

Annual Governance Statement 2018-19

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1.	Introduction
	<p>What is the Annual Governance Statement?</p> <p>The Accounts and Audit Regulations 2015 requires Combined Authorities to prepare an annual governance statement in order to report publicly on the extent to which they comply with their own code of governance, which, in turn, is consistent with good governance principles. This statement includes how the effectiveness of Mayoral Combined Authority governance arrangements have been reviewed during the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework.</p> <p>What do we mean by Governance?</p> <p>By governance, we mean the arrangements that are put in place to ensure that intended outcomes are defined and achieved. The Governance Framework comprises the systems and processes, cultures and values, by which the Sheffield City Region (SCR) Mayoral Combined Authority (MCA) directs and controls the activities it is accountable for. Good governance is about making sure the Mayoral Combined Authority does the right things, in the right way for the right people, in a timely inclusive, open, honest and accountable manner.</p> <p>The MCA acknowledges that good governance arrangements are the basis upon which it is able to establish policies and ultimately the efficient delivery of its programme of work within the City Region. For good governance to be truly effective it must be robust yet permissive and be able to be adapted to changing circumstances. Public bodies such as the MCA must be responsive to developments in services, public expectations and the actions of other stakeholders.</p>
2.	Scope of Responsibility
	<p>The MCA is responsible for ensuring that its business is conducted in accordance with law and that proper standards of governance are employed; that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (value for money).</p> <p>In discharging this overall responsibility, the MCA is responsible for establishing proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions including arrangements for the management of risk.</p>
3.	About Sheffield City Region Mayoral Combined Authority and Local Enterprise Partnership
	<p>Role and Structure</p> <p>Local Enterprise Partnership (LEP)</p> <p>LEPs are private sector led voluntary partnerships between the private and public sector set up in 2010 by the Department of Business Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within the local area.</p> <p>The LEP is the originator of economic policy within SCR and is author and custodian of the Strategic Economic Plan (SEP). Since 2015 the SCR LEP has entered into three growth deals with government to deliver programmes which deliver the vision of the SEP, increasing jobs, improving GVA and growing business density. The LEP are responsible for decision making on the direction of the Local Growth Fund (LGF) programme and the outcomes this funding delivers.</p> <p>The SCR MCA</p> <p>The Authority was established on the 1st April 2014. The MCA footprint reflects the economic geography of the SCR and the SCR MCA comprises the leaders and elected mayor (Doncaster) of each of the nine</p>

councils which constitute the body. The MCA has a distinct and separate role from each of the individual local authorities it is comprised of. The remit of the MCA is to coordinate and drive forward economic development and transport initiatives for the benefit of citizens and the business community within its boundaries.

The MCA Constitution and operating arrangements, approved by all nine member bodies, have been in place since April 2014. The Constitution sets out the powers and functions of the MCA, including financial procedures, Member Code of Conduct, the Scheme of Delegation to officers and arrangements for the operation of a scrutiny and audit committee function. The Scheme of Delegation provides for the day to day management and oversight of services provided by the Authority. These include the responsibilities of the Head of Paid Service, Clerk, Finance Director and Monitoring Officer. The MCA is also the accountable body for funds awarded to the LEP.

MCA Group

The MCA Group includes an operational subsidiary, the South Yorkshire Passenger Transport Executive (SYPTe). SYPTe is the operational transport arm of the Mayoral Combined Authority, tasked with delivering the South Yorkshire Transport Plan. Within the Group structure there is also a limited number of other subsidiaries including the SCR Interventions Holding Company which supports delivery of the LGF programme.

SCR Executive Team

The MCA and LEP are supported by a dedicated, independent Executive Team, who provide day-to-day support on policy, commissioning, project development, project appraisal, programme management and governance. Through close co-ordination with member authorities, Leaders and Chief Executives, the team pro-actively advances decision making processes for SCR.

Statutory Officers

The Statutory Officers of the Authority have delegated powers as set out in the Scheme of Delegation. This includes, but is not limited to, ensuring the effective leadership of the SCR Executive Team; ensuring good governance; monitoring operating and financial performance and agreeing SCR executive team budgets; providing overview and management of strategic risks.

4. Governance Review Activity

During 18/19 SCR has continued to ensure that robust and transparent governance arrangements, aligned to deliver SCR's programme of work efficiently and effectively are in place. A number of activities have taken place in year to review and strengthen governance further including:

The agreement of new governance arrangements for Thematic Boards

Detail to be developed.

