

# SOUTH YORKSHIRE MAYORAL COMBINED AUTHORITY (SYMCA)

## Follow Up of Previous Internal Audit Recommendations

Internal audit report 9.23/24

REVISED FINAL 2

1 July 2024

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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 audit has been conducted remotely. Remote working has meant that we have been able to complete our audit 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 progress made to implement the previously agreed management actions from the following audits:

- Bus Data Quality;
- Cyber Risk Assessment;
- Purchasing and Creditors;
- Tram Services Progress Health check and Health and Safety Framework;
- Risk Management;
- Asset Management Follow Up; and
- Supplier Resilience.

A total of 32 management actions have been considered in this review, consisting of four high, 11 medium priority and 17 low priority management actions. The management actions we have followed up as part of this have been agreed with management.

## Conclusion

We were provided with satisfactory evidence in respect of 20 actions and therefore were able to confirm that these actions had been fully implemented. For the remaining 12 actions we have categorised seven as partly though not yet fully implemented, one action as not implemented and the remaining four actions have been categorised as superseded. Full details of the outstanding actions can be found in section two of the report. Details of the Cyber Risk Assessment actions have been removed due to their sensitive nature.

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 the MCA has demonstrated **reasonable progress** in implementing agreed management actions.

## 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) |  |
| Bus Data Quality  | 8                        | 8                            | 0                 | 0             | 0              | 8  |
| Cyber Risk Assessment   | 11                       | 6                            | 5                 | 0             | 0              | 6  |
| Purchasing and Creditors  | 5                        | 4                            | 0                 | 1             | 0              | 4  |
| Tram Services Progress Health Check and Health and Safety Framework | 5                        | 1                            | 0                 | 0             | 4              | 5  |
| Risk Management   | 1                        | 1                            | 0                 | 0             | 0              | 1  |
| Supplier Resilience   | 1                        | 0                            | 1                 | 0             | 0              | 0  |
| Asset Management Follow Up  | 1                        | 0                            | 1                 | 0             | 0              | 0  |
| <b>Total</b>  | <b>32 (100%)</b>         | <b>20 (63%)</b>              | <b>7 (22%)</b>    | <b>1 (3%)</b> | <b>4 (12%)</b> | <b>24 (75%)</b>  |

## 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.                                   |

### Assignment: Purchasing and Creditors (4.23/24)

**Original management action / priority** The duplicate suppliers identified in our testing will be addressed and rectified. The MCA will implement processes to ensure that new suppliers with duplicate information are not added to the ledger, and to ensure that suppliers changing trading names does not lead to duplications.  
*Priority: Medium*

**Audit finding / status** From discussion with the Financial Services Manager we confirmed that the duplicate suppliers previously identified will be rectified as part of the organisations year end process. The Financial Services Manager confirmed they have the ability to identify a duplicate supplier and however noted that where there are outstanding items the supplier cannot be deleted. As part of the year end process where outstanding items on the account are cleared for the new financial year the duplicate suppliers will be rectified.  
*3 – The action has not yet been implemented.*

**Management Action 6** The duplicate suppliers identified in our testing will be addressed and rectified. The MCA will implement processes to ensure that new suppliers with duplicate information are not added to the ledger, and to ensure that suppliers changing trading names does not lead to duplications.

**Responsible Owner:** Financial Services Manager  
**Date:** 30 April 2024  
**Priority:** **Medium**

*Management Comment: This was implemented during April in line with the year-end timetable.*

## Assignment: Asset Management

**Original management action / priority** The Asset Management Plan will be approved and made available to relevant staff.  
*Priority: Low*

**Audit finding / status** From discussion with the Head of Facilities and Asset Management they confirmed that the Asset Management Plan had not yet been approved and was still in draft. In the previous review the draft plan was obtained, we noted that at this time the file version was 1.2 and dated 21 July 2023. We have obtained the most recent copy of the plan noting version number 1.3 and dated 27 September 2023.

The Executive Director of Resources and Investment informed us the plan was pending approval, and expected the approval to be in place by the end of March 2024. They noted that while the action was due to be implemented for 31 December 2023, the proposed integration of the Office for Police and Crime Commission and moving of their officers to SYMCA Headquarters had delayed progress on this action.

As the Strategic Asset Management Plan has not yet been approved and made available to staff, we have marked the action as ongoing and partly complete.

