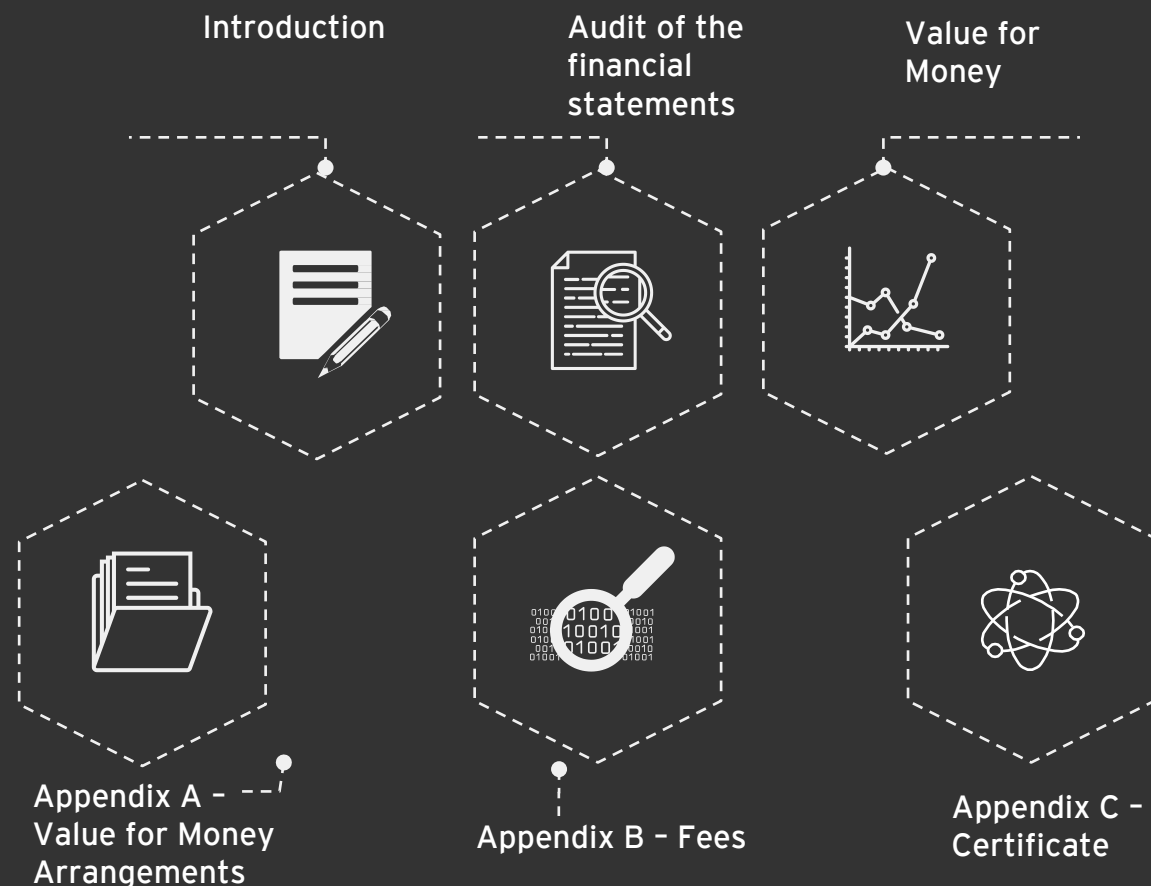
A photograph of a modern building's interior, featuring a large glass wall that reflects the surrounding environment. The interior shows a multi-level atrium with a polished floor and a ceiling with recessed lighting. The glass panels are held together by dark metal frames and bolts.

