

## AUDIT, STANDARDS AND RISK COMMITTEE

### MINUTES OF THE MEETING HELD ON:

WEDNESDAY, 17 JULY 2024 AT 10.30 AM

SOUTH YORKSHIRE MCA, 11 BROAD STREET WEST,  
SHEFFIELD, S1 2BQ



### Present:

Councillor Phillip Lofts  
Councillor Mike Levery  
Councillor Lynda Marshall  
Steve Wragg

David Phillips  
Paul Schofield  
Aaron Macdonald

Barnsley MBC  
Sheffield City Council  
Rotherham MBC  
Chair of Joint Independent Audit  
Committee  
Independent Member  
Independent Member  
RSM

### In Attendance:

Mike Thomas	Assistant Director of Finance & Deputy s73 Officer	SYMCA Executive Team
Owen Campbell	Assistant Director of Financial Services	SYMCA Executive
Simon Tompkins	Finance Manager	SYMCA Executive Team
Claire James	Head of Corporate Governance	SYMCA Executive Team
Pat Beijer	Director of Transport and Capital Delivery	SYMCA Executive Team
Sean Rodgers	Quality, Health, Safety & Environment Officer	MCA Executive Team
Michelle Stansfield	Head of Facilities and Asset Management	SYMCA Executive Team
Gareth Sutton	Executive Director of Resources & Investment	SYMCA Executive Team
Tim Taylor	Director of Public Transport Operations	SYMCA Executive Team

### Apologies:

Councillor Austen White

City of Doncaster Council

The Executive Director Resources & Investment, in the Chair, welcomed members to the meeting and noted apologies as above.

254 **Appointment of Chair and Vice Chair**

Cllr Lofts confirmed his intention to continue serving as Chair. No other members put themselves forward for the position.

Cllr Lofts was appointed as the Chair of the Committee for 2024/25.

David Phillips was appointed as Vice Chair of the Committee for 2024/25.

**RESOLVED:** To approve the appointments of Chair and Vice Chair as above.

255 **Appointments to the Transport Risk Working Group**

Appointments to the Transport Risk Working Group were made as follows:

- Paul Schofield.
- Cllr Lynda Marshall.
- Cllr Mike Levery.

**RESOLVED:** to approve appointments to the Transport Risk Working Group as above.

256 **Urgent Items/Announcements**

The Chair welcomed Steve Wragg, Chair of the Joint Independent Audit Committee, as a non-voting member, following the merger of the Office of the Police and Crime Commissioner and the South Yorkshire Mayoral Combined Authority (SYMCA).

The Chair also welcomed the new elected members of the Committee: Cllr Lynda Marshall and Cllr Mike Levery.

257 **Items to be Considered in the Absence of Public and Press**

It was noted that Agenda item 17 was exempt from publication.

258 **Declarations of Interest by any Members**

None.

259 **Reports from and Questions by Members**

None.

260 **Questions from Members of the Public**

None.

261 **Minutes and Actions of the Previous Meeting held on 20th March 2024**

**RESOLVED:** that the minutes of the meeting held on 20<sup>th</sup> March 2024 were agreed as a true and accurate record however,

the Vice Chair highlighted that the afternoon session on 20<sup>th</sup> March 2024 had not been quorate. It was proposed that the Committee formally endorse the approval of the Treasury Management Strategy and the Internal Audit Plan.

**RESOLVED:** to formally endorse the Treasury Management Strategy and the Internal Audit Plan as received on 20<sup>th</sup> March.

262

### **Health and Safety Update (reporting period 01/01/2024 - 31/03/2024)**

A Health and Safety Update was presented, noting that:

- There had been no incidents at interchanges from 1<sup>st</sup> January 2024 to 31<sup>st</sup> March 2024.
- There had been one 'near miss' involving an arson attack in an interchange, which had been dealt with by South Yorkshire Police and Fire and Rescue Service.
- Reporting of Incidents, Diseases and Dangerous Occurrences Regulations (RIDDOR) had decreased from the previous period with three RIDDORs reported to the Health and Safety Executive (HSE). The three incidents were due to ambulances being called by staff as a precaution for members of the public's accidental injuries.
- In terms of transport operator accidents, two RIDDORS were reported which were both resolved.
- Actions regarding fire risk assessments were being continually monitored across all sites. Of the actions identified the majority have either been actioned or were ready to be closed.
- Emergency evacuation plans had been redrafted for all interchanges and a new sign in system was expected to be rolled out.
- The health and safety training offered by the MCA was also due to be improved.

