

Audit & Governance Committee Agenda

Date: Tuesday 25th May 2021 at 10am

Venue: Under the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 this meeting will take place via video link.

Membership:

Councillor Matthew Storey (Chair, Middlesbrough Borough Council)
Councillor Brenda Harrison (Vice Chair, Hartlepool Borough Council)
Councillor Paul Crudass (Darlington Borough Council)
Councillor Barry Woodhouse (Stockton-On-Tees Borough Council)
Councillor Peter Berry (Redcar and Cleveland Borough Council)
Jonny Munby (Independent Member)
Angus Kidd (Independent Member)
James Stewart (Independent Member)

AGENDA

1. **Apologies for Absence**
2. **Declarations of Interest**
Attached
3. **Minutes of meeting held on 28th January 2021**
Attached
4. **Action Tracker 2021-2022**
Attached
5. **CEO Update including COVID 19 Update**
Attached
6. **Corporate Risk Register**
Attached
7. **Risk Management Strategy Annual Review**
Attached
8. **Internal Audit Progress Report**
Attached
9. **Internal Audit Follow Up Report**
Attached

10. **National Audit Office Value for Money Requirements Audit**
Attached
11. **Governance Audit Report**
Attached
12. **STDC Regeneration Business Case Audit**
Attached
13. **Annual Internal Audit Report 2020-2021**
Attached
14. **Internal Audit Plan/Strategy**
Attached
15. **External Audit - Progress Report**
Attached
16. **Forward Plan 2021-2022**
Attached
17. **Date and Time of Next Meeting:**
Wednesday 30th June 2021 at 10am

Members of the Public - Rights to Attend Meeting

With the exception of any item identified above as containing exempt or confidential information under the Local Government Act 1972 Section 100A(4), members of the public are entitled to attend this meeting and/or have access to the agenda papers.

Persons wishing to obtain any further information on this meeting or for details of access to the meeting for disabled people, please contact: Laura Metcalfe, 07388 371543 or laura.metcalfe@teesvalley-ca.gov.uk

Tees Valley Combined Authority Declaration of Interests Procedures

1. The purpose of this note is to provide advice and guidance to all members (the Mayor, elected and co-opted members, substitute members and associate members) of the Combined Authority Cabinet, Sub-Committees and Local Enterprise Partnership Board, on the procedure for declaring interests. The procedure is set out in full in the [Combined Authority's Constitution](#) under the "Code of Conduct for Members" (Appendix 8).

Personal Interests

2. The Code of Conduct sets out in full, the principles on the general conduct of members in their capacity at the Combined Authority. As a general principle, members should act impartially and should not use their position at the Combined Authority to further their personal or private interests.
3. There are two types of personal interests covered by the constitution:
 - a. "disclosable pecuniary interests". In general, a disclosable pecuniary interest will involve any financial interests, such as paid employment or membership of a body, interests in contracts, or ownership of land or shares. Members have a pecuniary interest in a matter where there is a reasonable likelihood or expectation that the business to be considered will affect your well-being or financial position, or the well-being or financial position of the following persons:
 - i. a member of your family;
 - ii. any person with whom you have a close association;
 - iii. in relation to a) and b) above, their employer, any firm in which they are a partner, or a company of which they are a director;
 - iv. any person or body in whom persons described in a) and b) above have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
 - v. any body as described in paragraph 3 b) i) and ii) below.
 - b. Any other personal interests. You have a personal interest in any business of the Combined Authority where it relates to or is likely to affect:
 - i. any body of which you are a member (or in a position of general control or management) and to which you are appointed or nominated by the Combined Authority;
 - ii. any body which:
 - exercises functions of a public nature;
 - is directed to charitable purposes;
 - one of whose principle purposes includes influencing public opinion or policy (including any political party or trade union) of which you are a member (or in a position of general control or management).

Declarations of interest relating to the Councils' commercial role

4. The constituent councils of the Combined Authority are closely integrated with its governance and financial arrangements, and financial relationships between the Combined Authority and Councils do not in themselves create a conflict of interest for Council Leaders who are also Combined Authority Cabinet members. Nor is it a conflict

of interest if the Combined Authority supports activities within a particular council boundary. Nevertheless, there are specific circumstances where the Cabinet is considering entering into direct contractual arrangements with a council, for example in relation to a particular commercial investment project, or in which that council is a co-funder. In these circumstances a non-pecuniary declaration of interest should be made by the Council Leader or their substitute.

Procedures for Declaring Interests

5. In line with the Code of Conduct, members are required to adhere to the following procedures for declaring interests:

Register of Interests

6. Each member is required to complete a register of interests form with their personal interests, within 28 days of their appointment to the Combined Authority. Details of any personal interests registered will be published on the Combined Authority's website, with the full register available at the Combined Authority's offices for public inspection. The form will be updated on an annual basis but it is the responsibility of each member to notify the Monitoring Officer of any changes to the register throughout the year. Notification of a change must be made to the Monitoring Officer within 28 days of becoming aware of that change.

Declaration of Interests at Meetings

7. The Combined Authority will include a standing item at the start of each meeting for declaration of interests. Where members are aware that any of their personal interests are relevant to an item of business being considered at a meeting they are attending, they must declare that interest either during the standing item on the agenda, at the start of the consideration of the item of business, or when the interest becomes apparent, if later.
8. Where members consider that their interest could be considered by the public as so significant that it is likely to prejudice the members' judgement then they may not participate in any discussion and voting on the matter at the meeting, but may attend the meeting to make representations, answer questions or give evidence relating to the business, before it is discussed and voted upon.
9. If the interest is a disclosable pecuniary interest (as summarised in paragraph 3a) then the member must leave the meeting room during discussion and voting on the item of business, but may make representations, give evidence and answer questions before leaving the meeting room. Failure to comply with the requirements in relation to disclosable pecuniary interests is a criminal offence.

Sensitive Information

10. Members can seek the advice of the monitoring officer if they consider that the disclosure of their personal interests contains sensitive information.

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

Thursday 28th January 2021 at 10.00am

Under the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 this meeting took place via video link.

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 Brenda Harrison (Hartlepool Borough Council)
Councillor Peter Berry (, Redcar & Cleveland Borough Council)

Jonny Munby (Independent Member)
James Stewart (Independent Member)
Angus Kidd (Independent Member)

Apologies for Absence

Julie Gilhespie (Group Chief Executive, TVCA)

Officers

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

Also in Attendance

Gareth Roberts (Mazars – External Auditors)
Cameron Waddell (Mazars – External Auditors)
Michael Gibson (RSM – Internal Auditors)

**AGC
28/20**

APOLOGIES FOR ABSENCE

The Chair welcomed the Committee, and noted the resignation of Independent Member, Paul Bury, from the Committee and thanked him on his contribution.

Apologies for absence were submitted as detailed above.

AGC 29/20	DECLARATIONS OF INTEREST No declarations of interest were received.
AGC 30/20	MINUTES OF MEETING HELD ON 19th NOVEMBER 2020 The minutes of the previous meeting were agreed as a true record.
AGC 31/20	ACTION TRACKER Gary Macdonald, Group Director of Finance and Resources advised that outstanding actions on the Tracker were all now complete. Members were invited to reflect on the recent Member Induction sessions and give any feedback or thoughts for the future. Members noted: <ul style="list-style-type: none"> • The sessions were useful • The format of sessions was right • Request for additional training topics to be submitted via the Chair Members asked: <ul style="list-style-type: none"> • What is their role in relation to the airport? Members were informed that their role is to oversee the Group as a whole and in terms of the Airport to review the TVCA investment in the Airport in terms of performance in line with the TVCA Assurance Framework. Delivery activity for STDC sits with STDC Board and assurance via Audit and Risk Committee. The Airport delivery activity is with the Airport Board and Executive team. • Could a report on both STDC and TIAL be brought to the Committee as a standing item? Members were advised that the CEO update report is on the agenda to give coverage across the group. Further discussion to take place between the Chair and the Monitoring Officer on potential for periodic assurance updates from the respective Boards to satisfy this request. Officers agreed to take this away and provide an appropriate solution for the Committee.
AGC 32/20	CEO UPDATE including COVID 19 UPDATE 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: <ul style="list-style-type: none"> • Teesside International Airport • Culture & Tourism • Education, Employment & Skills • Research, Development, Innovation & Energy • Business Growth • Place • COVID 19 Response Update

	<p>Members asked:</p> <ul style="list-style-type: none"> • Is another plan in place in relation to the proposed date of 1st June for Ryanair flights to commence, given uncertainties around COVID19? Members were advised that the Airport have been modelling for several different scenarios. • If Members could be advised of where in Tees Valley the various projects, such as Kickstart and Young Creative Classes, are taking place. Members were advised that Thematic updates could be provided to the Committee with more detail to assist with this. • How does the Combined Authority know where funding can be accessed? Members were informed that Directors and Senior Management have thematic responsibilities and close links with Government Departments and are in regular dialogue, whilst businesses also approach the Combined Authority about potential investment and there is a policy and strategy function of TVCA who scan for opportunities and consultations as part of their role • How are other types of value, aside from housing potential, identified in the development of brownfield/derelict sites under the Place theme? Members were advised that TVCA responds to the way the Government requests information for particular projects. Other areas of value are considered as part of these requests however Government do prioritise strong economic impact on indicators. TVCA has always taken a broader view when spending, procuring and is always keen to consider social impact and community effects. Noted that a training session on how other impacts and types of value are captured would be useful. • Why a large proportion (62%) of the Tees Valley Investment Fund had been allocated to the Airport? Members were informed that it isn't unusual for one or two significant, strategic investments, to be made. This particular investment was agreed by Cabinet and has the assurance mechanisms in place to ensure it is delivering against milestones. The amount of investment in the airport, although 62% of the Tees Valley Investment Fund, is a much smaller percentage of the overall 10year investment plan total of £588m and also reflects the profile of the investment plan delivery in the earlier years. • Aside from Free Parking, should other modes of transport be promoted due to sustainability of use of cars in the future? Members were advised that TVCA already invest in cycling/ pedestrianisation projects. An update on transport activity would be scheduled as part of a programme of Thematic updates suggested previously in the meeting. <p>RESOLVED that: Members noted the report.</p>
<p>AGC 33/20</p>	<p>CORPORATE RISK REGISTER</p> <p>Natalie Robinson, Group Risk Manager, delivered a presentation detailing the revised Corporate Risk register which has been implemented that tracks risk type, approach, response and monthly risk trend.</p>

	<p>Members asked:</p> <ul style="list-style-type: none"> • If Members be notified of how TVCA are lobbying and how the distribution of Government funding is allocated? Members were advised that TVCA's Comprehensive Spending Review submission, Levelling Up Agenda response and UKSPF consultation response would be shared confidentially with the Committee. • How material is the impact of Brexit, not just in relation to the UKSPF, but in ability to achieve targets in the Strategic Economic Plan? Members were advised that the TVCA Executive team would discuss how best to update the Committee on the impact of Brexit. • How has TVCA's Risk Appetite changed in recent years? Members were advised that more focus was being placed on risk management as part of the move to a group structure and that the overall position has moved from 'open' to a more 'cautious' approach with tighter controls in the appropriate areas. <p>RESOLVED that: Members noted the Corporate Risk Register.</p>
<p>AGC 34/20</p>	<p>AUDIT COMPLETION REPORT – Update Letter</p> <p>Gareth Roberts, Mazars, gave an update on the progress of the completion of the 2019-20 Audit and explained the changes to the entity Group, which will feed into TVCA, was causing a slight delay as the adjustments need to be made correctly and work is progressing.</p> <p>Members were assured work was almost complete and an update letter will be distributed when the issues are resolved for the whole group.</p> <p>Gary Macdonald offered reassurance that TVCA are reviewing resources, noting a Financial Controller was appointed temporarily to assist in close out and the role will be recruited to permanently.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • Are there any implications in the delay of getting the Update Letter? Members were informed that the deadline had been met by publishing an explanation note of why the November deadline had not been achieved. • Is the close out for accounts for 2020-21 financial statements deadline September 2021? Members were advised that this is not yet confirmed but the team will work towards the earliest possible date it could be to ensure any deadline is met. The deadline for Auditors is the end of September 2021 and draft accounts will still be required to be published at the end of May 2021. <p>Gareth Roberts, Mazars, advised the Committee that this was his last Audit & Governance Committee meeting as he has taken up a new role. He thanked Members for their support and good scrutiny and advised that a replacement is still being sourced. The Chair thanked Gareth for his work, constructive relationship and gave best wishes for the future.</p>

	RESOLVED that: Members noted the report.
AGC 35/20	<p>ANNUAL FINANCIAL STATEMENTS 2019/20</p> <p>Gary Macdonald gave the Committee an overview of the Annual Financial Statements, comparing 2018/19 and 2019/20 gross expenditure, balance sheet and cashflow, explaining variances year on year.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • Is expenditure financed by grants received and is the income broadly released in the year the expenditure is incurred? Also what would be the reason for the differences? Members were advised that the differences are due to funding of some projects from reserves. The accounts format does not allow for use of reserves to be shown in the comprehensive income and expenditure statement but rather in the Statement of Movement in Reserves. Consequently, when money is pulled out of reserves it doesn't get allocated into the individual lines. TVCA don't apply the reserves into the individual lines. • Capital Grants are 'unused', is there a plan to use in future years and why does it get captured as 'income' and not 'future payables on future projects'? Members were advised that the grants would be used in future years. If not a specific grant for a specific project, this needs to go in 'capital grants unapplied' which holds capital grants received in advance, that haven't been utilised. Members were assured between the reserves and the income coming in in the year, TVCA make sure projects are funded and that when decisions are made, the funding is in place. Timing dictates where the money will appear in the statements. <p>RESOLVED that: Members noted the Annual Financial Statement 2019/20.</p>
AGC 36/20	<p>INTERNAL AUDIT - PROGRESS REPORT</p> <p>Michael Gibson, RSM, updated the Committee on the Progress Report, with a follow up audit to be undertaken in March 2021.</p> <p>RESOLVED that: Members noted the report.</p>
AGC 37/20	<p>INTERNAL AUDIT – GOOSEPOOL FINANCIAL GOVERNANCE</p> <p>Michael Gibson, RSM, presented the Goosepool – Financial Governance audit to the Committee noting that there was reasonable assurance of a good governance structure, with some actions noted.</p> <p>RESOLVED that: Members noted the report.</p>
AGC 38/20	INTERNAL AUDIT - PROJECT AND PROGRAMME ACTIVITY

	<p>Michael Gibson, RSM, presented the Project and Programme Activity audit to the Committee noting that there was an adequate and effective assurance and monitoring framework in place with one medium priority and two low priority actions noted.</p> <p>Gary Macdonald explained he was happy with work undertaken as it is fundamental to the Investment Plan and getting assurance that it is operating effectively as positive.</p> <p>RESOLVED that: Members noted the report.</p>
AGC 39/20	<p>FORWARD PLAN</p> <p>The Committee were informed that the Forward Plan is up to date.</p> <p>Gareth Roberts asked for the External Audit Strategy Memorandum 2021/21 could be added to the Forward Plan.</p>
AGC 40/20	<p>DATE OF NEXT MEETING</p> <p>The next meeting is likely to take place following the May elections and will be provisionally scheduled as soon as possible.</p>

ITEM 4

TEES VALLEY COMBINED AUTHORITY AUDIT & GOVERNANCE COMMITTEE - ACTION TRACKER –2021-22

Meeting	Item	Action	Owner	Target Date	Update
27 th September 2018	Action Tracker	Committee requested that consideration be given of a formal introduction program for committee members, detailing TVCA audit framework.	TVCA	Winter 2020/21	COMPLETE Took place w/c 11th Jan 2021
29 th November 2018	Any Other Business	Committee be provided with briefing on TVCA Vision and Values exercise	TVCA	Winter 2020/21	COMPLETE Included in induction as above.
28 th February 2019	Treasury Management Strategy	External advisors Arling Close to be invited to a future meeting of the committee to brief members on methodology used with regards to treasury management.	TVCA	Summer 2021	Added to Forward Plan for forthcoming year.
15 th October 2019	Annual Financial Statements	Members to hold conference call to discuss statements following approval from External Auditors	TVCA		COMPLETE
23 rd January 2020	Corporate Risk Register	Members to be provided with briefing note on TVCA ask of government with regards to the UK Shared Prosperity Fund	TVCA		COMPLETE
23 rd January 2020	Internal Audit Progress Report	Members to be provided with regular progress report on TVCA response to recommendations made by Internal Auditors	TVCA		COMPLETE Report from auditors to be presented at May meeting. Further updates to be presented by TVCA officers at future meetings of committee.
28 th May 2020	Corporate Risk Register	Members to receive update on Impact of COVID-19 on Teesside International Airport and the South Tees Development Corporation	TVCA		COMPLETE Added to Forward Plan as standing item
28 th May 2020	Internal Audit Update	Members to receive draft Procurement Strategy for consideration at future committee meeting.	TVCA	28 th July 2020	COMPLETE
28 th May 2020	Internal Audit Plan	Members to receive draft Internal Audit Plan for forthcoming year for consideration.	TVCA	28 th July 2020	COMPLETE

28 th May 2020	Draft Risk Framework	Members to make annual review of Risk Management Framework, with recommendation for revision to be submitted to Cabinet.	TVCA	Summer 2021	Added to Forward Plan for forthcoming year.
21 st July 2020	Draft Annual Financial Statements	Details of Officers earning over £50k to be shared with Committee	TVCA	Winter 2020	Detailed in Annual Financial Statements once complete. On agenda for 28 th Jan 2021 meeting.
21 st July 2020	Corporate Risk Register	Timetable for Covid Business Survey analysis to be shared	TVCA	Autumn 2020	COMPLETE - Shared with Committee w/c 16 th November 2020.
19 th November 2020	Appointment of Chair and Vice Chair	Confirmation to be sought of Councillor Harrison's willingness to accept the position of Vice Chair prior to seeking Cabinet approval for this nomination	TVCA	November 2020	COMPLETE - Confirmation received and nomination approved at TVCA Cabinet 27 th November.
19 th November 2020	Corporate Risk Register	Draft Group Assurance Framework to be brought to future Committee meetings	TVCA	Summer 2021	Added to Forward Plan for forthcoming year when available
28 th January 2021	Action Tracker	Discussion to take place between the Chair and the Monitoring Officer on potential for periodic assurance updates from STDC/Airport Boards	TVCA	Summer 2021	Discussion to take place once Chair is appointed for forthcoming year
28 th January 2021	CEO UPDATE including COVID 19 UPDATE	Thematic Updates to be scheduled across the forthcoming year	TVCA	Summer 2021	To be scheduled once membership to Committee is confirmed following elections
28 th January 2021	Corporate Risk Register	TVCA CSR Submission, Levelling Up Agenda response and UKSPF Consultation response to be shared confidentially with Committee	TVCA	May 2021	COMPLETE - Shared in advance of May Committee meeting
28 th January 2021	Corporate Risk Register	Agree mechanism for updating Committee on Brexit impacts	TVCA	May 2021	COMPLETE - To be shared with Members via Corporate Risk Register Updates

28 th January 2021	Forward Plan	External Audit Strategy Memorandum 2020/21 to be added to Forward Plan	TVCA	May 2021	COMPLETE – Added to Forward Plan for forthcoming year
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AGENDA ITEM 5**REPORT TO THE TEES VALLEY COMBINED AUTHORITY
AUDIT & GOVERNANCE COMMITTEE****25th MAY 2021****REPORT OF THE GROUP CHIEF EXECUTIVE****GROUP CHIEF EXECUTIVE'S UPDATE****SUMMARY**

This report provides a general update on the key activities of the Combined Authority since the last Committee meeting, which are not covered in other reports to this meeting.

RECOMMENDATIONS

It is recommended that the Committee notes the detail of the report.

DETAIL**COVID-19 RESPONSE**

1. Following the onset of Covid-19, the Combined Authority worked with local authorities and other stakeholders to understand the immediate and anticipated medium-longer term impacts of the pandemic. This included specialist economic analysis and local intelligence gathering. This work resulted in the identification of costed economic priorities for the short, medium and longer term, and a draft Economic Recovery Plan. The Plan was based upon the country beginning to re-open from Summer 2020 and there being no second wave. Following the onset of the second wave, and further national restrictions, response work has continued (this included interventions as set out below).
2. On February 22nd, the Prime Minister announced a national roadmap to re-opening the country. These national announcements give a clearer indication of 're-opening' the economy, along with national support for recovery and growth. Tees Valley priorities for recovery are now being revisited. To help inform this, the Combined Authority has issued a Business Survey, designed to gain a clearer insight from business about the impact of lockdowns, along with national support and stimulus to support recovery. The survey will identify businesses immediate and medium/longer term support needs.
3. We continue to act as regional collator of business and economic intelligence, providing local intelligence and economic analysis to ensure that government is aware of the impacts of Covid-19 on our economy and to help shape the national response.

4. Over recent months, activity to support resilience and growth for the Tees Valley economy includes:
 - Implementation of a free parking scheme in Tees Valley urban centres to encourage people to support local shops, cafés and businesses, as restrictions allow
 - Festivals 2021 Recovery Grant providing grant funding to established festival businesses, freelancers, and councils to develop and deliver plans for the region's festivals. 18 Expressions of Interest Received.
 - £1.24m additional funding secured for Adult Education Budget – now supporting 17,000 learners. An additional £2.7m has been devolved for L3 training for those aged 24+ who do not already hold a L3 qualification.
 - DWP approved Gateway organisation for the DWP Kickstart scheme - supporting SMEs to create work placements for 16-24 years olds on Universal Credit. 14 applications submitted. 557 placements approved at 154 businesses.
 - Tees Valley Young Creatives Class of 2020 programme supporting recent graduates and school leavers looking to begin careers in the creative sector.
 - Routes to Work pilot now supporting a wider cohort of residents in response to Covid-19 in addition to work supporting those most distant from the labour market into or closer to sustainable employment. 3034 residents engaged and 600 in employment.
 - Extension of Wheels to Work Programme to help residents without cars access employment and training opportunities.
 - Hosted the first Tees Valley online Careers Expo event, accessed by 1011 learners.
 - Tees Valley Business Growth Fund - Pipeline for the Business Fund is very strong including 291 expressions of interest and 250 applications. Information and advice, diagnostics and referrals to businesses provided direct support to 1,500 businesses - more than the previous three years put together
 - Cultural Development Fund – 21 successful applications totalling £333k helping cultural organisations change their ways of working.
 - Progression of development plans at Teesworks and TIA including public calls for local businesses to tender in order to maximise local impact, including information even relating to airport attended by over 100 firms.
 - Brownfield Development Fund - Year 1 schemes will deliver 945 new homes
 - Middlesbrough Station platform extension work has recommenced as part of the Getting Building Fund

TEESSIDE INTERNATIONAL AIRPORT

5. Despite Teesside International Airport running on reduced operations due to the ongoing Covid-19 pandemic, it has continued to work with airlines to secure new routes. Most recently, Ryanair has committed to a weekly flight to Corfu, beginning in the first week of July and running to October which joins its services to Alicante and Palma which are set to begin in June. Loganair has also announced a new service, to Bristol, and is awaiting the Government announcement on further plans surrounding international travel next month which will inform its schedule for reintroducing domestic flights. KLM is also looking to reintroduce its Amsterdam Schiphol service in the coming weeks.
6. Work is continuing on the terminal redevelopment in preparation for the increased number of passengers expected to use the airport during the 2021 summer season

and beyond. This includes redeveloped check-in and security areas, a new bar and coffee shop, two renovated passenger lounges and the return of duty free, with the majority of work being carried out by businesses located in the Tees Valley. Partnerships have been struck with local companies including boutiques Rejoy and House of Zana who will set up a shop in the terminal offering products from some of the region's independent retailers. Work is on track to be completed in May.

7. As part of the airport's commitment to local charities, a partnership has been established with Alice House Hospice, the Great North Air Ambulance Service and MFC Foundation. The first initiative will allow passengers to donate any unwanted foreign holiday currency to the charities in the terminal, with further activity to support them taking place in the coming months. Specialist aviation consultancy Cyrrus has also expanded its operations to the airport and will provide support for airspace management. The airport continues to develop its aviation and non-aviation activities and work closely with businesses located at the site.
8. It was recently announced that the airport's Passenger Facility Fee will be abolished in June. This move will go a long way to ensuring we deliver a first-class customer service but will also help in getting more airlines to fly from the airport whilst our current partners will now start to look at additional routes.

TRANSPORT

9. There continues to be good progress on the delivery of the Integrated Transport Programme and Strategic Transport Plan actions. A summary of recent highlights/announcements is provided below:
 - **Tees Flex** – in the first year of operation since the service launch on the 24 February 2020, there were 46,425 completed rides. This is very encouraging given this is a new service and the impact of COVID-19 has been very significant. The service has been very well received with a 98% customer satisfaction rating. As lockdown restrictions ease, passenger numbers have increased, with the 4-week period between the 7 March and the 3 April 2021 being the busiest period since the service launched.
 - **Tees Valley Wheels to Work** – following a procurement, Redcar & Cleveland Voluntary Development Agency has been appointed to deliver the service for a further three years through to March 2024. The TVCA investment will provide a new fleet of 75 electric motorbikes to support an anticipated 400 people across Tees Valley access employment opportunities over the life of the contract.
 - **Middlesbrough Station** – good progress continues to be made on the scheme, with the first phase platform extension on programme for completion by the end of May 2021. This will enable LNER to introduce a new Middlesbrough to London service in December 2021.
 - **Bus strategy** – a new national bus strategy was published in March 2021 with a central aim *“to get more people travelling by bus – first, to get overall patronage back to its pre-COVID-19 level, and then to exceed it”*. The strategy sets out the Government's long-term vision for buses and opportunity to deliver better bus services for passengers across England, through ambitious and far-reaching reform of how services are planned and delivered. The Government previously announced £3bn of funding nationally to support delivery of the strategy. TVCA, the local authorities and bus operators are

currently working through the implications. The priority is to deliver bus service improvements across Tees Valley by building on the existing partnership work.

- **Capability Fund** – on the 3 March 2021, the Department for Transport announced a new Capability Fund focused on active travel. The 2021/22 allocation to the Combined Authority is £1,362,012 of revenue funding, but the Spending Review later this year is expected to provide a multi-year settlement through to 2024/25. The funding will deliver a programme of activity to facilitate and encourage walking and cycling for everyday journeys. It will be delivered alongside the ambitious improvements in cycling and walking infrastructure being funded by the Combined Authority.
- **Intra-city transport settlement** – the Government has committed to invest £4.2 billion in intra-city transport settlements from 2022/23, through five-year funding settlements for eight city regions, including Tees Valley. Budget 2021 confirmed capacity funding in 2021/22 to help support city regions begin preparations for settlements. TVCA has been allocated £3.5m and the funding will be used to develop the programme of investment set out in the Tees Valley Transport Investment Prospectus.

CULTURE AND TOURISM

10. The tender process has now closed for consultants / consortia proposing to work with the Combined Authority to develop four 'foundation frameworks' which will underpin the new Growth Programme for the Creative & Visitor Economies, approved by the Combined Authority Cabinet on 27th November 2020:
 - Cultural Industries: Sustainable Sector Growth Plan
 - Capital Leverage Investment Framework
 - Destination Management Plan
 - Events & Festivals Framework

It is expected that the Frameworks will be completed by the end of September to enable an autumn roll-out of the initial phases of the programme.