# **South Yorkshire Mayoral Combined Authority Auditor's Annual Report**

Year ended **31 March 2022**

# Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of South Yorkshire Mayoral Combined Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Audit, Standards and Risk Committee and management of South Yorkshire Mayoral Combined Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Audit, Standards and Risk Committee and management of South Yorkshire Mayoral Combined Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# Introduction

## **Purpose**

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on Value for Money (VFM) arrangements, which aims to draw to the attention of the Authority, or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

## **Responsibilities of the appointed auditor**

We have undertaken our 2021/22 audit work in accordance with the Audit Plan that we issued on 18 October 2022. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Authority;
- If we identify a significant weakness in the Authority's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

## **Responsibilities of the Authority**

The Authority is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



## Introduction (continued)

### 2012/22 Conclusions

<b>Financial statements</b>	Unqualified – the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor's report on 15 November 2023.
<b>Going concern</b>	We have concluded that the Group Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
<b>Consistency of the other information published with the financial statement</b>	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
<b>Value for money (VFM)</b>	We had no matters to report by exception on the Authority's VFM arrangements. We have included our VFM commentary in Section 03.
<b>Consistency of the annual governance statement</b>	We were satisfied that the annual governance statement was consistent with our understanding of the Authority.
<b>Public interest report and other auditor powers</b>	We had no reason to use our auditor powers.
<b>Whole of government accounts</b>	The Group Audit Instructions were released by the NAO in February 2023. These instructions confirmed that the Authority falls under the HMT Audit Threshold of £2 billion. We have completed our return, however the NAO has not confirmed whether South Yorkshire Mayoral Combined Authority will be a sampled body for additional procedures.
<b>Certificate</b>	Our audit cannot be certified as closed until it has been confirmed that the NAO do not wish to sample South Yorkshire Mayoral Combined Authority for additional WGA procedures.



# Audit of the financial statements

## Key findings

The Narrative Statement and Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

On 15 November 2023, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 20 September 2023 Audit, Standards and Risk Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

Significant risk / Other areas of focus	Conclusion
<b>Risk of fraud in revenue and expenditure recognition</b>	Our testing did not identify any material misstatements due to revenue and expenditure recognition and material issues or unusual transactions which indicate any improper misreporting of the Authority's financial position.
<b>Misstatements due to fraud or error - Management override of controls</b>	<p>Our work did not identify any material weaknesses in the design of controls or evidence of material misstatements, whether due to fraud or error, related to the management override of controls.</p> <p>Our work did not identify any instances of inappropriate judgements being applied.</p> <p>Our work did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.</p>
<b>Valuation of property, plant and equipment</b>	<p>We did not identify:</p> <ul style="list-style-type: none"><li>• any material issues in the properties subject to valuation during the year, other those already adjusted by the management;</li><li>• any material differences in the values of properties not valued during the year; and</li><li>• any issues in the accounting adjustments posted in respect of the aforementioned in the financial statements.</li></ul>
<b>Pension liability valuation</b>	Our work on the net pension liability did not identify any material misstatements to the amounts reported in the financial statements.



# Audit of the financial statements

Significant risk / Other areas of focus	Conclusion
Accounting for Covid-19 related grant funding	Our work on Covid-19 related grants did not identify any significant issue or weakness which might indicate any misstatement to the amounts reported in financial statements.
Going concern disclosure considerations	<p>Our work on going concern of the Authority did not identify any significant issues or weakness.</p> <p>The audit report for South Yorkshire Passenger Transport Executive (subsidiary of the Authority) contained an Emphasis of Matter with respect to going concern as the South Yorkshire Passenger Transport Executive (Transfer of Functions) Order 2023 enacted on 20 February 2023 and provided that the South Yorkshire Passenger Transport Executive (the Executive) to be dissolved on 01 April 2023 along with all of its functions, property, rights and liabilities to be transferred to the South Yorkshire Mayoral Combined Authority.</p>



We did not identify any risks of significant weaknesses in the Authority's VFM arrangements for 2021/22.

Our VFM commentary highlights relevant issues for the Authority and the wider public.

We have no matters to report by exception in the audit report.

