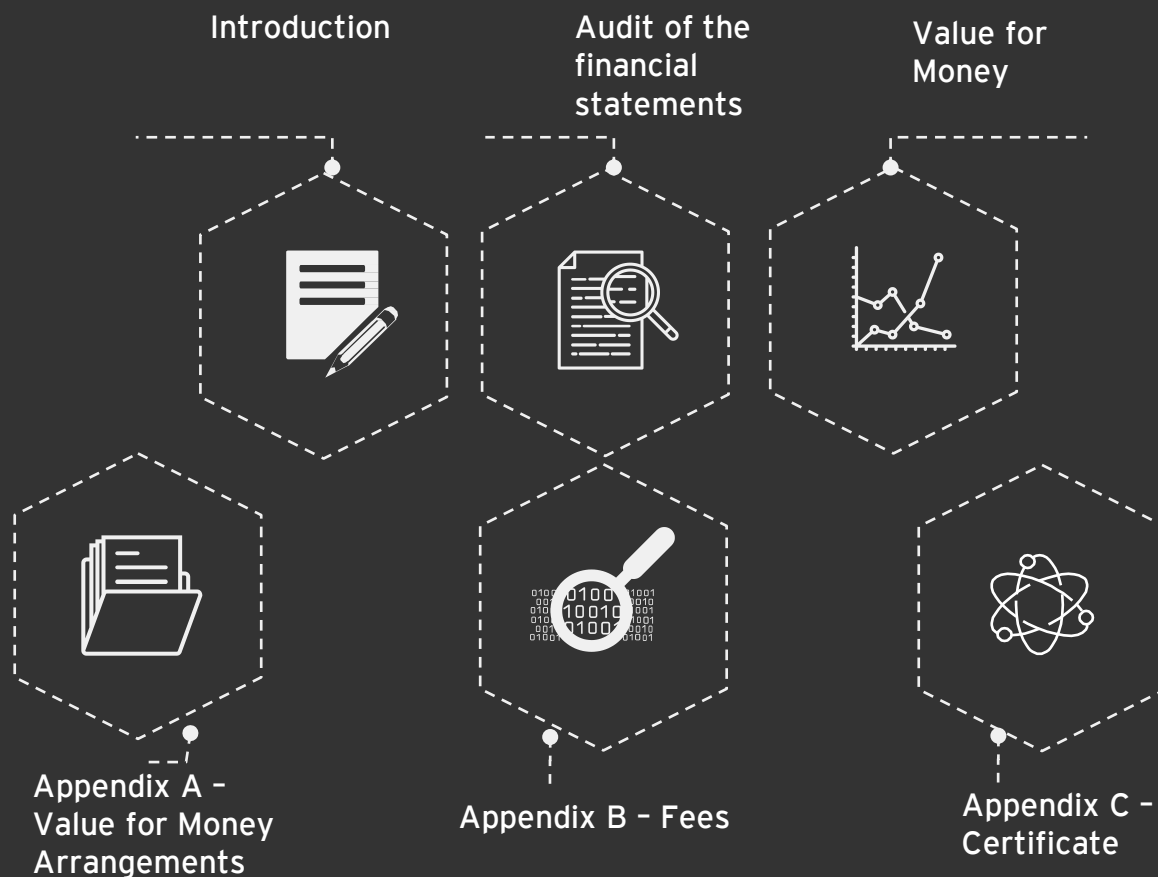


The background image shows a modern, multi-level interior space with extensive glass walls and floors. The architecture is clean and minimalist, with dark metal frames for the glass panels. The space appears to be a large, open-plan area, possibly a lobby or a transit hub, with a polished floor that reflects the light. The yellow text box is positioned on the left side of the image, partially obscuring the glass wall. The text is bold and black, except for the date which is in blue.

# **South Yorkshire Passenger Transport Executive 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 Passenger Transport Executive (the Executive) 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 Passenger Transport Executive 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 Passenger Transport Executive 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 Executive, 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 Executive;
- If we identify a significant weakness in the Executive'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 Executive**

The Executive 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)

### 2021/22 Conclusions

<b>Financial statements</b>	Unqualified with an Emphasis of Matter - the financial statements give a true and fair view of the financial position of the Executive as at 31 March 2022 and of its expenditure and income for the year then ended. An Emphasis of Matter is also included in our audit report drawing attention to Note 4 - Going Concern, which describes the transfer of the functions of South Yorkshire Passenger Transport Executive to South Yorkshire Mayoral Combined Authority from 01 April 2023. Our opinion is not modified in respect of this matter. We issued our auditor's report on 15 November 2023.
<b>Going concern</b>	We have concluded that the Group Finance Directors' 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 Executive'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 Executive.
<b>Public interest report and other auditor powers</b>	We had no reason to use our auditor powers.
<b>Certificate</b>	We have included the proposed certificate as Appendix D to this report.