11. The independent Cultural Industries and Visitor Economy Recovery Task Force, established by the Tees Valley Mayor in June, has now met five times, providing insights and guidance to shape the detail and delivery of the Cultural Industries & Visitor Economy Recovery Programme. Further to the recommendations of the Task Force, a delegated decision in February 2021 enabled an advance of funds from the Growth Programme which had been profiled for spend in 2021 to enable continued Recovery support to ensure Tees Valley's cultural industries and hospitality sectors are able to re-open and re-build inline with the Government's roadmap for easing lockdown restriction. This includes the creation of the Tees Valley Festivals 2021 Recovery Fund which will support existing regional festivals to develop scalable delivery models which will ensure animation and vibrancy across the region and provide vital support for local supply chains from July – December. Local Authorities were eligible to bid to this fund alongside independent organisations and freelancers. As per the approved Cabinet Paper for the Growth Programme, after initial appraisal by the Creative Place team, an expert panel was convened on 28 April to advise on the final portfolio of investment. Due diligence is now underway with the final portfolio of investment to be confirmed in early May.

12. Three new Creative Place Development Officers joined the Combined Authority in April, ensuring appropriate capacity is in place to enable effective programme roll-out and dynamic support for sector businesses and stakeholders.
13. The Great Place Tees Valley programme concluded in March and final reporting is now being undertaken for the National Lottery Heritage Fund and Arts Council England.
14. Enjoy Tees Valley spring campaign launched in April. A strategic campaign focusing on a target audience of a two-hour drive time across the North East and Yorkshire, and UK destinations that have a direct, short flight to Teesside International Airport. This includes Newquay, Belfast City, Bristol, Aberdeen and London Heathrow, targeting people within a 30-minute drive-time to these airports. The key message is *Short journey to Big adventures* to reflect the target audience and it encourages people to plan their UK break in the Tees Valley.
15. To raise awareness of Enjoy Tees Valley and the region's tourism offer, working in partnership with Rockliffe Hall Spa and Resort inviting media and influencers to experience what the area has to offer for a UK break. The Press Association and The Herald Scotland have both visited the region and are running features.

EDUCATION, EMPLOYMENT AND SKILLS

16. Fourteen applications have now been submitted to the Department of Work and Pensions (DWP) for the Kickstart scheme. Of the 14 applications made, 11 have been assessed and approval has been granted for 557 Kickstart Job Placements offered by 154 Tees Valley Businesses, to date. There is a longstanding issue with the eligibility of Sole Traders who want to utilise the scheme which the Secretary of State is keen to resolve, there has also been a relaxation regarding the criteria that businesses need to be trading for 12 months to qualify, which should mean businesses that have not been trading for 12 months can have their applications resubmitted to the DWP by the Combined Authority. Work has now commenced to recruit young people into the placements created. On 1st February, DWP changed the criteria to allow businesses to apply directly to DWP regardless of the number of Job Placements on offer. Prior to 1st February all businesses that wished to offer 30 or less Job Placements were required to do so via an approved Gateway organisation. The opportunity remains open and businesses are encouraged to engage either directly with DWP or partner with a "Gateway" organisation such as the Combined Authority. There are additional gateway organisations approved to operate within Tees Valley.
17. Confirmation has now been received from Department for Education of the devolved ring-fenced allocation from the National Skills Fund for the implantation of the Lifetime Skills Guarantee, Level 3 Adult Offer for Tees Valley as £2.1m for delivery from 1 April 2021-31 July 2022. This is to support all adults aged 24+ who do not already have a Level 3 qualification or equivalent.
18. Twelve of the existing thirty one Adult Education Budget funded providers have been allocated £650,000 funding and have commenced delivery for the Level 3 Adult Offer.

19. It is anticipated that this will support the commencement of 700 level 3 qualifications from 1 April 2021.

TREASURY

20. The Chancellor announced in the March budget that an economic campus would be established in Darlington to house civil servants from the Treasury as well as other departments. Subsequently, DIT, (Department for Trade) have also announced they will locate staff in the new campus bring the potential job numbers to over 1,000.

21. Following the announcements officials from Darlington Council and TVCA have been in contact with the Government Property Agency (GPA) and the Treasury. The GPA have started a formal process to identify potential locations for the new campus, which is expected to be within 10 minutes' walk from the station. They are also identifying potential temporary offices options in Darlington to house staff as soon as possible.

FINANCIAL IMPLICATIONS

23. There are no financial implications to this report.

LEGAL IMPLICATIONS

24. There are no legal implications to this report.

RISK ASSESSMENT

25. This report is an update and therefore is categorised as low risk.

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AGENDA ITEM 6**REPORT TO THE AUDIT AND
GOVERNANCE COMMITTEE****25th May 2021****REPORT OF THE GROUP DIRECTOR OF
FINANCE AND RESOURCES****CORPORATE RISK REGISTER****SUMMARY**

This report presents the Tees Valley Combined Authority Corporate Risk Register as at May 2021. The risk register is reviewed on a regular basis by senior management and sets out the key corporate risks that have been identified.

RECOMMENDATIONS

It is recommended that Audit and Governance Committee consider the risk analysis as set out in Risk Register.

DETAIL

1. This report presents the Tees Valley Combined Authority Corporate Risk Register as at May 2021. The risk register is prepared in accordance with the Combined Authority Risk Management Framework and Group Risk Management approach which is reviewed on a regular basis by senior management. The risk register sets out the:
 - key corporate risks that have been identified;
 - type of risk e.g. legal, reputational, financial;
 - consequences if the risk is realised;
 - risk owner;
 - controls or actions in place to manage the risk;
 - risk score determined by probability and impact;
 - additional controls to be put in place and tracking implementation.

FINANCIAL IMPLICATIONS

- 2 There are no direct financial implications arising from this report.

LEGAL IMPLICATIONS

3. There are no direct legal implications arising from this report.

RISK ASSESSMENT

4. This content of this report is categorised as low to medium risk.

CONSULTATION

5. None required.

Name of Contact Officer: Gary Macdonald
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Risk ID	Prev risk	Threat/Op	Risk Summary	Risk Consequences	Date Raised	Control												Control Description	Action plan	TVCA theme	TVCA sub	Programme	Project	Review	Comments		
						1	2	3	4	5	6	7	8	9	10	11	12										
C21	Threat	Pandemic illness outbreak - impact on organisation	Potential consequences of widespread national disruption include: Prolonged closure of offices. High levels of staff absenteeism - including senior staff.	Widespread national disruption and economic impact inhibits organisational ability to deliver on key projects and outcomes		5	5	25	3	5	15	1	5	5	Strategic	Minimalist	Treat	Chief Executive/Senior Leadership Team	Existing Business Continuity Plans - including use of Microsoft Teams and secure tablets for all staff - were designed to address prolonged inaccessibility of Cavendish House, facilitate prolonged periods of home-working and to manage absence of senior staff members and high levels of staff absenteeism. Weekly SLT - Response to current situation includes: Establishment of 24/7 Business Support Helpline. Launch of Buy Local Tees Valley website to connect local people with businesses and tradespeople that have remained open, or are operating differently, during the outbreak. Survey of 900 businesses to increase understanding of effects the	Regular liaison with government. Adaptations to ways of working and office space to deliver a safe socially-distanced working environment once a return to Cavendish House becomes viable. Daily communication from senior leaders.	Education, Employment and skills					May-21	TVCA has operated entirely remotely since late March 2020. Business Continuity Plans have proved robust and effective and the impact of the disruption on the operation of the organisation has been minimised, with staff rapidly adapting to new ways of working. Covid 19 plan for reopening airport agreed and operational late June 2020.
C22	Threat	Pandemic illness outbreak: impact on delivery	Widespread national disruption and economic impact inhibits organisational ability to deliver on key projects and outcomes	Widespread national disruption and economic impact inhibits organisational ability to deliver on key projects and outcomes		5	5	25	3	5	15	1	5	5	Strategic	Minimalist	Treat	Chief Executive/Senior Leadership Team	Response to current situation includes: Establishment of 24/7 Business Support Helpline. Launch of Buy Local Tees Valley website to connect local people with businesses and tradespeople that have remained open, or are operating differently, during the outbreak. Survey of 900 businesses to increase understanding of effects the	Regular liaison with government. As we move towards the recovery phase, the Combined Authority is now developing approaches to support recovery and longer term resilience of the Tees Valley economy and working with our partners to increase understanding of effects the	Business Growth					May-21	The likelihood of the risk materialising has been mitigated by our approach to remote working. Covid 19 plan for reopening airport agreed and operational late June 2020. Commissioned economic modelling work through VIVID to developed a economic model to understand effect specifically in the Tees Valley economy and to model the impact of any potential interventions
C02	Threat	Impact of EU Exit including financial uncertainty and economic instability that affects national policy in relation to devolution and impact on ability to progress TVCA devolution strategy; in particular uncertainty on UK Successor regime to ESIF funding (UKSPF) and the loss of Local Growth Funding. (FINANCIAL)	Loss of funding for Tees Valley compared to previous ESIF position Failure to maximise opportunities for funding for Tees Valley under replacement arrangements	Loss of funding for Tees Valley compared to previous ESIF position Failure to maximise opportunities for funding for Tees Valley under replacement arrangements		5	4	20	4	3	12	2	3	6	Financial	Cautious	Treat	Group Chief Executive/Group Commercial Director	Continuation of focus on TVCA delivery of objectives and SEP Secured ESIF guarantee from Government Engagement with Government on future funding plans	Liaison with other CAs/LEPs	Place				May-21	Regular liaison with Government on progress with UK Shared Prosperity Fund. Internal process for external bid information recently strengthened and now subject to regular review by Directors. Checking central process for reallocation of ESIF funding taken back centrally by Government (July 2020).	
C03	Threat	Failure to secure sufficient additional resources to fund proposed activity. (FINANCIAL)	Failure to secure sufficient additional resources to fund proposed activity Reputational damage	Failure to secure sufficient additional resources to fund proposed activity Reputational damage		4	3	12	4	3	12	2	3	6	Financial	Cautious	Treat	Group Commercial Director/Group Finance & Resources Director/Chief Executive	Robust Budget, Investment Plan and Medium Term Financial Plan, Treasury Management Strategy to TVCA Cabinet each year Submission of high calibre bids for external funding Identifying opportunities for efficiency and greater impact	Investments identified in Local Industrial Strategy need to feed into Investment Plan and other external sources Tightening up bidding process - approval to bid and actual bid sign off Business Case development and submissions to	Business Growth				Jun-21	ESIF assurance review of new UKSPF due to CV19 with 19 delays	
C04	Threat	Transport specific funding secured from government is not sufficient to meet TVCA programme aspirations e.g. significant local contributions sought that are not affordable and/or TCF not awarded on ongoing annual basis. (FINANCIAL)	Not all planned transport projects can be delivered Unable to deliver future pipeline of projects currently in development Harder to leverage other funding Reputational damage	Not all planned transport projects can be delivered Unable to deliver future pipeline of projects currently in development Harder to leverage other funding Reputational damage		4	3	12	4	3	12	2	3	6	Financial	Cautious	Treat	Group Commercial Director/Head of Transport	Transport programme approved by Cabinet January 2020 Programme shared with DfT Reporting to DfT on progress with TCF spending/delivery Ongoing liaison with DfT re specific projects e.g. New	Investments identified in Local Industrial Strategy need to feed into Investment Plan and other external sources Tightening up bidding process - approval to bid and actual bid sign off Business Case development and submissions to	Transport and Infrastructure				May-21	Discussions ongoing on specific project funding requirements. DfT funding for further development of Darlington (E8.7m) and Middlesbrough (E2.45m) station projects secured June 2020. Seeking an early release of funding from DfT on Darlington Station in summer 2021. Outline Business Case for new Tees Crossing re-submitted to Govt in Oct 2020 and working with Highways England on a transition plan.	
C07	Threat	Failure to provide sufficient capacity to deliver TVCA functions. (DELIVERY)	Delays in terms of TVCA business being transacted, decisions being made and funding being delayed Potential loss of investment into Tees Valley	Delays in terms of TVCA business being transacted, decisions being made and funding being delayed Potential loss of investment into Tees Valley		4	3	12	4	3	12	1	3	3	Strategic	Minimalist	Treat	Group Chief Executive	Oversight by Senior Management Team Reviews being implemented Recruitment under way in key areas (e.g. AEB devolution) Further reviews as part of annual medium term financial plan to an in January Cabinet	Engagement with national partners Develop relationships with new MPs and Ministers	Education, Employment and skills				May-21	New Chief Legal Officer recruited Sept 20 16/02/2020 Recruitment process for 3 x Creative Place Development Officers scheduled for December / January to ensure appropriate team capacity to deliver the new Creative & Visitor Economies Programme.	
C10	Threat	Uncertainty within the economy and/or the political environment (DELIVERY)	Delays in achieving SEP and investment Potential delay to agreement of TVCA priorities and approval of any additional funding Potential delay in delivering SEP targets and outcomes Reputational damage	Delays in achieving SEP and investment Potential delay to agreement of TVCA priorities and approval of any additional funding Potential delay in delivering SEP targets and outcomes Reputational damage		4	3	12	4	3	12	1	3	3	Strategic	Minimalist	Treat	Group Chief Executive	Engagement with local MPs Engagement with local authorities	Engagement with national partners Develop relationships with new MPs and Ministers	Business Growth				May-21	Ongoing discussions between Mayor and Government Departments	
C16	Threat	Failure to agree a Local Industrial Strategy with Government. (REPUTATIONAL)	Failure or delay causes reputational damage Potential impact on ability to bid for national funding Potential impact on regeneration of STDC site	Failure or delay causes reputational damage Potential impact on ability to bid for national funding Potential impact on regeneration of STDC site		4	3	12	4	3	12	2	3	6	Reputational	Cautious	Treat	Group Chief Executive	Detailed timetable in place for the Local Industrial Strategy is being undertaken Partners to support development of Local Industrial Strategy identified Engagement events held with key sectors in Jan 19 Thematic engagement events Feb 19	Deliver TVCA Group monthly Performance Management reviews with Executive Team. LIS progress being tracked by Executive Team.	Business Growth				May-21	The Tees Valley LIS hasn't yet been signed off by Government. Discussions with Government are to be revisited in the light of Covid 19, ensuring the LIS supports recovery and longer-term resilience. The Devolution & Recovery White Paper which was expected September 2020, but is currently delayed, may clarify the future position/actions required.	
C01	Threat	Failure to secure agreement on new future investment priorities. (INVESTMENT PLANNING)	Delay in agreeing and approving projects to go into Investment Programme, potentially affecting spend Impacts TVCA's reporting on progress to Government Adverse effect on 5 year Government	Delay in agreeing and approving projects to go into Investment Programme, potentially affecting spend Impacts TVCA's reporting on progress to Government Adverse effect on 5 year Government		5	2	10	5	2	10	3	2	6	Financial	Cautious	Treat	Group Commercial Director/Group Chief Executive	TVCA Cabinet has overall responsibility for developing & delivery of SEP, Investment decisions and allocation of resources. Proposals developed at early stage with Leaders & Mayor, LEP members, chief officers, partners and Government departments Agreement to Investment Plan	On-going dialogue with Mayor and Leaders on the Investment Plan review. Process under discussion for agreeing Culture programme, with a view to a report coming to Cabinet in November 2020.	Business Growth				May-21	New Assurance Framework approved by Cabinet in March, along with Investment Plan Q3 Update. Transport Programme approved by Cabinet. Annual Investment Plan review pending as part of Business Planning process. Report on proposed Culture programme going to Cabinet November 20 15/12/2020	
C11	Threat	Failure to pass the first Gateway Review. (FINANCIAL) See sub risks A & B below	Inability to deliver Ten Year Investment Plan and strategic investments and achieve SEP outcomes Increased workload/resources required to address issues Risk to future funding of organisation	Inability to deliver Ten Year Investment Plan and strategic investments and achieve SEP outcomes Increased workload/resources required to address issues Risk to future funding of organisation		5	2	10	5	2	10	2	2	4	Financial	Cautious	Treat	Group Finance & Resources Director	Bi-monthly meeting with Government officials and on-going dialogue Assurance Framework (monthly conversation with BEIS) Internal Audit arrangements Annual conversations with Government Mayor meets with Government Ministers	Quarterly reporting to Cabinet on Investment outputs and outcomes to be introduced Annual Review to be undertaken End to End process presentations to more teams in diary	Business Growth				May-21	Awaiting SQW "One Year Out" report. 15/12/2020 SQW Draft report received and currently under review in line with the agreed timetable. A report was taken to November 2020 Cabinet following the review activity.	
C11-A	Threat	Failure to deliver the existing pipeline of funding commitments and achieve targeted spend. (DELIVERY)	Failure to achieve SEP targets and investment Adverse effect on 5 year Government conversation & ability to bid successfully for other funding	Failure to achieve SEP targets and investment Adverse effect on 5 year Government conversation & ability to bid successfully for other funding		5	2	10	5	2	10	2	2	4	Strategic	Minimalist	Treat	Group Commercial Director/Group Finance & Resources Director	Creation and utilisation of Advanced Funding to provide upfront investment in feasibility work Programme monitoring and review Assurance Process in place Investment Plan Risk Register operational Regular Investment Panel meetings	Deliver TVCA Group structure implementation activity Deliver TVCA Group Business Intelligence procurement and implementation	Business Growth				Jun-21	Business planning process being strengthened, including regular in depth reviews by Directors of each team's performance against plan. Group Structure proposals for Senior Executive team approved by TVCA Cabinet Business Intelligence procurement in progress and scheduled to complete August 2020 with implementation 01/09/20. The procurement of this activity has been extended to ensure all regular monitoring of claims via Finance and Resources team each month currently. Risk based monitoring activity to be introduced to maximise effort on those areas of risk. TVCA Group Performance meetings will incorporate a regular assessment and review of activity across the Group each month.	
C12	Threat	Failure to detect fraud. (FINANCIAL)	Loss of funds that cannot be recovered and applied to required spend objectives Staff resources required to manage any instances Reputational damage	Loss of funds that cannot be recovered and applied to required spend objectives Staff resources required to manage any instances Reputational damage		5	2	10	5	2	10	2	2	4	Financial	Cautious	Treat	Group Director of Finance & Resources	Internal audit arrangements External audit arrangements Internal expenditure approvals process Assurance Framework for Investment Review of internal expenditure process undertaken Staff induction process	Deliver TVCA Group Business Intelligence procurement and implementation	Business Growth				Jun-21	TVCA Group Performance meetings will incorporate a regular assessment and review of activity across the Group each month.	
C14	Threat	Failure to adequately communicate and explain the TVCA and Mayor functions and role may mean expectations are not managed. (REPUTATIONAL)	Confusion is possible in terms of relations with partners, businesses and residents Reputational damage	Confusion is possible in terms of relations with partners, businesses and residents Reputational damage		3	3	9	3	3	9	2	3	6	Reputational	Cautious	Treat	Group Marketing and Communications Manager	Communications plan in place Regular liaison with Mayor's office on Comms issues & opportunities Communications Strategy agreed Working with SBC and other Local Authorities to promote the Mayoral election to drive up voter	Communications plan in place Regular liaison with Mayor's office on Comms issues & opportunities Communications Strategy agreed Working with SBC and other Local Authorities to look at opportunities to raise awareness of the mayoral election to drive up voter registration and awareness	Business Growth				May-21	16/02/2021 Secured £12m Government funding from Treasury, supported by MHLG/BEIS. Successful negotiations with SSI regarding CPO objections CPO confirmed as successful in April 2020. Planning Inspector ruled final decision in STDC favour at CPO without any modifications. CPO confirmation notices made and first general vesting declaration for SSI land/assets issued. SSI /Tha Banks failed to meet deadline set for ratification of agreement. CPO continues as previously planned. Draft SQW report received and under review, which focuses on this aspect of TVCA operation. Generally positive on this aspect.	
C06	Threat	Obligations undertaken by STDC have potential financial impact on TVCA	Strain on TVCA funding availability Potential effect on other TVCA funding programmes Reputational damage	Strain on TVCA funding availability Potential effect on other TVCA funding programmes Reputational damage		4	2	8	4	2	8	2	2	4	Financial	Cautious	Treat	Group Director of Finance & Resources	STDC Constitution requires significant financial matters to be referred to TVCA Cabinet TVCA FD is also FD of STDC Development of a STDC programme management structures Aligning STDC	Securing successful CPO to consolidate land ownership and support comprehensive regeneration Manage any judicial review submissions effectively with specialist legal advice (Both CPO confirmation stage and general vesting declaration stage)	Business Growth				Jun-21	Secured £12m Government funding from Treasury, supported by MHLG/BEIS. Successful negotiations with SSI regarding CPO objections CPO confirmed as successful in April 2020. Planning Inspector ruled final decision in STDC favour at CPO without any modifications. CPO confirmation notices made and first general vesting declaration for SSI land/assets issued. SSI /Tha Banks failed to meet deadline set for ratification of agreement. CPO continues as previously planned. Draft SQW report received and under review, which focuses on this aspect of TVCA operation. Generally positive on this aspect.	
C09	Threat	Failure to build and maintain relationships with key partners. (REPUTATIONAL)	Potential impact on LEP and its operation More difficult to maximise opportunities to access significant external funding which requires a partnering approach Delays to agreement and delivery of Investment Programme	Potential impact on LEP and its operation More difficult to maximise opportunities to access significant external funding which requires a partnering approach Delays to agreement and delivery of Investment Programme		4	2	8	4	2	8	2	2	4	Commercial	Cautious	Treat	Group Chief Executive/Senior Leadership Team	Regular Cabinet meetings (including LEP Board members) Regular portfolio holders meetings and briefings Directors/Heads meeting LA officers regularly MOU agreed with Teesside University Regular liaison with other key partners e.g. CPI, MPI	Regular Cabinet meetings (including LEP Board members) Regular portfolio holders meetings and briefings Directors/Heads meeting LA officers regularly MOU agreed with Teesside University Regular liaison with other key partners e.g. CPI, MPI	Culture and Tourism				Jun-21	15/12/2020 Tees Valley Management Group under review, with refresh planned of thematic groups which will now report up to 8	
C11-B	Threat	Failure to manage funding in order to deliver maximum value for money. (FINANCIAL)	Reduction in availability of skills training in the region. Financial impact on FE priorities COVID impact on delivery and potential to deliver in the future New appointment implications in response to	Reduction in availability of skills training in the region. Financial impact on FE priorities COVID impact on delivery and potential to deliver in the future New appointment implications in response to		4	2	8	4	2	8	2	2	4	Financial	Cautious	Treat	Group Director of Finance & Resources	Revised Assurance Framework approved by Cabinet on 13th March prior to submission to Government	Review to ensure appropriate development, appraisal and assurance processes are operating effectively and efficiently Staff briefing sessions on the whole process Develop Governance toolkit for TVCA Group - single source of truth for staff	Business Growth				Jun-21	16/02/2021 Tees Valley Management Group under review, with refresh planned of thematic groups which will now report up to 8	
C13	Threat	Failure to properly manage AEB Budget	Reduction in availability of skills training in the region. Financial impact on FE priorities COVID impact on delivery and potential to deliver in the future New appointment implications in response to	Reduction in availability of skills training in the region. Financial impact on FE priorities COVID impact on delivery and potential to deliver in the future New appointment implications in response to		4	2	8	4	2	8	2	2	4	Strategic	Minimalist	Treat	Director of Business & Skills	TVCA Cabinet approves annual allocation Monthly submissions by providers are monitored Regular meetings with providers Regular update to directors, Management Group & Cabinet SLT now in second year - full monitoring and	TVCA Cabinet approves annual allocation Monthly submissions by providers are monitored Regular meetings with providers Regular update to directors, Management Group & Cabinet SLT now in second year - full monitoring and	Education, Employment and skills	Adult Skills	AEB		May-21	08/12/2020 SLT consider performance at R04 and consider payment implications for underperformance	
C15	Threat	Senior Officers leave the organisation. (DELIVERY)	Insufficient senior resource to lead and manage the workload over a critical period Delays to delivery of Investment Programme Risk of not delivering against SEP targets and outcomes	Insufficient senior resource to lead and manage the workload over a critical period Delays to delivery of Investment Programme Risk of not delivering against SEP targets and outcomes		2	4	8	2	4	8	2	4	8	People	Cautious	Treat	Chief Executive	Regular SLT meetings Regular management one to ones Director of Finance & Resources appointed Director Business & Skills appointed	Regular SLT meetings Regular management one to ones Director of Finance & Resources appointed Director Business & Skills appointed	Business Growth				May-21	The Cabinet have received a full update on the proposals for TVCA Group arrangements including senior management intention to review the capacity and capability required to service the Group going forward. This is schedule dot be delivered by the end of the financial year 2020/21. The senior management team has been strengthened further by the appointment of a Group Chief legal officer - Peter Judge who is also the statutory Monitoring Officer for TVCA Group.	
C20	Threat	More TVCA Investment required for TIAL than is foreseen in Business Plan. (FINANCIAL)	Increased financial liabilities Impact on other projects/programmes	Increased financial liabilities Impact on other projects/programmes		4	2	8	4	2	8	2	2	4	Financial	Cautious	Treat	Chief Executive/Group Finance & Resources Director	Strategic partnership joint venture with Stobart Aviation 5 year Business Plan agreed annually Agreed governance arrangements including Executive Meetings	Review of TIAL Business Plan 2020-21 in light of the impact of Covid-19 Business Plan shared and developed with Directors Business Plan parameters remain as existing Business Case values approved by Cabinet	Transport and Infrastructure				May-21	16/02/2021 TIAL is submitting its application to the Government's new fund to provide support to airports through the pandemic (AGOSI), the application for E478 is due to be submitted by TIAL in February 2021, and a response is expected in March.	
C19	Threat	Failure to operate TIAL successfully and turn around operation. (DELIVERY)	Reputational damage Increased financial liabilities (see C17) Impact on economic growth potential	Reputational damage Increased financial liabilities (see C17) Impact on economic growth potential		4	2	8	3	2	6	2	2	4	Strategic	Minimalist	Treat	Chief Executive/Group Commercial Director	Strategic partnership joint venture with Stobart Aviation 5 year Business Plan agreed annually Agreed governance arrangements Monitoring & reporting to DTVAL & Goosepool Ltd Boards	Strategic partnership joint venture with Stobart Aviation 5 year Business Plan agreed annually Agreed governance arrangements Monitoring & reporting to DTVAL & Goosepool Ltd Boards	Transport and Infrastructure				May-21	16/02/2021 1.Rport's updated Business Plan was approved by both the Airport and Goosepool Boards, and TVCA's Cabinet, in January 2021. This will be kept under review. 2.Discussions are ongoing with existing and prospective tenants about potential extended/new lettings, with potential for increased revenue. 3.An extensive programme of work is under way to develop the terminal and review current	
C17	Threat	Failure to operate within TVCA constitution. (LEGAL)	TVCA decisions are ultra vires Risk of legal challenge, leading to delay to delivery of TVCA programme(s) and costs Reputational damage	TVCA decisions are ultra vires Risk of legal challenge, leading to delay to delivery of TVCA programme(s) and costs Reputational damage		5	1	5	5	1	5	3	1	3	Legal	Minimalist	Treat	Group Chief Executive/Monitoring Officer	Updates and reports to TVCA Cabinet Briefing and engagement with Constituent Authorities' members Public Consultation undertaken A&G Committee in place and meeting regularly NRS Committee in place and meeting regularly	Updates and reports to TVCA Cabinet Briefing and engagement with Constituent Authorities' members Public Consultation undertaken A&G Committee in place and meeting regularly NRS Committee in place and meeting regularly	Transport and Infrastructure				May-21	Temporary legal support in place. Directors reviewing legal capacity requirements for TVCA and associated group. Recruitment of new Head of Legal under way July 2020 - now appointed and in place (Peter Judge). 22/3/21 Assistant Solicitor also now recruited (working to PII) - start date tbc	
C18	Threat	Failure to maximise influence at regional/national level. (REPUTATIONAL)	Missed opportunities to influence national and regional agendas to benefit Tees Valley Potential impact on ability to bid for and get additional funding Potential impact on delivery of CFP	Missed opportunities to influence national and regional agendas to benefit Tees Valley Potential impact on ability to bid for and get additional funding Potential impact on delivery of CFP		2	2	4	2	2	4	2	2	4	Reputational	Cautious	Treat	Chief Executive/Director of Business & Skills	LEP Meetings LEP Network representation Mayoral role Membership of Transport for the North Membership of NP11 Maintenance key relationships (see C19 above)	LEP Meetings LEP Network representation Mayoral role Membership of Transport for the North Membership of NP11 Maintenance key relationships (see C19 above)	Business Growth				May-21		

AGENDA ITEM 7

**REPORT TO THE AUDIT AND
GOVERNANCE COMMITTEE**

25th May 2021

**REPORT OF THE GROUP DIRECTOR OF
FINANCE AND RESOURCES**

REVISED RISK MANAGEMENT FRAMEWORK

SUMMARY

This report presents to TVCA Audit and Governance Committee the revised Group Risk Management Framework.

