



SOUTH YORKSHIRE MAYORAL COMBINED AUTHORITY

Assurance Framework

Internal audit report 7.23/24

FINAL

21 February 2024

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1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, 100 per cent of our audit has been conducted remotely. Remote working has meant that we have been able to complete our audit and provide you with the assurances you require. Based on the information provided by you, we have been able to sample test and undertake full population testing using data analytics tools to complete the work in line with the agreed scope.

Why we completed this audit

The South Yorkshire Mayoral Combined Authority (SYMCA) is a partnership of councils, representing the communities of Barnsley, Doncaster, Rotherham, and Sheffield. SYMCA are responsible for leading on decision making in relation to funding for investments to deliver transport, housing, business growth, skills and economic development related projects. To support those funding decisions, an Assurance Framework is published each year, on 1 April. The assurance framework aims to document how SYMCA will use public money responsibly, both openly and transparently, and achieve best value for money. The framework outlines the processes in place to ensure accountability, transparency, value for money, and meeting legal and compliance requirements; details how potential investments will be prioritised, appraised, approved, and delivered; and identifies how the progress and impacts of such investments are to be monitored and evaluated.

The MCA (Mayoral Combined Authority) Board is the main decision-making body within the assurance framework. Both the Mayor, and the MCA Board were previously supported by the SYMCA Executive Team, and four Thematic Boards, which had project approval rights of up to £2m. However, in July 2023, the Thematic Boards were removed from the SYMCA governance model to enhance full transparency in relation to funding making decisions, therefore increasing the role of the MCA Board to make all funding decisions. An MCA Programme Board is now in place, consisting of SYMCA Statutory Officers, and Directors of the SYMCA Executive Team. The Programme Board are responsible for overseeing programme and project development, and progression through approval gateways.

The assurance framework is reviewed, updated and published for the start of each financial year, and, ahead of this, the organisation conduct an annual assurance review, undertaken via workshops, to allow for suggestions in relation to improving the assurance framework process to be obtained by key stakeholders, such as Local Authorities. Following review, the MCA Board produce a paper to advise of all assurance framework amendments on an annual basis, each March. The 2022/23 assurance framework changes were detailed within the 6 March 2023 Mayoral Combined Authority Board Paper.

As part of this review, the MCA have adopted a more streamlined approach to their assurance framework and scrutiny of applications for grant funding and projects, with the addition of several significant key changes, including the introduction of a business partner approach, providing a named contact within SYMCA's Programme Management Office (PMO), the introduction of a single MCA decision point, and the introduction of the SYMCA Programme Board. As such, our audit aimed to confirm that SYMCA has effectively implemented these changes, assess how the new framework has been adopted, complied with, and whether it is delivering the desired outcomes.

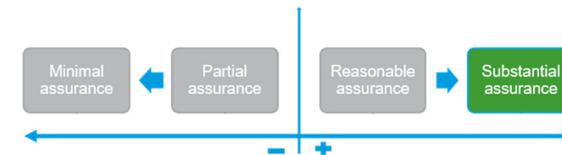
Conclusion

Overall, we confirmed that SYMCA has effective controls and processes in place to support their assurance framework and scrutiny of applications for grant funding and projects. We confirmed that the current assurance framework had been reviewed to identify what improvements could be made and were able to evidence that the changes identified as part of the 2022 assurance framework review, had been incorporated into the 2023 version of the assurance framework. We were also able to evidence that the new assurance framework has been made available to stakeholders and evidenced that the key changes had clearly been highlighted, and identified that SYMCA had introduced; and, through a review of ten business cases from the 2022/23 financial year, we were also able to evidence that the assurance framework guidance had been adequately followed.

We have however agreed two low priority actions with management, in relation to ensuring that the Corporate Induction delivered to all new starters is updated, to reflect the new SYMCA governance model, and for SYMCA to consider the implementation of training logs, to ensure that all staff members who have a role that supports the assurance framework, undertake any assurance framework training, as a mandatory requirement.

Internal audit opinion:

Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective.



Key findings

We identified the following controls which were found to be functioning effectively:



We were able to evidence that South Yorkshire Mayoral Combined Authority (SYMCA) have in place an assurance framework, which identifies the activities and decisions that the Mayoral Combined Authority (MCA) and Mayor have responsibility for, and details how SYMCA assess and approve proposed projects and programmes for investment. Review of the March 2023 framework identified key inclusions such as information in relation to how SYMCA ensure accountability for public funds; full details of the assurance process, from initial budget setting to the appraisal and approval process; details of how any approved contracts are managed and maintained, including the issuance of funding; and information in relation to how SYMCA monitor and evaluate project delivery.



