

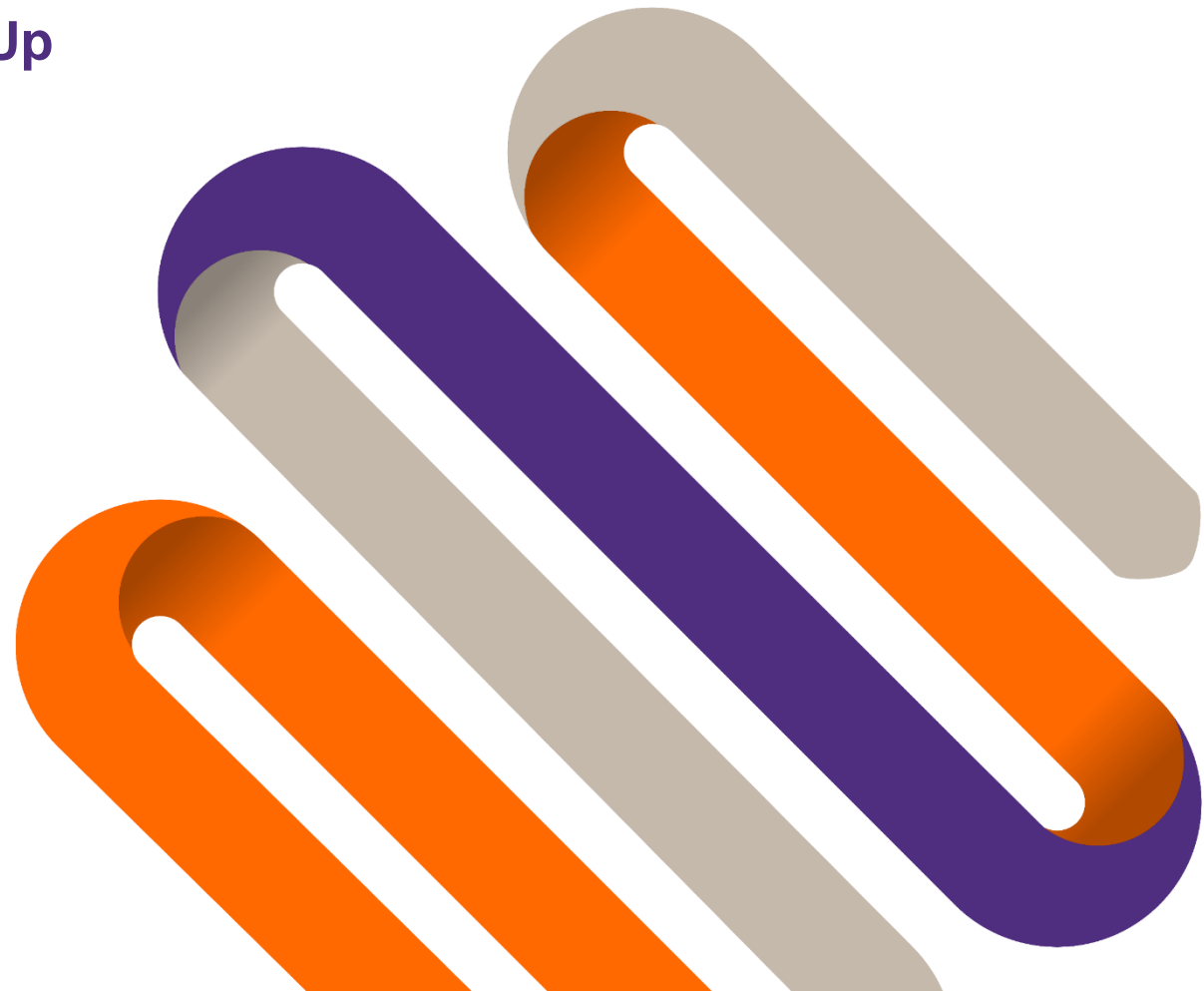
Sheffield City Region Mayoral Combined Authority (SCRMCA)

Programme Management - Follow-Up December 2020

Andrew Smith
Director
T: 0161 953 6900
E: andrew.j.smith@uk.gt.com

Lisa MacKenzie
Internal Audit Manager
T: 0121 232 5157
E: lisa.p.mackenzie@uk.gt.com

Rita Bhadhal
Internal Auditor
T: 0121 232 8792
E: rita.bhadhal@uk.gt.com



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Report distribution:

For Information:

- Dave Smith, Managing Director
- Ruth Adams, Deputy Managing Director
- Steve Davenport, Monitoring Officer
- Gareth Sutton, Group Finance Director
- Mike Thomas, Deputy Section 73 Officer
- Claire James, Senior Governance & Compliance Officer

For action:

- Carl Howard, Senior Programme Manager

Responsible Executive:

- Sue Sykes, Assistant Director, Programme and Performance Unit

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It is the responsibility solely of the organisations' management and directors to ensure there are adequate arrangements in place in relation to risk management, governance, control and value for money.