RECOMMENDATIONS

It is recommended that Members comment on and approve the draft revised Risk Management Framework.

DETAIL

1. The revised Risk Management Framework sets out the Group's approach to managing risk, including both threats and opportunities.
2. The primary objective of the Framework is to support the achievement of TVCA strategic objectives and to safeguard TVCA's resources, people, finance, property, knowledge and reputation through:
 - a. Provision of a structured and consistent approach to Risk Management.
 - b. Facilitating good management decisions through an environment of tolerable strategic and enterprise risk tolerances.
 - c. A culture where staff understand and assume responsibility for managing the risks for which they are responsible for the controls to mitigate those risks.
 - d. Provision of relevant, timely information across clear reporting structures.
3. The Framework applies to the TVCA Group and its programmes. It will be implemented through our standard decision making and management processes and Assurance Framework in accordance with all group policies as appropriate.
4. The most recent TVCA Risk Management Strategy was approved in May 2020. It is now proposed that the revised Framework be approved so the TVCA Group and entities are consistent in approach.
5. The Group Risk Management Framework has already been approved by the STDC ARC and Board and recommendations are being taken to TIAL Board to align this approach.

6. The revised Risk Management Framework is very similar to the previous Strategy as it continues to be aligned to ISO standards. The revised Framework has been drafted to include HM Orange Book principles and includes techniques and methods which will strengthen the way in which we use risk information when making decisions.

FINANCIAL IMPLICATIONS

7. There are no direct financial implications arising from this report.

LEGAL IMPLICATIONS

8. There are no direct legal implications arising from this report.

RISK ASSESSMENT

9. This content of this report is categorised as low to medium risk.

CONSULTATION

10. None required.

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South Tees Development Corporation

Risk Management Framework

Ref: STDC-RMF-001

South Tees Development Corporation

Risk Management Framework Ref: STDC-RMF-001

Version Control				
Issue No	Version	Date	Responsible	Approved for issue
01	Draft	16-Jul-18		
02	Draft	8-Feb-19		
03	Draft	15-Feb-19		
03.2	Draft	25-Feb-19		
03.3	RMF approved subject to Board approval of Policy	6-Mar-19		
03.4	Draft	12-Mar-19		
03.5	Approved	29-Mar-19		
3.6	Updated to reflect TVCA group applicability	27/10/20	Group RM	
3.7	Further updates to formatting and templates	08/01/2021	Group RM	
4.0	Approval of document	24/02/2021		STDC Audit & Risk Committee
4.1	Rebrand to TVCA template Removal of STDC and replacement with TVCA Group	04/05/2021		

Risk Management Policy

Purpose

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation, and supports the achievement of our objectives. The purpose of this risk policy is to ensure that risk management is an integral, visible, and consistent part of routine management activity across the corporation.

Commitment

Managing risk and opportunity is critical to the successful delivery of the South Tees regeneration programme. Teesworks is accountable to transform the area into an international scale, world class industrial business park; but it must do so with incomplete knowledge of future events, in a complex environment and within known funding and timing constraints.

The TVCA group is committed to implementing an enterprise-wide risk management culture, adopting ISO 31000 best practice in the identification, evaluation and effective management of threats and opportunities. Risk management is an essential part of good operational and project management and is a central responsibility of all those working within the Corporation.

We are an enterprise that:

- Makes risk management a part of strategic and tactical decision making ensuring identified risks that could significantly affect enterprise operations, projects and programmes, resources are deployed proportional to these risks.
- Maintains an attitude for risk appetite and tolerance, communicates this risk framework across the enterprise, and makes decisions about operations and projects consistent with this policy.
- Provides clearly defined and documented accountabilities for risk management, with risks managed at the lowest level at which the manager has the authority, responsibility, and resources to take effective action.
- Establishes and maintains Group-wide procedures, practices, and processes to ensure compliance with applicable standards and contractual provisions.
- Includes measurement and reporting of risks within the organisation's performance indicators so that decision-making at all levels is informed by an assessment of risk.
- Regularly reviews and updates risks facing the business and how they are escalated.
- Ensures risks are managed in an integrated way across all levels of the organisation.
- Requires the involvement of all managers to ensure that all staff understand their responsibilities in relation to risk management.
- Ensures effective assurance arrangements are in place to monitor the effectiveness of the risk management framework on a routine basis.
- Reviews and updates our risk management processes to recognised good practices, guidelines and standards and incorporates lessons learnt from inside and outside of the business.

Applicability

This policy applies to all aspects of the TVCA Group and its programmes. Implementation within the organisation through the Assurance Framework while implementation by suppliers and industry partners is achieved through contracts and agreements developed by the TVCA Group in accordance with the Management Policies.

The Chief Executive Officer has the ultimate responsibility and accountability for ensuring that risk is managed across the TVCA Group supported by the team of Directors.

The Chief Executive Officer and the Audit and Governance Committee provide governance leadership, agree the strategic direction, risk appetite, and promote the culture 'tone from the top', all to ensure the best outcome.

This policy is to be reviewed at least annually to ensure its continuing relevance to our appetite and tolerance of risk and meeting our objectives.

The Framework will be agreed every year by the Audit and Governance Committee.

Approved XX/XX/XX

Introduction

It is incumbent on The TVCA Group to understand the internal and external risks that may impact the delivery of its organisational goals and have processes in place to identify, mitigate, manage, and monitor those risks to ensure the best outcome for The Group, staff, and the community.

The ISO standard on Risk Management describes **risk** as “*the effect of uncertainty on objectives*”. Risk is the probability of an internal or external situation (an incident) with the potential to impact upon South Tees regeneration programme; preventing The Group from successfully achieving its objectives, delivering its services, or capitalising on its opportunities. Risks are an everyday occurrence that could potentially positively or negatively impact on The Group’s ability to meet its obligations to stakeholders and the community. The Group recognises that while some risks cannot be fully eliminated, they can be identified, controlled, and managed to an acceptable level.

Risk management is defined as “*the coordinated activities to direct and control an organisation with regard to risk*”.

The Group’s Risk Management (‘Framework’) is aligned to the ISO Standard and shall be applied to all activities. The framework will be agreed every year by the Audit & Governance Committee (A&GC) and noted by STDC Board. This framework document should be read in conjunction with The Group’s Risk Management Policy. The following are not included in the scope of this Framework: the projects initiated by investors and developers, and Teamwork’s Risk Management Plan.

Risk needs to be considered and addressed by everyone, including the Governing Board, Executive Staff, Senior Management, Employees, Partners, and related stakeholders. The Group is committed to promoting an organisational culture where risk management is embedded in all activities and business processes.

The Group undertakes proactive risk management because:

- It provides a rigorous decision-making and planning process to understand the strategic, project and operational risks facing The Group in order to make informed decisions and meet organisational and strategic goals.
- It equips the organisation to take advantage of opportunities as they arise.
- The Group and its subsidiaries will have service agreements and contractual obligations with government and nongovernment agencies and organisations.
- It equips managers with tools to anticipate changes and threats that face The Group and to allocate appropriate resources.
- It provides assurance to committee members, management, and stakeholders that critical risks are managed appropriately.

The scope of this Risk Management framework is enterprise-wide to provide the architecture for a common platform for all risk management activities undertaken by The Group; from individual function, process, or project-based assessments to whole-of-organisation assessments, with the aim of enabling comparative analysis and prioritisation of those assessments either individually or cumulatively. The framework is directly linked to the achievement of objectives of The Group and delivery of the programme of investment projects.

Risk Management Objectives

The primary objective of the framework is to support the achievement of The Group's strategic objectives and to safeguard the resources, people, finance, property, knowledge, and reputation through:

- Provision of a structured and consistent approach to Risk Management.
- Assist decision makers to make good management decisions within an environment of tolerable strategic and enterprise risk limits, including identifying and leveraging opportunities.
- A Risk Appetite statement which is used to challenge and inform strategic decisions.
- A culture where staff understand and assume responsibility for managing the risks for which they are responsible and the controls to mitigate those risks.
- Provision of relevant, timely information across clear reporting structures.
- Independent assurance and audit activities to provide feedback to management that quality processes and controls are in place and are effective.

For the framework to be effective it must be integrated into The Group's strategic and business planning cycles.

Roles and Responsibilities

The responsible, accountable, consulted, informed (RACI) table illustrates accountabilities across the varied risk roles throughout the organisation.

Risk Management within the Group is an integral element of good business practice. The strategic and operations risk assessment processes are integrated with the strategic planning and business planning processes.

It is therefore the responsibility of everyone within the Organisation to manage risk - the accountability for managing any specific risk sits with the person most appropriate to manage that risk. This is reflected in position descriptions (with varying degrees of responsibility at the various levels) and the performance management process.

Notwithstanding our "whole of organisation" approach to risk management responsibility, our Risk Management Framework has specific elements which require defined alignment of roles and responsibilities. The responsibilities for each of the roles identified are as follows:

STDC Board

- Overall responsibility for determining what types of risk are acceptable/not acceptable.
- Approve the organisation's Risk Appetite Statement and Risk Tolerance measures.
- Responsible for setting the moral standards, the tone and influence of the culture of risk management across the business.
- Approve the Risk Management Policy and note the Risk Management Framework.
- Be satisfied that strategic risks are identified, managed, and controlled appropriately.
- Appoint the Audit and Governance Committee.



Chief Executive Officer

- The CEO, supported by the Executive Team (i.e., the Engineering & Programme Director, the Commercial Director, and the Finance Director), is accountable to ensure appropriate risk management within STDC.
- Endorse the Risk Management Policy for approval by The Group, approve the Risk Management Framework and monitor implementation.
- Provide executive leadership in the management of strategic, operational and project risk and generally champion risk management within- The Group.
- Report expeditiously to A&RC on any fraud and corruption incidents or material risk mitigation failures and actions taken.

Audit and Governance Committee

The A&GC assists the Executive board in fulfilling its responsibilities by providing oversight and input in the identification and evaluation of major strategic, reputational, financial, operational, regulatory, human capital, information, health and safety and other significant risks inherent in the business and mitigation planning with respect to such risks.

- Approve and oversee the Risk Management Policy and review the mechanisms in place to comply with the framework.
- Monitor the systems and process via – The Group’s risk profile and consider the risk profile when developing and implementing the Internal Audit and Compliance Programme.
- Consider the adequacy of actions taken to ensure that the risks have been dealt with in a timely manner to mitigate exposures to The Group.
- Identify and refer specific projects or investigations deemed necessary to assess risk management through the Chief Executive Officer, The Internal Auditor and- The Group.
- Oversee any subsequent investigation, including the investigation of any suspected cases of fraud.
- Review Programme portfolio and associated risks.
- Ensure the integrity of financial reporting and is responsible for making recommendations on the appointment of the external auditor and their scope.

Internal Audit

- Act as the 3rd line of defence (c.f. Section 5.1) and provide independent assurance.
- Consider strategic and operational risks in the development and implementation of the Internal Audit and Compliance Plan recommending improvements.
- Periodically audit The Group’s Risk Management practices and provide recommendations on improvement to Management and the Audit and Governance Committee.

Engineering & Programme Director

- Provide assurance in the development, implementation and review of the Risk Management Policy, Risk Management Framework, and general risk management practice within the Group.



- Quality assure Project & Programme risk management reporting in co-ordination with the Risk Manager.
- Ensure the Engineering & Programme function has the appropriate culture, capability, processes, and systems to deliver on this policy and the Risk Management Framework.

Commercial Director

- Provide assurance in the development, implementation and review of the Risk Management Policy, Risk Management Framework, and general risk management practice within their function.
- Quality assure Commercial risk management reporting in co-ordination with the Risk Manager.
- Ensure the Commercial function has the appropriate culture, capability, processes, and systems to deliver on this policy and the Risk Management Framework.

Finance Director

- Provide assurance in the development, implementation and review of the Risk Management Policy, Risk Management Framework, and general risk management practice within their function.
- Quality assure financial risk management reporting in co-ordination with the Risk Manager.
- Ensure the Financial function has the appropriate culture, capability, processes, and systems to deliver on this policy and the Risk Management Framework.

Group Risk Manager

- Assurance checks if the programme complies with the established processes, performance standards and ensures right capability is in place.
- Develop, maintain and quality assure enterprise risk registers and monitor implementation of controls and agreed treatment actions.
- Prepare various risk management reports in accordance with this framework and the Risk Management policy.
- Provide risk management training, advice and support and conduct risk assessments as agreed.
- Liaise with the Internal Auditor and provide Risk support to the Audit and Governance Committee.
- Lead the refinement, implementation, and review of the Risk Management Policy, Risk Management Framework, and supporting processes and systems.
- Measure enterprise risk management maturity and report on the implementation of actions to achieve target maturity.

Project Managers

- Ensure that this framework is applied to the projects under their overview.
- Where the project is considered to materially influence the achievement of The Group's Corporate Objectives, ensure that the project risk register is facilitated by The Group Risk Manager.
- Ensure coordination of activities such as risk register, assessments and reporting are completed.



- Liaise with The Group Risk- Manager.
- Identify gaps in areas such as training awareness.
- Assist with communications and training.

Business Function Managers

- Ownership of risk management within their Function or as delegated by the CEO in accordance with this policy and the Risk Management Framework.
- Championing risk management within their Function and appropriate risk management practice by staff, volunteers, contractors, and service providers.
- Ensures coordination of activities such as risk register, assessments and reporting are completed.
- Liaises with Group Risk Manager
- Identifies gaps in areas such as training awareness.
- Assists with communications and training.

Risk Owners

- Responsibility that risk remains within defined tolerances.
- Triggers out-of-cycle review of the risks if material change occurs (e.g., restructuring, new IT systems or process change).
- Ensure personal compliance with risk management policies and procedures in performance of duties/activities.
- Ensure controls mitigating risks are designed and operating effectively to reduce the risk exposure to a level which is acceptable to The Group.
- Responsible for annual attestation of risks with Control Owner.

Control Owner

- In charge of ensuring that controls (which may be outside responsibility of risk owners e.g., IT controls) are identified, documented and effective.
- Understands the importance of the effective operation of the control and potential impact of failure on all areas that rely upon the control activity and,
- Provide appropriate communication when their controls fail or do not operate as expected.

Staff, Contractors and Service Providers

- Applying risk management practices in their area of work and ensuring that management are aware of risks associated with The Group's operations.
- Recommending or providing suitable plans to manage risks; obtaining appropriate approval prior to action (where required) reporting on risk management practices.
- Awareness of The Group's culture and ethos to report any perceived risks or failures in existing measures to senior management.

Organisational Risk Culture

The Group will actively consider risks during strategic and tactical decision-making processes as will all levels of management and will determine the level of residual risk/appetite they are willing to accept. This will be done on at least an annual basis. The Group will take a risk-based approach to managing internal and external projects, operational and strategic risks: i.e., risks will be managed and monitored according to severity.

Management will conduct at least an annual review of their function or project risks (facilitated by the Risk Manager) with monthly monitoring of priority and high risks. Management will also conduct out-of-cycle reviews of operational, project or strategic risks if material changes occur, if there is a breakdown of controls or if new risks emerge.

The Group will invest the appropriate time and resources into training and awareness for all staff in line with responsibility and involvement this includes but is not exclusive to; managers, and nominated risk and control owners and staff with specified risk and emergency management roles.

Guidelines for a Culture of Risk Management

The Group has finite resources, time, and budget to manage all aspects of its activities. It is therefore vital that The Group apportion resources into the areas of most need, or that will have the greatest impact. STDC will therefore take a risk-based approach to managing operational risks as follows:

- Risks are initially identified and assessed on an inherent basis - the risk that an activity would pose if **no controls** or other mitigating factors were in place. Determining the likelihood and impact of the risk occurring allows TVCA to understand which risks are of greater concern and must therefore be mitigated accordingly.
- The Residual Risk - the risk that remains after the implementation of controls can then be determined by assessing the effectiveness of controls in place to mitigate the likelihood and impact of the risk occurring.
- All risks will be captured in an organisational Risk Register and reported regularly through the various Management and Committee structures

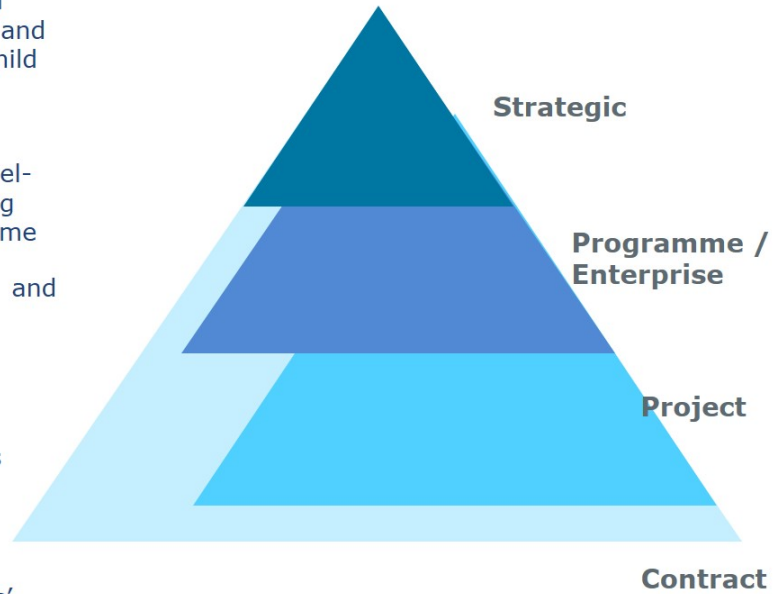
Risk Management Structure

To understand the risks faced by The Group and the resulting implications, risks will be identified and assessed at a hierarchy of three levels:

- **Strategic:** Those Corporate risks that, if realised, could have a significant detrimental/beneficial effect on the South Tees Development Corporation key business processes and activities.
- **Programme & Enterprise:** Those business risks that, if realised, could have a significant detrimental/beneficial effect on the key objectives and activities of The Group's programme.
- **Project:** Those business risks that, if realised, could have a significant detrimental/beneficial effect on the outcome of a project.

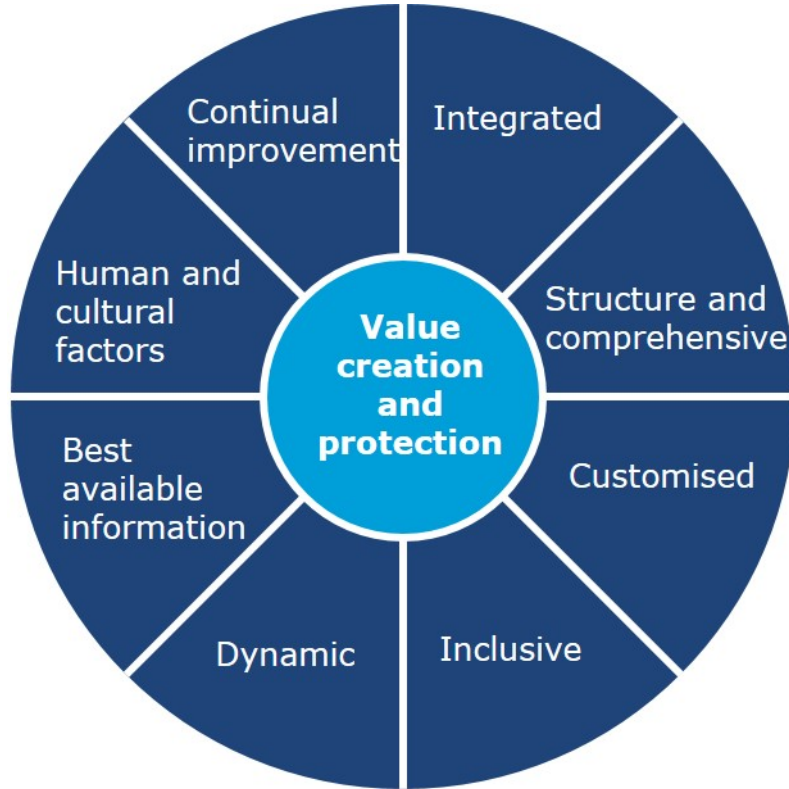
Illustration of hierarchy of risk groups indicating levels outlined below with discrete registers and ownership. Escalation, parent/child connectivity, quantification and tracking protocols

-  Strategic – Board level-owned risks, including external facing/extreme
-  Delivery Programme and Function/Site risk separately logged
-  Project Risk registers
-  Contract – risks transferred for others' management



Risk Management Principles

All levels of the TVCA shall commit to incorporating the following principles from the ISO Standard.



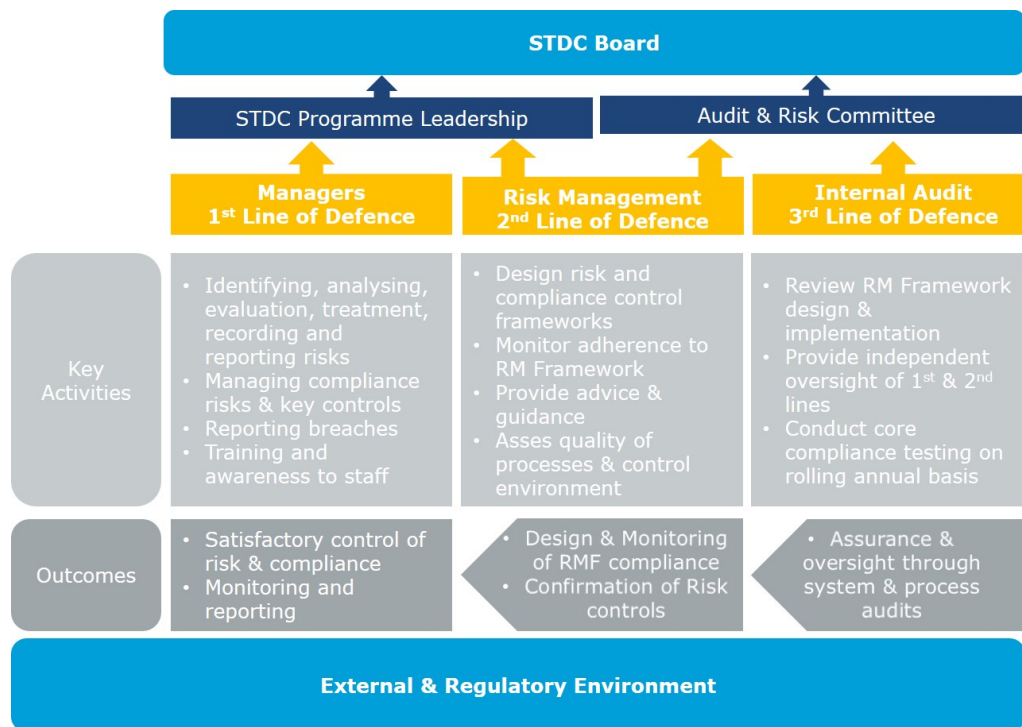
ISO 31000 Risk Management Principles

Principle	
Integrated	Risk management is an integral part of all organizational activities.
Structured and comprehensive	A structured and comprehensive approach to risk management contributes to consistent and comparable results.
Customized	The risk management framework and process are customized and proportionate to the organization's external and internal context related to its objectives.
Inclusive	Appropriate and timely involvement of stakeholders enables their knowledge, views, and perceptions to be considered. This results in improved awareness and informed risk management.
Dynamic	Risks can emerge, change, or disappear as an organization's external and internal context changes. Risk management anticipates, detects, acknowledges, and responds to those changes and events in an appropriate and timely manner.
Best available information	The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such

	information and expectations. Information should be timely, clear, and available to relevant stakeholders.
Human and cultural factors	Human behaviour and culture significantly influence all aspects of risk management at each level and stage.
Continual improvement	Risk management is continually improved through learning and experience.

Three Lines of Defence Model

The Three Lines of Defence model provides a simple and effective way to enhance communications on risk management and control by clarifying essential roles and duties.



1st Line of Defence – Project and Function Managers

Each function or project has primary responsibility for the ownership and day-to-day management of its own risks and is also responsible for implementing corrective actions to address process deficiencies. Each function & project naturally serves as the 1st line of defence as controls are designed into systems and processes under their guidance, as they bear the consequences of loss through economic risk capital allocation. There should be adequate managerial and supervisory controls in place to ensure compliance and to highlight control breakdown, inadequate processes, and unexpected events.

2nd Line of Defence: Programme and Group Risk Manager

The Group Risk Manager provides oversight to ensure that the framework is embedded, operational and to monitor the 1st line controls so that risks are effectively managed. It is a risk management function that facilitates and monitors the implementation of effective risk management practices by management and assists risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the organisation. The Risk Manager has a degree of independence from the first line of defence.

3rd Line of Defence: Internal Audit

Internal audit (IA) is outsourced and provides reporting to the Audit & Governance Committee to provide independent assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the 1st and 2nd lines achieve risk management and control objectives. IA provides The Group and Senior Management with comprehensive assurance based on the highest level of independence and objectivity.

Risk Escalation

Risk should be managed by the party best placed to manage the risk and at the most appropriate level in the organisation. Risks may need to be escalated up the management chain – either within or between the levels of hierarchy (i.e., Strategic, Programme and Enterprise, Project, or Contractor).

