



# Internal Audit Progress Report

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Sheffield City Region Mayoral Combined Authority

March 2021



# Introduction & headlines

## Purpose

This report provides an update on progress to date against the 2020/21 internal audit plan. We have delivered 39 of the 55 days in respect of the MCA reviews, this is equivalent to 71%. We have delivered a total of 160 days of the 272 days in the joint audit plan which is equivalent to 59% overall. A breakdown can be found at pages 3 and 4. There are a number of proposed changes to the plan for Audit and Standard's Committee consideration, including the re-allocation of contingency days.

## Final reports issued

We have finalised one audit report since the last Audit Committee meeting. A copy of the report is attached with the agenda papers:

Audit Completed	Overall Assurance Level
AMP Technology Centre	Partial assurance with improvement required

Our assurance levels are shown at appendix 1.

## Work in progress

The fieldwork in respect of the high level review of compliance with contract standing orders is now complete and the findings discussed with the Deputy Chief Executive.

Fieldwork is in progress in respect of the following reviews:

- Core Financial Controls
- Risk Management
- Governance
- Procurement
- Adult Education Budget (AEB)
- Travel and Expense Claims

## Resourcing

We confirm that we have sufficient internal audit team members available to deliver the internal audit plan on time. We will flex the plan where needed for emerging priorities and to accommodate timescales requested by management.

## Changes to the audit plan since the last meeting

Due to the outbreak of COVID-19 and the uncertainty of its impact, we have continued to keep the audit plan under review. Subsequently a number of changes have been made resulting in an additional 38 days being moved to the Contingency budget, increasing the total balance to 63 days.

It is proposed to utilise these days to carry out the following reviews:

- The scope of the AEB review has now been discussed and agreed. The scope is wider than the original readiness checklist review and will therefore require additional resource. It is proposed to transfer 10 days from the contingency budget to cover this additional work.
- In light of Covid-19, the Department for Transport have made available additional grant funding. We propose to transfer five days from the contingency budget to carry out sample testing in respect of the LTA CBSSG restart grant.
- To carry out an advisory review of the organisations' IT service and systems. This review will also incorporate the review of Back Office Systems. Scoping around the arrangements, work requirements and allocation of days are being discussed with management.
- To carry out a high level review of the design effectiveness of the Project Management Governance arrangements in place to support the integration of the MCA and the PTE. Scoping around the arrangements, work requirements and allocation of days are being discussed with management.

## Head of Internal Audit opinion

In the Head of Internal Audit opinion, we comment on the implementation of audit recommendations. This year we have observed greater delays in the implementation of audit recommendations, which can be seen from the recommendation tracker. In many cases, this is due to the impact of Covid-19 on management capacity. This observation will be reflected in our annual opinion this year. We will consider the impact of this issue on our overall conclusion on the Authority's system of internal control later in the year.

# Progress against 2020/21 Internal Audit Plan

Audit	Planned days	Start date	Scope meeting held	APB agreed	Fieldwork started	Fieldwork completed	Debrief held	Draft report sent	Mgt response received	Final report sent	Days used
<b>Annual Reviews for HOIA opinion and Joint Authority Audits</b>											
Core financial controls	30	Quarter 3									21
Risk Management	12	Quarter 4									2
Governance	12	Quarter 4									2
Procurement	18	Quarter 4									9
Public Engagement and Consultation	12	Quarter 1									12
IT Advisory Review, incorporating Back Office Systems	Currently Scoping	Quarter 4									2
Integration - Project Management Governance	Currently Scoping	Quarter 4									0
Follow up of recommendations	10	Ongoing									10
Attendance at Audit Committee & other client meetings	25	Ongoing									23
<b>Sub-total</b>	<b>119</b>										<b>81</b>

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<b>Sheffield City Region Mayoral Combined Authority</b>											
Grant Claims: • Growth Hub • Local Transport Capital Funding	8	Quarter 1/2									8
Adult Education Budget	18	Quarter 4									6
AMP Technology Centre	13	Quarter 2									13
Programme Management – Follow up	4	Quarter 2									4
Travel and Expense Claims	12	Quarter 3									8
<b>Sub-total</b>	<b>55</b>										<b>39</b>
<b>South Yorkshire Passenger Transport Executive</b>	<b>50</b>										<b>40</b>
<b>Contingency</b>	<b>48</b>										<b>0</b>
<b>Total Plan</b>	<b>272</b>										<b>160</b>

# 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
<b>Significant assurance</b>	<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>
<b>Significant assurance with some improvement required</b>	<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>
<b>Partial assurance with improvement required</b>	<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>
<b>No assurance</b>	<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>

