

SCR - AUDIT AND STANDARDS COMMITTEE

MINUTES OF THE MEETING HELD ON:

THURSDAY, 16 JULY 2020 AT 3.00 PM

VIRTUAL MEETING



Present:

Councillor Allan Jones (Chair)	Doncaster MBC
Rhys Jarvis (Vice-Chair)	(Independent Member)
Councillor Ian Auckland	Sheffield City Council
Councillor Jeff Ennis	Barnsley MBC
Angela Marshall	(Independent Member)
Councillor Ken Richardson	Barnsley MBC
Councillor Austen White	Doncaster MBC
Councillor Ken Wyatt	Rotherham MBC

Officers in Attendance:

Dr Dave Smith	Chief Executive	SCR Executive Team
Gareth Sutton	Chief Finance Officer	Officer/S73 SCR Executive Team
Steve Davenport	Principal Solicitor & Monitoring Officer	SCR Executive Team/SYPTE
Claire James	Senior Governance & Compliance Manager	SCR Executive Team
Daniel Wright	Head of Communications & Marketing	Sheffield City Region Executive Team

In Attendance

Dan Spiller	External Audit
Lisa Mackenzie	Internal Audit
Gillian Richards (Minute Taker)	

Apologies:

Councillor Josie Paszek	Sheffield City Council
Stephen Clark	External Audit
Andrew Smith	Internal Audit
Dr Ruth Adams	SCR Executive Team
Mike Thomas	SCR Executive Team

1 Welcome and Apologies

The Chair welcomed everyone to the meeting.

There were no apologies.

2 **Urgent Items/Announcements**

None.

3 **Items to be Considered in the Absence of Public and Press**

None.

4 **Declarations of Interest by any Members**

None.

5 **Reports from and Questions by Members**

None.

6 **Questions from Members of the Public**

None.

7 **Minutes and Actions of the Previous Meeting held on 11th June 2020**

The Chair commented that there wasn't a list of actions from the previous meeting within the pack. C James replied that she would ensure the paper was included in the future.

With regard to minute 14 and the extra days that were needed to certify and sign off the DfT's Light Rail Recovery grant claims, A Marshall commented that there had been a discussion at the last meeting around this and the Committee had been of the opinion that days already allocated for audit work should not be used for this, additional days should be added to the Audit plan and paid for by the DfT.

RESOLVED – That the minutes of the meeting held on 11 June 2020 be agreed as an accurate record.

8 **External Audit Progress Update**

G Sutton reminded Members that it had been the intention to bring the final accounts to the meeting for approval. Unfortunately this had not been possible as the South Yorkshire Pension Fund audit had not been completed and therefore EY could not complete the audit of the MCA and PTE's accounts. This was because the actuarial assumptions calculated earlier in the year could not be used due to major movements in the stock market caused by the effects of the Covid 19 pandemic.

It was proposed to hold a special meeting of the Committee, likely to be 3rd September, to review the external auditor's final set of findings and to endorse the audited statement of accounts for approval by the MCA on 21st September.

D Spiller informed the Committee that, subject to the satisfactory completion of several outstanding items which were listed within the report, it was expected that an unqualified opinion on the financial statements would be issued.

Two adjustments had been identified and these had both been agreed by management.

RESOLVED – That the Committee:

- i) Note the external audit progress update.
- ii) Endorse the proposal to convene a special meeting of the Audit and Standards Committee by early September in order to review the external auditor's final set of findings and to endorse the audited statement of accounts for approval by the MCA on 21st September 2020.

9 Internal Audit Progress Report

A report was submitted which provided an update on the progress of the 2020/21 Group Internal Audit Plan.

L Mackenzie informed the Committee that the Audit Plan was put together before Covid 19 and this was the plan that progress was being tracked against. The plan would be kept under review quarterly to ensure that it was still relevant.

With regard to the additional work required to sign off the Light Rail Recovery Grants, it was noted that the DfT had commissioned their own auditors nationally to carry out that work.

There was a possibility that two extra days may still be required to certify the grant.

Members noted that 5 of the 79 days in respect of the MCA reviews had been completed and also a total of 24 of the 272 days in the joint audit plan. A full detailed breakdown of these was contained within the report.

A Marshall questioned when the Committee would see the Core Financial Controls report; this was in the report as completed but not in the pack.

L Mackenzie confirmed that the report had been completed and had been sent to officers for a management response which was still awaited.

In response to a question from Cllr Richardson, G Sutton confirmed that he would enquire as to why a response had not been received and report back to the Committee by email as soon as possible.

RESOLVED – That the Audit and Standards Committee note the progress of 2020/21 audit activity undertaken by Grant Thornton for:

- Joint SCR & SYPTE audits.
- SCR MCA audits.