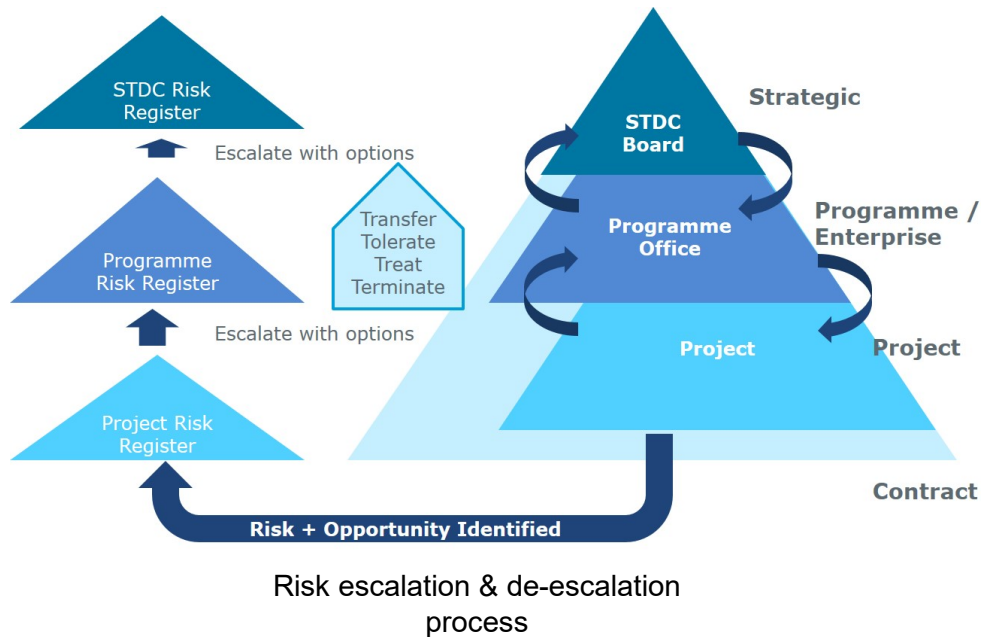
The accountable Managers, with the assistance of the Risk Manager, are to identify any risks which are to be considered for escalation in their regular reporting cycle. These will then be reviewed with line management at risk review meetings, as specified within the programme controls governance structure, in order to review and approve the escalation of the risk. This cycle of review is repeated up the organisation structure.

When selecting risks to escalate, these factors should be considered:

- Is any single risk so significant that it should be escalated to the next level?
- Are there any common causes of risk that should be escalated?
- Do any of the identified risks have consequential effects to the wider programme which are significant enough for that risk to be escalated to the next level?
- Do any risks require responses which can only be implemented by the next level of management?

Note that escalating risk does not transfer the ownership of risk, but allows the manager at the higher level to understand the risks within their responsibility.

The figure below describes the STDC governance and risk escalation/de-escalation process. This approach is framed around the 3 Lines of Defence model.



Risk Appetite

Risk appetite is the amount of risk exposure, or potential adverse impact from an event, that the STDC Board is willing to accept in pursuit of its objectives.

Risk Appetite Statement

The Group will maintain a current risk appetite statement.

This statement communicates with sufficient precision that the organisation has a proactive approach on its appetite for risk across all of its objectives.

Once the risk appetite threshold has been breached, risk management controls and actions are required to bring the exposure level back within the accepted range by considering:

- Emerging risks
- Risks that might be outside The Group's control (i.e., political change)
- Where best to allocate scarce resources
- Where the Group might want to take on additional risk to pursue a strategic objective or expectation of above average returns

Risk appetite should be set for each individual strategic risk and tolerance levels agreed, using relevant performance indicators which are monitored through the monthly enterprise reports.

TVCA's risk appetite will inform the annual risk process, controls and assurance activities and is generally defined as follows:

Risk Rating	Minimum treatment required	Description
Severe risk	Reject and avoid or mitigate	Immediate action required in consultation with A&GC to either avoid the risk entirely or to reduce the risk to a low, medium, or high rating.
High risk	Accept and mitigate	These risks need to be mitigated with actions as required and managers need to be assigned these risks.
Medium risk	Accept	Manage by specific monitoring or response procedures.
Low risk	Accept	Manage by routine procedures.

Risk treatment within Risk Appetite

Risk Tolerance

Whilst risk appetite is about the pursuit of risk, tolerance is about what the organisation is allowed to deal with. Risk tolerance differs from risk appetite in that it is:

- Derived from risk appetite.
- Looks at risk at a granular level (e.g., on specific risk, at a transactional level);
- Measured in the form of limits (financial risks) and thresholds (non-financial risks)
- Assists in day to day/operational decision making.

Risk tolerance therefore relates to risk appetite but differs in one fundamental way in that it represents the application of risk appetite to specific objectives. Whilst risk appetite is broad, risk tolerance is tactical and operational and must be expressed in such a way that it can be:

- Mapped into the same metrics as the organisation uses to measure success.
- Implemented by staff throughout the Organisation.

As risk tolerance is defined within the context of objectives and risk appetite, it should be communicated using the metrics in place to measure performance. Risk tolerances guide project and functional areas as they implement the risk appetite within their sphere of activity.

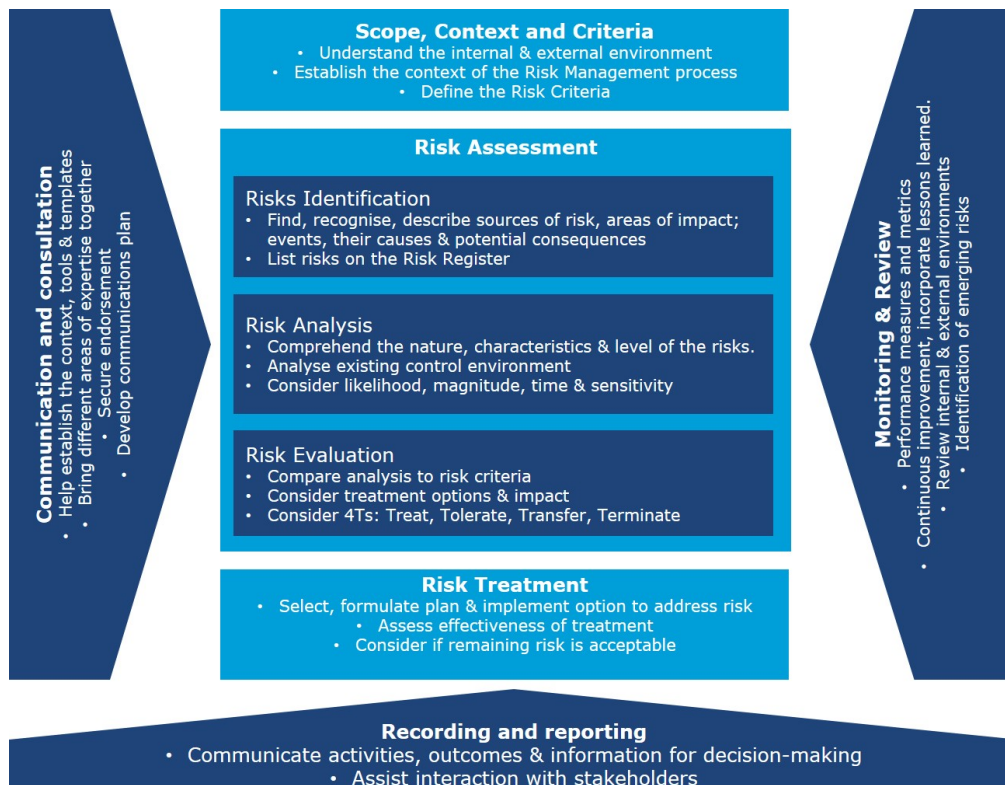
Risk tolerances communicate a degree of flexibility whilst risk appetite sets a limit beyond which additional risk should not be taken. Some tolerances are easy to express in qualitative terms, e.g., an organisation may have a low-risk appetite for non-compliance with laws and regulations and may communicate a similarly low tolerance for violations. Tolerance may also be stated in quantitative terms, e.g., by setting % targets.

Objectives	Impact				
Cost (Budget)	Insignificant increase	< 10% increase	10 – 20% increase	20 – 40% increase	> 40% increase
Time (End date)	Insignificant increase	< 5 % increase	5 – 10% increase	10 – 20% increase	> 20% increase
Impact Rating	Insignificant	Minor	Moderate	Major	Extreme

Example Risk impact on project cost or time

Risk Management Process

The risk management process is the “how to” element of the Framework and is defined in the ISO Standard as “the systematic application of management policies, procedures and practices to the task of communicating, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.”⁴



STDC Risk Management Framework¹

¹ BS ISO 31000:2018 Chapter 6

Risk Management Scope

The level of detail that will be entered into during the risk management process must be considered prior to commencement and should be commensurate with the extent and nature of the inherent level of risk. The extent and scope of the risk management process will depend on the goals and objectives of The Group's activity that is to be addressed, as well as the budget that has been allocated to that activity.

Consideration must also be given to the roles and responsibilities for driving and undertaking the risk management process.

Risk Assessment

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation. The Group will conduct risk assessment systematically, iteratively, and collaboratively, drawing on the knowledge and views of involved stakeholders.

Risk identification

The purpose is to identify all risks; what, when, why and how incidents might impact on the achievement of objectives. A Risk can be raised by anyone associated with the enterprise, programme, or project. Comprehensive identification using a well-structured systematic process is critical, as a risk not identified will be excluded from further analysis, so identification should include all risks, whether or not they are under the control of The Group. A comprehensive risk identification process is delivered through consideration of the potential influence of each of the elements on the internal and external operating environment on The Group's objectives.

A systematic process includes working through each goal, objective, or planned implementation action, identifying the things that may inhibit, detract from, or prevent the achievement of the goal or enhance the opportunity to meet the objective. The Group will use a range of tools and approaches to determine potential risks, including:

- Team based brainstorming with experienced and knowledgeable staff.
- Structured techniques (such as SWOT analysis, process mapping, flow charting, systems analysis, or operational modelling)
- Annual strategic, TVCA planning, budget, and risk identification workshops.
- Examination and analysis of past reports and incidents.
- Regular compliance reviews (internally and externally).
- Internal review by the Audit and Risk Committee.
- Reviews by external service providers.

A risk event relates to the failure of people, processes, and systems or from external factors (e.g., fire, flood, assault, or damage). In other words, something has gone or may go wrong: a control failed to operate as expected, was not performed, was circumvented or perhaps there was no control in place. Incidents can have multiple and varied impacts:

- Financial (e.g., Losses, Costs, Fines, Penalties)
- Non-Financial (e.g., Customer, damage to reputation/assets, regulatory, business interruption).

Depending on the circumstances, potential incidents will typically be captured or categorised as:

- Reputational
- Political
- Legal & Litigation
- Operational
 - HR related incidents / concerns such as termination issues or staff complaints
 - Customer complaints
 - BCP related incidents/breaches/concerns
 - Vendor / Third Party failure
 - IT outages/incidents.
- Compliance
- Governance
- Safety, Health & Environmental
 - OH&S incidents/breaches/concerns.
- Financial
 - Fraud (internal or external)
 - Fines/Penalties
 - Insurance claims
- Information (General)
 - Information (Sensitive/Personal)
- Standard Development Projects
- All other Projects.

Capturing incidents, investigating them, and understanding their root causes are critical as these provide us with important and timely information on the operation and effectiveness of our controls, threats to our business operation and the extent and nature of The Group risks.

The organisational strategic risks are developed annually by the Senior Leadership Team in conjunction with the Audit and Governance Committee. The Enterprise operating risks are identified in conjunction with Function Managers on an annual basis as a minimum, at meetings with the Risk Manager which run parallel with The Group's annual business planning cycle.

Recording identified risks occurs through the development of a description of the risk and entry into the appropriate risk register. The risk description should contain a statement of the risk and include those factors which could cause or contribute to the occurrence of the risk event. A risk, by definition, is a potential for something to happen and not the actual occurrence of an event, consequently the language used to describe risks should express this element of possibility.

Making the Risk Description Statement

All risks will use the following standard language format where possible:

	Cause	Risk, Opportunity Event	Effect
Threat	As a result of...	there is a threat that...	which may result in...
Opportunity	In the event that...	there is an opportunity to...	which may result in...

The *cause* of a risk should reference any issues which need to be changed in order to reduce the likelihood of threats, and increase the likelihood of opportunities.



Risk:

“As a result of previous experience removing building cladding, there is a threat that unforeseen trapped asbestos may be found, which may result in the mobilisation of a specialist contractor that would mean the cost would increase and there would be delays to the critical path of the project.”

Opportunity:

“In the event that an alternative disposal route can be provided for waste, there is an opportunity to reduce disposal costs, which may result in reduced overhead and maintenance costs.”

Risk analysis

Analysis involves developing an understanding of the risk, the likelihood of the risk occurring and the full range of potential impact/consequences. Identification of likelihood and impact is not scientific: it is a qualitative exercise based on perception and history.

The initial analysis provides the inherent likelihood, the inherent impact, and the inherent risk rating. At this stage, the analysis assumes that all controls have failed or there were no effective controls in place. Whilst this is unlikely, this allows -The Group to understand which risks have the greatest potential for disrupting the business operation and therefore require strong and effective controls with appropriate and ongoing oversight.

Risk registers

Risk registers provide a mechanism for documenting, managing, monitoring, reviewing, updating, and reporting risk information. Risk register design, use and related processes are developed and maintained by the Risk Manager. The Group has adopted a master risk register template, each project and function are to use the template.

Inherent likelihood

The inherent likelihood of a risk occurring is defined as the probability and frequency of its occurrence. It may be easier to ask: 'How likely is it that the risk event will occur?'

The table below is a commonly used format with five levels of Likelihood from Rare (an event that occurs only in exceptional circumstances) to Almost Certain (occurring frequently within a year).

Each criterion is assigned a number from 1 to 5.

Risk Likelihood Glossary		
Probability	Almost Certain	Event expected to occur regularly per annum. This risk if part of daily business operations. If controls removed the risk would certainly eventuate on a daily to weekly basis.
	Likely	Event expected to occur at least annually. Risk is possibly part of routine business process & can occur a number of times per annum.
	Possible	Event expected to possibly occur in a 3 year period. Risk is unlikely to be part of business process. For risk to eventuate likely to need multiple factors to occur.
	Unlikely	Event unlikely to occur (1 in 5 year period). For risk to eventuate nee single of a couple of unlikely factors. Risks may have occurred before.
	Rare	Event may occur in exceptional circumstances, risk unlikely to have occurred before.

Inherent impact

This is defined as the potential impact or consequence of a risk occurring and is generally expressed as a financial loss, non-financial loss (e.g., damage to reputation, client impact, regulatory impact) or occasionally a gain. Asking 'what would be the impact/consequence of risk XYZ occurring?' may elicit a better response.

Accurately determining the possible multiple impacts is to be achieved by utilising the Impact table, which is divided into nine categories and five levels of impact:

	Insignificant	Minor	Moderate	Major	Extreme
Cost (budget)	Insignificant	<10% increase	10-20% increase	20-40% increase	>40% increase
Time	Insignificant	<5% increase	5-10% increase	10-20% increase	>20% increase
Reputation	Unsubstantiated rumours	Minor local media interest	Headline media coverage.	Loss of regional reputation, local radio and newspaper reports. Short Term media campaign.	National media coverage. Sustained media campaign/lobbying
Environment	Insignificant	Spill of liquid <200L in unbunded area, spillage of liquid in bunded area, minor impact from spillage to river, beck pond.	Spillage of liquid >200L in unbunded area, significant but localised effect on water quality, deposit of liquid/hazardous waste on impermeable surface or unauthorised area, incorrect waste segregation of hazardous waste.	Significant fish kill (<10 salmon) or damage to fish spawning ground, long term (>6months) but reversible environmental damage, illegal fly tipping of non-hazardous waste.	Major fish kill (>10 salmon) or damage to a fish spawning ground, persistent (>7 days) & extensive (several KM) effect on surface water quality, persistent %& extensive land contamination, requiring major decontamination, illegal fly tipping or hazardous waste.
Asset	Insignificant	Relatively low financial loss or asset cost impact (<£1000)	Tolerable financial loss or asset cost impact (<£1000 - <£1000000)	Moderate financial loss or asset loss impact (>£100000 - <£1000000)	Major financial loss or asset cost impact (>£1000000)
Injury	Insignificant	Cuts, bruises, minor burn, scratch, abrasions (first aid)	Cuts, bruises, fractures, major burns (internal recordable - OSHA, injury greater than first aid - hospital, stitches Medical treatment case - MTC Restricted Work Day Case - RDC Lost work day case - LWC)	Loss of limb, crush, loss of sight, loss of consciousness (RIDDOR Reportable Anything which results in a greater than 7days LWC)	One or more instances of loss of life

A risk may fit into a single category or fall across multiple types and similarly the level of impact may fit into more than one row. It is up to management (with assistance from the Risk Manager) to determine the type with the highest consequence for inclusion into the risk register.

The impact table should be reviewed at least every year with business subject matter experts as part of the framework review to ensure that categories and descriptions are relevant and reflective of TVCA's internal and external environments.

Risk Evaluation

The purpose of risk evaluation is to support decisions. Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required.

This can lead to a decision to:

- Escalate as you lack the authority to take the necessary actions.
- Maintain existing controls and do nothing further – Tolerate, (ignore opportunity).
- Consider risk treatment control and action options – Treat.
- Undertake further analysis to better understand the risk.
- Reconsider objectives – *potentially* terminate.
- Change owner of the risk – Transfer.
- Try to realize the opportunity – Enhance.
- Ensure that the opportunity is realised – Exploit.
- Involve others in order to realise the opportunity – Share.

Decisions should take account of the wider context and the actual and perceived consequences to external and internal stakeholders.

Inherent risk rating

For each of the risks listed from the risk identification process, the likelihood of the risk occurring, and its impacts are to be plotted using the criteria matrices (see below) by multiplying the numbers associated to each criteria of likelihood and impact. For example, the risk of a fraud occurring in the payroll process, *in the absence of effective controls*, could be assessed as follows:

The likelihood is considered as 'Likely' (= 4) with the Impact assessed as 'Major' (= 4).

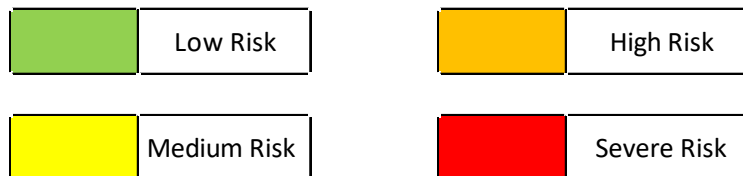
The resulting level of risk will be shown as the intersection of the two dimensions on the Risk likelihood Matrix. This provides the Inherent Risk Rating of 16 = High.

	Insignificant 1	Minor 2	Moderate 3	Major 4	Extreme 5
AlmosCertain 5	5	10	15	20	25
Likely 4	4	8	12	16	20
Possible 3	3	6	9	12	15
Unlikely 2	2	4	6	8	10
Rare 1	1	2	3	4	5

Consequence →

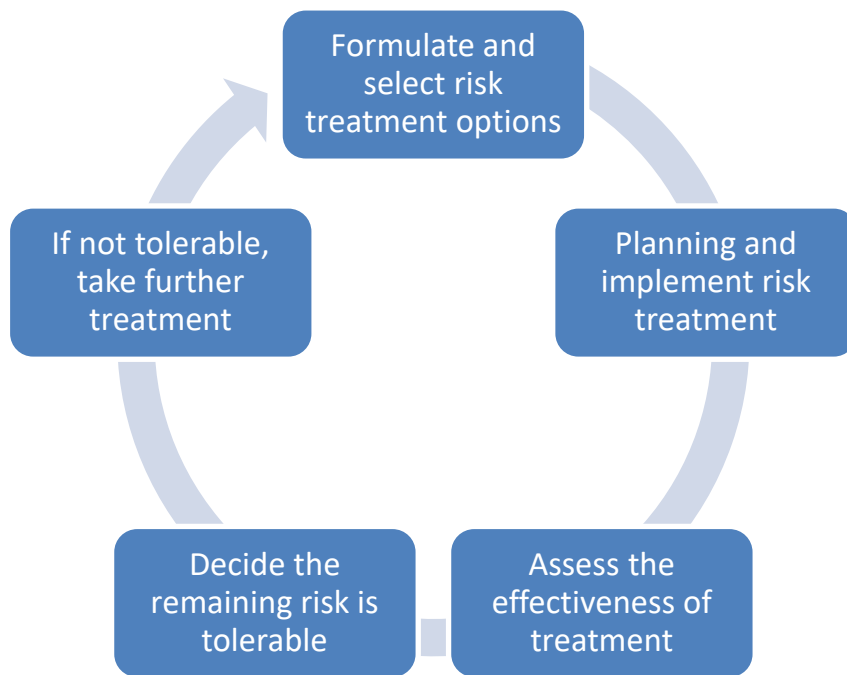
↑ Likelihood

The risk matrix is broken into four shaded areas reflecting the increasing level of risk.



Risk Treatment

Risk mitigation/treatment involves identifying the most appropriate responses to reducing the inherent risk level to a status acceptable within the TVCA's risk tolerance. Both controls and treatments are designed to mitigate the risk by reducing the likelihood of negative risks occurring and/or reducing the impact of risks should they occur.



Risk treatment cycle

Treat the risk. There are a number of treatment options available, and more than one can be applied to any risk. Typical treatment options include the establishment and operation of controls designed to mitigate, discourage, identify and/or limit the impact and likelihood of a risk from occurring. Most risks will have multiple different controls in place, some intended to prevent a risk occurrence, and some will detect an occurrence whilst others are designed to respond to an occurrence. Controls are not always performed by the risk owner. For example, project or functions will have a key reliance on technology to manage controls to ensure systems are available and operating as required.

Directive Controls are those designed to establish desired outcomes.

- Setting TVCA policies, project, or functional policy/procedures
- Setting spending limits
- Setting IT configuration standards
- Laws and regulations
- Training seminars
- Job descriptions
- Meetings

Preventive Controls are designed to discourage errors or irregularities from occurring. They are proactive controls that help to ensure project or functional objectives are met.

- Training on applicable policies, project, or function policy/procedures
- Review and approval for purchase requisitions to ensure they are appropriate before purchase.

- IT access authorisations to ensure access is appropriate.
- The use of passwords to stop unauthorised access to systems/applications.
- Segregation of duties (authorisation, record keeping & custody of the related assets should not be performed by the one same individual)
- Physical control over assets
- Locking office door to discourage theft.
- Shredding documents with confidential information

Detective Controls are designed to find errors or irregularities after they have occurred.

- Cash counts; bank reconciliation
- Review of payroll reports
- Compare transactions on reports to source documents.
- Monitor actual expenditures against budget.
- Review logs for evidence of mischief
- Exception reports which list incorrect or invalid entries or transactions
- Reviews and comparisons
- Physical counts of inventories.

Corrective Controls are intended to limit the extent of any damage caused by an incident e.g. by recovering the organisation to normal working status as efficiently as possible.

- Submit corrective journal entries after discovering an error.
- Complete changes to IT access lists if individual's role changes
- Anti-virus
- System upgrades
- Additional training
- Changes to procedures.

Transfer the risk. Risk transfer may be achieved by taking out insurance to facilitate financial recovery against the realisation of a risk:

- Compensating a third party to own the risk because the other party is more able to effectively manage the risk.
- Risk may be wholly transferred, or partly transferred (that is, shared).
- It is important to remember that it is almost impossible to transfer risk completely. In almost all risk sharing arrangement, a degree of the original risk remains and there is inevitably financial or other consideration for the sharing of the risk. In addition, a new risk is inherited; one dependent on a third party to manage the original risk.

Terminate the risk. Some risks may only return to acceptable levels if the activity is terminated. Seek to eliminate the event leading to the risk while staying within the current programme baseline.

Tolerate the risk. Seeks to reduce (or eliminate) the impact, probability, or both, of the risk to some acceptable level. A risk may be accepted because:

- The probability or consequences of the risk is low or minor.
- The cost of treating the risk outweighs any potential benefit.
- The risk falls within the agency's established risk appetite and/or tolerance levels.
- TVCA has limited/no control over the risk. E.g., natural disasters, international financial market impacts, terrorism, and pandemic illnesses. To manage such risks, TVCA should have a business continuity plan in place to provide effective prevention and recovery.

Exploit the opportunity. Take actions to make the opportunity certain or to maximise the effect to improve the programme's ability to meet its objectives.

- Multiple activities are created and tracked in the programme as funded exploitation steps with start/finish dates.

Share the opportunity. Seeks to develop teaming or partnerships that will increase the opportunity's probability.

- Allocate ownership to another stakeholder to maximise the benefit for the stakeholder or to improve the performance of the programme or function.
- Collaborate with suppliers, teammates, or customers on the opportunity to increase the probability and/or benefit.

Enhance the opportunity. Seek to enhance the event or modify the exposure leading to the opportunity while staying within the current programme baseline to increase the probability of an outcome to the benefit of the programme's objectives.

- Early life cycle decision change requirements, to adjust design, acquisition method.
- A possible enhancement identified in the function or during the project that does not require additional task funding.

Ignore the opportunity. The effort (funding, schedule, labour) required for the investment outweighs the return or benefit effect of the opportunity.

- Place on a watch list to monitor.
- The benefit is not greater than the cost at this time given programme funding and resources.

When determining the most appropriate treatment, The Group should consider:

- How will the treatment modify the level of risk or opportunity?
- How do costs balance out against benefits?
- How compatible is the treatment with the overall business objectives?
- Does it comply with legislation?
- Does it introduce new or secondary risks or opportunities?

Often more than one response may be necessary to address an identified risk. In those cases, a combination of responses (controls / mitigations) should be taken into consideration.

Current control environment

To understand the extent to which the likelihood and/or impact of a risk occurring is mitigated, the full suite of controls in place must be documented and assessed for effectiveness of design and operation. The assessment should only assess controls that are currently in operation, not those that are planned.

Where controls are operated by a third party (e.g., Supplier, Technology), discussions with the control owner should take place to ensure there is an appropriate assessment of the control that takes into consideration the views of the control owner and the risk owner.

Control Rating

The table below should be provided to assist in the assessment of the controls in use. The control rating is the subjective view of the risk owner and the control owner(s) and is reflective of the effectiveness of all the controls i.e., controls are not rated individually.

Control Rating	Description
Excellent	Controls are well designed, documented and address the root cause. Controls are effective and reliable at all times Nothing more to be done except review and monitor the existing controls Likely to be automated and regularly performed
Good	Most controls are designed correctly and in place, documented and effective Some work needs to be done to improve operating effectiveness Management has some doubts about operational effectiveness or reliability
Fair	Design of the controls may be largely correct in that they treat most of the causes of the risk, they are currently not effective, or Some controls are not correctly designed - they do not operate effectively May be manually performed and/or infrequent
Poor	Significant control gaps exist. Controls do not treat root causes, do not operate effectively, or are not documented Manual and infrequently performed
Unknown	Controls and status are unknown

Residual risk

When the controls have been assessed and rated, the residual risk (the amount of risk left over after inherent risks have been reduced by controls) rating is determined.

For each of the risks listed from the risk identification process, the residual likelihood of occurrence and potential impacts is plotted by multiplying the numbers associated to each criteria of likelihood and impact.

For example, the risk of a fraud occurring in the payroll process, *taking into consideration the effectiveness of controls in place (considered 'Good')*, could now be reassessed as follows:

The likelihood is rare (= 1) with the impact assessed as now moderate (= 3).