Local Growth Fund Audit

Detail to be developed.

Annual Performance Review by Ministry of Housing, Communities and Local Government of compliance with the National Assurance Framework

Detail to be developed.

Annual Governance Review

SCR's Governance team has worked with the SCR Executive team to conduct an assessment of SCR's Governance Framework and compliance with SCR's Code of Corporate Governance, to gain assurance the effectiveness of current arrangements and to identify any opportunities for improvement. The outputs

from the Annual Governance Review process are summarised in annex A and have assisted in the preparation of this Annual Governance Statement and Governance Improvement Plan.

5. External Audit Recommendations 2017/18

The 2017/18 External Audit Report identified two areas for development and concluded that three of the five recommendations made in the 2016/17 audit had only been partially implemented and required further attention.

Table 1: Areas for development identified through the 2017/18 external audit

Area for development	Status
Given the delays in obtaining and consolidating data from November 2017 for SYITA Properties Ltd, we would recommend the Combined Authority further considers whether it has appropriate processes in place to both identify and account for instances where unusual accounting transactions may occur during the year and ensure they have appropriate resource in place to account for these according to statutory deadlines.	This specific issue was dealt with as part of the 17/18 audit. Potentially significant accounting issues arising in 18/19 are being considered through early engagement with the new auditors EY.
As part of any future changes to key financial systems the Council (and in turn the Combined Authority) should consider the impacts upon the control environment and the capacity of existing resource to maintain the control environment effectively.	This was a transitional issue which arose as a consequence of the new financial system being implemented. There are no further system changes planned at this stage and bank reconciliations are now being performed in a timely way. Lessons learnt regarding the impact on the control environment are to be built into any future plans.

Table 2: Outstanding recommendations from 2016/17 external audit

The following recommendations were stated as 'partially implemented' at 2017 year end.

Area requiring attention	Current status
Impairment Review	tbc
Review of Pensions Assurance	tbc

6. Progress against the 18/19 governance improvement plan

In addition to the recommendations made by external auditors, SCR Statutory Officers, through SCR's review of governance in 2017/18, identified three key areas for improvement during 2018/19. An action plan was included in the 2017/18 Annual Governance Statement.

Table 3: Progress against the 2018/19 action plan

Governance Area	Focus for 19/20	Progress made in year
Strategic		
Shared Strategic Intent	Supporting the LEP and the Mayor in the development of a single, integrated set of policies and priorities that effectively deliver the economic, social and environmental ambitions of the City Region.	Further to the election of the first SCR Mayor in May 2018, the LEP Board, In January 2019, commenced the Strategic Economic Plan development process which had previously been on hold pending the election. Subsequent to the new LEP Chair taking up appointment in January, this work is developing at pace with a clear timeline agreed. Work should conclude, and a revised SEP and a Local Industrial Strategy will be in place within 2019/2020. During 2018/19 the MCA approved the Mayor's Vision for Transport and SCR

		<p>Transport Strategy.</p> <p>A divergence in views on devolution has continued to impact on SCR's ability to deliver the ambitions of the City Region however during March 2019 a consensus has been agreed and a way forward identified.</p>
Operational		
Financial Governance	<p>Ensuring that the LGF programme delivers the outputs and outcomes agreed as part of the Growth Deal in the final three years of the programme.</p> <p>Ensuring appropriate oversight and visibility of the South Yorkshire Transport Capital Programme to provide assurance that funding is utilised in a way that fully supports the ambitions of the City Region.</p>	<p>To ensure that the LGF programme delivers the agreed outputs and outcomes in the final three years of the programme and independent and forensic audit of all projects with spend in the final 3 years of the programme took place during 18/19 and has established firm milestones for each scheme in contract. Progress against these milestones has been closely monitored and, in some cases funding de-coupled. New schemes entering the pipeline have not receive assurance of funds until funding approval has been given by the MCA. Where appropriate, specific project and programmes risk have been considered by Statutory Officers.</p> <p>The audit process was fully scrutinised by the A&S committee in October 18 who agreed that the recommended actions gave sufficient assurance to ensure the Local Growth Fund (LGF) Programme would achieve agreed outputs and outcomes.</p> <p>Monitoring and reporting to the MCA on the overall SY transport capital programme has been undertaken on a quarterly basis. The arrangements have also been subject to review by internal audit. The findings have concluded that the MCA require stronger internal controls over this funding. The IA report and management response will be reviewed at a future A & S Committee.</p>
Information Governance & Decision Making	<p>Ensuring data is used effectively to create robust, meaningful information/evidence to inform priorities and courses of action and to underpin decision making.</p> <p>Ensuring the performance of the organisation is measured appropriately so that the impact and effectiveness of courses of action are understood.</p>	<p>Further to the agreement by the LEP Board to commence the refresh of the SEP and to develop a Local Industrial Strategy, objective evidence, consultancy research and in-depth analysis undertaken in house will be used to develop priorities and actions within the SEP and SCR LIS along with a framework that to help understand progress against the strategy.</p> <p>A number of activities have been identified and are underway as part of the SEP development activity to address the requirement to measure and understand the performance of the organisation and the impact and effectiveness of our actions and activity, these include: the development a</p>

