2023	21/06/2023	20/09/2023	13/12/2023	20/03/2024
BMBC	Cllr Philip Lofts (Chair)	LAB	Present	Present	Present	Present	Present
DMBC	Cllr Austen White	LAB	Present	Present	Present	Present	Apologies
RMBC	Cllr Sophie Castledine-Dack	CON	Apologies	Apologies	Apologies	Apologies	Apologies
SCC	Cllr Ian Auckland	LIB DEM	Present	Present	Present	Present	Present
Independent Members							
Dave Phillips			Present	Present	Present	Present	Present
Paul Schofield			Present	Present	Present	Present	Present

Quoracy

Meetings	Number of members present	*Quorum Status
28/04/2023	5/6	Quorate
21/06/2023	5/6	Quorate
20/09/2023	5/6	Quorate
13/12/2023	5/6	Quorate
20/03/2024	4/6	Quorate

*quorum is two thirds

Report publication

Meeting	*Substantive Reports	**Pages
28/04/2023	1	20
21/06/2023	9	352
20/09/2023	4	464
13/12/2023	10	302
20/03/2024	13	310
Total	36	1448

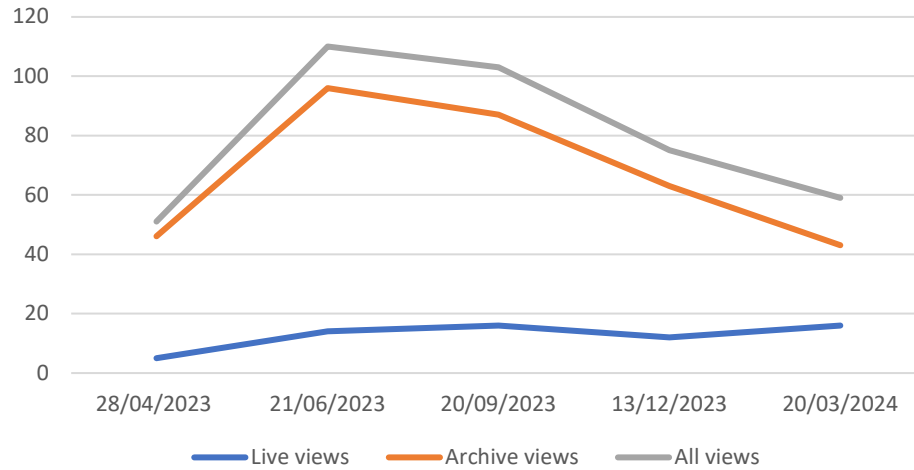
*Does not include minutes, action log etc

**Total pack size

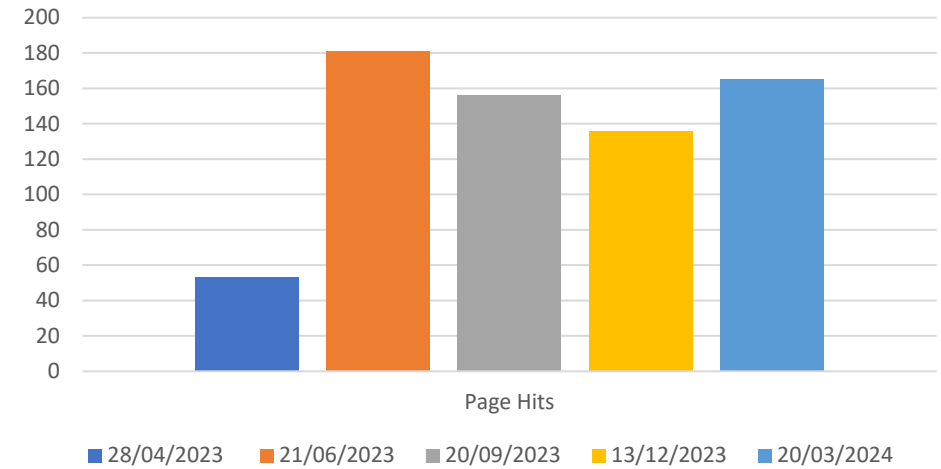
NB – one agenda pack was published one day late

Performance Information – Public Engagement 2023/24

Webcast - Live vs Archive Views



Page visits per Committee Meeting



	Live views	Archive views	All views	Total length of viewing (hrs/min/secs)
28/04/2023	5	46	51	08:41:00
21/06/2023	14	96	110	24:58:00
20/09/2023	16	87	103	24:00:00
13/12/2023	12	63	75	11:55:00
20/03/2024	16	43	59	12:47:00
Total	63	335	*398	**81h 01 mins 00 secs

*total no. of views has increased by 72 compared to 22/23
 **viewing has increased by 5 hours 40 minutes compared to 22/23, however please note that there was an additional meeting compared to last year.

Meeting	Page Hits
28/04/2023	53
21/06/2023	181
20/09/2023	156
13/12/2023	136
20/03/2024	165
Total	691



SYMCA Audit, Standards & Risk Committee Annual Effectiveness Survey

The Chartered Institute for Public Finance and Accountancy (CIPFA), Financial Reporting Council (FRC) and the National Audit Office (NAO) state, and recommend, that audit committees should annually review their own effectiveness.

The Audit, Standards and Risk Committee agreed that a structured questionnaire seeking feedback on the effectiveness of the Committee would be prepared and the findings used to highlight any areas where development or improvement is required. This information will be shared with Committee members in report form at the March meeting and will be reflected in the Chair's Annual Report to the MCA Board in June.

Skills and Knowledge

This section aims to gather information to evaluate the skills and knowledge of the Committee and to identify any development requirements.