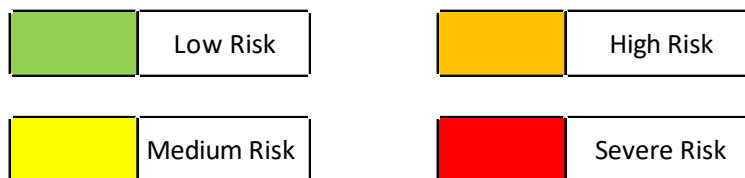
The resulting residual risk (1 x 3 = 3) will be shown as the intersection of the two dimensions on the matrix (see below). This provides the residual risk level of 3 = Low. It is likely that no further actions would be required to further mitigate this risk.

	Insignificant 1	Minor 2	Moderate 3	Major 4	Extreme 5
AlmosCertain 5	5	10	15	20	25
Likely 4	4	8	12	16	20
Possible 3	3	6	9	12	15
Unlikely 2	2	4	6	8	10
Rare 1	1	2	3	4	5

Consequence →

Likelihood ↑

The matrix is broken into four shaded areas reflecting the increasing level of risk.



Alternatively, if controls in place to mitigate a fraud occurring in the payroll process are determined to be 'Poor', the inherent risk could be reassessed as follows:

The likelihood is possible (= 3) with the impact assessed as still major (= 4).

The resulting residual risk (3 x 4 = 12) would be High. In these circumstances, the residual risk would be outside of appetite and would require actions to address the controls gaps or weaknesses to further mitigate the likelihood or impact of the risk occurring.

Target Risk

Each risk will be allocated a target risk score which every endeavour must be made to attain. This gives confidence that the threat/opportunity is being managed at the optimal level.

Action plans

Where control weaknesses are identified and the decision is taken that further mitigation is required (i.e., the residual exposure is not accepted), an action plan must be established.

For project-based risk assessments, the risk treatment action plan provides the project manager with a tool to continuously monitor project improvement through the implementation of the plan. Issues and delivered risks identified through the course of the project must be assessed and included in the project risk register, having gone through the full risk assessment process outlined above. This will ensure the continuing relevance of the risk assessment.

All actions must be:

- **Owned:** who is responsible for ensuring the action is addressed
- **Specific:** the exact activities that will be undertaken
- **Timely:** must be completed within appropriate time frames, commensurate with the significance of the gap/weakness
- **Achievable:** the action/activities must be realistic to ensure appropriate mitigation
- **Measurable:** it must be possible to quantify the action or have a means of assessing progress
- **Justified:** can demonstrate a further reduction in the residual likelihood and/or impact
- **Governed:** tracked, managed, and reported.

Monitor and review.

The risk assessment process provides a snap shot of the STDC's risks, controls and action plans at a given point of time as shown in the risk register. An individual risk lifecycle is shown below.



Aggregated programme risk reporting is to be conducted at a 2-monthly interval with project and business functions reporting through the Risk Manager. Monthly reviews of risk occur at the function and project-to-programme level.

The residual risk impact and likelihoods and control effectiveness ratings are to be reflected on a one-page impact matrix with supporting opinion and insight on risks, controls, and actions – the risk profile.

The context in which TVCA operates is fluid, therefore the threats on our objectives continually change. So, assumptions must be reviewed and the response strategies which have been made are to be assessed to ensure they remain adequate. As a result, the risk management process is iterative and should be the subject of a structured monitoring and review process.

Risk Closure, Issue realisation

Risk could be closed in three cases:

- When the period in which a risk event can occur has passed;
- When the scope of a project is amended, and a risk becomes irrelevant (avoided);
- When a risk is addressed well and reduced to acceptable level.

Closed risks become part of a project's legacy information. Otherwise, a risk should stay active.

When a risk is realised it is an **Issue**. Issues require a response with an action plan using the organisation's project management tools. The contingency plan for an issue may be included within the risk register. The contingency plan outlines what to do if the risk is in close proximity and likelihood is increasing or the current controls are not working. Issues are to be owned, actioned, and reported.

Continuous review of risks

Risk and the effectiveness of control measures to manage risk need to be monitored on an ongoing basis to ensure changing circumstances, such as the political environment and the TVCA's strategic objectives and risk appetite do not alter the risk evaluation profiles and adequacy assessments. New risks or deficiencies in existing mitigation strategies may be identified via a number of sources:

- Changes in the strategic objectives
- Regular review of the identified risks and mitigation strategies
- The annual internal audit programme
- Ongoing monitoring by various Committees
- New legislation
- New accounting standards, guidelines, or information from any regulator
- IT outages
- Complaints
- Regulatory / Compliance breaches
- Incidents
- External Audit
- Projects or Change Initiatives

Internal audit will provide particular attention to those controls, mitigation activities or other responses identified through the risk assessment as having significant priority. In addition, the risk assessment process, including the framework, will be monitored, evaluated, and reviewed by the Internal Auditor.

Risks are to be monitored and reviewed by the responsible manager/officer on an ongoing basis and reported to committees on at least a two-monthly interval. The effectiveness of risk responses will be continuously monitored by the responsible manager/officer and reviewed six monthly.

Any material change to the master plan will trigger a review of the risk management framework, most particularly the risk appetite and the risk management process.

Communication and consultation

Communication and consultation with internal and external stakeholders are important elements at each step of the risk management process. Effective communication is essential to ensure that those responsible for implementing risk management and those with a vested interest understand the basis on which risk management decisions are made and why particular actions are required.

Output from the strategic risk assessment and business unit risk assessments are to be used as input to the business planning process. That input will include risk response plans. Internal audit will use the information from the business planning risk assessments, in particular the risk response plans, to assist with development of the internal audit plan.

Risk Reporting - In progress

Reporting associated with the risk management framework is structured to satisfy two criteria:

- a) Information relating to TVCA's existing risk profile.
- b) Information relating to TVCA's implementation, performance, and status of the framework.

The table below indicates the reporting responsibilities and frequency.

**In the process of aligning to all Group activity.

Report Name	Author	Recipient	Frequency

Risk Framework Performance Monitoring

Risk management performance indicators include:

- Report to Audit & Governance Committee on status High & Severe rated risks, overall distribution and direction of identified risks, % Audit Actions completed on time.
- Reports to Senior Leadership team on status high & severe rated risks, overall distribution, and direction of identified risks, % of high & severe risk control actions on track, risk management maturity improvement targets met.

Risk Training

To ensure the successful implementation of risk management throughout the organisation, it is planned that appropriate training in risk management will be provided to staff and managers. Training should encompass the risk management process, application of risk management tools, assistance with identification and analysis of TVCA's risk exposures, risk profiling and reporting.

In addition, the organisation's Risk Management Team will coordinate with People and HR Function/Business Function Managers and all projects to work towards ensuring:

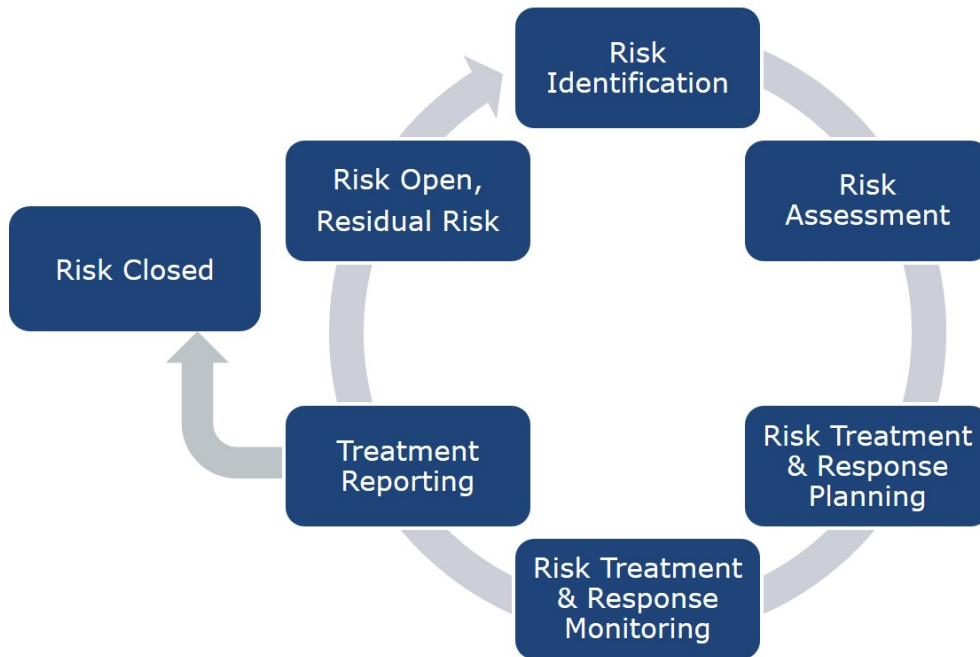
- Induction training will include Risk Management, Fraud awareness and Employee Code of Conduct.
- Employees receive regular Risk Management awareness update training.
- Any updates and changes to the Risk Management Policy, framework related policies, procedures.
- Codes of Conduct, ethics etc. are circulated to all employees via the Intranet or email where deemed necessary.

Appendix 1. Risk Glossary

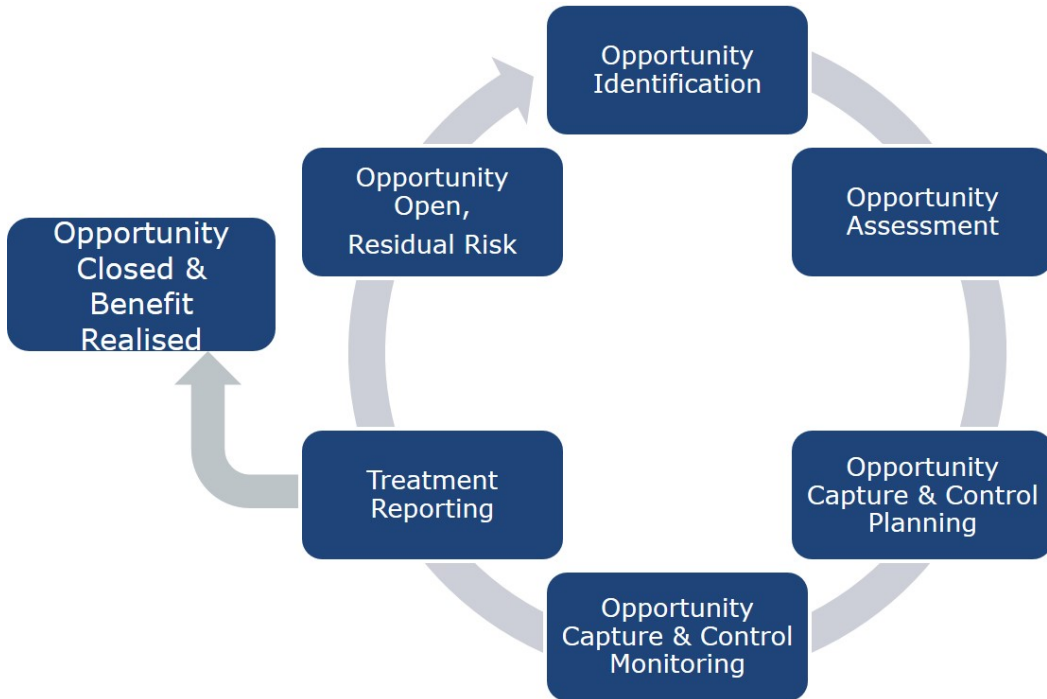
TVCA has adopted the following Risk Management definitions from the ISO 31000:2018

Terminology	Explanation
Risk	The effect of uncertainty on objective described as the combination of likelihood and impact, including perceived importance.
Risk Appetite	The level of risk that the STDC Board is prepared to accept, tolerate, or be exposed to at any point in time.
Risk Assessment	The overall process of risk analysis and risk evaluation.
Risk Analysis	A systematic use of available information to determine what events may occur, the likelihood of occurrence and the magnitude of their consequences.
Likelihood	The possibility of an event happening (probability).
Impact	The outcome of an event expressed either in financial terms or qualitatively, being a loss, injury, disadvantage, or gain (impact).
Inherent Risk	The risk that an activity would pose if no controls or other mitigating factors were in place (the gross risk or risk before controls)
Control	Controls or mitigating actions in place to prevent, detect, minimise the impact of an identified risk.
Residual Risk	The risk level remaining after taking account the effectiveness of current controls or mitigating actions in place.
Target risk	The risk level which is required to ensure the best possible outcome of the organisation is attained.
Risk Treatment / Action Plan	The additional controls / mitigation action required to ensure that the risk appetite level is achieved.
Risk Profile	The residual risk impact and likelihoods and control effectiveness ratings can be reflected on a one-page Heat Map with supporting opinion and insight on risks, controls, and actions – the Risk Profile.
ALARP	As low as is reasonably practicable. That the degree of risk in a particular activity or environment can be balanced against the time, trouble, cost, and physical difficulty of taking measures to avoid the risk.

Appendix 2. Risk Lifecycle



Appendix 3. Opportunity Lifecycle



Appendix 4. RACI Matrix

Activity	Responsible (R) Who does the work						Accountable (A) approval or final approving authority				
	Staff, Contractors & Services	Function Director	Project Manager	Risk Manager	Risk Owner	Control Owner	Programme & Engr Director	CEO	A&RC	STDC Board	Internal Audit
Risk Culture	I	C	C	C	R	R	R	A	I	A	
Risk Appetite Statement	I	C	C	C	R	R	R	A	A	A	
Risk Policy & Risk Framework	I	I	C	R	C	C	A	A	I	A	
Risk tools / matrices	I	I	C	R	C	C	I	I	A	I	
Communication	I	R	R	R	R	R	C	A	I	I	
Training / Awareness	I	I	C	R	C	C	A	A	I	I	
Hazard identification	R	R	R	R	R	R	R	R	R	R	
Risk Assessment / Evaluation	I	C	R	R	C	C	A	A	I	I	
Out of cycle risk assessment	C	R	R	C	R	C	A	A	I	I	
Risk treatment strategies & action plans	I	C	R	C	C	A	A	A	I	I	
Monitoring	I	A	C	C	A	A	A	A	A	I	I
Reporting	I	R	R	R			A	I	I	I	I
Assurance	I	C	R	R	C	C	A	A	C	I	R
Attestation	I	C	R	C	A	A	I	I	I	I	
BCP / Emergency Management	I	R	R	R	R	R	R	A	C	I	
Post incident reviews	C	C	R	R	C	C	A	I	I	I	

Appendix 5. Reporting Drumbeat

In the process of aligning to Group Requirements.

Appendix 6. Risk Appetite Statement

The HM Orange Book and ISO principles have been considered to ensure these align with standard risk management processes and frameworks. These risk types have also been allocated an approach in how we classify and prioritise responses to manage and mitigate risk; Minimalist, Cautious, Open.

Risk Type	Description	Approach
Strategy	Pursuing a strategy which is poorly defined and/or not aligned to objectives.	Minimalist
Financial	Poor management of finances, assets, and liabilities.	Cautious
Security	Failing to prevent unauthorised/inappropriate access (including cyber).	Minimalist
Governance	Unclear authorities, accountabilities, and oversight.	Cautious
Commercial	Weak management of commercial partnerships, supply chains and contracts.	Cautious
Project/Programme	Project/Programmes are not aligned with priorities, or fail to deliver on cost, quality, time.	Cautious
Operations	Inadequate internal processes.	Minimalist
People	Poor leadership & engagement, culture, behaviours.	Cautious
Reputation	Ethical violations, poor sustainability, repeated failures, or poor quality.	Cautious
Legal	Defective transactions, claims, failure to meet legal/regulatory requirements.	Minimalist
Technology	technology not delivering the expected services.	Minimalist
SHE	Deficiencies/poor management leading to non-compliance or harm.	Minimalist
Information	Failing to produce and exploit data/information to its full potential.	Cautious

Appendix 7. Risk Approach

Risk Approach	Description	Tolerance
Open	Flexible to reasonable risk taking, fully willing to accept uncertain outcomes. Where options exist, will choose the option with highest benefit, and accept possibility of failure. Willing to trade-off this objective against the achievement of other objectives.	Thirteen - Eighteen
Cautious	Accept uncertainty when it can be actively monitored and measured. Limited willingness to accept uncertain outcomes. Where options exist, will accept limited if favourable risk-reward outcome. Prefer to avoid trading off this objective for the achievement of others.	Six - Twelve
Minimalist	Close to zero tolerance for risk, unwilling to accept uncertain outcomes. Where options exist, will select the lowest risk option. Unwilling to trade-off this objective for others.	One to Five

Appendix 9. Risk register – Project/Programme Template

Working document to be requested from The Group Risk Manager.

Project Manager														Teesworks Risk Manager														
Risk An event or series of events, which if not managed may lead to the inability to meet strategic objectives of the organisation.														Control An action which is completed on a regular basis, which requires monitoring and oversight to ensure actions manage risk.		Action plan A one-off action which will bring risk to appetite level. Additional actions required to manage risk in threshold.		Aligned Objectives To be completed by Teesworks Risk Manager - aligns to Strategic objectives of organisation.			Review Date							
Risk ID	Threat/Opportunity	Contract Ref	Risk Title	Risk Description	Date Raised	Inherent Probability	Inherent Impact	Residual Probability	Residual Impact	Risk Category	Risk Approach	Risk Response	Obligation if applicable	Risk Owner	Control ID	Control Description	Control	Control Purpose (Prevent / Detect / Direct)	Control Owner (Name & Role)	Control Operator (Name & Role)	Treatment action plan	Remove the	Achieve long term	Remediate and release	Complete a programme	Contribute towards the	Creating 20000 high quality	Zero - Harm
ABC-R001	Will this hinder (threat) or maximise (opportunity) ability to meet objectives?	Individual coding which will occur in all reporting to link risk to project	Summary of risk event	As a result of XXX, there is a threat that XXX which may result in XXX In the event of XXX, there is an opportunity to XXX, which will result in XXX	When was the risk identified?					Environment	Minimalist, Tolerate, Open	Eg. Treat, Tolerate, Transfer	What is the regulation which requires compliance	Who is accountable for managing risk	ABC-C001	What activity is completed to ensure risk is managed? Eg. On a weekly basis, the XXX team carry out visual inspections of XXX to ensure no physical deterioration of asset. If deterioration was to be found, the XXX team would XXX to ensure safety. Evidence of the control can be found XXX.	Frequency Eg. & the control completed on a daily/weekly/monthly/annual basis	Preventative - Stops the risk from actualising. Detective - Highlights the event after the fact. Directive - attempts to advise and steer actions in	Who is accountable for ensuring actions are completed.	Who completed the process?		Remove the CDMAH status from site	Achieve long term economic sustainability of the site	Remediate and release more than 2000 acres of sand that contribute to 2050 dust on site and safety issues	Complete a programme to demolish delivery of surplus assets - the UKs first net-zero safety issues on site	Contribute towards the delivery of well-paid jobs on site and regional supply chain	Creating 20000 high quality skilled and well-paid jobs on site and regional supply chain	Zero - Harm XXX

Tees Valley Combined Authority

Internal Audit Progress Report

25 May 2021

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

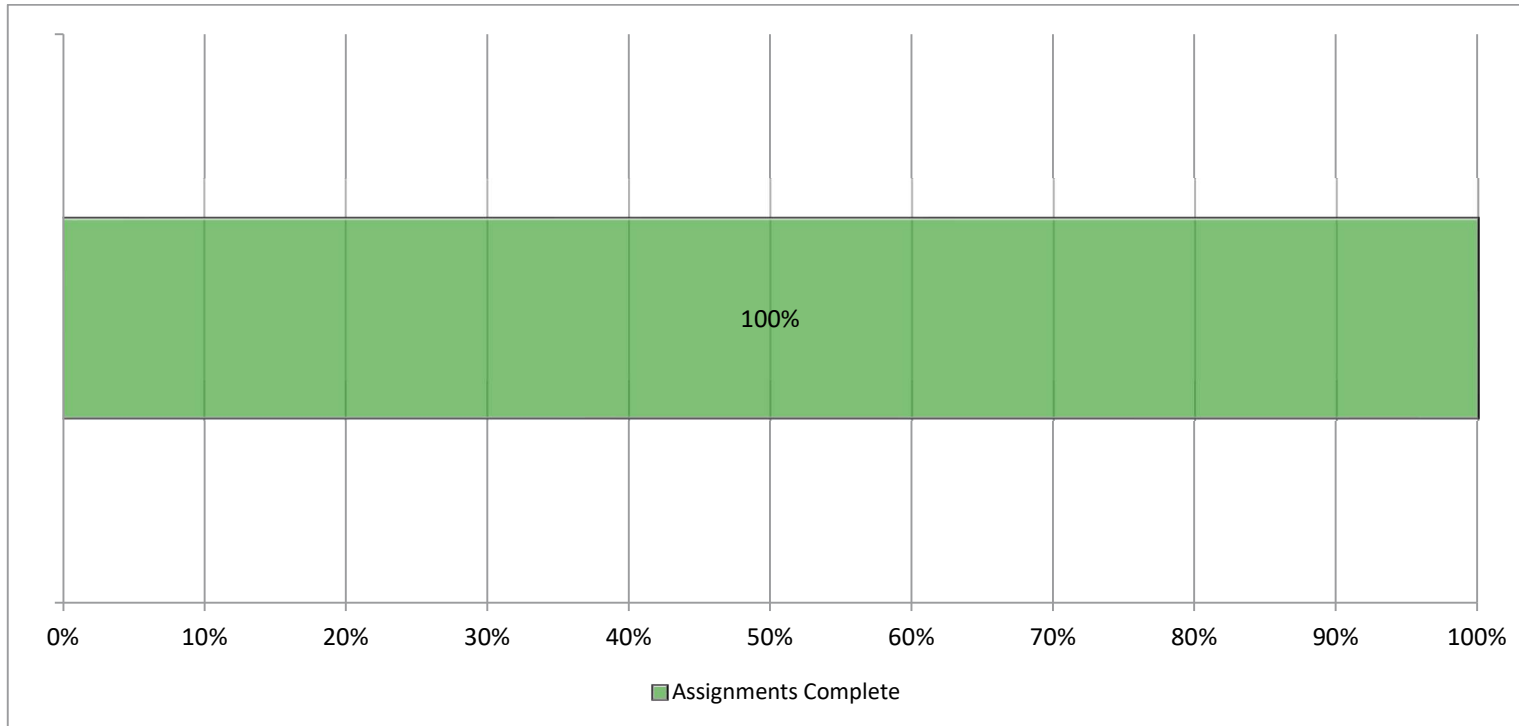
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1 Introduction

The internal audit plan for 2020/21 was approved by the Audit and Governance Committee on 21 July 2020.

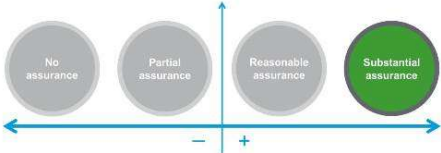
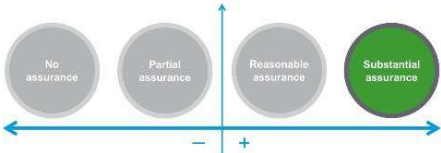
The graphic below provides a summary update on progress against the 2020/21 plan.



2 Reports

2.1 Summary of final reports being presented to this committee

We have finalised four reports since the previous meeting and these are detailed below:

Assignment	Opinion issued	Actions agreed		
		L	M	H
<p><u>Follow Up of Previous Internal Audit Management Actions</u></p> <p><u>Objective:</u> To ensure that management actions have been implemented in accordance with the agreed timetable and that any new controls are operating effectively.</p>	Good Progress	0	2	0
<p><u>Governance</u></p> <p><u>Objective:</u> The Authority has adequate and effective systems and processes in place to ensure that there is an appropriate level of oversight and authorisation of spending decisions throughout the organisation.</p>		5	0	0
<p><u>National Audit Office Value for Money Requirements</u></p> <p><u>Objective:</u> The Authority has adequate and effective systems and processes in place to ensure that it can capture, collate and report the information required to demonstrate its compliance with Value for Money requirements.</p> <p><u>Risk:</u> C11-B: Failure to manage funding in order to deliver maximum value for money.</p>		4	0	0

Assignment	Opinion issued	Actions agreed		
		L	M	H
<p><u>South Tees Development Corporation (STDC) Regeneration Business Case</u></p> <p><u>Objective:</u> The Authority has implemented the governance arrangements it committed to in the South Tees Development Corporation Business Case and that they are operating effectively in practice.</p> <p><u>Risk:</u> C06: Obligations undertaken by STDC have potential financial impact on TVCA.</p>		1	0	0

Appendix A – Other matters

Changes to the audit plan

Detailed below are the proposed changes to the audit plan:

Note	Auditable areas	Reason for change
1	HR: Recruitment and Selection South Tees Site Company Project Management Assurance	<p>At the January 2021 Audit and Governance Committee meeting it was confirmed the organisation's internal audit plan was being refreshed with the Group Director of Finance and Resources, and wider senior management team to reflect the Authority's operating landscape. This related to the reviews of: HR: Recruitment and Selection, South Tees Site Company; and Project Management Assurance.</p> <p>Following discussions with the Group Director of Finance and Resources, and wider senior management team, it was agreed these reviews will be replaced with National Audit Office Value for Money Requirements and South Tees Development Corporation (STDC) Regeneration Business Case.</p>

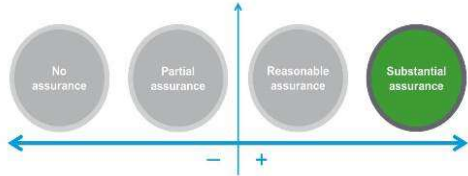
Appendix B - Key performance indicators (KPIs)

Delivery			Quality		
	Target	Actual		Target	Actual
Draft reports issued within 10 days of debrief meeting	10 days	5 days (average)	Conformance with PSIAS and IIA Standards	Yes	Yes
			Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	As and when required
Final report issued within 3 days of management response	3 days	1 day (average)	Response time for all general enquiries for assistance	2 working days	2 working days (average)
			Response for emergencies and potential fraud	1 working day	-

Appendix C – 2020/21 Internal audit assignments previously reported

Reports previously seen by the Audit and Governance Committee and included for information purposes only:

Assignment	Opinion issued	Actions agreed		
		L	M	H
Directorate: Risk Management		3	4	0
Group Strategic: Procurement		6	4	0
Goosepool: Finance Governance		3	3	0

Assignment	Opinion issued	Actions agreed		
		L	M	H
Project and Programme Activity		2	1	0

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of **Tees Valley Combined Authority** and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

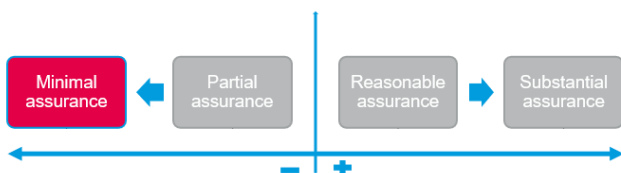
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ASSIGNMENT REPORT REFRESH 2021/22

Internal audit assurance levels

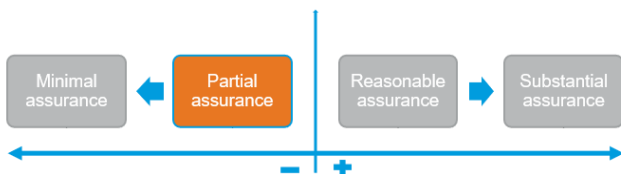
We always appreciate feedback from clients; and one of the consistent comments we are asked about is the use of the term 'no assurance' as one of our opinions. Having considered this and acknowledging that there is always some degree of control in place, we have updated our wording to change 'no assurance' to 'minimal assurance'. This change will be effective from audit plans that commence after 1 April 2021.