## Scope

We are required to report on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on Value for Money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our VFM risk assessment to the 18 October 2022 Audit, Standards and Risk Committee meeting which was based on a combination of our cumulative audit knowledge and experience, our review of Authority's committee reports, meetings with the Interim Head of Finance and evaluation of associated documentation through our regular engagement with Authority's management and the finance team.

## Reporting

We completed our risk assessment procedures in December 2022 and did not identify any significant weaknesses in the Authority's VFM arrangements. We have also not identified any significant risks during the course of our audit. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our commentary for 2021/22 is set out in this report. The commentary summarises our conclusions over the arrangements at the Authority in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<b>Financial sustainability:</b> How the Authority plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
<b>Governance:</b> How the Authority ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
<b>Improving economy, efficiency and effectiveness:</b> How the Authority uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weaknesses identified



## Value for Money (continued)

### Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

The Group Finance function has responsibility for leading the business planning process. The Finance Business Partners oversee the entire group budget which is informed by an assessment of operational and strategic priorities to build a budget model that addresses medium-term financial challenges. This model is subject to regular review by the Group Finance Director and the Deputy Finance Director during the year and serves as the foundation for the annual budget report.

The Authority acknowledges financial sustainability as a strategic risk and the risk register contains a set of measures aimed at mitigating this risk and managing its impact on the Authority's service delivery in both the short and medium term. The Authority assesses financial risks via a system of formal monthly internal reporting on financial pressures, tracking progress against targets and plans. Liquidity and medium-term financial planning are also subjects of management review and reporting. The risk register is a regular item on the Board's agenda and is subject to periodic review by the Audit, Standards, and Risk Committee.

Proposals for cost savings are subject to examination by a panel comprising senior representatives from Finance, Human Resources, and Information Technology and then reported to the Management Board for review and to agree relevant mitigating actions. Where relevant the Board considers the use of reserves as a means to cover any identified shortfalls. At the end of 2022, the MCA group reported revenue reserves amounting to £90 million, alongside capital reserves of £65.9 million with an underspend of £136 million.

The Authority's vision and long-term strategic plan outline its commitment to fulfilling statutory responsibilities. This commitment is further delineated in the annual operating plan, which encompasses financial strategies aimed at ensuring the sustainable delivery of services. Business plans align with the strategic priorities outlined in the Strategic Economic Plan (SEP), Renewal Action Plan (RAP), and Corporate Plan. Funding allocation decisions, reflecting these priorities, are made by the Management Board and subsequently approved by the MCA Board as part of the annual budgeting process.

The Authority reports on critical performance areas, including Finance, Sustainability, People, and Partnerships, at each Board meeting. Financial plans encompass reporting on these broader areas, serving as integral mechanisms for tracking progress toward target achievement in each performance area. In instances where the Authority identifies risks jeopardizing target attainment, it incorporates identified mitigating actions into the Integrated Plan together with the impact on financial resources.

The Authority maintains a sound risk management and governance processes. Risks are outlined in the business plans of each management area, and these risks inform the development of the reserves strategy. The Board is regularly presented with formal mid-year and year-end outturn reports, alongside quarterly proposed revised budgets for approval. These reports serve to address risks to achieving the planned outturn position, accommodate any changes to the original plan, and outline actions taken to mitigate emerging risks.

**Conclusion:** Based on the work performed, the Authority had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.





## Value for Money (continued)

### Governance: How the Authority ensures that it makes informed decisions and properly manages its risks

The Authority has an appropriate Assurance Framework, subject to annual review to align with strategic objectives, priorities, and risks. This framework delineates the Authority's actions aimed at assuring the mitigation of risks to an acceptable level. The senior management team is responsible for the continuous review and updating of this framework. Oversight of the Assurance Framework falls under the purview of the Board of Directors and the Audit, Standards, and Risk Committee. The Authority has a strategic risk monitoring and reporting system that underpins the Assurance Framework, facilitating the oversight of risks, controls, and mitigations by the Board and its Committees. The Authority has established a sound control environment, supported by relevant policies and procedures, including those dedicated to fraud prevention. Internal audit conducts an annual program to assess the risk of fraud, which is endorsed by the Audit, Standards, and Risk Committee.

