

## Audit and Standards Committee

10 June 2021

### Internal Audit Plan 20/21 Progress Report

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<b>Is the paper exempt from the press and public?</b>	No
<b><i>Reason why exempt:</i></b>	Not applicable
<b>Purpose of this report:</b>	Discussion
<b>Funding Stream:</b>	Not applicable
<b>Is this a Key Decision?</b>	No
<b>Has it been included on the Forward Plan?</b>	Not a Key Decision

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**Director Approving Submission of the Report:**

Ruth Adams, Deputy Chief Executive

**Report Author(s):**

Internal Audit – Grant Thornton

**Executive Summary:**

This report provides an update on the progress of the 2020/21 Group Internal Audit Plan.

**What does this mean for businesses, people and places in South Yorkshire?**

Internal Audit supports the organisation in helping to achieve its objectives by giving assurance on its internal control and governance arrangements. Good governance enables the MCA to pursue its ambitions and objectives in the most effective and efficient way, bringing about better outcomes for residents and businesses in South Yorkshire.

**Recommendations:**

Click or tap here to enter text. The Audit and Standards Committee are asked to note the progress of 2020/21 audit activity undertaken by Grant Thornton for:

- Joint MCA & SYPTE audits
- MCA audits
- SYPTE audits

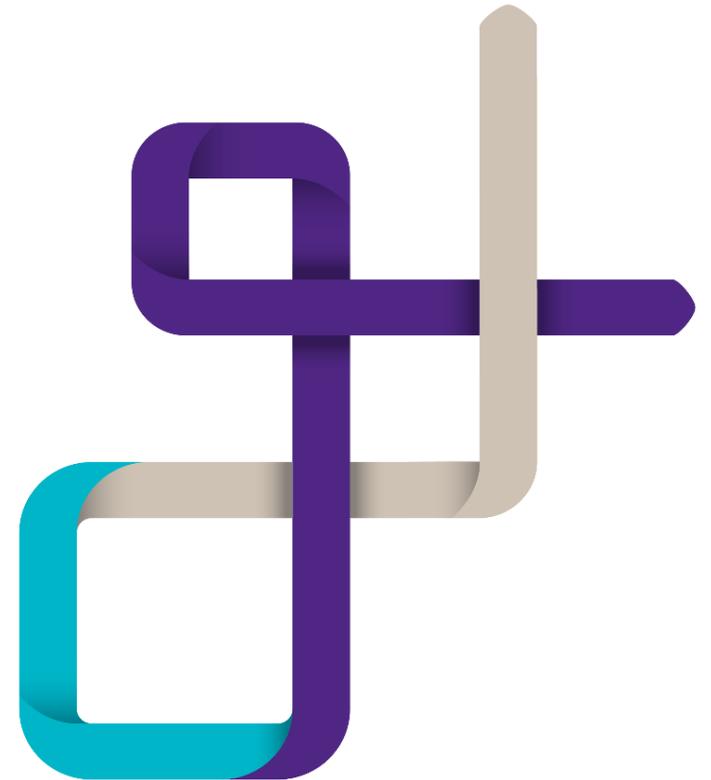


# Internal Audit Progress Report

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Sheffield City Region Mayoral Combined Authority

June 2021



# Introduction & headlines

## Purpose

This report provides an update on progress against the reviews within the 2020/21 internal audit plan.

We have delivered 50 out of the 55 days in respect of MCA reviews, this is equivalent to 91% and we have delivered a total of 236 days of the 272 days in the joint audit plan which is equivalent to 87%. A breakdown can be found at pages 3 and 4.

## 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. We have also attached the AMP Technology Centre report from the previous Audit Committee meeting:

Audit Completed	Overall Assurance Level
AMP Technology Centre	Partial assurance with improvement required
Core Financial Controls	Significant assurance with some improvement required

Our assurance levels are shown at appendix 1.

We have also completed the grant certification work and issued the sign off certification letters in respect of the Growth Hub Grant and Business Readiness Funding 2020-2021.

## Work in progress

The following reviews are currently in progress. The fieldwork is almost complete and the draft reports will be shared with the Authority soon:

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

## Resourcing

The outbreak of Covid-19 has had a significant impact on the Authority and subsequently the delivery of the Internal Audit Plan. We have clearly communicated the reviews we need to undertake to enable us to provide a Head of Internal Audit Opinion for 2020/21.

## 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 to the group audit plan resulting in an additional 38 days being moved to the Contingency budget, increasing the total balance to 63 days.

These days have been re-allocated as follows:

Review	Change	Days
AEB Budget	The scope of the review was wider than the original readiness checklist therefore additional resource was allocated from the contingency budget to cover this additional work.	10
Grant Certification	In light of Covid-19, the Department for Transport made available additional grant funding. Additional days were allocated from the contingency budget to cover this additional work.	5
IT Advisory	Resource was allocated from the contingency budget to carry out an advisory review of the organisations' IT service and systems. This review also incorporate the review of Back Office Systems.	35
Balance of contingency days carried forward into the 2021/22 Internal Audit Plan		13

## Head of Internal Audit opinion

The Head of Internal Audit opinion report is currently being prepared and will be shared with the Authority on completion of the outstanding reviews. As part of our opinion we comment on the implementation of audit recommendations. This year we have observed greater delays in the implementation of audit recommendations.

# 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									30
Risk Management	12	Quarter 4				SYLTE Fieldwork Complete. MCA fieldwork is nearly complete. The draft report to be issued by 10 <sup>th</sup> June 2021					9
Governance	12	Quarter 4				SYLTE Fieldwork Complete. MCA fieldwork is nearly complete. The draft report to be issued by 10 <sup>th</sup> June 2021					9
Procurement	18	Quarter 4				Fieldwork nearly complete. The draft report to be issued by end June 2021					15
Public Engagement and Consultation	12	Quarter 1									12
IT Advisory Review, incorporating Back Office Systems	35	Quarter 4				Fieldwork in progress. The draft report to be issued by end June 2021					30
Follow up of recommendations	10	Ongoing									10
Attendance at Audit Committee & other client meetings	25	Ongoing									25
<b>Sub-total</b>	<b>154</b>										<b>140</b>

# 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>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						Fieldwork complete. The draft report to be issued by 10 <sup>th</sup> June 2021			15
AMP Technology Centre	13	Quarter 2									13
Programme Management – Follow up	4	Quarter 2									4
Travel and Expense Claims	12	Quarter 3						Fieldwork complete. The draft report to be issued by 10 <sup>th</sup> June 2021			10
<b>Sub-total</b>	<b>55</b>										<b>50</b>
<b>South Yorkshire Passenger Transport Executive</b>	<b>50</b>										<b>46</b>
<b>Contingency</b>	<b>13</b>										<b>0</b>
<b>Total Plan</b>	<b>272</b>										<b>236</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>