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

| <b>Management Action 7</b> | The Asset Management Plan will be approved and made available to relevant staff. | <b>Responsible Owner:</b>               | <b>Date:</b> | <b>Priority:</b> |
|----------------------------|--|---|--------------|------------------|
|                            |  | Head of Facilities and Asset Management | 1 April 2024 | <b>Low</b>       |

## Assignment: Supplier Resilience

**Original management action / priority** The Business Continuity Plans will be completed, approved and made available to key stakeholders.  
*Priority: Medium*

**Audit finding / status** From discussions with the Head of Governance they noted that Business Continuity Plans had not yet been completed, approved and made available. From our testing of other actions we have reviewed various Business Impact Analyses that will be used to inform the Business Continuity Plans however at this stage the plans are not completed and approved. The Head of Governance noted that various changes to the organisation since the last review and pending changes for this year have taken priority over the implementation of these plans and agreed the action was not closed.  
*2 – The action has been partly though not yet fully implemented.*

|                            |   |   |                              |                                   |
|----------------------------|---|---|------------------------------|-----------------------------------|
| <b>Management Action 8</b> | The Business Continuity Plans will be completed, approved and made available to key stakeholders. | <b>Responsible Owner:</b><br>Head of Governance | <b>Date:</b><br>31 July 2024 | <b>Priority:</b><br><b>Medium</b> |
|----------------------------|---|---|------------------------------|-----------------------------------|

## 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   |
|----------------------------|--|
| Bus Data Quality (1.23/24) | <b>Status: Implemented</b><br>The MCA will recommence its validation checks which had been postponed as a result of resource shortfalls during Covid-19.<br><i>Priority: Low</i>   |
|                            | <b>Status: Implemented</b><br>The Tendered Services Team will consider splitting out cost elements within the tender invitations, to obtain more detailed information from operators and to allow for more analysis of what is driving operator route costs. The MCA will also investigate whether it can assess potential operators on quality and performance whilst complying with legal restrictions.<br>Management Comment: I am confident that we will get the same answer from legal and procurement on this one so not sure there is value asking the same question again. I would personally be very happy if prior performance could be taken in to account.<br><i>Priority: Low</i> |
|                            | <b>Status: Implemented</b><br>The MCA will perform a formal gap analysis on its current data available in relation to bus operation. Stakeholders such as the Tendered Services and Concessions Teams will feed in data they would benefit from, and the analysis will include what data can realistically be obtained.<br><i>Priority: Low</i>  |
|                            | <b>Status: Implemented</b><br>The MCA will consider whether it would benefit from recording the discussions being held at the Concessions and Tendered Services Steering Group, either through minuted meetings or through maintenance of an action tracker or similar document.<br><i>Priority: Low</i>   |
|                            | <b>Status: Implemented</b><br>The MCA will review the methodology used to identify whether a minimum cost or minimum subsidy contract is more cost effective.  |



| Assignment title                                     | Management actions   |
|--|--|
|  | <p>The MCA will ensure that both Tendered Services and the Concessions Teams are involved in the decision making process and that the decision will be formally agreed and will utilise available data to evaluate the effects of expected concessions expenditure on the overall cost of the contract.</p> <p><i>Priority: Medium</i></p>   |
|  | <p><b>Status: Implemented</b></p> <p>The MCA will review and update the methodology for deciding whether to take routes out to tender, to ensure that it is utilising the most relevant available data. The methodology will be documented and regularly reviewed in the future in line with an agreed frequency (i.e. minimum annually) to ensure that it remains up to date and reflective of the data available to the MCA.</p> <p><i>Priority: Medium</i></p>  |
|  | <p><b>Status: Implemented</b></p> <p>The MCA will implement improved performance monitoring for tendered services contracts to identify underperformance. Actions will be agreed to address underperformance, recover costs and apply appropriate financial penalties and to improve the quality of the service offered by the network.</p> <p>Management Comment: As of 12 December 2023 we have started to apply financial penalties in line with contract obligations</p> <p><i>Priority: Medium</i></p>                                      |
|  | <p><b>Status: Implemented</b></p> <p>The MCA will consider implementing combination of data sources to identify instances where routes have reduced concessions income, lowered passenger numbers or other indicators which may lead to increased risk of routes being withdrawn by operators. Such a data set may also be used to assess the commercial viability of existing contracted routes, to drive discussions as to when a minimum subsidy might no longer be necessary to maintain a particular route.</p> <p><i>Priority: Low</i></p> |
| <p><b>Purchasing and Creditors<br/>(4.23/24)</b></p> | <p><b>Status: Implemented</b></p> <p>The MCA will create documented financial procedures for all elements of the purchasing process. These will be regularly reviewed to ensure that they remain up to date.</p> <p><i>Priority: Low</i></p>   |