The Finance Business Partners exhibit a good understanding of the group budget, employing available information to identify potential financial pressures when preparing the budget. Their approach extends beyond the immediate fiscal year, encompassing the medium-term horizon. The budget model undergoes regular scrutiny by the Group Finance Director and Deputy Director throughout the business planning process and serves as the foundation for the annual budget report. The Authority has established effective mechanisms for setting, approving, and monitoring budgets. The internal budgeting and monitoring process operates throughout the year, with regular reporting to various committees. Board reports encompass a spectrum of non-financial management information pertaining to key performance areas. Quarterly reports to the Board provide insights into progress against budget, explanations of variances, and proposals for mitigating actions, all subject to approval.

The Authority has a governance framework that encompasses: management reporting of performance against plans; risk management reporting, inclusive of identified mitigations; and Board reports with a structured format that includes a checklist to ensure relevant consideration of areas such as Finance, HR, legal and IT. Minutes of meetings provide evidence of discussion and challenges during the decision-making processes. The Audit, Standards, and Risk Committee comprises appropriately skilled and experienced members, operating with defined terms of reference. An annual work plan guides the Committee's focus on governance, internal control, and financial reporting aspects. This encompasses the agreement on an annual internal audit plan and consideration of internal audit reports and recommendations.

The Authority has established governance structures to ensure adherence to appropriate standards and regulations. Declarations of interest are a routine agenda item in all Board and committee meetings. Policies and procedures are in place to ensure that staff operate in accordance with relevant legislative and regulatory requirements. These policies and procedures undergo regular review and revision. Specific policies addressing gifts, hospitality, conflicts of interest, and the conduct of staff and members further reinforce ethical standards within the organization.

The Authority's governance practices reflect a commitment to transparency, accountability, and effective risk management, providing a foundation for responsible stewardship of resources and compliance with regulatory obligations.

**Conclusion:** Based on the work performed, the Authority had proper arrangements in place in 2021/22 to enable it to make informed decisions and properly manage its risks.



## Value for Money (continued)

### Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

The Board and Audit, Standards, and Risk Committee regularly monitor financial performance through quarterly transport revenue budget and performance reports. In addition to monitoring financial performance these reports outline risks and mitigating options to ensure the financial position is appropriately managed.

Performance management is informed by the tracking of key performance indicators (KPIs) across service areas. These KPIs are subject to review by the Board and Committees, to facilitate the identification of corrective actions where performance falls short of targets. The Authority places a strong emphasis on strategic reporting with performance data consolidated in the Strategic Economic Plan reporting to the Board as well as actual performance this reporting includes development plans for areas in need of improvement.

To enhance effectiveness, the Authority conducts evaluations of its programs and major projects with evaluation reports being presented to the MCA and Local Enterprise Partnership (LEP) Boards. These evaluations provide valuable feedback, enabling the Authority to analyse delivery and assess the impact of services. The lessons learned from these evaluations are integrated into future policy-making, project management, and partnership decisions.

The Authority has a an appropriate procurement management arrangement in place which adheres to relevant legislation and guidelines to ensures there is a transparent and accountable procurement of services. There is regular monitoring of procurement outcomes by the Board to assess the achievement of financial efficiency and effectiveness.

