

Appendix B

Control Arrangements - Detailed Audit Project Work 2018/19

PROJECT TITLE (date of report)	KEY ISSUES	ASSURANCE OPINION	NUMBER & PRIORITY OF RECOMMENDATIONS (CONTROL ADEQUACY OR APPLICATION)	RECOMMENDATI ON THEMES	CURRENT STATUS OF RECS.
<p>AMP Technology Centre 23/11/2018</p>	<p>The review concluded that the service provision received from Creative Space Management, based on the contract entered into with the company when the SCR acquired the AMP Technology Centre from the HCA (now known as Homes England) in December 2017 is primarily in accordance with the requirements. The exception being that an Asset Register is not being maintained to record, manage and monitor the assets located at the AMP, with a required format needing to be agreed upon. In addition, a concern has been identified with regards to the value of monies held in the operating account due to an agreed operating budget threshold not yet being agreed. In addition, the accounts cannot be finalised with the HCA due to the supplier of gas to one building not being known so expenditure incurred and due prior to / after the date of transfer is yet to be finalised and paid.</p> <p>It should be acknowledged that the contract has not yet been in place for one year, thereby the annual requirements (e.g. accounts and annual related performance information) is not yet due. In addition, there has been little procurement activity, no disposals of assets and also no financial write-offs since the date of acquisition. Cash related testing was not required, as all financial transactions are made online (e.g. standing order) or by cheque (minimal in volume).</p>	<p>Adequate</p>	<p>Fundamental (0) Significant (2) Merits Attention (2) Control Adequacy (2) Control Application (2)</p>	<p>4 x Financial Management</p>	<p>1 MA x Closed. 3 x Not Yet Due.</p>
<p>Payroll 07/12/2018</p>	<p>The review concluded that the SCRMCAs policies, procedures and processes relating to the payroll arrangements are operating as expected. However, a concern has arisen during sample testing in terms of delayed issue of the monthly salary recharging invoices (April to July 2018) by Barnsley MBC. It is acknowledged that the monthly recharging spreadsheets for each month had been received promptly from Barnsley MBC</p>	<p>Substantial</p>	<p>Fundamental (0) Significant (0) Merits Attention (1)</p>	<p>1 x Financial Management</p>	<p>1 x Not Yet Due.</p>

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	<p>following each payroll process, and that the SCRMCA Finance Team had reconciled the spreadsheet and also promptly raised a Purchase Order for the monthly recharge. Whilst delays in the Payroll provider invoicing for the salary recharges does not present a significant control issue for the SCRMCA, it would be beneficial to have a detailed and agreed SLA with Barnsley MBC upon which the SCRMCA could hold them to account in terms of service delivery and timescales.</p>		<p>Control Adequacy (1) Control Application (0)</p>		
<p>Main Accounting 29/01/2019</p>	<p>Based on the sample of transactions tested during this review, there were no control issues identified and therefore there are no recommendations to be made. Transactions processed via the Main Accounting systems had been appropriately authorised, processed accurately and were supported by source documentation.</p>	<p>Substantial</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>Review of Inward Investment 08/02/2019</p>	<p>The review concluded that the Inward Investment Team's Trade & Investment Plan clearly aligns to and supports the achievement of the SCRMCA's strategic objectives and priorities. This includes the markets and sectors to be targeted in terms of future investment opportunities, and all conferences and events identified for potential attendance during the year are considered in terms of the benefits that they will deliver.</p> <p>However, the individual actions within the plan could be more explicit to confirm how they will enable the achievement of objectives. These could also be strengthened to assign the actions to an owner (i.e. officer rather than a team) for improved accountability and performance monitoring with the anticipated implementation date recorded upon which actual progress could be monitored. The key performance indicators upon which the Inward Investment team are measured against and, similarly, the anticipated outcomes of an Officer attending a conference / event could also be more detailed and specific to provide the basis upon which actual performance could be measured and monitored.</p>	<p>Limited</p>	<p>Fundamental (0) Significant (3) Merits Attention (1) Control Adequacy (3) Control Application (1)</p>	<p>2 x Performance Management & Data Quality 2 x Financial Management</p>	<p>1 S and 1 MA x Closed. 2 x Not Yet Due.</p>