SYPTE audits.

10 **Internal Audit Report - Governance**

L Mackenzie presented a report which detailed the outcome of a review of the governance across the MCA and the SYPTE.

The objective of the review had been to provide an independent assessment of the design and operational effectiveness of the organisations' Governance Arrangements.

The review had focused on the following potential risk areas:

- The inability to demonstrate good governance due to the lack of a Code of Corporate Governance, aligned to the key principles of good governance.
- Inadequate processes for receiving assurance of compliance with the Code of Corporate Governance which may lead to inappropriate decision making.
- Inadequate or unclear processes for the compilation of the Annual Governance Statement which may lead to non-compliance with statutory requirements.

The outcome had been positive with significant assurance with some improvements required.

There was one improvement point for the MCA which was regarding the frequency the Governance Improvement Action Plan was brought to the Audit and Standards Committee to provide assurance of the progress being made against the Plan. It had been agreed that the report would be brought to the Committee more often.

RESOLVED – That the report be noted.

11 **Internal Audit Recommendation Tracking Report**

The Committee considered a report which provided an overview of the status of internal audit recommendations that were due for implementation prior to the Audit and Standards Committee meeting. The report also identified the progress made in respect of the outstanding recommendations.

The Committee noted that currently there were 19 recommendations that had not reached their due date and 8 recommendations that had reached their due date, details of these 8 recommendations and progress made against them were contained within the report. Due to the disruption caused by Covid 19 it was intended to revise these dates after consultation with officers.

Members were informed that the electronic tracking system had now been implemented and was being rolled out to individual action owners. This would give officers access to Grant Thornton's system to enable them to update their actions themselves as progress was being made.

RESOLVED – That the report be noted.

12 **Internal Audit Annual Report**

The Committee considered the Internal Audit Annual Report which summarised the conclusions and key findings from internal audit work undertaken at SCR MCA during the year ended 31st March 2020 and included the Head of Internal Audit's overall opinion on SCR MCA's internal control system.

It was noted that seven Internal Audit reports had been issued during the year, these were detailed within the report. Of these, six had been issued with significant assurance with some improvement required opinions and one with partial assurance with improvement required opinion.

A Marshall commented that the Committee had only seen five of the reports, the Core Financial Controls and the Capital Programme reports had not been published and felt that this should have been reflected in the report.

L Mackenzie accepted the point and assured the Committee that although the reports had not yet been published the findings within the reports had been discussed with management and the recommendations had largely been agreed.

It was agreed that the reports would be circulated to Members as soon as possible.

It was noted that the Head of Internal Audit had given a significant assurance with some improvement required opinion to the overall adequacy and effectiveness of SCR MCA's framework of governance, risk management and control.

RESOLVED – That the Internal Audit Annual Report and Head of Internal Audit opinion be noted whilst recognising that there was still two outstanding reports to be presented to the Committee.

13 **Work Plan**

The Committee considered a draft SCR Audit and Standards Committee work plan for 2020/21.

Members noted that the proposed meeting on 3rd September had been included and that the Governance Improvement Plan and Risk Management had been added as standing items.

The Chair suggested that, as previously discussed, a combined meeting with the Overview and Scrutiny Committee should be arranged to discuss the findings of the Bus Review.

R Jarvis agreed noting that the Bus Review's recommendations would have significant implications with regard to the organisation and that the Committee needed to review this.

The bus network was currently being propped up by government at the moment and First Group had issued a profits warning last week. There was a clear risk that the Committee needed to take on board with regard to the running of the bus network in the future.

A Marshall commented that the PTE Audit Committee also had an interest in the Bus Review as one of the recommendations had been that the PTE should be disbanded and suggested that they should be included in a joint meeting. This was agreed.

It was agreed that the Committee should review how the MCA would take forward the recommendations contained within the Bus Review.

The Committee then discussed at length the challenges and risks facing the public transport network and the importance of having sight of emerging risks. D Smith agreed to provide the Committee with a regular briefing on emerging risks.

It was noted that the Risk Register would be a standing item on future agendas and this would provide the opportunity to discuss emerging risks.

A Marshall questioned when the revised Whistleblowing and Anti-Fraud and Money Laundering policies would be brought to the Committee.

C James commented that these would be scheduled as appropriate along with other policies which were currently being updated.

RESOLVED – That:

- i) The report be noted.
- ii) That officers look into the possibility of arranging a joint meeting with the Overview and Scrutiny Committee and the PTE Audit Committee to discuss how the MCA would take forward the recommendations contained within the Bus Review.

14 **Any other business**

None.

I, the undersigned, confirm that this is a true and accurate record of the meeting.

Signed

Name

Position

Date