	<p>Ensuring information assets (including any personal data) are managed appropriately and meet the requirements of relevant legislation or regulation.</p> <p>Ensuring that the MCA Group works efficiently and effectively and that the decision-making structure is fit for purpose.</p>	<p>Corporate Plan for 19/20 that sets out the key deliverables for the SCR MCA/LEP programme; the development of KPIs that support the organisation in telling the story of the impact of investments and interventions made; progressing work on developing personal objectives for all team members and; formalising the monitoring of the Mayoral Manifesto Implementation Plan and identifying activity that is mutually beneficial in terms of delivering SCR core strategic objectives.</p> <p>The policies and processes developed to ensure GDPR requirements were met by 25th May 2018 and have been implemented. An internal audit and a self assessment of opportunities to strengthen practices has been undertaken. The audit report and the assessment, if required will lead to a management action plan which will be reviewed and monitored.</p> <p>The independent, formal review of the operations of the Group that took place in 17/18, identified a number of changes which would provide efficiencies and improve effectiveness. During 18/19 the recommendations of this review and also of the LEP Review Implementation plan, have begun to be implemented, most significantly the MCA becoming an employing body.</p> <p>In December new governance arrangements for sub-boards were agreed. These boards will operate from 1st April 2019 with delegated decision making. The Constitution has been updated to reflect this.</p>
Asset Management	Ensuring we have the information we need to manage the Groups assets including understanding where liabilities lie and developing a plan for any future acquisitions or divestment mapped against strategic ambitions.	The first phase of a detailed review of MCA assets was completed in November 2018. This included a mapping exercise to collate information on all assets owned by the MCA group and a review of existing systems and processes across the MCA Group to manage the asset portfolio. Phase 2 includes data collect and condition surveys, options appraisals and revaluations. The MCA Group will use the information to develop the MCA Group Strategic Asset Management Plan to inform future financial management.
Delivery		
Achieving Outcomes	<p>Ensure the appropriate support and advice is given to assist the process for agreeing the 2015 devolution deal.</p> <p>Ensuring the Mayoral Manifesto is</p>	<p>Detailed discussions with government and the South Yorkshire Local Authority Leaders has achieved a way forward on the 2015 deal.</p> <p>SCR has succeeded in receiving additional</p>

	<p>implemented through the effective deployment of resources available and can be delivered alongside and integrated with Strategic Economic Plan priorities.</p> <p>Ensuring the Local Industrial Strategy is informed by the integrated LEP and Mayoral policies and priorities that deliver the ambitions of the City Region.</p>	<p>funds via the Government Mayoral Capacity Fund, to support the core operations of the Mayor's Office and other Mayoral priorities. Alignment of activity which mutually supports the SEP and Mayoral Manifesto has taken place e.g. Mayors Vision for Transport.</p> <p>SCR are in the third wave of areas to progress the development of the Local Industrial Strategy, and a timeline has been developed that will see a revised SEP and LIS produced within 2019/2020.</p>
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7.	Governance issues during 2018/19
	<p>The review of the MCA's governance, risk and internal control measures led by Statutory Officers in 2018/19 has concluded that arrangements deliver SCR's programme of work efficiently and effectively have matured significantly and are embedded. This review, whilst not identifying anything fundamental, has highlighted the following issues:</p> <p><i>*Section under development</i></p> <p>These issues are recognised in the Governance Improvement Plan at section 8 below.</p>

8. Governance improvement plan 2018/19

In addition to the issues acknowledged in section 7 SCR has a clear understanding of the key areas of focus for strengthening governance in 2019/20 these include:

Table 4: Areas of focus for 2019/20

Governance Area	Focus for 19/20
Strategic	
?????	To be developed
Operational	
?????	To be developed
?????	To be developed
?????	To be developed
Delivery	
?????	To be developed

9.	Conclusion
Statement by the Chair of the MCA and the Managing Director	
<p>We are satisfied that the comprehensive review process undertaken has identified the relevant areas for attention over the forthcoming year. The action plan monitored by the Audit and Standards Committee and will (when implemented) further enhance the MCA's governance, risk and internal control framework.</p>	

On the basis of the sources of assurance set out in this statement, we are satisfied that, throughout the year and up to the date of the approval of the accounts, SCR MCA has had in place satisfactory systems of internal control which facilitate the effective exercise of the MCA's functions.

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On behalf of the Sheffield, Barnsley, Doncaster & Rotherham Mayoral Combined Authority

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1. The Governance Framework

The governance framework evidences the systems, processes and the culture by which the MCA directs and controls its activities to deliver the SCR's intended outcomes. These are mapped against the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework *Delivering Good Governance in Local Government 2016*. These principles underpin the governance of the organisation and provide a framework against which to structure SCR's approach to governance. SCR's commitment to these principles is outlined in its Code of Corporate Governance.

The MCA, in delivering the Accountable Body function for the LEP, is obliged to consider the requirements of the National Assurance Framework in processes related to the operationalisation of the LGF programme.

2. Governance arrangements: their effectiveness

The scope of the governance and internal control framework spans the whole of SCR's activities and is described in the Code of Corporate Governance. The Constitution and policies of both the MCA and the LEP set out the requirement that the business of SCR is conducted in accordance with the ¹Nolan Principles. The following section considers the main components of the framework, their effectiveness during 18/19, describes any improvements made in year and how SCR intends to strengthen arrangements into 19/20.

2.1 Developing, communicating and embedding codes of conduct which define standards of behaviour for members and staff, and for policies dealing with whistleblowing and conflicts of interest.

The MCA Constitution

The MCA constitution defines the operating principles of the Authority and embraces a suite of policies including a Code of Conduct, which define the standards of behaviours for members and employees. Other Constitutional policies and procedures include:

- **Whistleblowing Policy** – this policy sets out the protocols to be followed in relation to any allegations of misconduct. The policy states that any allegations should be directed to the MCA's Monitoring Officer and that where a complaint cannot be resolved locally, and the matter relates to the use of public money, the issue can be escalated to a relevant Government department.
- **Gift and Hospitality Procedures**
- **Register and Declaration of Interest** – each member of the MCA is required to make a declaration of interest, pecuniary and non-pecuniary, for the purposes of their individual organisations. Registers are updated as necessary and reviewed annually, are available on the SCR website and compliant with the requirements of the Localism Act 2011. Members are also required to declare any interests they may have in any agenda items at meetings. Any interests are recorded in the minutes and published on the website after the meeting. Where a member declares an interest, clear protocols exist within the Constitution to ensure that members do not participate in any decision making related to that interest.
- **Financial Regulations** which include Anti Bribery, Fraud and Money Laundering procedures.

SCR contracts for the supply of goods and services also included standard clauses relating to anti-bribery, anti-corruption, human rights, human trafficking and counter terrorism, information laws and environmental regulations.

¹ Selflessness, integrity, objectivity, accountability, openness, honesty, leadership

The SCR LEP

The SCR LEP policies have been revised and amended in year to ensure they are aligned to government guidance. The policies were approved by the LEP Board at its meeting 20th May and are available on the SCR website. The LEP suite of policies include:

- **Code of Conduct** – it is a condition of appointment that all LEP Board Members adhere to the LEP Code of Conduct. This has been developed in accordance with the Nolan principles.
- **Terms of reference** – these set out the role and purpose of the Board and how it will operate to fulfil its role.
- **Declaration of gifts and hospitality** – this policy is aligned with existing local authority standards and Government guidance.
- **Whistleblowing and confidential complaints** – these policies set out the process by which individuals can raise confidential complaints about the work of, and decisions made, by the LEP. These policies are published on the SCR website and based on Government templates.
- **Register and declaration of interests** – each member of the LEP is required to declare and register any interest, pecuniary and non-pecuniary. These registers must be updated and published within 28 days of a change in a Members interest. All Members registers are available on the SCR website. Members are also required to declare any interests they may have in any agenda items at meetings. Any interests are recorded in the minutes and published on the website after the meeting. Where a member declares an interest, clear protocols exist to ensure that members do not participate in any decision making related to that interest. The National Guidance for LEPs requires that protocols for conflicts and declaration of interests for members extends to any officers advising on decision making.
- **Diversity and equalities** – this policy sets out the LEP's commitment to promoting diversity, including through recruitment processes and other activities.
- **Gifts and hospitality** – identifies the LEP's policy on accepting gifts and hospitality offered as a result of being LEP Board member.
- **Expenses** – eligible claimable items and associated amounts are set out within this policy.