Executive Summary

Background

Programme management is the coordinated management of a portfolio of projects to achieve a set of business objectives. There are the four stages in programme management:

- Programme identification
- Programme planning
- Programme delivery
- Programme closure

Sheffield City Region Mayoral Combined Authority's (SCRMCA) Programme Management function was previously split into two functions which were merged to form the Programme Performance Unit, where the end to end Programme Management Cycle is now completed.

Programmes are funded via successful bids for funding through a number of key funding streams including the Local Growth Fund, Department for Transport and Transforming Cities etc. The programmes are delivered via a number of related projects. Each project is allocated a Project Manager and supported by a project team.

A review of programme management arrangements was undertaken and a report issued in February 2020. A Significant Assurance opinion was reported with two low risk actions agreed. We agreed to undertake a follow-up piece of work, focussing on the Transforming Cities Fund, to determine how the issues and actions raised in this report were addressed.

Objectives

The objective of our review was to provide an independent assessment of the extent to which the agreed actions have been implemented. We selected the Transforming Cities Grant Fund to test compliance.

We achieved this objective by:

- interviewing key staff to gain an understanding of the actions agreed and progress of implementation.
- reviewing key documentary evidence and information.
- where appropriate, re-testing the operational effectiveness of key processes and controls.

Limitations in scope

Please note that our conclusion and opinion is limited by scope. It is limited to the areas outlined above. Other risks exist in this process which our review and therefore our conclusion has not considered.

Where sample testing has been undertaken, our findings and conclusions are limited to the items selected for testing. In addition, our assurance on the completeness of the declarations recorded in the register of interest is limited to the findings from our sample testing.

This report does not constitute an assurance engagement as set out under ISAE 3000.

Executive Summary

Conclusion

Significant assurance with some improvement required

We can provide significant assurance in respect of the progress being made to implement the two actions identified by the February 2020 audit.

One low risk action has now been implemented and one low risk action is ongoing. The ongoing action relates to ensuring that the Assurance Framework reflects the different project monitoring routes. Our opinion reflects that the ongoing area is not fundamental to and does not significantly affect the programme management control environment.

Progress

One action had been addressed;

- Signed business cases or application forms as applicable were available for the sample of four projects selected for testing.

Ongoing Action

One action is ongoing;

- The Assurance Framework has been revised in 2020 noted that the project approval section of the framework detailed different process streams depending on project risk / value. However, the monitoring section of the framework does not reflect

Summary of Progress

The table below summarises the progress made; more detail can be found at Appendix 1.

Risk	Actioned	Ongoing	Outstanding	Rejected
Low	1	1	-	-

Acknowledgement

We would like to take this opportunity to thank your staff for their co-operation during this internal audit.

Follow-Up Findings

R1	Low	<p>Original finding</p> <p>As part of the Assurance Programme investment appraisal process, a Strategic Business Case, Outline Business Case (OBC) and Full Business Case (FBC) is developed and presented for proportionate appraisal to assess the merits of the application, its strategic fit and value for money. During our detailed testing of a sample of projects which are currently in progress it was noted that the final version of the Business cases, signed and dated by all parties, was not always held on file by SCRMCA. It is accepted that SCRMCA are chasing up receipt of these documents.</p>	Actioned																									
		<p>Recommendation</p> <p>SCRMCA to use best endeavours to ensure that all final signed documents are held on file.</p>																										
		<p>Responsible officer</p> <p>Senior Programme Manager</p>																										
		<p>Follow-up findings</p> <p>We selected a sample of four projects from the Transforming Cities Fund (TCF) for review:</p>																										
		<table border="1"> <thead> <tr> <th>Project</th> <th>Project Total</th> <th>Scheme Total</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td colspan="4">Tranche One</td> </tr> <tr> <td>Sheffield City Centre West Cycle Route</td> <td>£753,000</td> <td>£3,370,000</td> <td>In Delivery</td> </tr> <tr> <td>Rotherham Package extension: Additional 200m of shared cycleway</td> <td>£70,000</td> <td>£1, 710,000</td> <td>Pending variation</td> </tr> <tr> <td>Doncaster South East Active Travel Package</td> <td>£480,000</td> <td>£1,580,000</td> <td>In Delivery</td> </tr> <tr> <td colspan="4">Tranche Two</td> </tr> <tr> <td>Doncaster / Doncaster Sheffield Airport / lport</td> <td>-</td> <td>£5,648,290</td> <td>In Contracting</td> </tr> </tbody> </table>		Project	Project Total	Scheme Total	Status	Tranche One				Sheffield City Centre West Cycle Route	£753,000	£3,370,000	In Delivery	Rotherham Package extension: Additional 200m of shared cycleway	£70,000	£1, 710,000	Pending variation	Doncaster South East Active Travel Package	£480,000	£1,580,000	In Delivery	Tranche Two				Doncaster / Doncaster Sheffield Airport / lport
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Doncaster / Doncaster Sheffield Airport / lport	-	£5,648,290	In Contracting																									
		<p>We were provided with appropriately signed and dated Outline Business Cases for the tranche two project and the Standard Department for Transport (DfT) Funding application Forms (FAF) for the tranche one projects.</p>																										