**ACTION: The Quality, Health, Safety and Environment Officer to provide an update on training once a new provider has been identified.**

Concerns were raised regarding a recent tram signalling fault. The Head of Facilities and Asset Management explained that training had been reissued for all staff especially regarding dealing with faulty signalling, and drivers involved are now being closely monitored.

It was noted that this incident took place under Stagecoach's management, and since the tram returned to public control the MCA had been working to improve safety issues and driver communication.

**ACTION: Officers to bring a report regarding the progress made on tram safety since SYFTL's new management.**

**RESOLVED:** the Committee noted the content of the report.

## 263 **Terms of Reference Review**

The redrafted Terms of Reference were presented.

Members agreed the following amendment:

- Clarification that there are no quorum requirements for the Transport Risk Working Group.

**RESOLVED:** the Committee noted the content of the review with an understanding that all suggested amendments would need to be approved by the MCA Board.

## 264 **Update on the External Audit of 2022/23 Accounts**

The External Auditor introduced an update on the 2022/23 Accounts.

It was noted that 2022/23 value for money work had now been completed and there were no significant weaknesses identified.

The Vice Chair asked when the timetable for completing the audit might be released. The External Auditor advised that the General Election had affected the expected stop date for audit of accounts for 2022/23 and the issuing of guidance regarding any disclaimer opinions.

The Vice Chair raised concerns about the delay and the impact on the following year's accounts.

**ACTION: External Auditor to inform Committee when guidance is released and update Committee with an estimated completion date.**

**RESOLVED:** to note the update.

## 265 **External Accounts Audit - Indicative Plan**

The External Auditor gave an overview of the Indicative Audit Plan, as follows:

- Any errors in materiality levels above £450,000 would be reported in the year-end report.
- Significant risks, such as the integration of the Passenger Transport Executive (PTE) as a specific point the team will be closely monitoring.
- The External Auditor outlined the approach to the value for money risk assessment, noting that as the work was still ongoing, no detailed commentary was contained in the plan yet. An update would be brought to the September meeting.

The Vice Chair asked for clarification on the yet to be confirmed fees. A response was given that work required to comply with new International Standards on Auditing (ISA) would incur additional fees.

Members asked for clarity on the risk of misstatements in the merger accounting treatment. A response was given that this risk was calculated based on the fact that mergers are unusual, and staff may not be familiar with

procedures which could translate into mistakes.

**RESOLVED:** the Committee noted the contents of the Indicative Plan.

266 **Internal Audit Annual Report/ Head of Audit Opinion (inc 2023/24 final position)**

The Internal Auditor summarised the internal audit and opinion for 2023/24, noting that:

- There was an adequate and effective framework in place for management of internal audits, but some further enhancements had been identified. Specific reviews on governance and risk management had both resulted in positive opinions.
- 8 assurance reviews had been undertaken in the previous year, of which 2 came out with substantial assurance and 5 with reasonable and 1 with partial assurance.

The Internal Auditor highlighted the positive KPIs recorded for the 2024/25 financial year.

The Executive Director of Resources and Investment thanked the Internal Audit team and expressed the organisation's gratitude for the report especially as a tool to reflect on the organisation's recent changes.

**RESOLVED:** that the Committee noted the contents of the Internal Audit Annual Report and Head of Internal Audit opinion.

267 **Internal Audit Plan Progress Report**

The Internal Auditor summarised the internal audit work performed since last Committee meeting, noting that:

- All remaining audits and planning meetings had been scheduled.
- The appendices include summaries of all reports for 2023/24 and updates on progress for 2024/25 reports.

**RESOLVED:** the Committee noted the content of the report.

268 **Internal Audit Reports**

The Governance Internal Audit Report was summarised, and it was noted that one action had been identified regarding implementing a more formal 'lessons learnt' approach at the MCA.

The Head of Governance gave a progress update on the 'lessons learnt' approach and explained that a best practice guide had been drafted.