As you will be aware, each assurance level is illustrated with a graphic, which is accompanied by the formal wording which we include in our reports. For 'minimal assurance' (previously 'no assurance') this is represented by a red graphic. As we are making this subtle change to the wording, we have also taken the opportunity to refresh the graphics we use for all of our assignment assurance levels (see below).



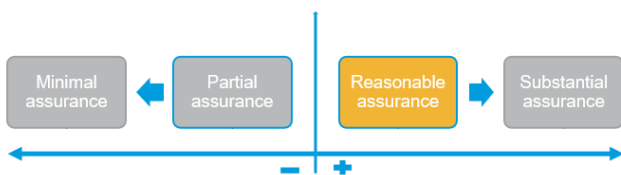
Taking account of the issues identified, the board can take **minimal assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



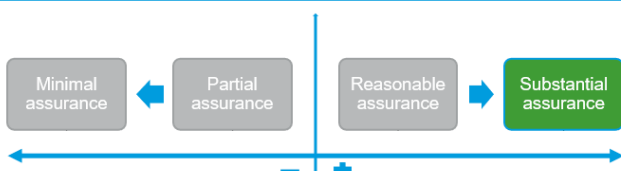
Taking account of the issues identified, the board can take **partial assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



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

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



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

For more information please contact

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TEES VALLEY COMBINED AUTHORITY

Follow Up of Previous Internal Management Actions

Internal audit report 5.20/21

FINAL

12 May 2021

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To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

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1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit / assignment and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you, we have been able to sample test the control framework.

Background

We have undertaken a review to follow up on progress made to implement the previously agreed management actions in respect of the following internal audit reports:

- Goosepool Financial Governance (2020/21);
- Declarations of Interest (2019/20);
- Cyber Risk Management (2019/20);
- Follow Up of Previous Internal Audit Management Actions (2019/20).

The focus of this review is to provide assurance that management actions previously reported as complete have been fully implemented. We have considered medium management actions that have been closed since our last follow up review in May 2020. A total of eight actions from four separate audits were reported as complete by management. The eight actions we have assessed were all medium priority actions.

It should be noted that the scope includes additional reports, however there were no medium actions that had been marked as complete for these. These reports and the number of medium actions that were not closed are:

- Programme / Project Delivery (2019/20) (one action);
- Directorate: Risk Management (2020/21) (four actions); and
- Procurement (2020/21) (four actions).

As such we have not assessed any actions from these reports.

Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Tees Valley Combined Authority (TVCA) has demonstrated **good progress** in implementing agreed management actions. We were provided with satisfactory evidence for six actions confirmed as complete by management with one action being regarded as partially but not fully implemented and the other being regarded as not implemented. The two actions that were not fully implemented are both medium priority actions with one of the actions having been impacted by the Covid-19 pandemic. Upon discussion with the action owner and the Group Director of Finance and Resources, it was noted that due to the difficulties with the

economic climate caused by the pandemic and subsequent lockdown, the business area was not able to complete this action and has therefore been unable to implement it. In this case, it was agreed that a revised timeframe be established to ensure that the action can be completed when appropriate. The remaining action was with regards to an IT policy and, whilst there is a policy in use by TVCA with that name, it was last updated in 2015 and has not been designed for TVCA specifically.

Progress on actions

The following table includes details of the status of each management action:

Implementation status by category of action	Number of actions agreed	Status of management actions			
		Implemented	Implementation ongoing	Not implemented	Superseded
Medium	8	6	1	1	0
Total:	8	6	1	1	0
	(100%)	(75%)	(12.5%)	(12.5%)	(0%)

Implementation status by review	Number of actions agreed	Status of management actions			
		Implemented	Implementation ongoing	Not implemented	Superseded
Goosepool Financial Governance (Report date: 05.01.21)					
• ACTION 5: TIAL Business plan updated					
• ACTION 5: Formal monitoring and review process for TIAL business plan revisions	3	2	1	0	0
• ACTION 6: Reconciliation of TIAL funding					
<hr/>					
Declarations of Interest (Report date 11.05.20)					
• ACTION 1: Declaration of interest forms for Cabinet and Committees	2	2	0	0	0
• ACTION 3: Declarations of interest are analysed					
<hr/>					
Cyber Risk Management (Report date: 18.05.20)					
• ACTION 2: Information Security Policy					
• ACTION 3: Reporting of operational management information (MI)	2	1	0	1	0
<hr/>					
Follow Up of Previous Internal Audit Management Actions (Report date: 19.05.20)					
• ACTION 5: Procurement Strategy	1	1	0	0	0
<hr/>					
Total:	8	6	1	1	0
	(100%)	(75%)	(12.5%)	(12.5%)	(0%)

2. FINDINGS AND MANAGEMENT ACTIONS

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

Assignment: Cyber Risk Management – Information Security Policy

Original management action / priority A formally documented Information Security Policy has been established.
Priority: Medium

Audit finding / status An Information Security Policy has been established however this document was created and approved in 2015 and has not been reviewed or re-approved since. As well as this, the policy does not make any mention of Tees Valley Combined Authority and instead has been developed for Stockton-on-Tees Borough Council. The document has been created by Xentrall who are currently a partner with TVCA which would explain why TVCA are using this policy.

It was confirmed with the Head of Governance that a review of this document and a re-draft are scheduled for later this year with May/June 2021 given as an estimated date. Once this has been reviewed and re-drafted it will then be approved by the Chief Legal Officer.

If this is not completed, TVCA risk not having an updated Information Security Policy which could lead to further IT risks to the business.

3: The action has not been implemented

Management Action 1	The Information Security Policy will be reviewed, updated and re-drafted to reflect changes in IT and the Authority since 2015. This will then be approved by an appropriate individual (such as the Chief Legal Officer).	Responsible Owner: Head of Governance Manager / HR Manager	Date: 30 June 2021	Priority: Medium
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Assignment: Goosepool Financial Governance – Formal monitoring and review process for TIAL business plan revisions

Original management action / priority A formal monitoring and review process will be established to enable future revisions of the business plan required as a result of the Covid-19 pandemic.
Priority: Medium

Audit finding / status A formal monitoring and review process has been agreed by the Group Commercial and Delivery Director along with TIAL’s Director of Finance and Resources and TIAL’s Interim Managing Director. This review is to be completed every six months and the results reported to the TIAL Board of Directors and the Goosepool Board of Directors.
 However, this has not taken place yet and is scheduled for the summer once lockdown restrictions have been lifted and the national conditions surrounding Covid-19 have improved. As such we do not believe this action to be fully implemented. This delay in completion stems from the ongoing Covid-19 Pandemic and the new lockdown which was implemented in December 2020 and was still in progress during the week of the audit (March 2021).

TVCA and TIAL risk disruptions to their business plan if a formal monitoring and review process is not established and completed. It should also be noted that this action has a due date of 31 March 2021.

2: The action has been partly though not yet fully implemented

Management Action 2	Following on from the statement made by TVCA and TIAL, the formal monitoring and review process will take place in the summer and the results reported to the TIAL and Goosepool Board of Directors respectively. Any changes will be made to the business plan.	Responsible Owner: Group Commercial and Delivery Director	Date: 31 July 2021	Priority: Medium
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APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing actions. This opinion relates solely to the implementation of those actions followed up and does not reflect an opinion on the entire control environment.

Progress in implementing actions	Overall number of actions fully implemented	Consideration of high priority actions	Consideration of medium priority actions	Consideration of low priority actions
Good	75% +	None outstanding.	None outstanding.	All low actions outstanding are in the process of being implemented.
Reasonable	51 – 75%	None outstanding.	75% of medium actions made are in the process of being implemented.	75% of low actions made are in the process of being implemented.
Little	30 – 50%	All high actions outstanding are in the process of being implemented.	50% of medium actions made are in the process of being implemented.	50% of low actions made are in the process of being implemented.
Poor	< 30%	Unsatisfactory progress has been made to implement high priority actions.	Unsatisfactory progress has been made to implement medium actions.	Unsatisfactory progress has been made to implement low actions.

APPENDIX B: ACTIONS COMPLETED

From the testing conducted during this review we have found the following actions to have been fully implemented.

Assignment title	Management actions
Goosepool Financial Governance: TIAL Business plan updated	<p>Status: Implemented</p> <p>The TIAL business plan will be updated and reported to the TVCA Cabinet for approval.</p> <p>Priority: Medium</p>
Goosepool Financial Governance: Reconciliation of TIAL funding	<p>Status: Implemented</p> <p>TVCA will reconcile the funding provided to TIAL during the Covid-19 pandemic against the approved business plan to determine the level of variance and enable informed decisions on the revising of the business plan.</p> <p>Priority: Medium</p>
Declarations of Interest: Declaration of interest forms for Cabinet and Committees	<p>Status: Implemented</p> <p>The Authority maintains a list of declaration forms which report on potential conflicts of interest regarding the members or substitute members of the following boards:</p> <ul style="list-style-type: none"> • Tees Valley Combined Authority Cabinet; • Overview and Scrutiny Committee; • Audit and Governance Committee; and • Transport Committee. <p>Scans of the response forms are published on the Authority website.</p> <p>The Local Enterprise Partnership Board is included in the list; however, this is not a formal meeting of the Authority as members do not have the right to vote on Authority matters.</p> <p>The conflicts of interest are monitored as they are able to advise the various committees/ cabinets on commercial matters.</p> <p>Priority: Medium</p>

Declarations of Interest: Declarations of interest are analysed

Status: **Implemented**

Declarations of interest are collated and analysed from a group perspective.

Priority: **Medium**

Cyber Risk Management: Reporting of operational management information

Status: **Implemented**

A formal process has been established for reporting of operational management information (MI) on a periodic basis.

Priority: **Medium**

Follow Up of Previous Internal Audit Management Actions: Procurement strategy

Status: **Implemented**

The Legal and Governance Lead will investigate whether the other combined authorities based in the UK have a procurement strategy.

Using these as a guide, a procurement strategy will be drafted, ensuring the social values goals are included, and the strategy is aligned with the Investment Plan.

The draft strategy will be approved at an appropriate level then circulated.

Priority: **Medium**

APPENDIX C: SCOPE

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

Scope of the review

The internal audit assignment has been scoped to provide assurance on how the organisation manage the following area:

Objective of the area under review

To ensure that management actions have been implemented in accordance with the agreed timetable and that any new controls are operating effectively.

The following areas will be considered as part of the review:

- Follow Up of Previous Internal Audit Management Actions (2019/20);
- Programme / Project Delivery (2019/20);
- Cyber Risk Management (2019/20);
- Declarations of Interest (2019/20);
- Directorate: Risk Management (2020/21);
- Procurement (2020/21); and
- Goosepool Financial Governance (2020/21).

The following limitations apply to the scope of our work:

- The follow up will only cover management actions agreed in the identified reports.
- We will not review the whole control framework of the areas listed above. Therefore, we are not providing assurance on the entire risk and control framework of these areas.
- Where sample testing will be undertaken, our samples will be selected over the period since actions were implemented or controls enhanced.
- We will only review medium actions that have been implemented.
- We will only review actions that have been reported as closed.

Debrief held 11 March 2021
Draft report issued 17 March 2021
Responses received 12 May 2021

Final report issued 12 May 2021

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Oliver Gascoigne, Auditor

Client sponsor Group Director of Finance and Resources

Distribution Group Director of Finance and Resources

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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TEES VALLEY COMBINED AUTHORITY

National Audit Office Value for Money Requirements

Internal audit report 7.20/21

FINAL

5 May 2021

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1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit / assignment and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you, we have been able to sample test the control framework.

Why we completed this audit

The introduction of a new National Audit Office (NAO) Audit Code of Practice in April 2020 brought with it the requirement for auditors to provide commentary on the Value for Money (VfM) arrangements that are in place within the financial statements of public authorities. This requirement applies to financial statements in respect of the 2020/21 financial year and onwards.

This audit has been commissioned in advance of the external auditor's review of the Tees Valley Combined Authority's (TVCA) 2020/21 financial statements in order to help determine whether value for money is appropriately considered by the Authority and whether there is sufficient information available to enable the external auditors to provide a positive commentary within the financial statements.

During this audit, we have considered whether the Authority has interpreted and applied the VfM requirements in relevant documentation such as policies or guidance documents, whether value for money and its requirements have been effectively communicated to staff, how TVCA captures and records VfM activities and considerations and whether reporting arrangements and other evidence is in place that ensures that TVCA can meet the National Audit Office requirements and is able to demonstrate this when required.

It should be noted that during the course of our fieldwork, the Group underwent a significant IT system migration which meant that some evidence required for our audit could not be provided meaning that, in turn, we were unable to fully perform two areas of testing. As such, we have raised a management action to ensure this information is produced and available for when the external auditors will need to perform their review.

Conclusion

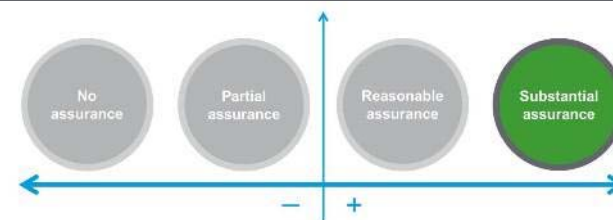
We found that the Authority has several controls in place to help ensure that value for money is considered, captured and reported so that this information can be used by the external auditors to produce their required commentary. In particular, all projects require a business case to be submitted in which value for money must be considered, and reporting of project progress is conducted at both a Cabinet and a Director level with Director "deep dives" conducted to drill deeper into specific themes and projects. This reporting is supported by dashboards which are produced for each meeting and help relay progress both financially and with respect to social value (such as jobs, apprenticeships, supporting business). Additionally, a report produced by an independent provider of research, analysis and advice in economic and social development (SQW) highlighted the progress of many of TVCA's projects, how they are performing with respect to the business case and the value they have provided the area.

However, we did determine there are some areas in relation to training and internal communications which could be improved or expanded upon to help ensure that value for money is considered within the Authority.

As a result of our findings, we have raised **four low** priority management actions, details of which can be found under section two of this report.






Internal audit opinion:

Taking account of the issues identified, the Cabinet can take **substantial assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and operating effectively.



Key findings

Our audit review identified that the following controls are suitably designed, consistently applied and are operating effectively:

-  We have reviewed a number of key documents such as the TVCA Constitution, the TVCA Assurance Framework and the Procurement Strategy. In all cases, value for money was covered with an appropriate amount of detail.
-  We observed guidance documentation outlining value for money requirements and how to achieve these and are available both on the intranet and on the shared drive for all TVCA staff.
-  We tested all 15 active projects and in all 15 cases we were able to verify that a business case was available, this has been completed and has been signed and approved by the Chief Executive Officer (CEO), Monitoring Officer and Group Director of Finance and Resources. In three instances the Tees Valley Mayor also signed and approved the business case. Within all business cases, value for money has been appropriately considered.
-  We confirmed that there is an escalation process in place to ensure that each project submits a quarterly progress report with the final process step involving a letter sent to the project lead informing them that the funding for their project will be stopped and that the repayment clause (as per the contract) will be activated to help recover the funds granted. It should be noted that this would be an extreme situation and has not yet occurred (nor is it expected to).
-  We reviewed the Social Value Portal (a third-party company) website that is being used to ensure social value is considered when tendering and is monitored once a candidate is successful. The Authority submits a service for tender on the system and the Social Value Portal helps select a provider or supplier that appropriately considers social value and subsequently monitors their progress throughout the duration of the contract (to ensure they are providing social value) through regular requests for evidence.



We confirmed that Director “Deep Dive” meetings take place monthly and use a dashboard (produced from data in the quarterly reports) to help monitor the progress of projects. At each monthly meeting a “theme” or specific project is selected and more detailed scrutiny is undertaken on the project and the project lead. As of the week of testing three meetings had taken place in 2021 with one meeting on 25 January 2021, one on 18 February 2021 and one on 31 March. An agenda and action log have been produced for each of the three meetings.



An assessment that looks at value for money is required every five years by the Government for assurance purposes with regards to funding. This was completed by an independent provider of research, analysis and advice in economic and social development (SQW) during the second half of 2020 and we have been provided with a copy of the report. We confirmed that a positive result was given to the Authority and the results of this report were presented and approved by the Cabinet at the 27 November 2020 meeting. The report highlighted a number of positive signs such as safeguarding/creating 400 jobs, supporting 63 schools and the statement that the “TeesAMP” (Advanced Manufacturing Park) project had delivered on the outputs presented in the business case. However, the report did highlight the difficulties that some of the projects have been facing in addressing the Covid-19 pandemic.

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.

Risk: NAO Value for Money Requirements				
Control	The Group Procurement Strategy outlines value for money (VfM) requirements and is included in the induction given to all new starters.	Assessment:		
		Design		✓
		Compliance		×
Findings / Implications	<p>On the grounds that it was stated that training on value for money (VfM) is given to all new starters, we reviewed whether staff were aware of the VfM requirements placed on the Group.</p> <p>We found that the intention to include value for money within the induction given to all new starters has not yet been implemented although we received a copy of the draft PowerPoint that will be presented at the induction and, from the draft copy, we can see that value for money is at the focus of the presentation. As well as this, the process for how value for money is sought is also considered within this PowerPoint presentation. It should be noted that this has not yet been approved, is still in draft form and is yet to go to the finance team for consultation. Nonetheless, it is clear that work has been completed to ensure that new staff are aware of their responsibilities with regards to value for money.</p> <p>Owing to this finding, we discussed with the TVCA Procurement and Project Coordinator who confirmed that their team have completed training regarding the procurement process (which includes value for money) however they have noted that most of the training was completed in 2017 or 2018 with the most recent piece of training completed in March 2020.</p> <p>Additionally, upon discussion with various staff at the Authority, including the Procurement and Project Coordinator, we were informed (and shown) that there are a number of guidance documents relating to procurement and ensuring value for money saved on the shared drive and the intranet. This allows all staff to quickly and easily access guidance relating to value for money.</p> <p>In contrast, we were unable to find any internal communications that have been conducted that outline responsibilities with regards to value for money.</p> <p>Consequently, although we recognise the training that has been done in the past, and that which is planned for new staff members, failing to remind staff of their responsibilities with regards to value for money could see an increase in the risk that staff forget or fail to consider value for money.</p>			
Management Action 1	TVCA will ensure that regular internal communications are released on a periodic basis reminding staff of their responsibilities with regards to value for money.	Responsible Owner:	Date:	Priority:
		Finance Manager	31 May 2021	Low
		Finance Manager		Low

Risk: NAO Value for Money Requirements

Management Action 2	TVCA will ensure that the plans for induction training which cover procurement and value for money are completed and implemented. Refresher training will also be considered for existing staff.	30 September 2021
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Risk: NAO Value for Money Requirements

Control	Each active project is required to submit a quarterly report outlining spend and progress to the Claims and Monitoring team to feed into a monitoring dashboard.	Assessment:
		Design ✓
		Compliance ×

Findings / Implications We selected a sample of five active projects (out of a total of 15) and requested the quarterly reports that had been submitted. Unfortunately, we could not be supplied with these reports due to an ongoing IT system migration during our fieldwork which meant that we were unable to complete our testing in this area.

If a project fails to submit a quarterly report, an escalation process has been developed to ensure a report is produced and provided. This involves the use of three letters that are each sent out by the Group Director of Finance and Resources after a set amount of time with the final letter stating that if an update is not provided then a clause in the contract will be activated and the Authority will attempt to recover the funds granted.

The reasoning behind the implementation of such a process was that the Group has, in the past, had some delays with certain projects sending their progress reports on a quarterly basis. In these instances, a discussion was held with the project lead to ensure that the reports were received albeit later than required. The creation of the letters ensures there is a formal, auditable process to ensure project leads submit progress reports every quarter to help monitor expenditure and outputs (such as jobs).

If performance reports from projects are not provided to TVCA, there is a risk that a project could be significantly delayed, overspending, or not be providing value for money. However, as noted above, we were unable to complete our testing to verify this process, but it is likely that TVCA will need to be able to demonstrate this process to its external auditors so that they can make their required commentary on value for money. If this information cannot be provided, there is a risk that TVCA may not be able to fully demonstrate how it ensures value for money, which could, in turn, affect the statement made by the external auditors.

Management Action 3	TVCA will ensure that all relevant evidence (such as the quarterly reports and the evaluation spreadsheets) is available should external audit require it when preparing their value for money statement.	Responsible Owner: Finance Manager	Date: 31 May 2021	Priority: Low
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Risk: NAO Value for Money Requirements

Control	All procured goods and/or services that are subject to tender or quotation must complete an evaluation spreadsheet outlining the reasoning for selecting the supplier or vendor. This involves assessing quality and cost and is split depending on the total value of the contract.	Assessment: Design ✓
		Compliance ×
Findings / Implications	<p>As part of the procurement process, the Procurement team ensures that all procured items follow the Financial Regulations and that value for money is reviewed and considered.</p> <p>We selected a sample of high value procured items to determine whether value for money was considered when tendering or receiving quotes. If the evaluation spreadsheet and other evidence showing value for money for high value services is not completed, there is a risk that value for money is not being appropriately considered and evidenced. However, due to the IT system migration mentioned previously, this information and evidence (including an evaluation spreadsheet) could not be provided and as such we have not been able to complete our testing in this area.</p> <p>We were informed by the Procurement and Project Coordinator that, when tendering, an applicant will be assessed 70% on value factors and 30% on quality factors (which includes social value). For anything over £100,000 20% (from the 30% quality element) must be on social value factors.</p> <p>We were further advised that the Group has also signed up to the Social Value Portal which is a third-party company that ensures social value is considered when tendering and monitored (by the Social Value Portal) once a company and/or supplier has been successful. The Portal require regular evidence to be submitted from the successful business to ensure that social value is being achieved. Evidence can include job creation or apprenticeship creation.</p> <p>If this information cannot be provided, there is a risk that TVCA may not be able to fully demonstrate how it ensures value for money, which could, in turn, affect the statement made by the external auditors.</p>	
Management Action -	See management action two	Responsible Owner: N/A Date: N/A Priority: N/A

Risk: NAO Value for Money Requirements

Control	Missing control The Group has created a set of reporting arrangements and a review process to ensure that it complies with the NAO requirements.	Assessment: Design × Compliance -
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Risk: NAO Value for Money Requirements

Findings / Implications	<p>To ensure that the Authority complies with the new National Audit Office requirements, a statement will be included within the financial statements outlining how the Authority ensures value for money. This will be written by the Authority and reviewed and approved by the external auditors.</p> <p>In preparation for this, TVCA have consulted their external auditors who provided a guidance document outlining some of the areas which will be considered. Other than this, we were unable to determine whether there is a formal process or template in place to collect and present the evidence to the external auditors. There is a risk that if a formal process, template or timetable is not in place that sufficient evidence showing value for money may not be submitted or demonstrated, which could affect the position shown by TVCA and the statement made by external audit.</p>			
Management Action 4	<p>Using the guidance sought from external audit, TVCA will develop a template to ensure all areas from this guidance are covered and appropriate evidence can be supplied as and when required. This will ensure that all areas are covered and help support external audit in their creation and approval of an external statement outlining progress on value for money.</p> <p>A timetable will also be produced outlining the dates in which evidence has to be collated internally by TVCA, approved by the CEO and Director of Finance, and finally submitted to external audit. A timetable and template will ensure TVCA staff are made aware that this is a priority.</p>	Responsible Owner: Finance Manger	Date: 30 April 2021	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.

Risk	Control design not effective*		Non Compliance with controls* **		Agreed management actions		
					Low	Medium	High
Risk C11-B: Failure to manage funding in order to deliver maximum value for money.	1	(10)	4	(10)	4	0	0
Total					4	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 a control.

APPENDIX B: SCOPE

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

Objective and risk relevant to the scope of the review

Objective of the area under review	Strategic risk relevant to the scope of the review	Risk source
The Authority has adequate and effective systems and processes in place to ensure that it can capture, collate and report the information required to demonstrate its compliance with Value for Money requirements.	Risk C11-B: Failure to manage funding in order to deliver maximum value for money.	Strategic Risk Register

Scope of the review

A new National Audit Office (NAO) Audit Code of Practice came into force on 1 April 2020 requiring auditors to provide a commentary on Value for Money (VfM) arrangements in their report on the financial statements of public authorities, beginning with the year 2020/21. The NAO uses three criteria to assess VfM in public spending:

- Economy, i.e. spending less.
- Efficiency, i.e. getting the best product for the best price.
- Effectiveness, i.e. achieving our objectives.

Our review will focus on:

- Whether the Authority has clearly interpreted and applied the VfM requirements in relevant policies and processes.
- Whether these have been effectively communicated to all staff.
- How the Authority captures information in respect of VfM activities or considerations.
- What reporting arrangements are in place across the Authority to ensure the effective and timely reporting and assessment of VfM activities.
- Whether the Authority's reporting arrangements meet the NAO requirements.

The following limitations apply to the scope of our work:

- Our review will focus only on the measurement and reporting of VfM activities, not on whether those activities have achieved VfM.
- We will not consider the appropriateness of transactions reviewed, only whether appropriate VfM information has been assessed and captured.
- Our work will be performed on a substantive testing basis only and will not confirm whether all NAO VfM requirements have been met or achieved.
- We will not replicate the work of external audit or feed into the external audit assessment of the Authority's VfM arrangements.
- We will not seek to substantiate any financial transactions or reperform any reconciliations.
- The scope of the work will be limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out for this review.
- Any testing undertaken as part of this audit will be compliance based and sample testing only.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held 29 April 2021
Draft report issued 30 April 2021
Responses received 5 May 2021

Final report issued 5 May 2021

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of **Tees Valley Combined Authority**, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.



TEES VALLEY COMBINED AUTHORITY

Governance

Internal audit report 6.20/21

FINAL

11 May 2021

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

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1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit / assignment and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you, we have been able to sample test the control framework.

Why we completed this audit

The Tees Valley Combined Authority (TVCA) was created in April 2016 with the purpose to drive economic growth and job creation in the area. This requires the Authority to deliver a range of projects in developing improvements in a range of areas including infrastructure, transport, and housing. Through its network of related entities, the Authority is charged with committing public funds to the achievement of these objectives.

We have completed a review of the Authority's governance processes, with the objective of the review being that the Authority has adequate and effective systems and processes in place to ensure that there is an appropriate level of oversight and authorisation of spending decisions throughout the organisation.

The Cabinet is the ultimate decision-making body for the Combined Authority. All decision records, meeting minutes and papers can be found on the TVCA website. Its remit is outlined within the TVCA Constitution. There are three sub-committees in place to ensure sound governance and appropriate scrutiny of decisions: The Overview and Scrutiny Committee; the Tees Valley Transport Committee; and the Audit and Governance Committee.

Within the TVCA Constitution, the delegated authority of the Authority's three statutory officers is outlined. These statutory officers are the Group Chief Executive, the Group Director of Finance and Resources, and the Monitoring Officer (or Group Chief Legal Officer). Their role is to ensure sound governance and approve key decisions within the Authority.