2.2	Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
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The MCA's **Financial Regulations** determine how money can be spent and ensure that expenditure is lawful.

Contract Procurement Rules are also in place and are aligned to Public Contracts Regulations 2015. These rules ensure that procurement processes are robust and designed to minimise risk.

An **FOI Publication Scheme** and related Guide to Information is published on the SCR website along with Data Protection and Privacy Notice compliant with DPA 2018 and GDPR.

Statutory Officers monitor the arrangements in place to ensure compliant and proportionate information governance through its **strategic risk management** processes (see section 2.13 for additional detail).

All schemes seeking SCR funding are tested for **state aid compliance** prior to being submitted to the MCA for a funding decision. The responsibility for obtaining a legal opinion resides with the Scheme Promotor however, this is tested prior to a legal opinion being provided to the MCA.

Freedom of Information Act 2000 and information law compliancy is co-ordinated by the SCR Governance Team and assured by the legal team and Statutory Officers.

2.3	Demonstration of SCR's commitment to openness and acting in the public interest.
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MCA meetings are held in public (unless there are good reasons to exclude the press and public). In order to make meetings more accessible to the public SCR has reconfigured the ground floor of its office at Broad Street West, Sheffield. This location is accessible by public transport and the facilities are DDA compliant. All public meetings held at Broad Street West will also be webcast.

All agendas and reports for the MCA and its statutory committees are published online, in accordance with statutory access to information requirements. The paper publication approach is replicated for the LEP Board.

New governance arrangements agreed by the MCA in December 2018 created five thematic boards who have delegated authority to make investment decisions up to £2m. Agendas, papers and minutes for these meetings are also available on the SCR website.

Annual accounts are reviewed by external auditors, their opinion, together with the final accounts are published and available for inspection.

SCR's Assurance and Accountability Framework (AAF) is reviewed annually to ensure compliance with any revisions to the National Assurance Framework requirements. This Framework, which is published on the SCR website, sets out how SCR will use public money responsibly and outlines the processes for ensuring openness and accountability for public funds.

All schemes seeking funding are independently appraised and objectively considered by the SCR Appraisal Panel. The Panel establishes whether the proposed scheme can be considered 'value for money' and produces a 'value for money statement'. This statement forms part of the papers presented to the MCA and published on the SCR website when seeking approval. It is also published once approval has been granted.

Scheme Promotors are required to publish their business cases on their websites to enable comments to be made. During 2018/19, the SCR Executive have also begun to publish the Business Cases to ensure consistency.

A 'LEP Governance and Transparency Policy Framework' which includes protocols regarding conflicts of interest and gifts and hospitality and is aligned to Government guidance was approved by the LEP Board. These policies are available on the SCR website.

2.4	Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
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SCR have new website that makes key documents and information accessible to SCR communities and stakeholders. Modern.gov has also been installed and integrated into the website to ensure accessibility of decision making information.

SCR has in place a series of corporate communications and marketing plans which set out a number of actions to ensure effective engagement with stakeholders and partners. This is being refreshed in light of the context of a Mayoral Combined Authority. An integral element of this is the events programme of the SCR. This programme of events has provided ongoing engagement with public and private sector partners and institutional investors across the City Region and internationally. The programme has included MIPIM Cannes, as well as bespoke engagement to promote SCR's investable propositions.

SCR also uses social media platforms, including Twitter and Facebook. Statistics show significant and consistent growth across all platforms. For example, tbc

The SCR Executive, LEP and MCA have engaged with partners via a contribution to a range of Boards,

Forums and events including, but not limited to, Executive Boards, Executive Directors Forums, Directors of Finance Groups and Business Membership meetings. This engagement provides clear channels of communication with local authority partners on a range of issues including economic performance, devolution, the LGF programme, transport strategy and priorities. Each forum is designed to ensure appropriate consultation and challenge.