**ACTION: The Head of Governance and Executive Director of Resources and Investment to discuss the best practice guide draft.**

In the follow up report, the Internal Audit team recorded the following actions at

the time of Audit in March:

- 32 actions of which 24 had been completed or superseded.
- 8 remained open with 7 ongoing and 1 not implemented.

A report on the bus tendered services report, noting that:

- Reasonable assurance had been provided overall.
- 4 medium and 2 low management actions had been agreed.

The medium actions had been categorised according to the following themes: documentation of decision-making procedures, timely signing of contracts, ensuring quality and accurate data.

A discussion was held around increased staffing in the Public Transport Operations team, and it was noted that there had previously been five vacancies out of a full establishment team of 11 Full Time Equivalent positions, but recruitment was now underway.

**RESOLVED:** the Committee noted the content of the reports and approved the recommendations of recent internal audit activity.

#### 269 **Internal Audit Follow up Report PRIVATE - Cyber Security**

An update on the cyber security internal audit was provided.

**RESOLVED:** that the Committee noted the contents of the report.

(The meeting was adjourned at 12.00)

#### 270 **PCC Transfer - Final Update**

(The meeting recommenced at 12.47)

The Chair welcomed all back to the meeting and noted that following the departure of Cllr Levery and Cllr Marshall the meeting was no longer quorate but would continue in an advisory capacity.

An update on the transfer of Police and Crime Commissioner (PCC) functions to the MCA was provided, noting that:

- All previous PCC staff were now SYMCA staff members, with their previous benefits protected.
- Police and Reform directorate had been created to include most PCC staff and reflect on the Mayor's ambitions for the PCC role.
- Work to fully integrate staff was still ongoing including specifically correcting IT issues.
- The Mayor's Policing and Crime Plan was in the early stages of development.

Members asked if there was a timescale for when the list of ongoing tasks would be completed. The Police and Crime Commissioner Project Manager confirmed that work would be finished by the end of the year, with an aim for all

PCC staff to be based at the Broad Street West offices by the end of September.

**RESOLVED:** that the Committee noted the contents of the report.

## 271 **Joint Independent Audit Committee Update**

The Assistant Director of Strategic Finance introduced an update on the Joint Independent Audit Committee (JIAC), the first of its kind since the transfer of PCC functions to the MCA. The report summarised the JIAC meeting on 19th June and raised no recommendations.

A discussion was held around ongoing IT governance issues, and it was noted that these were a complex disentanglement required as part of the transfer.

Members asked whether the funding estimates over the next five years included police staff numbers. The Chair of the JIAC explained that the budgeting process had taken account of all services and the priorities of the Mayor and South Yorkshire Police during the transfer. It was noted that no reduction in Police Officer numbers was expected.

**RESOLVED:** that the Committee noted the contents of the report.

## 272 **Tram Transfer - Final Update**

[Item taken at Item 21 of the agenda.]

The Director of Transport and Capital Delivery gave a presentation updating on the transfer of the tram from Stagecoach to South Yorkshire Future Trams Ltd (SYFTL). It was noted that:

- The 22nd March handover date had been successful, with no complaints received and minimal customer impact.
- SYFTL have introduced a new handheld ticketing system for tram conductors, which had increased transaction times and been positively received by staff.
- Ticketing revenues had increased 4.2% year to date, with 30% of fare revenue being made through the new ticketing app
- The new ticket machines had cut fare evasion and fraud by allowing conductors to immediately report incidents. Conductors have reported 0.18% instances of intentional fare evasion. This is compared with 4% as reported by Stagecoach pre-transfer.
- 88.5% of staff are now actively participating with internal communication tool Blink and 99% have signed up. This figure was less than 20% before transfer.
- Staff turnover under Stagecoach was 50% with an average of one leaver every week. Since the transfer only 1 conductor had left.

A case for renewal of tram assets had been set out in an outline business case (OBC) to Government. Approval of the OBC had been received on 13 May 2024.

Members asked whether the new SYFTL management structure was fully staffed. The Director of Transport and Capital Delivery outlined the established SYFTL senior management team and how the process of recruitment for a permanent Managing Director to replace the interim Managing Director was ongoing.