Follow-Up Findings

Follow-up findings, Continued

R1

Low

- Our review of the documentation provided by the Senior Programme Manager for the schemes which these projects are part of, included the funding application form and the outline business case (OBC). We identified that:
 - A standard Department for Transport (DfT) Funding application Form (FAF) and Active Mode Appraisal Toolkit (AMAT) supported the three tranche one projects. The DfT hold the tranche one budget and SCR bids follow the DfT application process.
 - The FAFs for all the tranche one schemes were signed by the Director of Programme Commissioning as the responsible officer and by the Senior Finance Manager / S151 Officer. Although the sign-offs were not dated (this is not required on the form), we confirmed the date of submission to DfT.
 - The FAF for the Sheffield City Centre West Cycle Route scheme included a standard governance flowchart detailing the SCR approval process.
 - We were provided with the change form for the Rotherham Package extension: Additional 200m of shared cycleway project; we noted that approval by the appraisal panel was recorded on the form and confirmed that the request was approved by the DfT.
 - The business case for the tranche two, Doncaster / Doncaster Sheffield Airport / Iport project was signed by the Director of Customer Services and the Senior Finance Manager. Tranche two funding is awarded to SCR and the authority assess applications and agrees any changes.
 - The business case included project governance and organisations charts.
 - We confirmed that a paper was submitted to the MCA Board in November 2020 for approval of the Iport project in line with assurance framework requirements.
- We noted the following findings which we have assessed as 'Improvement Points' as opposed to formal recommendations, and as such do not require a management response or formal follow up response:
 - The standard governance flowchart detailing the SCR approval process does not include monetary limits or risk categories and the different approval routes determined by these factors, the action at R2 will address this.
 - No governance flowchart formed part of the funding application for two of the tranche one schemes in our sample. The Authority should include a governance flowchart or governance framework as part of the documentation supporting each project.

Follow-Up Findings

R2	Low	<p>Original finding</p> <p>With regards to the programme monitoring arrangements in place, the current assurance framework is not consistently applied to all funding streams. There are two processes dependent on whether SCRMCA is applying for and receiving money or whether they are assessing individual bids which are applying for funding they administer. The LGF forms, process and Assurance Framework is the starting point for any new funds (other than LGF) they receive, but there are some tweaks in individual cases dependent on several factors such as scale of the funding pot, timescales or Government requirements for example. This is particularly true for small scale Programmes such as OPE where monitoring processes are commensurate with the amount of funding granted.</p> <p>As part of the plan to have a single pot of devolution monies SCRMCA is exploring how they can better bring together several different funding streams and standardise existing processes, so that the current Assurance Framework fully applies to all funds received. This would help ensure clarity over the required approval/monitoring processes required for each funding stream.</p>	<p>Ongoing</p> <p>Revised Implementation Date: 31 March 2021</p> <p>Responsible Officer: Carl Howard, Senior programme Manager</p> <p>Executive Lead: Sue Sykes, Assistant Director, Programme and Performance Unit</p>
		<p>Recommendation</p> <p>SCRMCA should further develop the Assurance Framework to enable the programme monitoring approach to be proportionate to the level of risk.</p>	
		<p>Responsible officer</p> <p>Senior Programme Manager</p>	
		<p>Follow up findings</p> <p>We note that projects currently continue to be funded from different sources and monitoring arrangements are aligned to the fund requirements. However, the monitoring section of the revised Assurance Framework, (effective from 1st April 2020) does not set out an approach which guides projects through different monitoring arrangements or streams depending on the funding source, value or risk of a project. It was agreed with the Senior Programme Manager that more detail would be added to the next revision of the Assurance Framework.</p>	