**Conclusion:** Based on the work performed, the Authority had proper arrangements in place in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

# Appendices

## Appendix A – Summary of arrangements

### Financial Sustainability

Reporting Sub-Criteria	Findings
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	Finance Business Partners within the group possess a good understanding of the budgetary framework. In working with colleagues across the organisation they use internal and external information sources to identify potential financial pressures in the short and medium term. These insights are used to construct a budget model that not only focuses on the immediate year but also extends to the medium term. Throughout the business planning cycle, the budget model is regularly reviewed to ensure that it properly reflects the Authority's financial landscape. This model serves as the foundation for the annual budget report, aligning financial planning with the medium-term objectives of the Authority. Financial sustainability risks are identified within the Authority's risk register together with actionable strategies aimed at mitigating their impact on service delivery in the short and medium term. The Authority has regular reporting to the Board and management team including updates on financial pressures and progress against targets. The financial position of the Authority is also subject to review by the Audit, Standards and Risk Committee.
How the body plans to bridge its funding gaps and identifies achievable savings	In addressing funding gaps and identifying achievable savings, the Authority employs a strategic approach that aims to ensure financial stability and prudent resource allocation. Savings proposals from management areas are subject to an established review process, overseen by a panel of senior business partners from Finance, HR, and IT. The outcomes of these reviews are subsequently presented to the Management Board under the guidance of the Group Finance Director for agreement and prioritisation. The Authority has also established levels of reserves to mitigate against the impact of any unforeseen non delivery of savings. As of the end of the 2021-2022 fiscal year, the MCA Group reported a revenue reserve balance of £90 million and capital reserves totalling £65.9 million. This financial prudence provides a crucial safety net for bridging funding gaps and ensuring financial sustainability.
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Authority adopts a systematic approach to financial planning that ensures the sustainable delivery of services. The Authority's strategic vision and long-term plan provide the overarching framework for fulfilling its statutory responsibilities. These guiding documents articulate how the Authority will meet its obligations to the community it serves. To translate these strategic intentions into tangible actions, the Authority formulates an annual operating plan that incorporates financial plans. These financial plans are designed to enable the sustainable delivery of services in line with the established strategic priorities. Integral to this process is the alignment of all business plans with the strategic priorities outlined in documents such as the Strategic Economic Plan (SEP), Renewal Action Plan (RAP), and Corporate Plan. These plans serve as the foundation upon which the Authority's operational and financial strategies are built. Within the Authority's governance structure, the Management Board is responsible for prioritising the allocation of available funding to the outlined strategic priorities and submitting actions to the MCA Board for approval which culminate in the endorsement of the annual budget.

## Appendix A – Summary of arrangements (continued)

### Financial Sustainability (continued)

Reporting Sub-Criteria	Findings
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	Key performance areas, including Finance, Sustainability, People, and Partnerships, are regularly reported to each Board meeting. Within these reports, the Authority incorporates elements related to its financial plans as part of a strategy to monitor the achievement of targets across these key performance areas. Should the Authority identify potential risks to the achievement of targets action is taken to identify appropriate mitigating actions which are then built into the Integrated Plan. This Integrated Plan provides a framework to identify and allocate financial resources against identified actions. Each management area within the Authority is tasked with developing a business plan to deliver agreed actions against identified resources. Regular review sessions are conducted at the conclusion of each planning cycle, with a central focus on evaluating the alignment of these resource plans with other components, including workforce, capital, and investment considerations.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	The Authority demonstrates a sound approach to identifying and managing risks to financial resilience, which includes addressing unplanned changes in demand and challenging the assumptions underlying its plans. Risks are systematically addressed within the planning framework of each management area, with a dedicated section in their business plans specifically outlining identified risks. The Group Finance Director and deputy director play a pivotal role in effectively managing financial risks against overall financial plans and the Authority's reserves strategy. This strategy is incorporated into the annual budget report and is subject to approval by the MCA Board, ensuring alignment with the Authority's overall financial objectives. To manage financial resilience, the Authority receives quarterly budget reports and formally reviews the mid-year and end-of-year outturn reports. These reports and budgets serve as mechanisms for addressing risks that may impact the planned financial outturn providing a structured platform for assessing any changes in circumstances or assumptions that may have arisen during the year.

