

**Tees Valley Combined Authority (TVCA) Audit and Governance
Committee**

Tuesday 25th May 2021 at 10.00am

These Minutes are in draft form until approved at the next Audit & Governance Committee meeting and are therefore subject to amendments.

Attendees

Members

Councillor Matthew Storey (Middlesbrough Council)
Councillor Paul Crudass (Darlington Borough Council)
Councillor Peter Berry (Redcar & Cleveland Borough Council)
Jonny Munby (Independent Member)
Angus Kidd (Independent Member)

Apologies for Absence

Julie Gilhespie (Group Chief Executive, TVCA)
Natalie Robinson (Group Risk Manager, TVCA)
James Stewart (Independent Member)
Councillor Brenda Harrison (Hartlepool Borough Council)
Councillor Barry Woodhouse (Stockton Borough Council)
Philip Church (RSM – Internal Auditors)
Cameron Waddell (Mazars – External Auditors)

Officers

Gary Macdonald (Group Director of Finance & Resources, TVCA)
Peter Judge (Group Chief Legal Officer, TVCA)
Laura Metcalfe (Governance Manager, TVCA)
Nicola Dean (Governance Support Officer, TVCA)

Also, in Attendance

Cath Andrew (Mazars – External Auditors)
Michael Gibson (RSM – Internal Auditors)
Robert Barnett (RSM – Internal Auditors)

**AGC
41/20**

APOLOGIES FOR ABSENCE

The Chair welcomed the Committee and apologies for absence were submitted as detailed above.

It was noted that this would be the Chair's final meeting. He thanked Members for their hard work, advising he enjoyed his time on the Committee. The Committee thanked the Chair for his contribution and commitment to Audit and Governance activity.

<p>AGC 42/20</p>	<p>DECLARATIONS OF INTEREST</p> <p>No declarations of interest were received.</p>
<p>AGC 43/20</p>	<p>MINUTES OF MEETING HELD ON 28th JANUARY 2021</p> <p>The minutes of the previous meeting were agreed as a true record.</p>
<p>AGC 44/20</p>	<p>ACTION TRACKER</p> <p>Gary Macdonald, Group Director of Finance and Resources, updated Members that outstanding actions on the Tracker were all either now complete, or on track to be completed in line with targets.</p> <p>A thematic update on Freeports was agreed to be added to the July Agenda.</p>
<p>AGC 45/20</p>	<p>CEO UPDATE including COVID 19 UPDATE</p> <p>In the absence of Julie Gilhespie, Group Chief Executive, Gary Macdonald, provided the Committee with an overview of the various sections of the report, covering the following areas:</p> <ul style="list-style-type: none"> • COVID 19 Response Update • Teesside International Airport • Transport • Culture & Tourism • Education, Employment & Skills • Treasury <p>Members asked:</p> <ul style="list-style-type: none"> • Is there a concern there's a funding gap going into 2022? Members were advised that TVCA continue to lobby Government to influence specific areas and are consistently engaged with Government departments. A 1yr Comprehensive Spending Review (CSR) was explained to be in place with a multi-year settlement in the Autumn. It was acknowledged to be a risk and is recorded on the risk register with associated management and mitigation action points, but Members were assured that everything is being done to showcase the successes of what's been achieved from existing funding to support lobbying for additional funding to mitigate the risk. • Has there been something to replace funds lost from the EU? Members were advised that most EU funds phase out around March 2023 and there are currently some areas where the community renewal fund is being piloted. Estimates are detailed in the Investment Plan for future replacement funding requirements. Members were assured that TVCA work to mitigate loss of funding by requesting additional funds from Government. Members also noted that contractual expenditure commitments are tracked against available funding profiles to ensure the Combined Authority manage within available funding.

	<ul style="list-style-type: none"> • Without EU funding, could this see skills and re-training as a vulnerable area? Members were informed there is work underway on an update and refresh of the Skills Strategy for the Tees Valley. Defining the Skills Strategy, along with future skills demand was noted to as a key pre-requisite to determining the future funding ask that is required. • Can we track the shift from retail/customer service style jobs as we move to manufacturing and professional services in the Tees Valley? Members were advised the in-house intelligence function does carry out environmental scanning along with using national data sets however there is a lag with these sets. Consideration was being given to a local equivalent of real time data, but this relies on others and how quickly data returns are returned. • Does the airport draw funds away from local transport and can we still have as much a focus on local transport as we want? Members were advised there will always be financial decisions to make on priorities and the Strategic Transport Plan informs that in consultation local authority stakeholders as part of the Transport Committee and advisory group. The Airport is a strategic infrastructure asset alongside existing road, rail, and port facilities. The Airport Business Plan is a 10yr plan with a funding package in place and agreed by Cabinet. Any future amendments and/or consideration of changes would require Cabinet approval. Progress is tracked alongside the deliverables within the Business Plan. • What's the total population of the Tees Valley and the funding received per person, and how does that equate to other Combined Authority's? Members were advised that each Combined Authority is in a unique situation and the specifics on funding across the Tees Valley was uncertain but accessing Government funding, especially in the current climate is competitive. The Assessments TVCA do are comparative to what was present previously and TVCA influence Government by demonstrating through results, that when money comes to the area, outputs and outcomes are positively impacted. • What types of roles will be at the Treasury campus in Darlington? Members were advised that roles may include economists, accountants, sector advisors supporting growth and policy with a hierarchical structure responsible for allocating people to areas as well as other professional services. <p>RESOLVED that: Members noted the report.</p>
<p>AGC 46/20</p>	<p>CORPORATE RISK REGISTER</p> <p>Gary Macdonald, Group Director of Finance and Resources, discussed the Corporate Risk Register as of May 2021 noting the key corporate risks identified, potential consequences and control measures.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • Do the amber/red areas tie back to something else in the report? Members were informed within the Reports there are programs of