# Audit of the financial statements

## Key findings

The Narrative Statement and Accounts is an important tool for the Executive 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 with an emphasis of matter 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

### Misstatements due to fraud or error - Management override of controls

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.

Our work did not identify any instances of inappropriate judgements being applied.

Our work did not identify any other transactions during our audit which appeared unusual or outside the Executive's normal course of business.

### Valuation of property, plant and equipment

We did not identify:

- any material issues in the properties subject to valuation during the year;
- any material differences in the values of properties not valued during the year; and
- any issues in the accounting adjustments posted in respect of the aforementioned in the financial statements.

### Pension liability valuation

Our work on the net pension liability did not identify any material misstatements to the amounts reported in the financial statements.

### 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

The audit report for South Yorkshire Passenger Transport Executive 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 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.

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

Our VFM commentary highlights relevant issues for the Executive 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 Executive 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 Executive's committee reports, meetings with the Interim Head of Finance and evaluation of associated documentation through our regular engagement with Executive'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 Executive'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 in this report. The commentary summarises our conclusions over the arrangements at the Executive 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 Executive 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 Executive 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 Executive 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 Executive plans and manages its resources to ensure it can continue to deliver its services

The MCA 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 Executive 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 Executive's service delivery in both the short and medium term. The Executive 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 whether any shortfalls can be addressed using levy reduction reserves, which amounted to £13.4 million as of the end of 2022. To ensure the continued availability of these reserves for the future, the Board approved a 2% increase in the Executive's Levy in 2021/22 and in next two financial years.

The Executive's long-term strategic plan outline its commitment to fulfilling statutory responsibilities. This commitment is further delineated in the annual operating plan, which includes financial strategies to ensure the sustainable service delivery. 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 Executive 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 Executive identifies risks jeopardizing target attainment, it incorporates identified mitigating actions into the Integrated Plan together with the impact on financial resources.

The Executive 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 Executive 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 Executive ensures that it makes informed decisions and properly manages its risks

The Executive has an appropriate Assurance Framework, subject to annual review to align with strategic objectives, priorities, and risks. This framework delineates the Executive'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 Executive 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 Executive 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. Input from the Management Board, Transport Officers Board, and Transport and Environment Board further informs this process. The Executive 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 Executive has established appropriate mechanisms for setting, approving, and monitoring budgets. Its internal budgeting and monitoring processes operate continuously throughout the year and report to various committees. Reporting to the Board encompasses the financial data along with the non-financial management information on key performance areas. Quarterly reports to the Transport and Environment Board and Transport Officers Board provide updates on progress against the budget, explanations of variances, and proposals for mitigating actions requiring approval.

The Executive 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 Executive 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 Executive uses information about its costs and performance to improve the way it manages and delivers its services**

The Board regularly monitors 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 to facilitate the identification of corrective actions where performance falls short of targets. The Executive 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.

Formal reports evaluating the effectiveness of partnerships are presented to the Transport Officer Board and the Executive Board. The quarterly Transport Officers Board dashboard, keeps a track of contractual compliance, strategic developments, and stakeholder engagements. These dashboards function as performance barometers, highlighting risks and mitigating actions to ensure that performance aligns with the desired standards.