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<p>Work and Health Unit Trial</p> <p>08/02/2019</p>	<p>The review concluded that the SCR has developed effective relationships with the commissioned organisations, the CCG, the Work & Health Unit (WHU) and also West Midlands CA. In addition, robust processes have been implemented to manage, monitor and validate the financial claims and performance management information provided by the service providers.</p> <p>A review of the programme tracker, and sample testing of the contracts and memorandum of associations recorded on the document, identified some enhancements that could be made to the tracker to provide improved management information with regards to the status and period of each contract / agreement.</p> <p>It was noted that the main contract for hosting the trial (with SYHA) was not in place at the time of the trial commencing due to a disagreement with regards to be mobilisation payment, and this impacted upon the agreement of the management fees due to the SCR and also those to be paid to the CCG. It is acknowledged that this was due to the various organisations involved and the complexity of the trial and this this could not be directly controlled by the SCR.</p> <p>It is further acknowledged that the trial was delayed, resulting in a reduced referral period, and that negotiations are ongoing with the WHU to extend the trial period. Should an extension not be approved, the original performance targets will need to be re-evaluated in line with the remaining period of the trial.</p>	<p>Adequate</p>	<p>Fundamental (0)</p> <p>Significant (0)</p> <p>Merits Attention (4)</p> <p>Control Adequacy (1)</p> <p>Control Application (3)</p>	<p>1 x Performance Management & Data Quality</p> <p>1 x Financial Management</p> <p>1 x Contracts / Procurement / Commissioning</p> <p>1 x Information Governance</p>	<p>Closed.</p>
<p>Ethical Arrangements (LEP)</p> <p>08/02/2019</p>	<p>The review concluded that the areas identified in the Mary Ney report and also the findings arising from the Ministry of Housing, Communities and Local Government's review have been addressed.</p> <p>However, a review of relevant ethical related documentation, the SCR internet site and also discussions with officers during the</p>	<p>Adequate</p>	<p>Fundamental (0)</p> <p>Significant (1)</p> <p>Merits Attention (2)</p>	<p>3 x Information Governance</p>	<p>Closed.</p>

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	<p>review have identified a few areas that could be further enhanced. Audit testing identified that Letters of Appointment may not have been signed and returned by Members (or securely retained on file) and also there was an inconsistency in the publication of Declarations of Interests made in meetings. Furthermore, the Internet site does not currently include the Register of Gifts and Hospitality, although it is acknowledged that one is being maintained by the SCR. It was noted that once the new National Local Growth Assurance Framework, which is currently in draft form, has been approved and an agreement reached on which version of the framework to follow, further changes may need to be implemented.</p>		<p>Control Adequacy (0) Control Application (3)</p>		
<p>Accounts Payable 28/05/2019</p>	<p>The review has concluded that the SCRMCAs policies, procedures and processes relating to the main elements of the Accounts Payable system are operating as expected (i.e. management of vendors, raising of purchase orders, recording of goods receipt, payment of invoices, recording of financial transactions on the financial management system and also reconciliations to the bank account and other relevant systems).</p> <p>However, a concern has arisen during sample testing in terms of a failure to obtain valid receipts to support Barclaycard transactions and also to sign off monthly transaction logs. Consequently, the requirements of the Sheffield CC Barclaycard Operating Instructions and also SCRMCAs Financial Regulations are not being complied with.</p>	<p>Adequate</p>	<p>Fundamental (0) Significant (1) Merits Attention (0)</p> <p>Control Adequacy (0) Control Application (1)</p>	<p>1 x Financial Management</p>	<p>1 x not yet due.</p>
<p>Procurement Review * draft report issued 29/05/2019 and awaiting mgt response.</p>	<p>The review concluded that Contract Procedure Rules (2017) do not fully incorporate or reflect the requirements of the Public Contract Regulations 2015, current working practices and also best practice requirements. This may have contributed to the areas of non-compliance identified during the review in terms of low value procurement activity undertaken for the period reviewed.</p>	<p>Limited</p>	<p>Fundamental (0) Significant (6) Merits Attention (7)</p> <p>Control Adequacy (9) Control Application (4)</p>	<p>10 x Contracts/ Procurement /Commissioning 2 x Financial Managemnt 1 x Legal</p>	<p>Awaiting mgt response.</p>