2.5	Developing and communicating SCR's vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.
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SCR's vision is contained within the 10-year Strategic Economic Plan (SEP) The SEP, which was approved in 2014, is a formal statement that captures the ambition, vision and strategic priorities of SCR.

In 2017 SCR's economic evidence base was updated and work with partners on refreshing the SEP commenced however, this work was paused pending the Mayoral election in May 2018. In November the LEP Board, who lead on the development of the SEP, kickstarted the process in November 2018. Work is progressing with a clear timeline. The new SEP will reflect the latest evidence on the performance of the economy and will respond to the changed context in the wider UK economy. It will also respond to the Government's to develop a "Local Industrial Strategies" which will be led by the Mayor working in collaboration with the LEP. A Delivery Plan will also be developed and performance against this reported on publicly.

2.6	Translating SCR's vision into courses of action for the SCR, its partnerships and collaborations.
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SCR's current Strategic Economic Plan (SEP) articulates the need for a bigger, stronger private sector in order for SCR achieve economic growth. The Plan describes the strategic objectives required to deliver this and translates these into thematic priorities. The LGF programme and is directly linked to delivery of each of the SEP themes.

The Programme Commissioning directorate within the SCR Executive, are then responsible for setting out how the thematic priorities can be achieved. This involves the development of project and programmes, at scale, some of which are directly delivered by the SCR Executive, however the majority will involve externally commissioning activity to be delivered by partners and outside agencies. Prior to this, these projects and programmes are evaluated to ensure they contribute towards the SEP's economic objectives. Once validated the Executive Team contracts with scheme promoters, coordinates activity in the programme and reports on performance. Remedial action is agreed by the LEP and MCA to improve delivery where necessary.

2.7	Ensuring SCR's decision-making framework is effective, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.
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SCR's decision-making framework is described in the Constitution and, for the delivery of the LGF programme, in the Assurance Framework (AF).

SCR has robust processes in place for strategic decisions and prioritising investments. Evidence from various sources is considered including; economic analysis, the SCR integrated infrastructure plan and other local and national intelligence.

SCR bases the capital programme decisions it makes on objective and robust information. Schemes are considered following an analysis of strategic alignment, options appraisal and risk assessment to ensure any investment will deliver the outcomes required by the Strategic Economic Plan (SEP) and represent good value for money. This assurance process is mirrored for the elements of the LGF which until 31st March 2019, have operated under a scheme of delegation - namely the Business Investment Fund (BIF) and the Housing Fund (HF).

SCR's Assurance Team have developed appraisal criteria for opportunities unrelated to the Growth Deal. These models have been reviewed by the relevant governing body to ensure they successfully inform sound judgements and decision making.

2.8	Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.
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The Assurance Framework (AF) includes a comprehensive monitoring and evaluation framework which is designed to provide robust feedback on any lessons learned from individual projects and monitor and measure the success of LGF investments.

Throughout the lifespan of a programme monitoring, including site visits and the auditing of evidence, takes place to ensure the investment delivers its approved outputs and outcomes in line with SCR strategic priorities. Funding agreements, including those that have been made via the Business Investment Fund, tie projects to delivering outcomes e.g. job creation that represent the best use of public resources and value for money whilst the use of clawback and retention clauses ensure mitigation of risk.

2.9	Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the MCA and partnership arrangements.
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The broader context for the MCA's governance and internal control environment is provided by the Constitution (see section 2.1) which gives comprehensive information on how the MCA is organised, its decision-making processes, how its authority is delegated and how probity and due process are promoted.

2.10	Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2015) and, where they do not, explain why and how they deliver the same impact.
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The MCA's Chief Finance Officer (CFO) is a Statutory Officer of the Authority and operates in line with the CIPFA Statement on the Role of the CFO (2015). The CFO is also actively involved in, and able to bring influence to bear on all material decisions to ensure that immediate and longer-term implications, opportunities and risks are fully considered. The CFO leads on the promotion and delivery of good financial management, which aims to ensure that public money is safeguarded and used in an appropriate, economic and effective manner.

To deliver these responsibilities the CFO leads and directs the finance function to ensure it is resourced in such a way as to be fit for purpose and that staff are professionally qualified and suitably experienced.

SCR LEP has a close working relationship with Sheffield MCA Section 73 Officer and the Finance Team. This relationship provides a strong framework for managing LEP finances including a role in ensuring propriety and regularity of spend. The Section 73 Officer and representatives attend as advisors on all decision-making boards as well as the Scrutiny and Audit Committees.