The South Tees Development Corporation (STDC) is governed by the STDC Board, who make decisions in respect of STDC. The STDC Board's roles and remits are outlined within the STDC Constitution. The STDC Board is supported by the STDC Audit and Risk Committee to ensure sound governance.

To ensure that the Authority have sound governance, are transparent in their decision-making and ensure appropriate financial management, TVCA and STDC have assurance frameworks in place, which support their respective governance processes.

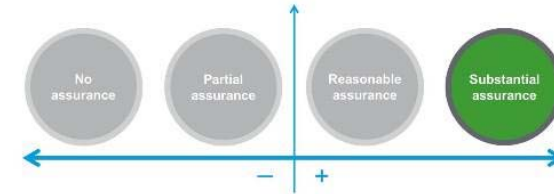
Conclusion

We found that the governance processes in place at Tees Valley Combined Authority ensure that decisions on the spending of public monies are made in a robust and transparent manner. Additionally, our testing verified that spending decisions made in relation to the Group entities TVCA, STDC, Teesworks and Teesside International Airport Limited (TIAL) received appropriate scrutiny within the Combined Authority and appropriate audit trails were available to support these decisions.

However, we noted some areas for improvement and have raised **five low** priority management actions to address these findings, details of which can be found under section two of this report.

Internal audit opinion:

Taking account of the issues identified, the Cabinet can take **substantial assurance** that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.



Key findings

Our audit review also identified that the following controls are suitably designed, consistently applied and are operating effectively:



The Combined Authority have implemented an internal decision-making model using Microsoft Planner. Decisions are sent to the Executive/ Personal Assistants for escalation to the appropriate authorities within the TVCA for consideration, challenge, and approval, where applicable. Testing of 10 decisions (comprising four TVCA decisions, three STDC decisions, two South Tees Site Company (STSC) decisions and one TIAL decision) verified that all decisions were approved at an appropriate level and received appropriate scrutiny. In all 10 cases, decisions were approved within five working days and an appropriate audit trail was available.



The Finance Manager maintains a TVCA financial monitoring Masterfile, which records all decisions and funding allocations approved by the Cabinet. The Finance Manager reviews the Masterfile prior to approving any decisions issued to the Executive Assistants to ensure that the funding allocation has been previously approved. We reviewed the Cabinet decision records for 2020 / 2021 and were satisfied that funding allocations within the Masterfile corresponded with decision records.



The Local Enterprise Partnership (LEP) sits within the TVCA decision making structures. The TVCA Cabinet is the Authority's ultimate decision-making body. All Cabinet meeting minutes, corresponding reports and decision records are published on the TVCA website to ensure transparency. The terms of reference for the Cabinet, including roles and responsibilities, are outlined within the TVCA Constitution, which was updated and approved in December 2020.



The Overview and Scrutiny Committee was established in line with statutory requirements set out in the Combined Authorities Order 2017 and is responsible for scrutinising decisions made. The Committee's full remit is outlined within the TVCA Constitution. Records in relation to Overview and Scrutiny Committee meetings can be found on the TVCA website.



The Tees Valley Transport Committee's purpose includes reviewing transport strategy and policies of the Combined Authority and reviewing services operating within the Tees Valley area. The Committee's full remit can be found in the TVCA Constitution. We verified that records in relation to the Tees Valley Transport Committee meetings are available on the TVCA website.



The Audit and Governance Committee ensures that sound governance, effective internal control and financial management is in place at the Authority. All meeting minutes and actions taken can be found on the TVCA website.



If it is alleged that the Combined Authority is acting in breach of the law, failing to adhere to its framework, or failing to safeguard public funds, then these complaints are directed to the Combined Authority's Monitoring Officer, Group Director of Finance Resources or to the Governance and Administration Manager. Action taken by TVCA will depend on the nature of the concern; however, these actions could include investigation by management, referral to the police, or a referral to external audit.



The TVCA Constitution and the Assurance Framework include the complaints and whistleblowing policy, which are readily available on the TVCA website. Discussions with the Governance and Administration Manager established that there have been no known breaches within the previous 12 months.



The South Tees Development Corporation (STDC) Constitution outlines that all decisions of the Corporation, unless otherwise delegated, shall be taken by the Board in accordance with the arrangements set out in the Constitution. Subject to any direction given to it by TVCA, the Corporation may decide on its own procedure, and the procedure of any of its Board, Audit and Risk Committee or workstreams established by the Board. Meeting records for the STDC Board and records of decisions made are available on the TVCA website.



The STDC Board are supported by the STDC Audit and Risk Committee to ensure sound governance; the meetings of which can be found on the TVCA website. The STDC Delivery Group sits underneath the Board and is in place to ensure appropriate scrutiny of internal decisions prior to Board presentation.



The Group Chief Executive delivered a presentation on managing stakeholders in a political environment in February 2021, which outlined the requirements for sound governance. This presentation included information on day-to-day decisions and confirmed that all other decisions are for Cabinet. The TVCA's formal decision process was outlined within the presentation.



A representative from each of the five councils (Redcar and Cleveland, Middlesbrough, Stockton, Darlington, and Hartlepool) sit on the Tees Valley Management Group (TVMG). The TVMG is attended by the Group Director of Finance and Resources, and other directors or heads of service, where required. The meeting enables appropriate scrutiny of both delegated decisions and decisions to be raised at Cabinet.

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: Governance				
Control	<p>All staff requiring an approval decision are required to submit the request and supporting information to the Executive Assistant inbox.</p> <p>The Executive Assistants maintain an authorisation register, which records which decisions have been approved internally by the Finance Managers and statutory officers, where applicable.</p> <p>Decision making is tracked through the register and Microsoft Teams Planner to ensure decisions are approved at the appropriate level and in a timely manner (within five working days). The register includes detail on which organisation the decision relates to, which ensures the appropriate decision-making route is followed.</p>	Assessment:		
		Design	✓	
		Compliance	×	
Findings / Implications	<p>We received the authorisation register from the Executive Assistant. The register provides detail on who submitted the request, which organisation the decision relates to, and which directorate is required to approve the decision. To ensure the timeliness of the decision, the date the decision is received and the due date (five working days) is outlined. The relevant Finance Manager is required to sign off each decision prior to submitting to directors to ensure that all decisions are requested in accordance with the approved budget.</p> <p>We requested supporting evidence for 10 decisions from the Executive Assistant. In all 10 cases, decisions were cascaded up to statutory officers or directors for approval and all 10 decisions were approved within five working days.</p> <p>However, we noted that the current decision-making route and scheme of delegation relies heavily on approval from directors or senior officers, which risks increasing director and senior officer workload. We have queried whether all decisions need to go through this approval route and if responsibility could be delegated to heads of service. For example, the Group Director of Finance and Resources made 898 decisions in 2020 and a further 333 to date in 2021 (file received 8 April 2021). It was noted that the scheme of delegation allows budget holders to approve up to £10,000; however, review of the authorisation matrix identified 121 records where decisions were requested for values under £10,000. This could suggest that budget holders are not exercising their delegated authority.</p> <p>The Authority are in the process of revising the schemes of delegations for TVCA and STDC.</p> <p>Where the Authority are cascading decisions up to directors or statutory officers in all instances, there is a risk that important decisions may not be given sufficient consideration due to time constraints and overloading.</p>			
Management Action 1	The Authority are revising the scheme of delegation. Consideration will be given as to whether decisions can be cascaded down to management, senior management, or director-level to reduce level of reliance on statutory officer approval.	Responsible Owner:	Date:	Priority:
		Group Director of Finance and Resources	31 July 2021	Low

Area: Governance

Control	<p>TVCA Constitution, Financial Regulations and Assurance Framework</p> <p>The TVCA Constitution includes the Authority's Financial Regulations and Assurance Framework. The TVCA Constitution is approved by the TVCA Cabinet on an annual basis.</p> <p>The Authority are in the process of revising the scheme of delegation.</p>	<p>Assessment:</p> <p>Design ✓</p> <p>Compliance ×</p>
Findings / Implications	<p>We reviewed the TVCA Constitution available on the Authority's website. It was noted that the Constitution includes the Authority's Financial Regulations and Assurance Framework. The Constitution was last updated in December 2020 and approved by the TVCA Cabinet on 27 November 2020. Decision records were available to support approval of these changes.</p> <p>However, through review of the TVCA Constitution, we noted that the Assurance Framework embedded within the Constitution varies from the standalone version available on the TVCA website. The Assurance Framework within the TVCA Constitution suggests that the next review will occur in December 2019. The standalone version was last updated in March 2020 and Cabinet decision records dated 13 March 2021 confirm its approval.</p> <p>Where the Authority embed key documentation within overarching documents and publish standalone versions, there is a risk that the Authority are not working from one version of the truth.</p> <p>The Authority are revising the scheme of delegations for TVCA and STDC. The Governance and Administration Manager explained that the draft scheme of delegation is based on the details within the TVCA Constitution, therefore we looked to reconcile both documents to identify any inconsistencies. From this reconciliation, two minor inconsistencies within the TVCA Constitution were noted:</p> <ul style="list-style-type: none"> • the scheme of delegation refers to the contract procedure rules under Appendix IX; however, this is Appendix VIII; and • the contract procedure rules indicate that any officer may procure works, supplies or services up to a value of less than £15,000; however, budget holder limits allow for authorisation of invoices and purchases orders up to the value of £10,000. <p>Where inconsistencies and contradictions exist in key documentation, there is a risk that staff are unaware of correct processes, which could lead to an unintentional breach of governance protocols. This risk is further heightened where documentation is not clear.</p>	
Management Action 2	<p>The discrepancies identified in the review will be considered by the Authority.</p> <p>The Authority will recommend to Cabinet that the Assurance Framework and other standalone documents are referred to rather than forming part of Constitutions where this is appropriate.</p>	<p>Responsible Owner: Group Chief Legal Officer Governance and Administration Manager</p> <p>Date: 30 September 2021</p> <p>Priority: Low</p>

Area: Governance

Governance documentation will include navigation and signposting to other relevant standalone documents as appropriate.

Area: Governance

Control	STDC Constitution, Financial Regulations and Assurance Framework	Assessment:		
	The STDC Constitution is available on the TVCA website. The STDC Financial Regulations and Scheme of Delegations to Chief Officers are documented separately under Appendix IV of the STDC Constitution.	Design ✓		
	The STDC Assurance Framework was last updated in December 2020; however, is not available on the website.	Compliance ×		
Findings / Implications	The STDC Assurance Framework was last updated and approved by the STDC Board in May 2020, with minor updates made in December 2020. However, the STDC Assurance Framework is not available on the website and was provided separately by the Governance and Administration Manager for the audit. We noted that the STDC Constitution was last updated in June 2020, following approval from the Cabinet in May 2020. However, we further noted that the TVCA Cabinet authorised changes to the STDC Constitution as a result of proposed appointments to the STDC Board in November 2020; however, there is no indication of this within the document version control in the STDC Constitution. We are therefore unable to provide assurance as to whether these changes were implemented. The STDC Financial Regulations are at version 4 and the STDC scheme of delegations to Chief Officers are at version 6, as per the documents on the TVCA website. However, there is no document version control table recorded on the document to indicate when these versions were last updated. We understand that the scheme of delegation document is currently under review. Where clear version control is not updated on key documentation, there is a risk that changes approved by Cabinet or the STDC Board have not been implemented, and it is unclear whether the website versions are the most up to date versions.			
Management Action 3	In addition to management action two, a document control table and the use of updated footer information will be introduced to demonstrate tight version control for STDC documentation. Discrepancies identified in the control will be reviewed and addressed, where applicable.	Responsible Owner: Governance and Administration Manager	Date: 31 July 2021	Priority: Low

Area: Governance

Control	Records of Cabinet decisions are available on the TVCA website. All employees are responsible for ensuring that they are informed of relevant discussions and cascading information to their respective teams to ensure decisions are appropriately carried out.	Assessment:	
		Design	✓
		Compliance	×

Findings / Implications For 2020 / 2021, we verified that all Cabinet papers, meeting minutes and decision records are available on the TVCA website, and decisions included appropriate call-in deadlines. We met with a selection of managers as part of the review to discuss current governance arrangements. Discussions were held with the Finance Manager, the Strategy, Policy and Intelligence Manager, the Head of Transport and the Head of Education, Employment and Skills to gather their views on current governance arrangements.

All four managers outlined the responsibility of managers to make sure that they are informed of relevant decisions and that those decisions are cascaded down to relevant team members to ensure responsibilities are carried out.

However, it was suggested in two meetings that when staff previously worked on-site prior to the Covid-19 pandemic, there were more cross-departmental discussions through general conversations within the office. This meant that departments were informed of decisions and work within other departments. However, as with all organisations working remotely, cross-departmental discussions are not facilitated as easily as was the case on-site, meaning managers may not be as aware of decisions made in other areas, which could have an impact on their own key decision-making.

Whilst the Cabinet decision records are available on the TVCA website and TVCA directors facilitate an internal oversight function by approving decisions, there is a risk that decisions are not adequately communicated throughout the organisation. The Authority should consider further options to improve cross-departmental cohesion in relation to decision-making.

Management Action 4	The Authority will issue an email reminder to all employees to state that it is an employee's responsibility to familiarise themselves with Cabinet decision records.	Responsible Owner: Governance and Administration Manager	Date:	Priority:
			31 July 2021	Low
	Lead authors of decision papers will be reminded that it is their responsibility to communicate all decisions to relevant teams.			

Area: Governance

Control	The Authority are developing a governance toolkit to ensure that all staff are aware of the governance processes in place.	Assessment: Design ✓ Compliance ×
Findings / Implications	<p>The Governance Team are developing a governance toolkit to ensure that all staff are aware of the governance processes in place. The toolkit is currently undergoing consultation and is in draft format.</p> <p>It is expected that the governance toolkit will, in particular, support new starters at TVCA and provide a full oversight of governance arrangements. The governance toolkit will be made available on the Authority's intranet once approved.</p> <p>We met with the Finance Manager, the Strategy, Policy and Intelligence Manager, and the Head of Transport to discuss current governance arrangements. In all three meetings, it was outlined that information was readily available in relation to governance arrangements and there were no concerns regarding current team knowledge of the governance arrangements. The Head of Transport further outlined that the implementation of the Executive Assistant email inbox to facilitate decision making has thoroughly improved and streamlined the process. We received email evidence that the Group Director of Finance and Resources has issued email reminders for the revised authorisation process.</p> <p>Whilst the TVCA website has a lot of published information in relation to governance processes available, we noted whilst conducting the review that the TVCA governance structure and arrangements are complex and embedded within several long documents. It is anticipated that the governance toolkit will streamline communications and provide clearer information on governance.</p> <p>Where the Authority do not have a one-stop document in place to cover governance arrangements, there is a risk that staff may be unaware of current governance processes, and therefore may unintentionally breach protocols.</p>	
Management Action 5	<p>The Authority are developing a governance toolkit with clear information on the current governance arrangements in place. The toolkit will be made available to all staff on the Authority's intranet platform.</p> <p>Going forward, the toolkit will be adopted into the staff induction process.</p>	Responsible Owner: Group Chief Legal Officer Governance and Administration Manager Date: 30 September 21 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 management actions		
	0	(10)	5	(10)	Low	Medium	High
Governance	0	(10)	5	(10)	5	0	0
Total					5	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.

APPENDIX C: SCOPE

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

Scope of the review

The internal audit assignment has been scoped to provide assurance on how the Authority manages the following area:

Objective of the area under review

The Authority has adequate and effective systems and processes in place to ensure that there is an appropriate level of oversight and authorisation of spending decisions throughout the organisation.

Scope of the review

The Tees Valley Combined Authority (TVCA) was created in April 2016 with the purpose to drive economic growth and job creation in the area. This requires the Authority to deliver a range of projects in developing improvements in a range of areas including infrastructure, transport and housing. Through its network of related entities, the Authority is charged with committing public funds to the achievement of these objectives. Our review will focus on:

- Whether the Authority's governance processes are sufficient to ensure that decisions relating to the spending or commitment of public monies are made at the most appropriate level and on a timely basis.
- Whether these governance processes are supported by a clear set of financial regulations and Scheme of Delegation.
- Whether these rules have been effectively communicated to all staff.
- When decisions are made, whether these are communicated effectively and on a timely basis to all who need to be made aware.
- What evidence is recorded and retained of decisions relating to the spending or commitment of public monies.
- How breaches of these governance processes are identified and reported.

The following limitations apply to the scope of our work:

- Our review will focus on governance processes and fits with earlier audits listed below. It is not intended to be a repeat of any aspect of the following audits:
 - The recent audit of procurement.
 - Projects and programme management.
 - Goosepool governance over TIAL.
- Similarly, our audit is not intended to be an audit against Value for Money (VfM) criteria as this is the subject of a separate audit being delivered parallel to this one, although this audit will look at whether VfM has been considered during the decision-making process.
- We will not seek to substantiate any financial transactions or reperform any reconciliations.
- The scope of the work will be limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out for this review.
- Any testing undertaken as part of this audit will be compliance based and sample testing only.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held 14 April 2021
Draft report issued 22 April 2021
Responses received 10 May 2021

Final report issued 11 May 2021

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Our report is prepared solely for the confidential use of the **Tees Valley Combined Authority**, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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TEES VALLEY COMBINED AUTHORITY

South Tees Development Corporation (STDC) Regeneration Business Case

Internal audit report 3.20/21

FINAL

5 May 2021

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

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1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit / assignment and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you, we have been able to sample test the control framework.

Why we completed this audit

Following the creation of the Development Corporation in 2017, Tees Valley Combined Authority (TVCA) submitted a business case to ensure that adequate funding was granted to support and manage the regeneration of the area. As part of this business case, a number of governance arrangements and mechanisms were committed to in order to ensure that there was adequate monitoring and oversight over the funding and the activities to support the regeneration. This audit has been commissioned to ensure that the arrangements promised in the South Tees Development Corporation (STDC) business case have been implemented and are operating effectively in practice. As some of the funding has been received from central Government, this audit will help to provide assurance to the Authority that the regeneration funding is being effectively monitored and reviewed.

It should be noted that a governance audit for the Authority has been completed previously and, as such, there is some overlap with testing and one management action was raised in the governance audit with relevance to this audit.

The areas which we have assessed and considered that were committed to in the STDC business case were as follows:

- The South Tees Site Company (STSC) will become part of the group structure at TVCA.
- An STDC Assurance Framework will be created to clearly document the governance and decision-making processes.
- The STDC Delivery Group will be established to help integrate delivery partners and ensure a periodic review of performance is undertaken.
- A dedicated Programme Manager is appointed at STDC to oversee delivery.
- A dedicated Claims and Monitoring Manager is appointed at TVCA.
- A local marketing company are appointed to help build on the existing brand and emphasise the unique selling point of the area.
- Planning and risk management arrangements have been implemented (including comprehensive risk registers).
- Quarterly and annual performance management information will be reported to Government in line with their requirements.

Conclusion

Of the eight areas, we found that seven have been partially or fully implemented with one area (the Programme Manager) still yet to be completed, though it should be noted that the Authority are planning to release a job advert for this in the coming months. As such, we have not raised an action for this area.

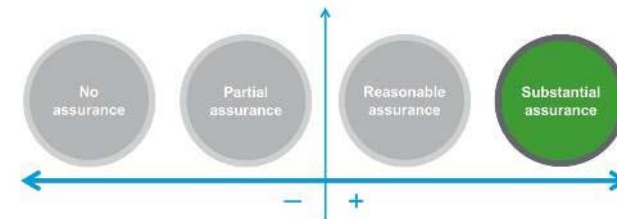
However, we noted that the frequency of the meetings for Operational Groups (part of the Delivery Group structure) were not in line with the agreed terms of reference. It was confirmed the frequency of the meetings has moved to reflect the overall cycle of business.

As a result of our findings we have raised **one low** priority management action, details of which can be found under section two of this report.

An additional management action relating to the implementation of a governance toolkit has not been raised as an identical action was agreed upon in the governance audit dated April 2021. As such, we have referred to this action rather than raising two duplicate actions.

Internal audit opinion:

Taking account of the issues identified, the Cabinet can take **substantial assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and operating effectively.



Key findings

Our audit review identified that the following controls are suitably designed, consistently applied and are operating effectively:

- ✓ The South Tees Site Company (STSC) has become part of the group structure at Tees Valley Combined Authority (TVCA) and the approval for its purchase from the Department for Business, Energy and Industrial Strategy (BEIS) was evidenced in the minutes from both the South Tees Development Corporation (STDC) Board and the TVCA Cabinet.
- ✓ An STDC Assurance Framework has been created to document the governance and decision-making process, especially with regards to the implementation of the business plan. The framework has been approved by the STDC Board and the TVCA Cabinet at meetings on 27 July 2020 and 11 September 2020 respectively.
- ✓ The STDC Delivery Group has been created and expanded to include Operational Groups which cover specific areas across the Corporation. The structure was most recently approved by the STDC Board on 25 November 2020 and this can be seen in the minutes.
- ✓ A dedicated Claims and Monitoring Manager has been appointed within TVCA to ensure that monitoring for the Development Corporation is conducted.



A firm of industrial property advisory agents (Colliers) have been appointed by STDC and are tasked with helping to advertise the area and engaging with potential investors. This was approved by the STDC Board via written resolution in May 2019. We have also received and reviewed the contract between STDC and Colliers and confirmed this is in line with the details stated within the business case.



Planning and risk management arrangements have been implemented with the STDC Risk and Audit Committee meeting every two months to discuss audit arrangements as well as discussing the risks to the Corporation and assessing the risk registers. We have confirmed that minutes for these meetings are available to the public on the STDC website.



Regular performance reporting is completed on a quarterly basis in the form of the BEIS report. The first of these reports were sent to BEIS in March 2021 and was followed with a meeting with Government officials to discuss it. We have been informed that annual reporting will be completed however this is not scheduled to be completed until later this year (2021).

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.

Risk C06: Obligations undertaken by STDC have potential financial impact on TVCA				
Control	Staff are adequately informed through email or verbally of any changes to the governance structure	Assessment:		
		Design	✓	
		Compliance	×	
Findings / Implications	<p>Due to the nature of some of the governance mechanisms, it has been difficult to test whether staff have been appropriately communicated with regarding some of the changes. Some of this is due to the high-level nature of the governance mechanisms being introduced (such as the integration of STSC or the introduction of Colliers as a third party). As such, our testing for this section is limited. Whilst this is the case, it should be noted that all governance mechanisms that went to Board for approval were communicated to staff on the Board through reports.</p> <p>In addition, we also found:</p> <ul style="list-style-type: none"> We were able to evidence communication of the changes to the Delivery Group structure (including the addition of Operational Groups) via email sent by the Group Chief Executive for TVCA and STDC to all members sitting on the Groups. The Group Programme Coordinator advised us that numerous discussions were held to ensure that the chairs of each Operational Group were aware of their responsibilities, the purpose of the Operational Groups and what they should be reporting on. All members of staff for STDC have access to the minutes for both the STDC Board and the Audit and Risk Committee (which are publicly available on the website). We can confirm that approval for most, if not all, of the governance arrangements and mechanisms covered in this audit are detailed within the public minutes. <p>However, our recent governance audit, conducted in April 2021, identified that the implementation of a governance toolkit is planned to help staff with regards to governance issues and to keep staff informed of any changes. The toolkit is currently being drafted but we have been able view a screenshot of the toolkit. There is a risk that if the toolkit is not implemented, staff may be less aware of governance and any new changes to the governance structure. As this action was already raised within the Governance audit, we will not be re-raising the same action but instead referring back to it.</p>			
Management Action 1	Please refer to management action five raised in the governance audit regarding the governance toolkit.	Responsible Owner:	Date:	Priority:
		-	-	-

Risk C06: Obligations undertaken by STDC have potential financial impact on TVCA

Control	All governance arrangements that have been implemented are operating in line with what was agreed within both the business case and as originally approved by the STDC Board or TVCA Cabinet.	Assessment: Design ✓ Compliance ×
Findings / Implications	<p>A Group Chief Executive Update has been provided in STDC Board meetings and has been evidenced from the minutes. The first section of this report provides an update on the business case and the implementation of the governance structures and mechanisms that were proposed within the case.</p> <p>We checked the minutes of all Audit and Risk committee meetings that are available on the TVCA website. Out of seven meetings (since March 2020), six meetings contained a section in which risk registers and a risk update were presented to the committee. There was only one meeting in which this wasn't discussed (19 November 2020) however there had been a meeting the previous month (21 October 2020) and the following month (16 December 2020) in which risk and risk registers were covered.</p> <p>During discussions with the Investment Planning Manager, we were informed that a Claims and Monitoring Manager has been appointed within TVCA and the role is currently being job-shared by two individuals. We received confirmation from the Group Director of Finance and Resources and the Investment Planning Manager that this job role is active and have also received a copy of the job description and the name of the individual that primarily looks after the STDC monitoring side.</p> <p>We also conducted testing on the action logs from the Delivery Group and the Operational Groups to determine whether these have been completed and are meeting on the stated basis. Through this testing, we observed that the Delivery Group was meeting once per month – the correct frequency. However, we did note that four of the five Operational Groups were only meeting once per month, outside of what was approved by the Board (twice per month). For the remaining Operational Group (Performance), we observed that the dates for the last three meetings were 8 March 2021, 8 February 2021 and 26 November 2020. This shows that the Performance Group is not meeting twice per month and has only met three times in the past five months. There is a risk that if meetings are not taking place as noted in the terms of reference, that information may not be circulated up to the Delivery Group or that important decisions are not made by the appropriate individual. Upon discussion with the Group Director of Finance and Resources, the Investment Planning Manager and the Head of Development and Delivery, we were advised that the frequency of meetings has been reviewed since the business case was submitted and, given the changes within the Authority, it is considered that it may be more appropriate to have the meeting once per month, but this is not in line with the business case and they were now considering what would be more suitable.</p>	
Management Action 2	STDC will consider whether the frequency for Operational Groups should remain at twice per month or should be lowered to once per month.	Responsible Owner: Group Director of Finance and Resources Date: 31 May 2021 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.

Risk	Control design not effective*		Non Compliance with controls*		Agreed management actions		
	0	(6)	1	(6)	Low	Medium	High
Risk C06: Obligations undertaken by STDC have potential financial impact on TVCA.	0	(6)	1	(6)	1	0	0
Total					1	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.

APPENDIX B: SCOPE

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

Objective relevant to the scope of the review

Objective of the area under review	Strategic risk relevant to the scope of the review	Risk source
The Authority has implemented the governance arrangements it committed to in the South Tees Development Corporation Business Case and that they are operating effectively in practice.	Risk C06: Obligations undertaken by STDC have potential financial impact on TVCA.	Strategic Risk Register

Scope of the review

Following the closure of SSI steelworks in 2015, the South Tees Development Corporation (STDC) was created in 2017 to regenerate the site and create new jobs and infrastructure in the region. Tees Valley Combined Authority (TVCA, “the Authority”) put forward a business case in support of its application for funding to manage this regeneration. Included within the business case was a commitment to a range of governance measures designed to ensure an adequate level of oversight over these activities.