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	<p>No evidence was provided during the completion of the review to confirm that officers with delegated authority and officers involved within the ordering and purchasing process had formally declared any relationships with existing suppliers or potential contractors prior to obtaining quotations or awarding contracts. Assurance therefore cannot be provided that the requirements of the Code of Conduct and Financial Regulations had been complied with. In addition, to confirm that controls had been put in place to safeguard both the officers and interests of the Authority. A concern has been identified with regard to the number of CPR waivers / exceptions to competition processed during the period reviewed, identifying the requirement for increased management oversight to obtain assurance that procurement process requirements had been complied with, value for money obtained and to mitigate the potential for supplier challenge. Furthermore, a company business entertainment policy (including foreign travel) has not been developed to detail the process requirements that must be applied and also the type and level of expenditure that is acceptable when attending meetings and other business / commercial related events. As a consequence, there is an increased risk of incorrect and / or inconsistent processes being applied and also the potential for external challenge with regard to the use / stewardship of public funds.</p>				
<p>Group - Asset Utilisation 18/03/2019</p>	<p>The review confirmed that an implementation plan had been drafted by the Group to address the primary objectives arising from phases 1a and 1b and that the required condition surveys had been undertaken as part of phase 2 of this project. At the time of this review, the commissioning process had commenced for phase 3 and the Target Operating Model had been presented to both the Strategic Asset Management (SAMs) Board and the Statutory Officers Group (SOG) to set out a high level structure for future management of the Group's assets. A review of the Terms of Reference for the SAMs Board identified a failure to set a minimum number of members required to be quorate at meetings, no arrangements for a Vice Chair to be appointed and</p>	<p>Adequate</p>	<p>Fundamental (0) Significant (1) Merits Attention (0) Control Adequacy (1) Control Application (0)</p>	<p>1 x Democracy</p>	<p>Closed.</p>

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	<p>Members being named that had since left the organisation. Therefore, it is recommended that this Terms of Reference is revised to ensure it covers the areas identified during the review.</p>				
<p>Group - Capital Programme 30/05/2019</p>	<p>This review has identified a number of areas that need to be considered across the Group to ensure that the governance arrangements with regards to the management and reporting of the capital programme are fully understood in terms of roles and responsibilities and seamless in terms of the reporting activities undertaken by SCRMCAs and SYPTs.</p> <p>A review of the Strategic Transport Group, Programme Board and the Asset Management & Maintenance Group governance arrangements identified a lack of and/or outdated Terms of Reference. In addition, the Programme Board's Terms of Reference requires the Capital Programme to be presented to it for discussion, challenge and approval but no evidence could be provided to confirm that this had occurred.</p> <p>The MCA has an agreement with the SYPT (dated 23rd March 2018) to project manage the grant funding provided by the DfT for the Low Emissions Bus Scheme, with the SYPT subsequently entering into separate agreements with their operators - First (dated 25th January 2019) and Stagecoach (dated 3rd December 2018). No monthly or quarterly monitoring submissions have been provided to the MCA or Secretary of the State to date. It is acknowledged that the SYPTs are working with the operators, MCA and the DfT/DEFRA to negotiate a reporting format that is acceptable to all parties (i.e. minimises the time taken as schedule 5 requires information down to individual vehicle level). However, until an agreement is reached, there is a risk that funding could be withdrawn or clawed back due to a failure to provide the information required in the grant terms and conditions.</p> <p>A review of the Capital Programme 2018/19 confirmed that all Integrated Transport Block (ITB) schemes are listed, but that this</p>	<p>Limited</p>	<p>Fundamental (0)</p> <p>Significant (4)</p> <p>Merits Attention (2)</p> <p>Control Adequacy (3)</p> <p>Control Application (3)</p>	<p>2 x Financial Management</p> <p>4 x Information Governance</p>	<p>6 x not yet due.</p>