The Section 73 deputy is embedded in the SCR Executive Team and is therefore positioned to ensure financial risks and issues are managed. The deputy also has overview and provides advice to projects and the programme in general. In addition, the deputy, until 31st March 2019, has a delegation for approving project applications under £2m from the Business Investment Fund and Housing Fund, which avoids delay in waiting for MCA Board meeting approval.

2.11	Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function and the Head of Paid Service function.
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The MCA Constitution outlines functions and delegated responsibilities of the statutory officers, namely the

<p>Head of Paid Service, the Chief Finance Officer and the Monitoring Officer. The Statutory Officer Group meets regularly and focusses on the specific statutory nature and responsibilities of their roles and the authorities delegated to them through the Scheme of Delegation. The Monitoring Officer and the Head of Paid Service have direct access to the Chair of the MCA and LEP with reference to their core statutory and professional roles.</p>	
2.12	<p>Inducting and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.</p> <p>MCA Members – Members of the MCA are engaged in discussions on the development of the vision, priorities and delivery of the SCR. Individual members are advised and supported by officers of the MCA through papers and briefing meetings.</p> <p>Scrutiny Induction and workshop - An OSC toolkit is in place and ensures a consistent approach to scrutiny is taken by members and officers. This toolkit is used to structure the induction of new OSC members and is available to current members to support them in their strategic role. Workshops have taken place during the year to further enhance members skills and to establish the approach to scrutiny within a Mayoral Combined Authority.</p> <p>LEP Induction - A formal programme of induction is in place for new LEP Board Members which covers the role and purpose of the LEP, economic performance and the opportunities and challenges facing the City Region, the Strategic Economic Plan, corporate affairs and governance. This is followed up by a 6-monthly review with the Managing Director and LEP Chair to identify any additional support or development.</p> <p>SCR Executive - All team members have a corporate induction which covers statutory matters including health and safety at work, IT compliance and HR matters. In addition, organisational specific induction modules, such as the MCA and LEP governance, financial systems, programme management approach are also delivered to new team members. During 2018 work has commenced to ensure all SCR Executive Members have clear, documented objectives and a personalised training record.</p>

2.13	<p>Reviewing the effectiveness of the framework for identifying and managing risks and for performance, and demonstrating clear accountability.</p> <p>The MCA approach to Risk Management is embedded in working practices and Risk Management Action Plans, covering areas of strategic and operational significance, have been developed and managed by Statutory Officers.</p> <p>The risk policy and process are reviewed annually in conjunction with the Audit and Standards Committee and Risk Management Action Plans are reviewed and a statement of assurance provided to the Audit and Standards Committee by the Risk Owner.</p> <p>The SCR Assurance Framework (AF) includes a comprehensive issue and risk management approach developed in accordance with the Green Book guidance and project management methodology. Project/scheme risks are recorded and managed by individual scheme promoters. Risks are referenced in the Business Case, appraised as part of the assurance process and are part of the scheme monitoring approach in the project delivery phase.</p> <p>In relation to LGF investments, programmes of work are monitored throughout their lifespan. The Finance Team, who are embedded in the SCR Executive Team, work with the Programme Management Team to understand the overall scale of investment and the conditionality of constituent components of the funding. This ensures that there is ongoing assessment of the effectiveness of each type of investment in line with the expectation of funding providers.</p> <p>The Managing Director and S73 Officer, convene a Capital Programme Board of Officers. The Capital Programme Board provides a detailed overview of the LGF capital and revenue programme to ensure that the programme is progressing in line with SCR objectives and priorities.</p>
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2.14	Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).
<p>The MCA Constitution includes a Fraud Response Plan and Whistleblowing Policy which provides direction and guidance for dealing with suspected cases of theft, fraud and corruption. It also gives direction on reporting matters of concern.</p> <p>Partners and all other stakeholders are expected to have strong anti-fraud and corruption measures in place. In the case of any investigation they are required to provide the MCA with full access to their financial records and staff. Agreements or contracts include these conditions, and appropriate due diligence is undertaken before entering into any agreement.</p>	
2.15	Ensuring an effective scrutiny function is in place.
<p>The MCA has an established SCR Overview and Scrutiny Committee to exercise scrutiny functions over its activities and decisions (and those of formal committees and the LEP). This comprises 14 members and has a political balance. Each local authority appoints at least one elected member to the Overview and Scrutiny Committee – often this is the chair of each authority's own overarching scrutiny committee.</p> <p>The MCA has a dedicated Scrutiny Officer which has ensured the function of scrutiny within the organisation and ensuring compliance with the 2016 Order is embedded. The Committee produces an Annual Report which is made available on the SCR website.</p>	
2.16	Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.
<p>Until 31st March 2019 the Internal Audit function for the MCA has been provided by BMBC. This service has been re-procured for 2019-22 and Grant Thornton appointed.</p> <p>The principles within the CIPFA Statement on the role of the HoIA in Local Government are embedded in the MCA's arrangements and both Internal Audit providers are fully compliant with Public Sector Internal Audit Standards (PSIAS).</p> <p>The Head of Internal Audit (HoIA) role recognised as important in assisting SCR in delivering its strategic objectives.</p> <p>The HoIA agrees the annual Internal Audit Plan with Statutory Officers and the Audit and Standards Committee and ensures that internal audit service is appropriately resourced, fit for purpose, professionally qualified and suitably experienced.</p>	
2.17	Ensuring the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013) are undertaken.
<p>SCR has an established Audit and Standards Committee in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance. The Committee, which is chaired by an elected member, comprises 16 members, two of whom are independent, is responsible for providing independent assurance to SCR on the adequacy and effectiveness of the governance and internal control framework, which incorporates the arrangements relating to financial, risk and performance management. The Audit and Standards Committee terms of reference have been reviewed in year and an action plan is in place to maximise the value the committee adds to SCR.</p> <p>Ernst and Young, who are appointed as external auditors 18/19, also attend Audit and Standards Committee meetings. This process is in keeping with arrangements in place for local authority. As the accountable body for all funds awarded to the LEP, the Audit and Standards Committee covers the requirements for both the LEP and the MCA.</p>	