Review of the SYMCA March 2023 assurance framework, evidenced that each of the Boards and Committees involved within the assurance framework process had been detailed to include key roles and responsibilities, the members of each committee, and the role that each committee plays within the assurance framework decision making process.

This included roles and responsibilities of the Mayor; MCA Board; the four Thematic Boards that were involved within the funding approval decision process, prior to July 2023; and the MCA Programme Board. We were also able to evidence that the quoracy and meeting frequency for each of the relevant Boards had been documented within the assurance framework.



We tested a sample of 10 business cases, to evidence that a mandate form was submitted and assessed, to ensure that the scheme would fit with the Authority's strategic objectives, contribute to the Authority's Co-Developed Outcomes Framework, and comply with all relevant government funding requirements. In all instances, we were able to evidence that a mandate form had been submitted by the project scheme promoter, which outlined the rationale (statement of strategic fit) for the project, and detailed how the project would contribute towards both the MCA's policy objectives, and strategic economic plan; and the statement of strategic fit had been confirmed to meet the MCA's policy objectives, and investment priorities, to be accepted onto the programme pipeline.



Through From our sample of 10 business cases, we were also able to evidence that a business case had been prepared, which identified value for money, suitability of the preferred funding option, financial and commercial due diligence checks, and the review and assessment of any identified risks. Our testing included reviewing the process against the reduced touch-points and streamlined approval process, introduced for 2022/23.



From our sample of 10 business cases, we were further able evidence that each business case received appropriate approval through the SYMCA governance structure, including an assessment of the strategic business case by the SYMCA Project Board; and a documented assurance summary had been produced, to evidence appropriate appraisal by the Board, to ensure that strategic fit had been met, risks had been appropriately identified, and the project had been reviewed, to ensure value for money.

At the time of our audit, six business cases had progressed to an Outline Business Case, and we were then able to evidence that an Outline Business Case had been produced, detailing a financial summary of the project, outlining the total project cost, total private investment, total public sector investment, and total MCA funding to be sought. Evidence of need had also been detailed, to justify the funding requirement. In depth detail for each project had been narrated, to include a full overview of the project, any opportunities or barriers the project may unlock, including full justification of why the taxpayer should invest in the project, a detailed breakdown of what the MCA funds were to be used for across the project; and how the project would meet the MCA's core strategic outcomes; and a value for money statement had been produced, to allow the business case assessment to consider both monetised and non-monetised benefits and costs, to ensure that the project does represent value for money.



For the six instances where an Outline Business Case had been produced, in all six instances, we were able to confirm that the MCA Board appraised each Outline Business Case and provided an in-principle decision in relation to the funding, with a provision that the Final Business Case was to be within current agreed funding tolerances and thresholds. From these six instances, at the time of our audit, three projects had progressed to the production of a Full Business Case, with the remaining three projects still in the development stage of progressing to Full Business Case stage review. In all three instances, we were then able to evidence that a value for money statement had been completed, and this had been submitted to the Assurance Panel for consideration.

Following Assurance Panel approval, we were able to evidence that in two instances, the MCA Programme Board had reviewed the resubmitted Full Business Case, to confirm that all funding conditions set by the Board had been satisfactorily met, prior to full funding approval; and in the remaining instance, the MCA Board delegated Project Monitoring Officer had confirmed this, and the decision and approval had been appropriately documented on an Officer Scheme of Delegation document, per the assurance framework.

Following Final Business Case approval, the scheme promoter must confirm to the MCA Board that all funding conditions set by the Board have been met, which triggers the completion, signing, and exchange of the funding agreement contract. From our sample, we identified one business case that had proceeded to the exchange of funding agreement stage, and we were able to evidence that the scheme promoter had confirmed the funding conditions had been met, prior to the funding agreement being signed by both SYMCA and the scheme promoter.



SYMCA conduct an assurance framework review on an annual basis. The review is conducted via workshops, which are presented to stakeholders involved with the assurance framework itself, for example, representatives from SYMCA's local authorities. Workshops are led by the Head of Assurance and Evaluation; Director of Funding, Monitoring & Reporting; and Assistant Director, Programme Management Office. To date (January 2024), a total of nine workshops have so far been held, and we were able to obtain evidence of the feedback captured at each meeting. Feedback is captured at each meeting and once all workshops have concluded, an overview of the captured feedback is issued to all stakeholders to inform them of the feedback that has been obtained, and how this is to influence any changes to the 2023/24 assurance framework. Discussions with the Head of Assurance and Evaluation confirmed that the issuance of the feedback results is scheduled for February 2024, and this will be supported by visits to the SYMCA local authorities, at the end of February, to verbally present any agreed upon changes, to ensure stakeholders have a clear understanding of what is to be changed, ahead of the draft Framework Assurance being published on 12 March 2024.