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	<p>level of detail is not incorporated for the Highways Capital Maintenance (HCM) programme. This reduces the clarity and transparency with regards to the full programme of schemes being endorsed by the Executive Board and approved by the Combined Authority (CA) at the start of the financial year. In addition, the HCM quarterly monitoring information does not provide for a RAG rated delivery report akin to that provided for the ITB funding to provide more consistent and improved assurance and monitoring arrangements to evidence that the overall programme has delivered the planned outputs / outcomes.</p> <p>It was also noted that reports relating to the ITB and HCM that are presented to the South Yorkshire Transport Delivery Group (SYTDG), STG and the Executive Board do not include a detailed breakdown of the funding carried forward from 2017/18 or elements of over programming. In addition, the Combined Authority's Capital Programme budget report does not include the elements of over programming that have been adopted across the group. The Capital Programme budget and monitoring reports presented to the Executive Board and CA also lack transparency with regards to the reporting of future financial commitments and funding requirements.</p>				
<p>Group - Compliance with GDPR</p> <p>30/05/2019</p>	<p>Prior to this review, the Senior Governance and Compliance Manager and the Head of IT had completed the ICO's self-assessment and identified gaps in the SCRMCAs and the SYPTe's compliance with the GDPR requirements. Action plans were drafted for both the SCRMCAs and SYPTe to map out the current position and future plans to address areas initially assessed as partially / non-compliant. These were reported to the relevant management teams, statutory officers and also audit committees.</p> <p>An analysis and sample testing of entries included in the action plans has identified concerns regarding the functionality / layout to manage and monitor the outstanding actions, and also</p>	<p>Limited</p>	<p>Fundamental (1)</p> <p>Significant (2)</p> <p>Merits Attention (4)</p> <p>Control Adequacy (5)</p> <p>Control Application (2)</p>	<p>4 x Information Governance</p> <p>2 x Managing People</p> <p>1 x Legal</p>	<p>1 F x closed.</p> <p>6 x not yet due.</p>

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	<p>capacity issues within the SCRMCA to resource the progression of the implementation of agreed actions, to enable the organisations to fully comply with the GDPR requirements.</p> <p>Discussions with key officers, and a review of job profiles (where available), has identified concerns in relation to the lack of clarity with regards to individual officer's roles and responsibilities for information governance (and compliance with GDPR). The DPO's Job Profile was not provided during the review, and the Senior Governance and Compliance Manager's Job Profile did not incorporate the Information Governance / GDPR responsibilities. It is acknowledged that there are discussions being held to agree and formalise the role of SIRO in the SCRMCA.</p> <p>In addition, evidence of the formal registration of the Principal Solicitor and Secretary as the Data Protection Officer for the SCRMCA and SYPTE with the Information Commissioner's Office was not provided and there is no reference within the Privacy Notices of either organisation to confirm their registration with the Information Commissioner's Office; resulting in a lack of evidence to confirm compliance with the GDPR requirements.</p>				
Integrated Transport Capital Funding Grant	The grant claim was certified by the HoIA.	N/A	N/A	N/A	N/A
Growth Hub Grant	The grant claim was certified by the HoIA.	N/A	N/A	N/A	N/A
Risk Management	This was an advisory piece of work to support Management (as and when requested) on the Risk Management Framework.	N/A	N/A	N/A	N/A
Governance Domains and AGS Process	This was an advisory piece of work to provide advice, support and guidance whilst management continued development of the governance domains / governance framework.	N/A	N/A	N/A	N/A