**ACTION: The Director of Transport Development and Capital Delivery to report back to Committee on fare evasion figures.**

Regarding customer satisfaction the Director of Transport Development and Capital Delivery outlined improvements which were being monitored for customer satisfaction particularly on tram performance.

The Executive Director of Resources and Investment added that the increase in revenue is a complicated picture that is broken down to three parts:

- The price point has been affected by a 10% discount during the reporting period.
- General footfall
- Fare capture had improved

The Chair asked what may have caused the improved staff job satisfaction figures and reduced staff turnover. The Executive Director of Resources and Investment concluded that staff satisfaction was higher not due to a single factor but instead a concerted effort to make sure staff are included and supported by leadership.

Members asked why tram user satisfaction scores varied on the annual travel survey results. The Executive Director of Resources and Investment suggested that these results were symptomatic of the tram network not extending throughout South Yorkshire, and that the regular users are those the tram is most convenient for, whereas a casual user may not have the same accessibility to tram services.

**RESOLVED:** the Committee noted the contents of the update.

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## **MCA Annual Accounts 2023/24**

[Item taken at Item 20 of the agenda.]

The Interim Chief Accountant presented the 2023/24 Annual Statement of Accounts.

It was highlighted that the integration of the PTE and MCA on the 1st April 2023, and that these were the first set of accounts for the new integrated company. The consolidation of accounts had led to three considerations for how items are presented in the accounts:

- How the combined organisation is presented and the comparatives for the preceding year.
- Some restatement of opening balances had been needed on 1st April 2023.
- Public transport infrastructure assets and investment properties assets



have had their classification reviewed.

Considerations and processes had also been shared with external auditors to anticipate how accounts should best be set out for External Audit.

The Vice Chair congratulated the Interim Chief Accountant and team for processing the accounts quickly.

The Executive Director of Resources and Investment outlined the risks associated with moving forward in the bus franchising process and noted that significant work was being undertaken to support the MCA in navigating such risks if a decision were taken to franchise the network.

A significant reserve strategy realignment (SRSR) had been created in-year, and £10m had been secured for the bus resilience reserve. The MCA aimed to increase this amount to anticipate the risks involved in a fully franchised network.

The Executive Director of Resources and Investment thanked all finance staff for their quality documentation of the accounts, alongside a significant amount of organisational change.

**RESOLVED:** the Committee reviewed the MCA's Annual Accounts for 2023/24 prior to audit.

## 274 Updated Treasury Management Strategy

The updated Treasury Management Strategy was presented, noting that:

- Integrated MCA and Police functions had been incorporated, and that the treasuring management approaches of the separate organisations had been similar,
- Opportunities for investment were built into the strategy,
- A new strategy would be drafted for the new financial year,
- A process of bringing the SYMCA treasury management function in-house was underway, with a view to being in place by April 2025,
- There is a general reserve for the tram both capital and revenue, as well as a tram resilience reserve.

**ACTION: The Head of Governance to write to elected members for their written endorsement of the treasury management strategy.**

The Vice Chair queried:

- Opportunities for integrating best practices,
- Aligning Minimum Revenue Policies (MRP),
- Possibilities for combining borrowing across ringfenced funds,
- Mitigating risks around long-term investments.

**ACTION: The Interim Chief Accountant to check how MRP figures are handled and report back to the Committee.**

A discussion was held around future treasury management strategies and the

continued engagement of the Joint Independent Audit Committee.

The differences in MCA and police funding were discussed, including that there was no capital grant funding for the police, and that borrowing funded police activity as opposed to revenue.

**ACTION: The Interim Chief Accountant to circulate the treasury management practices document with the Committee.**

The Vice Chair asked whether surplus MCA cash could be utilised to reduce borrowing in the police fund. The Executive Director of Resources and Investment responded that an internal protocol would be necessary to deliver this, and any such proposals would be brought to this Committee and the JIAC before progression.