Follow-Up Findings

Follow-up Findings, Continued

R2

Low

- We reviewed the revised Assurance Framework 2020 and noted that, in a change from the previous framework, monetary value has been used to direct projects into different streams as part of the decision-making process. Projects under £500,000 are only required to have a Business Justification Case rather than OBC / FBC. Projects under £2 million are approved by the Thematic Board and those over £2 million are approved by the Mayoral Combined Authority Board. We also noted that the 2020 Assurance Framework applies to all new funding regimes, funding bids and projects and for continuity the 2019 Assurance Framework approval regime continued to be applied to existing projects.
- The tranche one projects we sampled were approved prior to the 2020 Assurance Framework.
- We confirmed that a paper requesting MCA Board approval of the tranche two project, Doncaster / Doncaster Sheffield Airport / Iport was presented at the November 2020 meeting and this is in accordance with the Assurance Framework as this project is over £2m.
- We noted that monitoring arrangements are detailed in the Project Lifecycle schedule and include monthly / quarterly progress meetings, completion of Project Delivery Sheets (PDS), performance reporting including a dashboard and spend profile, and updates to the thematic Board. We identified that these were in place for the tranche one projects we sampled;
 - Review of the Transportation Board (now the Transport and Environment Board) September 2020 meeting confirmed that an update on the progress of the TCF was presented. The report highlighted that the programme is at risk of significant under performance due to scheme promoters seeking to move project spend towards the end of the programme; this could result in a risk of considerable grant being returned to the DfT. The report advised of the mitigating action being taken and the intention to carry out a review of the programme. The revised programme was to have been discussed at the October Transport Board meeting but this meeting was cancelled and the next opportunity will now be at the January 2021 meeting.
 - The report included a programme summary, the performance dashboard and a rag-rated risk log which noted the underperformance risk above. The minutes of the September 2020 Transport Board confirmed discussion of mitigating actions and escalation to the MCA Board if these did not yield results.
 - We were provided minutes of progress meetings between the SCR and project partners to update the PDS and performance reports.
- We acknowledge that the reporting to the Transport Board has not been as regular in 2020 due to COVID-19 resulting in a number of meeting cancellations.
- We noted that a progress update was provided to DfT in January 2020 when completion of tranche one projects was delayed.

Appendices

Appendix 1 - Our assurance levels

The table below shows the levels of assurance we provide and guidelines for how these are arrived at. We always exercise professional judgement in determining assignment assurance levels, reflective of the circumstances of each individual assignment.

Rating	Description
Significant assurance	<p>Overall, we have concluded that, in the areas examined, the risk management activities and controls are suitably designed to achieve the risk management objectives required by management.</p> <p>These activities and controls were operating with sufficient effectiveness to provide significant assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by no weaknesses in design or operation of controls and only IMPROVEMENT recommendations.</p>
Significant assurance with some improvement required	<p>Overall, we have concluded that in the areas examined, there are only minor weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management.</p> <p>Those activities and controls that we examined were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by minor weaknesses in design or operation of controls and only LOW rated recommendations.</p>
Partial assurance with improvement required	<p>Overall, we have concluded that, in the areas examined, there are some moderate weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management.</p> <p>Those activities and controls that we examined were operating with sufficient effectiveness to provide partial assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by moderate weaknesses in design or operation of controls and one or more MEDIUM or HIGH rated recommendations.</p>
No assurance	<p>Overall, we have concluded that, in the areas examined, the risk management activities and controls are not suitably designed to achieve the risk management objectives required by management.</p> <p>Those activities and controls that we examined were not operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review</p> <p>Might be indicated by significant weaknesses in design or operation of controls and several HIGH rated recommendations.</p>

Appendix 1 - Our assurance levels (cont'd)

The table below describes how we grade our audit recommendations.

Rating	Description	Possible features
High	Findings that are fundamental to the management of risk in the business area, representing a weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> ▪ Key activity or control not designed or operating effectively ▪ Potential for fraud identified ▪ Non-compliance with key procedures / standards ▪ Non-compliance with regulation
Medium	Findings that are important to the management of risk in the business area, representing a moderate weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> ▪ Important activity or control not designed or operating effectively ▪ Impact is contained within the department and compensating controls would detect errors ▪ Possibility for fraud exists ▪ Control failures identified but not in key controls ▪ Non-compliance with procedures / standards (but not resulting in key control failure)
Low	Findings that identify non-compliance with established procedures, or which identify changes that could improve the efficiency and/or effectiveness of the activity or control but which are not vital to the management of risk in the business area.	<ul style="list-style-type: none"> ▪ Minor control design or operational weakness ▪ Minor non-compliance with procedures / standards
Improvement	Items requiring no action but which may be of interest to management or which represent best practice advice	<ul style="list-style-type: none"> ▪ Information for management ▪ Control operating but not necessarily in accordance with best practice



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