## Appendix A – Summary of arrangements (continued)

### Governance

Reporting Sub-Criteria	Findings
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Authority has in place an established governance and risk management framework that identifies key strategic and operational risks, together with mitigating actions and processes for monitoring and managing progress against identified risks. Oversight of the Assurance Framework is provided by the Board and the Audit, Standards and Risk Committee. Risk monitoring and assessment occur throughout the year using a strategic risk monitoring and reporting system, facilitating oversight of risks, controls, and mitigations by relevant committees. The Authority has in place a sound control environment with well-defined policies, including fraud prevention measures. Internal audit undertakes an annual program to assess the risk of fraud, as agreed upon by the Audit, Standards and Risk Committee, to assess the effectiveness of fraud prevention arrangements.
How the body approaches and carries out its annual budget setting process	The Finance Business Partners exhibit a good understanding of the group budget, employing available information to identify potential financial pressures when preparing the budget. Their approach extends beyond the immediate fiscal year, encompassing the medium-term horizon. The budget model undergoes regular scrutiny by the Group Finance Director and Deputy Director throughout the business planning process and serves as the foundation for the annual budget report. The Authority has established effective mechanisms for setting, approving, and monitoring budgets. The internal budgeting and monitoring process operates throughout the year, with regular reporting to various committees. Board reports encompass a spectrum of non-financial management information pertaining to key performance areas. Quarterly reports to the Board provide insights into progress against budget, explanations of variances, and proposals for mitigating actions, all subject to approval
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	The Authority ensures effective budgetary control through regular budgeting and budget monitoring processes, including reporting the management team and the Board. Performance reporting includes non-financial management information related to key performance areas. Quarterly reports presented to the Board provide insights into progress against the budget, explanations of variances, and proposals for mitigating actions, ensuring timely and relevant information dissemination. The Authority maintains appropriate monitoring of financial information at both board and committee levels and follows a structured process for the preparation and review of the annual accounts.



## Appendix A – Summary of arrangements (continued)

### Governance (continued)

Reporting Sub-Criteria	Findings
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	The Authority ensures that its decision-making processes are informed and foster an environment of challenge and transparency. A structured governance framework is in place, which encompasses the reporting of performance against plans and with identified mitigating actions where relevant. Board reports adhere to a standardised format that includes a checklist to confirm relevant consideration of areas such as Legal, Finance, HR, and IT. The minutes of meetings provide evidence of the challenges posed during the decision-making processes. The Audit, Standards, and Risk Committee comprises appropriately skilled and experienced members, operating with defined terms of reference. An annual work plan guides the Committee's focus on governance, internal control, and financial reporting aspects. This encompasses the agreement on an annual internal audit plan and consideration of internal audit reports and recommendations. The Authority also maintains an assurance framework that is regularly reviewed, with reporting on performance, risks, and mitigations both internally and through internal audit reports.
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	The Authority has established governance structures to ensure adherence to appropriate standards and regulations. Declarations of interest are a routine agenda item in all Board and committee meetings. Policies and procedures are in place to ensure that staff operate in accordance with relevant legislative and regulatory requirements. These policies and procedures undergo regular review and revision. Specific policies addressing gifts, hospitality, conflicts of interest, and the conduct of staff and members further reinforce ethical standards and expected standards of behaviour among its members and officers.