| Assignment title  | Management actions  |
|---|---|
|   | <p><b>Status: Implemented</b></p> <p>The MCA will investigate the ability to implement named administrator accounts, to ensure that changes made by these accounts are able to be traced back to individual users.</p> <p><i>Priority: Low</i></p> <hr/> <p><b>Status: Implemented</b></p> <p>The MCA will develop a process to ensure that approvals for payments not managed within ARM are consistently retained.</p> <p><i>Priority: Low</i></p> <hr/> <p><b>Status: Implemented</b></p> <p>The MCA will ensure that delegated authority limits within ARM have been applied to Capital Expenditure Ledger codes.</p> <p><i>Priority: Low</i></p>   |
| <p><b>Tram Services Progress Health check and Health and Safety Framework (5.23/24)</b></p> | <p><b>Status: Superseded (due to Tram now being brought back in house)</b></p> <p>A clear reporting structure for the Concession End Team will be established, ensuring that project risks and progress are consistently reported across all stakeholder groups.</p> <p>Clear terms of reference for relevant governance forums will also be documented and reviewed to ensure they remain reflective of any changes made to the Forum's role.</p> <p><i>Priority: Low</i></p> <hr/> <p><b>Status: Superseded (due to Tram now being brought back in house)</b></p> <p>The Concession End Team will continue its implementation of the product checklist, to ensure that product outputs are appropriately scrutinised prior to approval, and that Mobilisation Plan steps are completed to a suitable quality and standard. The effectiveness of the checklist will be reviewed as part of the next project stage assessment. The Concession End Team will continue to review the tasks within the Mobilisation Plan, and will ensure that the dates and the completion status are accurate. Any errors identified will be rectified and the subsequent effects of these will be reviewed.</p> <p>In the event of significant changes to the Mobilisation Plan, the rationale behind these changes will be discussed and recorded at the weekly Concession End Meeting. and any effect on the Critical Path and subsequent tasks across all workstreams will be identified to ensure that all workstreams are aware of these changes.</p> <p><i>Priority: Medium</i></p> |

| Assignment title                 | Management actions  |
|----------------------------------|---|
|                                  | <p><b>Status: Superseded (due to Tram now being brought back in house)</b><br/>           The Concession End Team will develop an agreed definition of its key milestones, based on the project Mobilisation Plan. This agreed list will be used to ensure that milestones are reported consistently, and all milestones have their progress reported to at least one governance forum.<br/> <i>Priority: Low</i></p> <hr/> <p><b>Status: Implemented</b><br/>           The Concession End Team will consider introducing a standing agenda item at each meeting to review and scrutinise the actions agreed at previous meetings to ensure progress is being monitored.<br/> <i>Priority: Low</i></p> <hr/> <p><b>Status: Superseded (due to Tram now being brought back in house)</b><br/>           The MCA will ensure that all milestones are reported with accurate terminology to reduce risk of confusion.<br/> <i>Priority: Low</i></p> |
| <b>Risk Management (6.23/24)</b> | <p><b>Status: Implemented</b><br/>           Training should be enhanced and additional materials provided for key staff regarding the use of 4Risk system in managing and reporting risk.<br/> <i>Priority: Low</i></p>  |

# 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 South Yorkshire Mayoral Combined Authority (SYMCA) manages the following area:

### Objective of the audit

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

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### Areas for consideration:

As part of the approved internal audit periodic plan for 2023/24, we will review all management actions due for completion or completed as at 29 February 2024. These include actions from the following reports:

- Cyber Risk Assessment;
- Bus Data Quality;
- Purchasing and Creditors;
- Tram Services Progress Health check and Health and Safety Framework;
- Follow Up (Risk Management, Supplier Resilience, Asset Management Follow Up).

### Limitations to the scope of the audit assignment:

- The review will only cover audit recommendations previously made, and we will not review the whole control framework. Therefore, we will not provide assurance on the entire risk and control framework.
- We will ascertain the status of recommendations through discussion with management and review of the recommendation tracking.
- Where the indication is that recommendations have been implemented, we will undertake limited testing to confirm this.
- Where testing has been undertaken, our samples will be selected over the period since actions were implemented or controls enhanced.
- Our work does not provide any guarantee or absolute assurance against material and/or other errors, loss or fraud.

|                                     |                              |                                |  |
|-------------------------------------|------------------------------|--------------------------------|--|
| <b>Debrief held</b>                 | 15 March 2024                | <b>Internal audit Contacts</b> | Rob Barnett, Head of Internal Audit        |
| <b>Draft report issued</b>          | 26 March 2024                |                                | Anna Mullen, Associate Director            |
| <b>Responses received</b>           | 20 May 2024                  |                                | Aaron Macdonald, Manager                   |
| <b>Final report issued</b>          | 20 May 2024                  |                                | Stephanie Alexander, Senior Auditor        |
| <b>Revised final reports issued</b> | 14 June 2024 and 1 July 2024 |                                | Ross Clarke, Internal Auditor              |
|                                     |                              | <b>Client sponsor</b>          | Claire James, Head of Corporate Governance |
|                                     |                              | <b>Distribution</b>            | Claire James, Head of Corporate Governance |

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