

## Mayoral Combined Authority Board

14 November 2023

### Statement of Accounts 2021/22

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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>	Governance
<b>Is this a Key Decision?</b>	Yes
<b>Has it been included on the Forward Plan?</b>	Yes

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

Gareth Sutton, Executive Director Resources & Investment

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#### **Executive Summary**

This report seeks the approval of the Annual Statement of Accounts for financial year 2021/22 for the South Yorkshire Mayoral Combined Authority (MCA) and the South Yorkshire Passenger Transport Executive (SYPTTE).

The documents appended to this report include the single entity accounts for both organisations along with the consolidated group accounts.

Also appended are the auditor's findings for each organisation. The auditor – EY – has issued an unqualified opinion for both organisations and the group, with no matters to report on value-for-money.

The report notes the severe delays to the conclusion of this audit following national issues in the external audit industry.

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## 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

That the Board:

1. Approve the Annual Statement of Accounts for both the MCA and SYPTTE

## Consideration by any other Board, Committee, Assurance or Advisory Panel

Audit and Standards Committee	20 September 2023
Audit and Standards Committee	21 June 2023
Audit and Standards Committee	22 March 2023
Audit and Standards Committee	25 January 2023
Audit and Standards Committee	19 October 2022
Audit and Standards Committee	14 July 2022

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## 1. Background

- 1.1 The Accounts and Audit Regulations 2015 require the MCA and SYPTTE 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 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 & Risk Committee (ASRC).
- 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 audit findings report.
- 1.4 Similarly, the ASRC provide scrutiny and receives 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 Following national issues in the external audit industry, the end-to-end process has taken around 18 months to conclude. This experience is similar to the majority of local and regional government bodies across the country. Throughout this period the ASRC has been kept apprised and has supported officers in making representation to the auditors and the Public Sector Audit Appointment (PSAA) body on the timeliness of activity.
- 1.6 This report notes that the process has now concluded with the auditor's findings leading to unqualified opinions, with no matters to report on the value-for-money statement. The report further notes that following scrutiny the ASRC have endorsed

the Accounts to the Board. Accordingly, this report commends the Accounts and AGS to the Board and seeks approval for both documents.

## 2. Key Issues

2.1 In common with other public sector partners, the MCA and SYPTE are 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 and SYPTE over the course of the year, both bodies are 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 Board for consideration and ultimately approval.

2.6 The ASRC first reviewed the accounts for both the MCA and SYPTE in July 2022 and have followed progress of the audit since then. Following significant delays due to audit industry issues, the ASRC formally endorsed both the accounts and AGS at its meeting in September.

2.7 The Board are asked to note that as part of the audit closing procedures, the Mayor as Chair of the MCA Board and Executive Director Resources & Investment as S.73 officer are required to provide the external auditors with a Letter of Representation on certain matters pertaining to their audit. The Letter of Representation for 2021/22 is standard in nature with no specific representations requested. The Letter of Representation to be provided in connection with the audit of SYPTE's 2021/22 accounts is attached as Appendix E for information.

## 3. Options Considered and Recommended Proposal

### 3.1 Option 1

Approve the accounts for both the MCA and SYPTE.

### 3.2 Option 1 Risks and Mitigations:

The Statement of Accounts have been subject to audit by EY and oversight and scrutiny by the ASRC.

### 3.3 Option 2

Reject the recommendation to approve the accounts of one or more of the MCA and/or SYPTE.

#### 3.4 **Option 2 Risks and Mitigations**

Should the Board choose to reject the accounts it is likely that they will be picked up in national level interventions that seek to address the significant backlog in the conclusion of audits. Subject to consultation, this may mean that the 2021/22 accounts are issued with disclaimers or qualified opinions.

#### 3.5 **Recommended Option**

Option 1

### 4. **Consultation on Proposal**

4.1 The ASRC have endorsed the accounts and AGS to the Board.

### 5. **Timetable and Accountability for Implementing this Decision**

5.1 Subject to approval, the Executive Director Resources & Investment will arrange for the signing of necessary documentation.

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

6.1 The Statement of Accounts sets out the financial performance and financial position of the MCA and SYPTE both as single entities and as a group.

### 7. **Legal Implications and Advice**

7.1 The unaudited Statement of Accounts were authorised for issue by the Responsible Finance Officer on 30<sup>th</sup> June 2022 and published on the Authority's website on the 4<sup>th</sup> July 2022, thereby meeting the requirement to provide an approved set of draft accounts to the external auditors at the start of the audit.

7.2 The Audit, Standards and Risk Committee endorsed the Accounts on the 20<sup>th</sup> September 2023.

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

8.1 None

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

9.1 None

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

10.1 None

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

11.1 None

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**12. Communications and Marketing Implications and Advice**

12.1 None

**List of Appendices Included**

A	SYMCA Single Entity and Group Statement of Accounts
B	SYPTE Single Entity Statement of Accounts
C	Audit Results Report SYMCA
D	Audit Results Report SYPTE
E	SYMCA Letter of Representation
F	SYPTE Letter of Representation