The Committee receives regular reports relating to its remit, including issues arising from the work of Internal Audit, updates on the progress of implementing recommendations that have been made, updates on the risk management process, financial management reports, and reports from the external auditors.

As part of its governance remit, the Audit and Standards Committee have considered this AGS and, have provided challenge and comments where necessary. In addition, the Committee will monitor the implementation of any emerging developments or improvements, recommended through the governance review process.

2.18 Provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

The Statutory Officers of the MCA maintain working relationships with the external auditors throughout the year to ensure that the auditors remain informed of changes to the MCA's business and processes. Officers collaborate with the external auditors on the annual audit plan, conduct a self-assessment review and liaise on any external audit recommendations and the management actions taken to affect them. External auditors are embedded within the organisations oversight functions through their attendance at the MCA's Audit and Standards Committee. All audit reports include management mitigation plans with named responsible officers, and these are followed up by both internal and external audit.

2.19 Incorporating good governance in respect of partnerships and other joint working

The Constitution determines how the MCA interacts with its subsidiary (SYPTÉ) and the financial regulations determine the limitations of their autonomy in relation to expenditure. The MCA's operating subsidiaries have also adopted Articles of Association that limit their operational independence, this effectively imposes MCA governance on them.

More broadly, the scale of ambition of our Strategic Economic Plan (SEP) means that neither the LEP nor the MCA can deliver this alone. Collaboration and a true partnership approach has been a cornerstone of the SCR LEP and MCA achieving what they have to date. This is not collaboration for its own sake, instead it is a focused programme of engagement which has been designed to accelerate the delivery of the SEP and harness the City Region's latent potential so that SCR can play a full role in the Northern Powerhouse. Examples of this include engagement with Transport for the North and the Department for International Trade on trade missions.

3. Monitoring and evaluating the effectiveness of the governance framework

The MCA has responsibility for conducting a review of the effectiveness of its governance framework, including systems of internal control and risk management arrangements. The review of effectiveness is informed by the work of Statutory Officers who have responsibility for the development and maintenance of the governance environment, and are responsible for ensuring compliance with, as well as improvement against the governance, risk and internal control framework.

The MCA's review is also informed by the HoIA's annual report and also by comments made by external auditors and other regulators or inspectorates. The HoIA is responsible for providing assurances on the robustness of the MCA's internal control arrangements to the Audit & Standards Committee. The Head of Internal Audit's annual report on audit activity and the performance of the Internal Audit division was presented to the Audit Committee on ??????. Based on the systems reviewed and reported on by Internal Audit during the year, together with management's response to issues raised, the HoIA has provided an overall ?????? assurance opinion for 2018/19.