

## Mayoral Combined Authority Board

20 September 2021

### Accounts and Annual Governance Statement 2020/21

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

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**Director Approving Submission of the Report:**  
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#### Executive Summary

Having regard to the findings of the external auditor and the endorsement of the Audit and Standards Committee, this report seeks Board approval for the Annual Statement of Accounts and the Annual Governance Statement as presented in the appendices.

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

Strong public financial management is a key principle of good governance and enables the Mayoral Combined Authority 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

1. Approve the Annual Statement of Accounts;
2. Approve the Annual Governance Statement; and,
3. Note that should any late adjustments be required to the Accounts, the documents will be resubmitted to the Audit and Standards Committee and the Board.

## **1. Background**

- 1.1 The Accounts and Audit Regulations 2015 require the MCA to prepare an annual Statement of Accounts, and to perform an annual review of the effectiveness of systems of internal controls through the publication of an Annual Governance Statement (AGS).
- 1.2 The MCA's Constitution reserves approval of these two documents to the Board. However, to support the Board in this duty the accounts are audited by an independent external auditor, whilst both documents are reviewed by the MCA's Audit & Standards Committee.
- 1.3 The external auditor (EY) forms an opinion on whether the accounts offer a 'true and fair view' of the MCA's financial performance over the year, whilst also offering an opinion on whether the MCA's governance, systems, and processes support value-for-money. The auditor's current findings are published through a prescribed ISA 260 report.
- 1.4 Similarly, the Audit & Standards Committee provide scrutiny and receive representation from officers and the auditor over the audit process. The Committee ultimately decides whether to endorse the Accounts and the AGS to the Board.
- 1.5 This report notes that the auditor's findings currently lead to an unqualified opinion, with no matters to report on the value-for-money statement. The report further notes that following scrutiny the Audit & Standards Committee have endorsed the Accounts to the Board. Accordingly, this report commends the Accounts and AGS to the Board and seeks approval for both documents.
- 1.6 This report notes that at the time of writing the auditor was conducting final processes associated with the South Yorkshire Pension Fund. These processes are not expected to affect the Accounts as presented. In line with the previous year, the Accounts are presented for approval whilst noting that if changes are required the MCA will revert to both the Committee and the Board.

## **2. Key Issues**

- 2.1 In common with other public sector partners, the MCA is required under law to produce an Annual Statement of Accounts, and for those accounts to be audited.
- 2.2 The Accounts are prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. This is the same framework under which the MCA's partner authorities prepare their accounts, and so the look and feel of the documents should be similar. Differences largely reflect differences in remit, with the MCA not, for example, operating a Housing Revenue Account nor a Collection Fund.

- 2.3 The MCA's accounts are presented at the single-entity level and the Group level. The Group accounts consolidate the financial accounts of SYPTE and a number of subsidiary companies.
- 2.4 Whilst the accounts detail the financial performance of the MCA over the course of the year, the MCA is also required to prepare an Annual Governance Statement (AGS). The AGS is the means by which the MCA formally reviews its system of governance and internal controls on an annual basis.
- 2.5 Both the accounts and the AGS must be formally presented to the MCA for consideration and ultimately approval. Whilst in the previous year legislation was amended to allow additional time to complete the audit processes this flexibility has now lapsed, with statute requiring that the final audited accounts be published by the 30<sup>th</sup> September.
- 2.6 At the time of writing the audit of the Accounts is practically completed and the auditor has issued his current ISA 260 report, detailing an unqualified opinion and no matters to report on the value for money statement. This report is not yet in its final form, reflecting an outstanding piece of assurance work around the South Yorkshire Pensions Authority returns. This is an issue that is common to all South Yorkshire local authorities.
- 2.7 Noting the deadline for audit completions and the assumption that these final processes will not result in a material change, the Accounts as shown in the appendices are presented for approval. The Accounts, as presented, have formally been endorsed by the Audit and Standards Committee.
- 2.8 Should changes be required to the Accounts following receipt of the final pensions assurance the MCA will revert back to the Committee and the MCA Board.
- 2.9 The AGS is also appended to this report. The AGS includes a Governance Improvement Plan and forms part of the MCA's commitment to continuously reviewing its system of governance and controls. The AGS is informed by the annual internal audit plan and has been reviewed and commented on by the MCA's management team and the Audit & Standards Committee.

### **3. Timetable & Next Steps**

- 3.1 The statutory deadline for publishing the audited accounts is 30th September. Should final audit processes require a change to the accounts and audit opinion as presented, documentation will be resubmitted to both the Audit & Standards Committee and the Board.

### **4. Financial and Procurement Implications and Advice**

- 4.1 The Statement of Accounts sets out the financial performance and financial position of the MCA both as a single entity and as a group.

### **5. Legal Implications and Advice**

- 5.1 The unaudited Statement of Accounts were authorised for issue by the Responsible Finance Officer on 18<sup>th</sup> June and published on the Authority's website

on 21<sup>st</sup> June, thereby meeting the requirement to provide an approved set of draft accounts to the external auditors at the start of the audit.

The Audit & Standards Committee endorsed the Accounts on the 9<sup>th</sup> September, noting that should final audit processes be required the Accounts should be resubmitted for review.

Should the Accounts require resubmission a single item agenda Board meeting may be required to consider the documentation ahead of the 30<sup>th</sup> September publication deadline.

## **6. Human Resources Implications and Advice**

6.1 There are no human resource implications associated with this report.

## **7. Equality and Diversity Implications and Advice**

7.1 There are no equality and diversity issues associated with this report.

## **8. Climate Change Implications and Advice**

8.1 There are no climate change implications associated with this report.

## **9. Information and Communication Technology Implications and Advice**

9.1 There are no information and communication technology implications associated with this report.

## **10. Communications and Marketing Implications and Advice.**

10.1 There are no communications or marketing implications associated with this report, however, the Statement of Accounts is required to be published on the Authority's website.

## **List of Appendices Included**

- A Final Audited Statement of Accounts for 2020/21
- B Draft External Audit Results

## **Background Papers**

None