## Appendix A – Summary of arrangements (continued)

### Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	Financial and performance information is used to assess performance and identify areas for improvement within the Authority. The Board and Audit, Standards and Risk Committee maintain a formal oversight of financial performance through quarterly transport revenue budget and performance reports. Performance reporting provide an overview of performance against planned targets and desired outcomes together with planned actions to address areas where performance is below expectation. The reports are subject to Board oversight and monitoring. The MCA Board and Audit, Standards and Risk Committee, formally oversee financial performance through quarterly Capital and revenue monitoring reports, inclusive of risks and mitigating options.
How the body evaluates the services it provides to assess performance and identify areas for improvement	The integrated performance and finance report serve as the key mechanism for assessing performance and identifying areas for improvement, as it identifies the progress against key performance indicators for core service areas. These indicators are subject to regular monitoring by the Board and in cases where performance falls below target requirements, the Authority takes appropriate action to identify plans to address performance issues. The Authority also uses a range of metrics to measure its performance across its operations which are consolidated within the Strategic Economic Plan reporting, which is also presented to the Board. This report includes details regarding the evidence base of actual performance, highlighting areas that require improvement and the corresponding development plan in place to achieve the necessary enhancements.
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	The Authority places significant emphasis on ensuring the effective delivery of its role within significant partnerships and the engagement of stakeholders. To monitor performance against expectations and drive improvement, a structured approach is employed. Evaluation reports pertaining to programs and major projects are systematically presented to both the MCA and Local Enterprise Partnership (LEP) Boards. These reports are subject to a review, encompassing projects, programs, and partnerships funded by the MCA and LEP. The review process analyses the delivery and impact of initiatives, capturing lessons learned, encountered issues and delivery-related risks. This information is also used in the design and management of future MCA and LEP-funded projects, programs, and partnerships.
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	The Authority ensures that its commissioning and procurement of services adhere to relevant legislation, professional standards, and internal policies through established procurement management arrangements. Standing financial instructions are in place to facilitate the procurement process, to ensure that services are acquired and authorised in accordance with the Authority's internal policies and regulatory framework. Procurement activity is subject to MCA Board oversight to assess if planned benefits are being realised.

## Appendix B – Fees

### Fees

We carried out our audit of the Authority's financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated April 2018)". As outlined in the Audit Results Report we were required to carry out additional audit procedures to address audit risk in relation to misstatement due to fraud and error and risk of fraud in revenue and expenditure recognition along with additional procedures in respect of certain areas of focus including valuation of land and building, valuation of pension liability, ISA 570 going concern assessment and disclosure considerations and accounting for Covid-19 grants.

Description	Final Fee 2021/22 £	Planned Fee 2021/22 £	Final Fee 2020/21 £
Total Fee - Code work (Note 1)	29,416	29,416	29,416
Increased cost of regulation	17,890	17,867	21,695
Pensions work	6,140	2,500 - 3,500	
Value for money work	2,530	2,500 - 3,500	
PPE and IP Valuation	5,100	5,000 - 10,000	
Covid-19 grants	2,350	-	
Group accounts	1,610	-	
Total Audit Fee	65,036	-	51,111

#### Notes:

- As highlighted in the Redmond Report, local government external audit fees have not kept pace with regulatory change. We believe that changes in the work required to address professional and regulatory requirements and scope changes associated with the risk of the organisation mean that the scale fee for the Authority should more realistically set at a level that reflects the complexity and risk profile of the Authority, and the resulting hours required to delivery the audit. The scale fee is set by PSAA Limited. We wrote to management and the Audit, Standards, and Risk Committee Chair setting out our considerations on the sustainability of UK local public audit.
- For 2021/22 we outlined in our audit results details of our planned additional fees to address the additional work which has been undertaken. Management have not agreed with the additional fees which have been submitted to the PSAA Ltd for approval.

We confirm we have not undertaken any non-audit work.

## Appendix B – Fees

### Relationships, services and related threats and safeguards

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The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Authority, and its members and senior management and its affiliates, including all services provided by us and our network to the Authority, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 01 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted. We confirm that we have not undertaken non-audit work.

## Appendix C - Certificate

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### Certificate

Our audit cannot be certified as closed until it has been confirmed that the NAO do not wish to sample South Yorkshire Mayoral Combined Authority for additional WGA procedures.

## EY | Assurance | Tax | Transactions | Consultancy

### About EY

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ED None

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