The Executive has a procurement management arrangement in place which adheres to relevant legislation and guidelines to ensure 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 Executive 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 Executive's financial landscape. This model serves as the foundation for the annual budget report, aligning financial planning with the medium-term objectives of the Executive. Furthermore, inputs are also taken from the Management Board, Transport Officers Board, and Transport and Environment Board within the SYPT framework. Financial sustainability risks are identified within the Executive's risk register together with actionable strategies aimed at mitigating their impact on service delivery in the short and medium term. The Executive has regular reporting to the Board and management team including updates on financial pressures and progress against targets. The financial statements of the Executive are 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 Executive 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. This process feeds into the formulation of the South Yorkshire Transport Revenue Budget and the South Yorkshire Transport Capital programme. Any projected shortfalls in these budgets are addressed through the utilization of levy reduction reserve, which has a balance of £13.4 million at the end of the 2021/22 fiscal year. The Board has also approved to increase the Executive's Levy by 2% for the 2021/22 fiscal year and the two subsequent years.
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Executive adopts a systematic approach to financial planning that ensures the sustainable delivery of services. The Executive's long-term plan provides the framework for fulfilling its statutory responsibilities. These guiding documents articulate how the Executive will meet its obligations to the community it serves. To translate these strategic intentions into tangible actions, the Executive 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 SEP, RAP, and Corporate Plan. These plans serve as the foundation upon which the Executive's operational and financial strategies are built. Within the Executive'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 Executive 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 Executive 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 Executive 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 Executive 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 Executive's overall financial objectives. To manage financial resilience, the Executive 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. For the 2021/22 fiscal year, the Executive specifically tasked Internal Audit team with an assessment of the financial resilience of the PTE's bus operators.
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 Executive 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 Executive 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.

## Appendix A – Summary of arrangements (continued)

### Governance

Reporting Sub-Criteria	Findings
How the body approaches and carries out its annual budget setting process	The Finance Business Partners exhibits a good understanding of the whole group budget, in preparing the budget they use available information to identify potential pressures to construct a working budget model which looks at the medium term, not just the year ahead. The model is reviewed regularly by the Group Finance Director and his deputy, and is used as the basis for writing the annual budget report. For the Executive input is also received from the Management Board, Transport Officers Board and Transport and Environment Board.
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 Executive 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 Executive 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.
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 Executive 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 Executive 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 Executive. The Board maintains 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 formally oversees 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 Executive 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 Executive places a significant emphasis on delivering its role within significant partnerships and engaging with the stakeholders to ensure collaboration and performance monitoring. To achieve this, formal reports are regularly presented to key bodies such as the Transport Officer Board and the Executive Board to outline the effectiveness of partnerships, such as the Sheffield Bus Partnership. These partnerships are underpinned by arrangements that include governance provisions, ensuring clarity and accountability in collaborative efforts. Furthermore, the quarterly Transport Officers Board dashboard serves as a crucial tool for monitoring performance against expectations. It covers various aspects, including contractual compliance, strategic developments, and stakeholder engagement, providing a detailed view of performance and highlighting any necessary mitigating actions.
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	There are Procurement Management arrangements and standing financial instructions in place to ensure that the procurement of services are made and authorised in accordance with relevant legislation and internal policies. The Executive monitors procurement outcomes through its governance framework, reporting internally to the Board and Committees and externally via the Annual Governance Report. Additionally there is an internal audit review carried on procurement management as well.



## Appendix B – Fees

### Fees

We carried out our audit of the Executive'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 risks in relation to misstatements due to fraud and error along with additional procedures in respect of certain areas of focus including valuation of land and buildings, valuation of pension liability, IAS 570 going concern assessment and disclosure considerations, accounting for Covid-19 grants and emphasis of matter paragraph in the audit report.

Description	Final Fee 2021/22 £	Planned Fee 2021/22 £	Final Fee 2020/21 £
Total Fee - Code work (Note 1)	27,613	27,613	27,613
Increased cost of regulation	17,765	17,867	17,735
Pensions work	6,140	2,500 - 3,500	
Value for money work	2,530	2,500 - 3,500	
PPE and IP Valuation	9,510	5,000 - 10,000	
Covid-19 grants	2,710	-	
Others	3,070	-	
Total Audit Fee	69,338	-	45,348

#### 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 Executive should more realistically set at a level that reflects the complexity and risk profile of the Executive, 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 C – 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 Executive, and its members and senior management and its affiliates, including all services provided by us and our network to the Executive, 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 D – Certificate

### Certificate

#### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH YORKSHIRE PASSENGER TRANSPORT EXECUTIVE

##### Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2022 issued on 15 November 2023 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of South Yorkshire Passenger Transport Executive as at 31 March 2022 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

##### Certificate

In our report dated 15 November 2023, we explained that we could not formally conclude the audit and issue an audit certificate until we had issued our Auditor's Annual Report, including our commentary on your value for money arrangements. This report has now been issued.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion with an emphasis of matter paragraph and no matters have come to our attention that would have resulted in a different opinion on the financial statements or additional exception reporting on significant weaknesses in the Executive's value for money arrangements.

We certify that we have completed the audit of the accounts of South Yorkshire Passenger Transport Executive in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Hassan Rohimun (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Manchester  
[Date]

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