1. How would you rate your own understanding of the role and responsibilities of the SYMCA Audit, Standards and Risk Committee?



2. On a scale of 1 to 10 (1 being ineffective and 10 being highly effective) how would you rate
 - the effectiveness of the Committee in considering and advising on the findings of the **Annual Governance Review** and preparation of the **Annual Governance Statement**?
 - the effectiveness of the Committee in overseeing the effectiveness of **risk management arrangements**?
 - the effectiveness of the Committee in overseeing the effectiveness of the **control environment**?
 - the effectiveness of the Committee in overseeing **anti-fraud and anti-corruption arrangements**?
 - the effectiveness of the Committee in overseeing and reviewing the **internal audit strategy and plan**?
 - the effectiveness of the Committee in scrutinising the **Treasury Management Strategy**?
 - the effectiveness of the Committee in considering and advising on the **Code of Corporate Governance**?
 - the effectiveness of the Committee in considering and recommending the **Statement of Accounts** to the MCA Board?
3. How satisfied are you that the Committee possess the wider skills necessary to be fully effective, for example, in relation to the core business of the organisation, the wider political landscape and other strategically relevant issues?
 - Satisfied
 - Somewhat satisfied

- Neither satisfied nor dissatisfied
 - Somewhat dissatisfied
 - Very dissatisfied
4. If you have indicated that you are less than satisfied with the wider skills set of the Committee. Could you provide more detail please?
5. To further enhance your contribution to the work of the Committee, in which areas would you be interested in developing your knowledge? (Please choose more than one if appropriate)
- Code of Corporate Governance/Annual Governance Review/Annual Governance Statement
 - Risk Management
 - Control Environment
 - Anti-fraud and anti-corruption
 - Treasury Management and MCA budgets
 - Statement of Accounts
 - MCA Assurance Processes
 - MCA Strategies and Plans
 - Other
6. To support members knowledge and development this year we introduced informal briefing sessions along with colleagues from Overview and Scrutiny. In your opinion, has this been successful? If you have any suggestions on how we could further support new members when joining the Committee or the ongoing development of existing member, please detail below.

Relationships

This section aims to evaluate the effectiveness of relationships between members, between members and MCA Executive officers, and between members and the MCA Board and Mayor.

7. How effective would you say your relationship and communication is with other Committee members?
- Effective
 - Somewhat effective
 - Neither effective nor ineffective
 - Somewhat ineffective
 - Very ineffective
8. If you have indicated that you feel your relationship and communication with other Committee members is less than effective. Could you tell us more about this please? How could it be improved?
9. How effective would you say your relationship and communication is with MCA Executive Officers?
- Effective
 - Somewhat effective
 - Neither effective nor ineffective
 - Somewhat ineffective
 - Very ineffective

10. If you have indicated that you feel that your relationship and communication with MCA Executive Officers is less than effective. Could you tell us more about this please? How could it be improved?
11. During the last year following feedback, there have been opportunities put in place to engage with the executive team. With this in mind, how effective would you say your relationship and communication has been with MCA Executive Officers this year?
- Effective
 - Somewhat effective
 - Neither effective nor ineffective
 - Somewhat ineffective
 - Very ineffective
12. You have indicated that you feel that your relationship and communication with MCA Executive Officers is less than effective. Could you tell us more about this please? How could it be improved?
13. During the past year the Mayor has joined a committee meeting and the Chair and Vice-chair have met with him outside of the formal meeting environment. How effective would you say the relationship and communication is between the Committee and the MCA Board and Mayor?
- Effective
 - Somewhat effective
 - Neither effective nor ineffective
 - Somewhat ineffective
 - Very ineffective
14. You have indicated that you feel the relationship and communication between the Committee and the MCA Board and Mayor is less than effective. Could you tell us more about this please? How could it be improved?

Administration and Operational Arrangements

This section aims to evaluate the effectiveness of the administration and operational arrangements for the Committee.

15. How satisfied are you that Committee papers are concise, relevant, timely and of good quality?



16. How could the information provided to the Committee be improved?
17. How satisfied are you with range and number of MCA Executive officers and other participants attending committee meetings?
- Satisfied
 - Somewhat satisfied
 - Neither satisfied nor dissatisfied
 - Somewhat dissatisfied
 - Very dissatisfied
18. If you have indicated that you are less than satisfied with the range and number of MCA

Executive officers and other participants at committee meetings. Could you tell us a little bit more about this please?

19. How satisfied are you that the committee workplan covers the assurance needs of the Committee through a balance of agenda items?

- Satisfied
- Somewhat satisfied
- Neither satisfied nor dissatisfied
- Somewhat dissatisfied
- Very dissatisfied

20. If you have indicated that you are less than satisfied that the committee workplan covers the assurance needs of the Committee through a balance of agenda items? Could you tell us a little bit more about this please? How can it be improved?

21. To what extent would you agree with the following statement "Committee meetings encourage a high quality of debate with robust and probing discussions"?

- True
- Somewhat true
- Slightly true
- Not true at all

22. If you have indicated that the quality of debate and depth of discussion at committee meetings could be better? Could you say more about why this is, and how it could be improved?

New questions for 2024

23. During the year the Committee established a Transport Risk Working Group which has met regularly and provided feedback to the main Committee meetings. In your opinion, has this worked well and are there any other specific areas where a working group could possibly add an additional layer of oversight?

24. Are there any topics going into the next year that would be useful to have more discussion time on, considering the direction of travel for the organisation?

25. Thank you for taking the time to complete this survey. If you have any further comments please feel free to enter them here....