Although the assurance framework review is conducted on an annual basis, it was also noted that feedback can also be provided throughout the year, at the SYMCA Executive Meetings, and changes can be implemented at any point throughout the year, should these add value to the framework. Whilst the 2022/23 assurance framework review is still ongoing, and will not be concluded until March 2024, we were able to evidence that suggestions and feedback had already started to be implemented, during the year. For example, the introduction of the PMO, to enhance the meetings and interface with subject areas and stakeholders, as well as a simplification to the appraisal process, by the removal of the Thematic Boards.



Review of the MCA March 2023 Board Paper identified that a number of amendments had been notified, ahead of the 1 April 2023 publication of the 2022/23 assurance framework. These included: the proposed governance structure amendment, in relation to the LEP being replaced by a Business Advisory Board; the introduction of the Programme Board, and detail of roles and responsibilities; the addition of guidance and detail relating to the required annual reports that must be issued to the Government; updated guidance in relation to the appraisal process, including supporting diagrams to illustrate the process; and clarification and guidance in relation to Governmental requirements that are required to be complied with by SYMCA for their devolution deals. We evidenced that the MCA March 2023 Board Paper had been published on the SYMCA website.



As part of the annual assurance framework review, we noted that the following amendments had been agreed for the 2022/23 assurance framework process, following stakeholder feedback:

- The introduction of a business partner approach, providing a named contact within SYMCA's Programme Management Office (PMO), to provide advice and guidance through the business case development process, and act as key point of contact;
- The flexibility for local authorities to use their own forms and internal assurance processes;
- The allowance of up to 14 per cent of the total project cost to be paid on approval of the Strategic Business Case, in order to efficiently support project and business case development costs; the ability for scheme promoters to access consultancy support at discounted rates for project or business case development;
- The introduction of a single MCA decision point, allowing the MCA Board to provide the only investment decision at the "outline business case" stage;
- The introduction of the SYMCA Programme Board;
- The publication of key decisions on a rolling basis, as decisions are made, in order to improve transparency; streamlined change control process ensuring that only major changes, such as significant changes to project scope, profiled outputs, outcomes, milestones, match funding or a need for additional MCA investment are now presented to the MCA Board for approval; and
- A change to allow for prior notice of draft funding agreement clauses to be provided, by ensuring that conversations are held with project applicants early in the process, in relation to any specific clauses or conditions that will be included within the final funding agreement, for complex projects.

For each proposed change, we completed testing, to evidence that these had been reflected within the 2022/23 assurance framework process. Testing included a review of the 2022/23 assurance framework; interview discussions with both the Assistant Director Programme Management Office, and Head of Assurance and Evaluation, and review of the process through our sample testing of 10 projects that were detailed within the controls above. We were able to evidence that for all changes, these had been adequately implemented into the SYMCA assurance framework processes.

Details of the two low priority management actions can be found within Section 2 of this report.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Area: Training and Guidance		
Control	<p>A Corporate Induction is in place, which provides an overview in relation to the project development and assurance process. This is delivered to all new starters within SYMCA.</p> <p>To support the new SYMCA governance framework , a "New SYMCA Governance Arrangements" training slide pack is also in place, and these slides are briefed to all staff members who are involved with the assurance framework process.</p> <p>Finally, a third party led "Better Business Cases" training course is provided to all SYMCA staff involved in supporting scheme promoters with writing a business case, to ensure that staff are equipped to produce effective business cases, that are likely to be approved via the SYMCA appraisal process.</p>	<p>Assessment:</p> <p>Design ✓</p> <p>Compliance ×</p>
Findings / Implications	<p>We were able to evidence that a Corporate Induction is in place, which provides an overview in relation to the project development and assurance process, guiding staff through all stages of the process including:</p> <ul style="list-style-type: none"> • Project development; • Business case assessment; • The stages of assurance - testing, appraisal and approval; • Contracting and monitoring; and • Evaluation and applying lessons learnt to future project design. <p>However, review of the Corporate Induction training material identified that the pre July 2023 governance model is still included (detailing the dissolved Thematic Boards, as an example), which provides a risk that newer members of staff may not be following a consistent process in relation to the assurance framework.</p> <p>To support the new SYMCA governance framework alluded to within the above control, a "New SYMCA Governance Arrangements" training slide pack is also in place, and these slides are briefed to all staff members who are involved with the assurance framework process. This was implemented in September 2023, and is delivered by the Head of Assurance and Evaluation. Review of the slide pack evidenced the following inclusions:</p> <ul style="list-style-type: none"> • An overview of the new governance changes, and what these will include. This detailed the new leadership model, with Local Authority Leaders and the Mayor taking portfolio responsibilities, as well as the implementation of a Business Advisory Board, and Mayors Economic Council, which will replace the LEP Board; • An overview of the roles and responsibilities of the Mayor, and the MCA Board, including a new monthly meeting requirement, to replace the previous eight weekly meeting schedule; • Explanation in relation to the dissolving of the Thematic Boards, and the reasoning behind this; • Information in relation to how the entities will work as a Cabinet through new, and informal mechanisms such as the establishment of policy and strategic planning meetings and informal leaders catch ups, providing SYMCA Leaders and the Mayor more planning time; • An overview of the MCA Portfolio Leads, including contacts for each portfolio, and any supporting arrangements in place; and 	