**ACTION: The Interim Chief Accountant to organise a further treasury management training session including substitute members.**

**RESOLVED:** that the Committee endorsed:

- The updated 2024/25 Annual Treasury Management Strategy (TMS) for the MCA / PCC combined,
- The treasury management principles and roles and responsibilities post integration set out in the Treasury Management Policy Statement in Section A of the papers,
- The borrowing strategy set out in Section B of the papers,
- The capital expenditure estimates and associated prudential indicators set out in Section C of the papers,
- The minimum revenue provision policy set out in Section D of the papers,
- The annual investment strategy set out in Section E of the papers.
- Delegated authority be granted to the Executive Director of Resources and Investment to make use of capital flexibilities in accordance with the strategy outlined in Section F of the TMS where he considers prudent to do so.

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## **Results of the SYMCA Annual Travel Survey 2024**

The results of the 2024 Annual Travel Survey were presented, noting that:

- 1200 people had been surveyed to gauge satisfaction with public transport services,
- Overall satisfaction ranged between 60-84%.
- The Director of Public Transport Operations noted a clear correlation between users who have access to a car compared to those who have no other option than public transport and satisfaction in services.

Members welcomed the comprehensive survey.

**RESOLVED:** the Committee noted the key findings of the survey. The Committee endorsed the need to continue to run an annual travel survey in 2025 and beyond. The Committee supported the proposal for SYMCA to develop a “You Said, We Did” approach to sharing the survey results across

South Yorkshire.

## 276 **Transport Risk Working Group Update**

An update was provided following the 15 July meeting of the Transport Risk Working Group (TRWG). The TRWG had looked at three issues:

- Structural work required to the Commercial Street Bridge. Work was due to begin on 6 September and the aim is for work to be completed 11 October.
- Cost pressures associated with CRSTS funding for Parkgate access road and the A61 has come under some cost pressure.
- The customer relationship management (CRM) system was due to be replaced in 2026. It was proposed the September Committee meeting include a presentation on the CRM project plan and the functionality of the CRM.

The Chair declared an interest as the works on the A61 were within his ward.

**ACTION: The Independent Member to consult with the Director of Public Transport Operations for further details on the repercussions of roadworks delays on the A61.**

**ACTION: The Head of Governance to write to elected members for their written endorsement of the TWRG update.**

**RESOLVED:** to note the update.

## 277 **Risk Monitoring Report**

The Head of Governance presented a Risk Monitoring Report which monitors corporate level risks and high and medium/high directorate/operational level risks.

It was noted that the highest-level risk continued to be around net zero, and that an independent review had been conducted on this issue to inform the MCA's approach.

Members asked how new risks are identified. A response was given that directorates are consulted regarding new or emerging risks in each cycle.

In relation to two new corporate risks around 'limited insight' and 'limited corporate performance management' a Director of Insight has been recruited to deliver an appropriate focus on these areas. Development in this area was also being made in preparation for Office for Local Government requirements and future devolution.

It was noted that the Annual Governance Statement is retrospective, and so Police and Crime Commissioner governance had not been included in the current version.

Members welcomed the update and complimented the heat map risk format used.

**ACTION: The Executive Director of Resources and Investment to bring independent Net Zero report to the next meeting.**

**RESOLVED:** that the Committee noted the contents of the report.

278 **Final Annual Governance Statement**

The Final Annual Governance Statement was presented, noting that there had been no changes to the statement since Committee reviewed it, and that it had been endorsed by the MCA Board.

**RESOLVED:** that the Committee noted the contents of the statement.

279 **Governance Improvement Plan Update**

An update on the Governance Improvement Plan was presented.

**RESOLVED:** that the Committee noted the progress against the plan.

280 **Work Plan for 2024/25**

The current Committee work plan was provided.

The Head of Governance highlighted actions for next Committee meeting, and that agenda items requiring a decision would be taken at the beginning of future meetings.

Members asked what progress had been made on risk management training. The Assistant Director of Strategic Finance responded that this was in progress, and that an update would be brought back to the Committee.

**ACTION: The Assistant Director of Strategic Finance to bring an update on progress regarding risk management training.**

**RESOLVED:** that the Committee noted the work plan and agreed changes and additional items to be scheduled.

281 **Breach of Controls Report**

There were no breach of controls to report.

282 **Issues for Escalation**

There were no issues for escalation to report.

I, the undersigned, confirm that this is a true and accurate record of the meeting.

Signed \_\_\_\_\_

Name \_\_\_\_\_

Position \_\_\_\_\_

Date \_\_\_\_\_