	<p>activity that have their own register so work through a hierarchy to be then included in the Register.</p> <ul style="list-style-type: none"> • Could the layout of the risk register to show only red and amber risks on the front page? Members were advised that this feedback would be considered for the next iteration <p>RESOLVED that: Members noted the Corporate Risk Register.</p>
<p>AGC 47/20</p>	<p>RISK MANAGEMENT STRATEGY ANNUAL REVIEW</p> <p>Members were presented with the revised draft Group Risk Management Framework and informed that the approach and methodology was positively received internally and being consistently applied across the Group.</p> <p>RESOLVED that: Members approved the draft revised Risk Management Framework.</p>
<p>AGC 48/20</p>	<p>INTERNAL AUDIT PROGRESS REPORT</p> <p>Rob Barnett, RSM presented a position statement of the 2020/21 Audit Plan showing as completed and approved with a summary of the final completed reports.</p> <p>The changes to the Audit Plan were also noted.</p> <p>RESOLVED that: Members noted the report.</p>
<p>AGC 49/20</p>	<p>INTERNAL AUDIT - FOLLOW UP REPORT</p> <p>Michael Gibson, RSM, updated the Committee on the Follow Up Report in ascertaining the progress of actions, noting there was 'good progress' on completing those actions and two medium priority actions identified as partially completed/outstanding.</p> <p>RESOLVED that: Members noted the report.</p>
<p>AGC 50/20</p>	<p>NATIONAL AUDIT OFFICE VALUE FOR MONEY REQUIREMENTS AUDIT</p> <p>Michael Gibson, RSM, presented the National Audit Office Value for Money Requirements Audit to the Committee noting that there was 'substantial assurance' that the controls to manage risk are suitably designed, and operating effectively with some low priority management actions required.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • Is this Audit something that all Combined Authority's undertake? Members were advised that this Audit was undertaken for the purpose of internal re-assurance in readiness for external audit. It was explained that all public bodies must comply with external audit and the results of this Audit can feed into the self-assessment for that.

	RESOLVED that: Members noted the report.
AGC 51/20	<p>GOVERNANCE AUDIT REPORT</p> <p>Michael Gibson, RSM, presented the Governance Audit Report to determine whether governance processes were still effective following changes to the Group in the last year. It was concluded there is 'substantial assurance' for good governance processes in place across the group with some low priority management actions noted.</p> <p>RESOLVED that: Members noted the report.</p>
AGC 52/20	<p>STDC REGENERATION BUSINESS CASE AUDIT</p> <p>Michael Gibson, RSM, presented the STDC Regeneration Business Case Audit to ensure the governance arrangements of the STDC Business Case were implemented. 'Substantial assurance' was given that those arrangements had been implemented, with 1 low priority management action noted.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • Can a group structure chart be included in meeting papers for reference? Members were advised that this would be provided as a 'for information' item within meeting papers moving forward. <p>RESOLVED that: Members noted the report.</p>
AGC 53/20	<p>ANNUAL INTERNAL AUDIT REPORT 2020-2021</p> <p>Rob Barnett, RSM, presented the Annual Internal Audit Report, giving annual assurance finding there is an 'adequate and effective framework for risk management, governance and internal control with 'further enhancements' identified to ensure it remains adequate and effective. It was noted no high priority management actions were identified and 'good progress' was made.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • Is there any reason why 'substantial assurance' wasn't given for the risk management area? Gary Macdonald, Group Director of Finance and Resources, explained that this reflects the progress made in the last year working on the recommendations with a Group Risk Manager appointed, implementing the framework, and embedding the risk controls across the Group. Similarly, this was noted to be the case with Procurement, recently appointing a Group Procurement Manager introducing consistencies, frameworks, and standardising processes. <p>RESOLVED that: Members noted the Audit report.</p>

<p>AGC 54/20</p>	<p>INTERNAL AUDIT PLAN/STRATEGY</p> <p>Rob Barnett, RSM, presented the Internal Audit Plan for 2021/2022 noting the key points of the plan.</p> <p>An overview was given of the Internal Strategy 2021-2024 and advised this is a flexible document.</p> <p>Members were asked to consider whether the plan gave assurance, covered key risks and if priority was right for the 3year strategy.</p> <p>RESOLVED that: Members noted the report.</p>
<p>AGC 55/20</p>	<p>EXTERNAL AUDIT PROGRESS REPORT</p> <p>Cath Andrew, Mazars, presented the External Audit Progress Report and explained that 19/20 audit work has been completed but there have been delays in the completion of the audit for the Goosepool Group which has delayed the completion of work on the consolidation. Gary Macdonald, Group Director of Finance and Resources, explained that this should be provided to Mazars imminently, so it can be completed and advised that a Group Financial Controller was being recruited in response to prior year recommendations to strengthen the overall Group resources, so in future this situation can be managed.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • Does the Goosepool lateness, disappear in future and are they able to produce the Audit in good time? Members were informed that the component Auditors are also bolstering their team and valuable discussions have taken place so that these issues can be avoided in future. <p>RESOLVED that: Members noted the report.</p>
<p>AGC 56/20</p>	<p>FORWARD PLAN 2021-2022</p> <p>Gary Macdonald advised that in relation to the action of thematic updates being scheduled, Freeports would be a timely theme for discussion at the next Committee meeting along with the Financial Statements.</p> <p>RESOLVED that: Members noted the forward plan.</p>
<p>AGC 57/20</p>	<p>DATE OF NEXT MEETING</p> <p>The next meeting is 27th July 2021 at 10am to accommodate the delivery deadlines for the draft accounts.</p>