Area: Training and Guidance

- The introduction of a new Business Advisory Board (the first meeting of which was held in November 2023), who meet on an eight weekly basis, with the aim of helping to shape thinking in relation to issues of importance to local businesses, ensuring that business voices are heard and considered by the MCA to inform its decisions.

Further to this, we identified through discussions with the Head of Assurance and Evaluation that a third party led "Better Business Cases" training course is provided to all SYMCA staff involved in supporting scheme promoters with writing a business case, to ensure that staff are equipped to produce effective business cases, that are likely to be approved via the SYMCA appraisal process (detailed below).

Review of the training material identified that examples of the following elements are taught as part of the course:

- Policy and programme development;
- Legislative or regulatory proposals;
- Appraisal of a portfolio of programmes and projects;
- Structural changes in government organisations;
- Taxation and benefit proposals;
- Significant public procurement proposals;
- Major projects; and
- Changes to the use of existing public assets and resources.

The training is based on HM Treasury's Green Book (Central Government Guidance on appraising and evaluation policies, programmes and projects), and uses a "five case model" approach - which is described as a discipline and structure for arriving at the best possible business decision. The model incorporates key elements in relation to developing a business case, such as: establishing a case for change; setting clear objectives for return on investment; the consideration of a range of potential solutions, that offer a balance of cost, risk, and benefit; and detailing arrangements to ensure successful proposal delivery.

However, we were unable to evidence that training logs were in place currently, to identify members of staff who have undertaken assurance framework specific training. Though discussions with both the Assistant Director Programme Management Office, and Head of Assurance and Evaluation identified that this has been noted as a current gap in the assurance framework training process, and as such, the Assurance and Evaluation Team are looking to implement this as training is delivered during 2024. Currently, if training log records are not maintained, this provides a risk that SYMCA will not be able to effectively identify those staff who still require training - particularly in relation to better business cases, meaning that those who have not received such training, may provide lower quality work, leading to delays with the project appraisal process.

Management Action 1	The Corporate Induction will be updated, to reflect the new SYMCA governance model.	Responsible Owner: SYMCA HR Team	Date: 31 July 2024	Priority: Low
Management Action 2	SYMCA will consider the implementation of training logs, to ensure that all staff members who have a role that supports the assurance framework, undertake any assurance framework training, as a mandatory requirement.	Responsible Owner: Head of Assurance and Evaluation	Date: 31 July 2024	Priority: Low

APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Area	Control design not effective*	Non Compliance with controls*	Agreed actions		
			Low	Medium	High
Assurance Framework	0 (10)	1** (9)	2	0	0
Total			2	0	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

** More than one action has been raised against one control area

APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas

Objective of the risk under review

This review focus on how the new framework has been adopted, complied with and whether it is delivering the desired outcomes.

When planning the audit, the following areas for consideration and limitations were agreed:

This review will focus on updates made to the 2023/24 assurance framework, including the following:

- How the new assurance framework has been made available to stakeholders, including highlighting the key changes.
- Whether any training or guidance has been provided in relation to the new assurance framework.
- We will review a sample of business cases to confirm that the reduced touch-points and approvals process was followed, this will include review of:
 - Step 1- Programme Entry
 - Step 2- Project Development Business Case Completion
 - Preparation for Contract
- We will also review the support provided by the Project Management Office (PMO) for our sample of business cases, such as availability of guidance notes and weekly check ins.
- How SYMCA has reviewed the changes made to the framework to establish whether improvements have been made in line with the principles set out.
- Whether SYMCA are reviewing the current assurance framework to identify what improvements can be made and whether these changes have been incorporated into future versions of the assurance framework.

Limitations to the scope of the audit assignment:

- We will not provide an opinion on the decisions made, only that they have followed the correct process.
- We will only test business cases from the financial year 2023/24.
- Testing will be undertaken on a sample basis.
- We will not provide assurance on whether the business cases will meet their objectives and targets.
- We will only test the key controls in relation the business case touch point and approval process.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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Responses received 21 February 2024

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