Our review will focus on:

- Whether the Authority has implemented the governance structures and mechanisms committed to in the business case.
- How those governance processes are documented (e.g. by way of policies and procedural notes).
- Approval for the governance mechanisms has been obtained in line with the Authority’s Constitution.
- Whether any variations or omissions from the stated governance processes is identified and appropriately authorised.
- Whether these have been effectively communicated to all staff.
- Whether these governance arrangements are operating effectively in practice, for example:
 - Checks and authorisation activities are occurring when they should and at the required frequencies.
 - Meetings are being held at the stated frequency.
 - Reports are being produced as specified.

The following limitations apply to the scope of our work:

- Our review will focus only on the design and operation of governance processes.
- We will not consider the appropriateness of activities and decisions covered by those governance processes.
- We will not seek to substantiate any financial transactions or reperform any reporting activities.
- The scope of the work will be limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out for this review.
- Any testing undertaken as part of this review will be compliance based and sample testing only.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held 27 April 2021
Draft report issued 30 April 2021
Responses received 5 May 2021

Final report issued 5 May 2021

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Philip Church, Client Manager
Mike Gibson, Assistant Manager
Oliver Gascoigne, Auditor

Client sponsor Group Director of Finance and Resources

Distribution Group Director of Finance and Resources

rsmuk.com

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of **Tees Valley Combined Authority**, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.



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Annual internal audit report 2020/21

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May 2021

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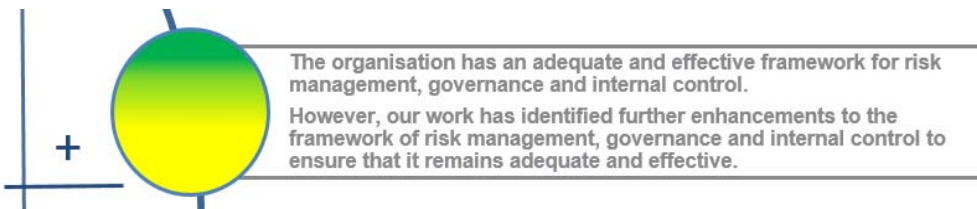


THE ANNUAL INTERNAL AUDIT OPINION

This report provides an annual internal audit opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance reporting.

The opinion

For the 12 months ended 31 March 2021, the Head of Internal Audit opinion for Tees Valley Combined Authority is as follows:




Please see appendix A for the full range of annual opinions available to us in preparing this report and opinion.

It remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be a substitute for management responsibility around the design and effective operation of these systems.

Scope and limitations of our work

The formation of our opinion is achieved through a risk-based plan of work, agreed with management and approved by the Audit and Governance Committee, our opinion is subject to inherent limitations, as detailed below:

- Internal audit has not reviewed all risks and assurances relating to the organisation.

- 
- the opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. The assurance framework is one component that the board takes into account in making its annual governance statement (AGS).
 - the opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management / lead individual(s).
 - where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance.
 - due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to our attention.
 - our internal audit work for 2020/21 has been undertaken through the substantial operational disruptions caused by the Covid-19 pandemic. In undertaking our audit work, we recognise that there has been a significant impact on both the operations of the organisation and its risk profile, and our annual opinion should be read in this context.

FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

Based on the work we have undertaken on the systems of governance, risk management and internal control across the organisation, our opinion on governance, risk management and control have been informed by the following:

Governance

We reviewed the organisation's governance arrangements and concluded that the Cabinet can take **substantial assurance** on this area. Our review found that the governance processes in place at the organisation ensured that decisions on the spending of public monies are made in a robust and transparent manner. Additionally, our testing verified that spending decisions made in relation to the group entities: STDC, Teesworks and Teesside International Airport Limited (TIAL) received appropriate scrutiny within the Authority and appropriate audit trails were available to support these decisions.

In addition, we confirmed sufficient reporting had been undertaken through the organisation's governance structure in the following areas: South Tees Development Corporation (STDC) Regeneration Business Case; Goosepool: Financial Governance; and Project and Programme Activity.

Each of the above reviews received a positive assurance opinion. We concluded that the governance arrangements in place, for the organisation, were adequate and effective.

Risk

We reviewed the organisation's risk management arrangements at a directorate level and concluded that the Cabinet can take **reasonable assurance** on this area. We confirmed the organisation had a well-established control framework in place for risk management but raised management actions to strengthen the application of these controls. In addition, we raised two management actions to implement additional controls to strengthen the organisation's risk management arrangements. RSM previously reviewed the organisation's risk management arrangements at a strategic level which resulted in a **reasonable assurance** opinion.

In addition, our risk management opinion is also informed by the assessment of the risk mitigation procedures in place covered by our risk-based reviews in the following areas:

- Project and Programme Activity (*C01: Failure to secure agreement on the future investment priorities*)
- National Audit Office Value for Money Requirements (*C11-B: Failure to manage funding in order to deliver maximum value for money*)
- South Tees Development Corporation (STDC) Regeneration Business Case (*C06: Obligations undertaken by STDC have potential financial impact on TVCA*)

The specific reviews (above), which are directly linked to the organisation's strategic risk register, resulted in a **substantial assurance** opinions.

We have also attended all Audit and Governance Committee meetings throughout the year and confirmed the Group's risk management arrangements continued to operate effectively and were adequately reported and scrutinised by committee members; with regular updates provided and the risk register shared and reviewed, with appropriate oversight.

Control

We undertook seven audits (including the three risk driven review mentioned above) of the control environment that resulted in formal assurance opinions. These seven reviews concluded that **three reasonable** (positive) opinions and **four substantial** (positive) assurance opinions could be taken by the Cabinet. We identified the organisation had established control frameworks in place for a number of the audits undertaken, however improvements in their application was required in a number of areas.

Furthermore, the implementation of agreed management actions agreed during the course of the year are an important contributing factor when assessing the overall opinion on control. We have performed a Follow Up review during the year which concluded in **good progress** had been made towards the implementation of those actions agreed.

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines previously discussed, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during the year.

Implementation of internal audit management actions

We have performed a follow up review to determine the organisation's implementation of internal audit findings and we have reported that **good progress** has been made in implementing the agreed actions.

Follow Up of Previous Internal Audit Management Actions

We followed up a total of eight management actions raised as part of the following reviews:

- Goosepool: Financial Governance;
- Declarations of Interest;
- Cyber Risk Management; and
- Follow Up of Previous Internal Audit Management Actions.

We confirmed that six actions had been fully implemented, one action had been partially implemented and the other being regarded as not implemented. The two actions that were not fully implemented were both medium priority actions with one of the actions having been impacted by the Covid-19 pandemic. Upon discussion with the action owner and the Group Director of Finance and Resources, it was noted that due to the difficulties with the economic climate caused by the pandemic and subsequent lockdown, the business area was not able to complete this action and has therefore been unable to implement it. The remaining action was with regards to an IT policy and, whilst there is a policy in use by TVCA with that name, it was last updated in 2015 and has not been designed for TVCA specifically.

Working with other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

OUR PERFORMANCE

Conflicts of interest

RSM has not undertaken any work or activity during 2020/2021 that would lead us to declare any conflict of interest.

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that 'there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.' RSM was found to have an excellent level of conformance with the IIA's professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

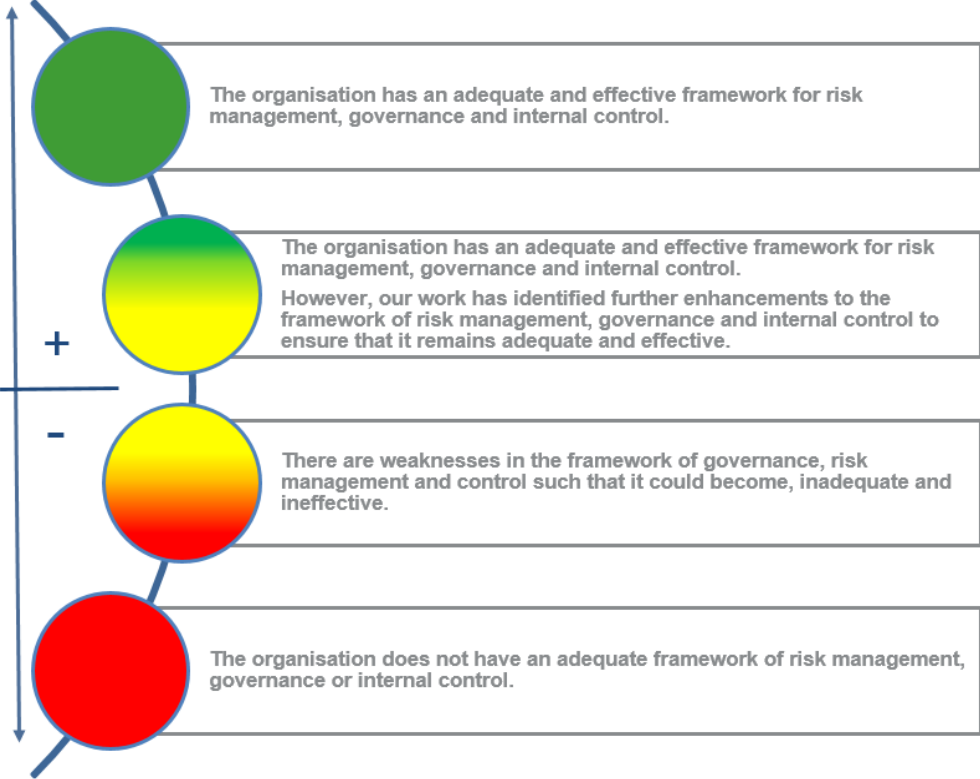
Performance indicators

Delivery

	Target	Actual		Target	Actual
Draft reports issued within 10 days of debrief meeting	10 days	5 days <i>(average)</i>	Conformance with IIA Standards	Yes	Yes
			Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	<i>As and when required</i>
Final report issued within 3 days of management response	3 days	1 day <i>(average)</i>	Response time for all general enquiries for assistance	2 working days	2 working days <i>(average)</i>
			Response for emergencies and potential fraud	1 working day	-

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.

Annual opinions	Factors influencing our opinion
 <p>The organisation has an adequate and effective framework for risk management, governance and internal control.</p> <p>The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.</p> <p>There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p> <p>The organisation does not have an adequate framework of risk management, governance or internal control.</p>	<p>The factors which are considered when influencing our opinion are:</p> <ul style="list-style-type: none"> • inherent risk in the area being audited; • limitations in the individual audit assignments; • the adequacy and effectiveness of the risk management and / or governance control framework; • the impact of weakness identified; • the level of risk exposure; and • the response to management actions raised and timeliness of actions taken.

APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Assurance level	Actions agreed		
		L	M	H
Directorate: Risk Management		3	4	0
Procurement		6	4	0
Goosepool: Financial Governance		3	3	0
Project and Programme Activity		2	1	0
Follow Up of Previous Internal Audit Management Actions	Good progress	0	2	0
Governance		5	0	0

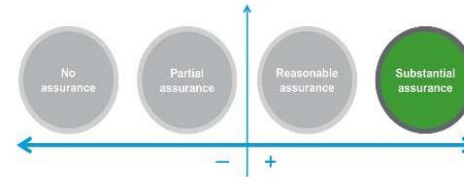
Assignment

Assurance level

Actions agreed

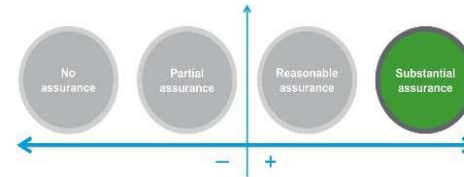
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National Audit Office Value for Money Requirements



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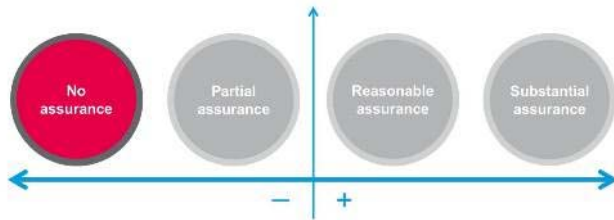
South Tees Development Corporation (STDC) Regeneration Business Case



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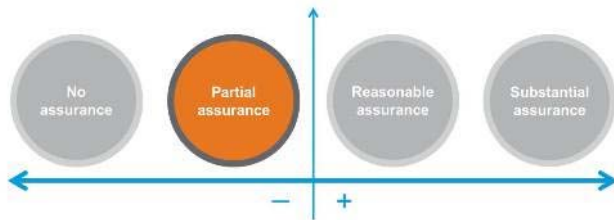
APPENDIX C: OPINION CLASSIFICATION

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Cabinet can take:



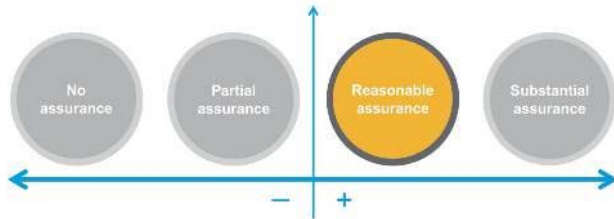
Taking account of the issues identified, the Cabinet **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk.



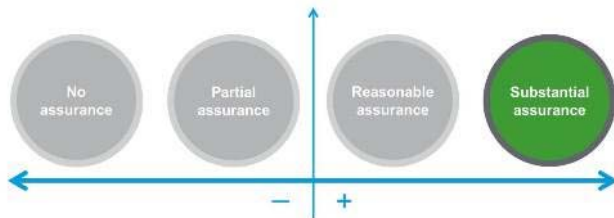
Taking account of the issues identified, the Cabinet can take **partial assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk.



Taking account of the issues identified, the Cabinet can take **reasonable assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk.



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

YOUR INTERNAL AUDIT TEAM

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TEES VALLEY COMBINED AUTHORITY

[Internal Audit Strategy 2021/2022 - 2023/2024 \(including the 2021/2022 Internal Audit Plan\)](#)

Presented at the Audit and Governance Committee meeting of: 25 May 2021

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

EXECUTIVE SUMMARY

In preparing our Internal Audit Plan for 2021/2022 we have worked closely with management to produce an audit programme which remains mindful of the continuing developments and challenges around Covid-19. Whilst this plan is presented for consideration by the Audit and Governance Committee, we will continue to hold regular meetings with management, during the year, to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in these ever changing circumstances.

The key points to note from our plan are:



2021/22 internal audit priorities: internal audit activity for 2021/22 is based on analysing your corporate objectives, risk profile and assurance framework as well as other factors affecting you in the year ahead such as changes in Group activities and work with new business partners. Our detailed plan for 2021/22 is included at section two. In developing this plan we have held discussions with:

- Group Director of Finance and Resources.
- Head of Finance and Resources.
- Group Risk Manager.

The Group Director of Finance and Resources has coordinated views from the TVCA Executive team to inform 2021/22 internal audit plan.



Core assurance: the key priorities and changes within the organisation have been reflected within the proposed audit coverage for 2021/22 and beyond. During the development of the internal audit plan the following key areas/documents were discussed/reviewed:

- Corporate Risk Register.
- Group structure chart and interdependencies.
- Investment Plan.
- Assurance Framework.



Level of resource: the level of resource required to deliver the plan is in section two of this report and our daily rates are in line with our tender submission.



Group reviews: during the delivery of the 2021/22 internal audit plan we will conduct internal audits at Tees Valley Combined Authority which cover systems and processes across the whole Group, specifically the South Tees Development Corporation. Where this is the case, we will report, in our Progress Paper to the Audit and Risk Committee of the South Tees Development Corporation, an extract of our findings insofar as they are relevant to that entity. In the 2021/2022 annual audit plan for Tees Valley Combined Authority the following audits are anticipated to have relevance to the South Tees Development Corporation:

- HR: Recruitment and Selection.
- Covid-19 Response.
- HR: Payroll.



'Agile' approach: our approach to working with you has always been one where we will respond to your changing assurance needs. By employing 'agile' or a 'flexible' approach to our service delivery, we are able to change the focus of audits / audit delivery; keeping you informed of these changes in our progress papers to the Audit and Governance Committee during the year.



Delivery methods: we will also consider our approach to the delivery of internal audit assignments during the on-going Covid-19 restrictions, employing remote audit technologies through the use of secure Huddle folders and virtual meeting facilities as necessary. The success of using remote audit technologies is limited to the extent to which information can be shared electronically, however, we will consider whether there are any reviews which can be undertaken using this method and flex audit timings as necessary.



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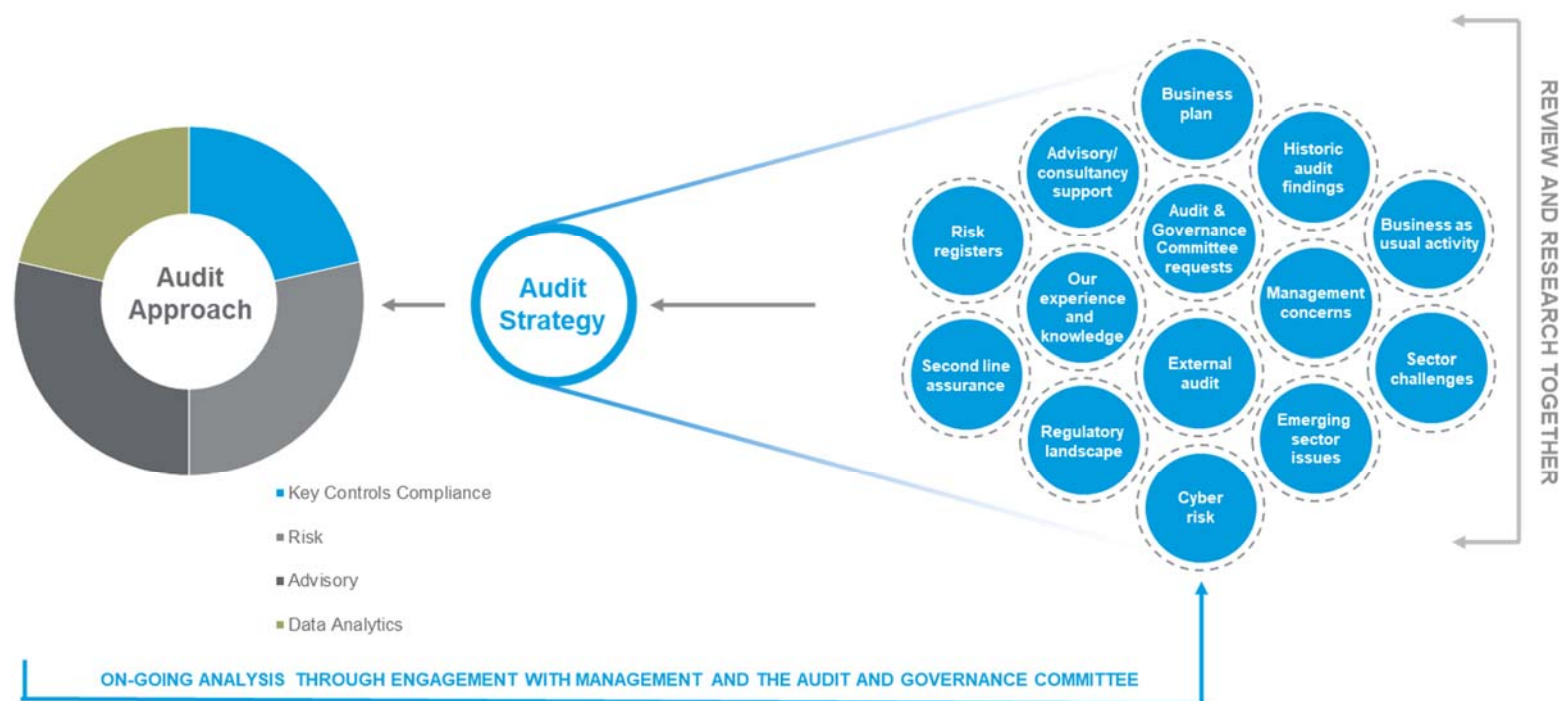
1. YOUR INTERNAL AUDIT PLAN 2021/2022

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting the Tees Valley Combined Authority in the year ahead.

Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers / assurance framework to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management and the Audit and Governance Committee.

Figure A: Audit considerations – sources considered when developing the internal audit strategy.



Based on our understanding of the Group, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).

2. INTERNAL AUDIT PLAN 2021/2022

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2021/2022. The table details the strategic risks which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the Group's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions and an audit management allocation.

Objective of the review (Strategic risk)	Fee	Proposed timing	Proposed Audit and Governance Committee
Strategic Risk			
<i>C07: Failure to provide sufficient capacity to deliver TVCA functions</i>	£3,984	W/c 28 June 2021	August 2021
<u>HR: Recruitment and Selection</u>			
We will review whether the Group has adequate and effective systems and processes in place to manage recruitment and selection of new staff. Particular reference will be made to how the local labour pool is considered / prioritised insofar as this is possible / practical given the nature of roles being recruited.			
<i>C22: Pandemic Illness Outbreak: Impact on delivery</i>	£2,988	W/c 16 August 2021	November 2021
<u>Covid-19 Response</u>			
We will review whether the Group is delivering the actions set out in its Post Covid-19 Implementation Plan. In particular, our review will consider the impact of the pandemic on delivery of the Group's strategic objectives and whether it has responded appropriately.			
<i>C09: Failure to build and maintain relationships with key partners</i>	£2,988	W/c 14 February 2022	May 2022
<u>Effectiveness of Partnership Arrangements</u>			
Our review will consider whether there are adequate and effective systems and processes in place to govern the Group's arrangements with its business partners.			

Core Assurance

Directorate Structure

£3,984

W/c 1 November
2021

January 2022

We will review whether the new 'directorate' structure introduced to manage the activities of the Group is appropriately aligned to the Group's strategic objectives and enables a clear line of sight between the delivery of those objectives and lines of accountability and reporting.

HR: Payroll

£3,984

W/c 24 January
2022

May 2022

The Group employs a mix of in-house and external service provider (Xentral) processing to administer payrolls. Our review will consider whether appropriate and consistent systems and controls are in place over the administration of payments to employees irrespective of which Group entity they work for.

TIAL Reporting

£2,988

W/c 27 September
2021

January 2022

Following on from our recent review of governance over Group funding of Teesside International Airport Limited (TIAL), TIAL is currently developing a new suite of Key Performance Indicators (KPIs). We will review what reporting is undertaken by TIAL to Group and consider whether such reporting provides a complete, accurate and timely representation of TIAL's performance.

Business Growth Hub

£3,984

W/c 13 September
2021

November 2021

The Group has recently brought the management of funding claims in-house. Our review will consider whether systems and processes are sufficient to ensure that claims are processed in accordance with scheme rules and on a timely basis. Our review will include a consideration of the due diligence performed over claims, and monitoring and reporting activities over live funding streams.

Other Internal Audit Activity

Follow Up of Previous Internal Audit Management Actions

£2,988

W/c 13 December
2021

January 2022

To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.

Management

£2,988

Throughout the year

This will include:

-
- Annual planning;
 - Preparation for, and attendance at, Audit and Governance Committee;
 - Regular liaison and progress updates;
 - Liaison with external audit and other assurance providers; and
 - Preparation of the annual opinion.

Total	£30,876
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A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

2.1 Working with other assurance providers

The Audit and Governance Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the Group.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Rob Barnett as your Head of Internal Audit, supported by Philip Church as your Client Manager and Mike Gibson as Assistant Manager.

Core team

The delivery of the 2021/2022 audit plan will be based around a core team.

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

Our next external review will be conducted during 2021 and we will inform the Audit and Governance Committee of its findings.

Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

APPENDIX B: INTERNAL AUDIT STRATEGY 2021 / 2024

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. The risks detailed below are taken from the organisation's Corporate Risk Register as presented to the Audit and Governance Committee meeting.

Assurance Provided		Internal Audit – Third Line of Assurance (Independent review / assurance)			
		2020/2021	2021/2022	2022/2023	2023/2024
	Red - Minimal Assurance / Poor Progress				
	Amber/red - Partial Assurance / Little Progress				
	Amber/green - Reasonable Assurance / Reasonable Progress				
	Green - Substantial Assurance / Good Progress				
	Advisory / AUP				
	IDEA				

Strategic risks

C01: Failure to secure agreement on the future investment priorities.	✓ (Programme / Project Activity)				
C04: Transport specific funding secured from Government is not sufficient to meet TVCA programme aspirations e.g. significant local contributions sought that are not affordable and / or TCF not awarded on an on-going basis.					✓
C05: Failure to secure appropriate funding from Government for the operation of South Tees Development Corporation (STDC).				✓	
C06: Obligations undertaken by STDC have potential financial impact on TVCA.	✓ (STDC Regeneration Business Case)			✓	
C07: Failure to provide sufficient capacity to deliver TVCA functions.			✓	✓	
			(HR: Recruitment and Selection)		

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance (Independent review / assurance)			
2020/2021	2021/2022	2022/2023	2023/2024

C09: Failure to build and maintain relationships with key partners. ✓
(Effectiveness of Partnership Arrangements)

C11 – A: Failure to deliver the existing pipeline of funding commitments and achieve targeted spend. ✓

C11 – B: Failure to manage funding in order to deliver maximum value for money. ✓
(NAO VFM Requirements)

C16: Failure to agree a Local Industrial Strategy with Government.

C22: Pandemic Illness Outbreak: Impact on delivery. ✓
(Covid-19 Response)

Core Assurance

Risk Management ✓
(Directorate: Risk Management)

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance
(Independent review / assurance)

	2020/2021	2021/2022	2022/2023	2023/2024
Governance	✓ (Governance)	✓ (Directorate Structure)		✓
		✓ (Business Growth Hub)		
ICT			✓	✓
Key Financial Controls	✓ (Group Strategic Procurement)	✓ (HR: Payroll)	✓	✓
GDPR				✓
Subsidiary reviews		✓ (TIAL Reporting)		✓
	✓			

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance (Independent review / assurance)				
	2020/2021	2021/2022	2022/2023	2023/2024
(Goosepool – Financial Controls)				

Other Internal Audit Activity

Follow Up of Previous Internal Audit Management Actions

✓	✓	✓	✓
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APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for the Tees Valley Combined Authority. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit and Governance Committee.

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the Group has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to Rob Barnett (acting as your Head of Internal Audit). The independence of RSM is assured by the internal audit service reporting to the Chief Executive, with further reporting lines to the Group Director of Finance and Resources.

The Head of Internal Audit has unrestricted access to the Chair of the Audit and Governance committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to the Tees Valley Combined Authority. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Audit and Governance Committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the audit committee. Equally we do not want the Group to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Audit and Governance Committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Audit and Governance Committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the Audit and Governance Committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- **Internal audit:** a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- **Senior management:** who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- **Cabinet:** the highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "board" may refer to a committee or another body to which the governing body has delegated certain functions (e.g. an audit committee).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Audit and Governance Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the Group where audits will be performed, including other specialised services from within or outside the Group.

The Head of Internal Audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the Group.
- Initiate or approve accounting transactions on behalf of the Group.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Audit and Governance Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Audit and Governance Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the Group during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the Group's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the Group by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the Group's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the audit committee.

Fraud

The Audit and Governance Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Audit and Governance Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the Audit and Governance Committee is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of **Tees Valley Combined Authority**, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

Audit progress report

Tees Valley Combined Authority

May 2021



1. Audit progress
2. National publications

01

Section 01:

Audit progress

Audit progress

Purpose of this report

This report provides the Audit and Governance Committee meeting with an update on progress in delivering our responsibilities as your external auditors and also includes, at Section 2, for your information, a summary of recent reports and publications.

2019/20 audit

The majority of work has been completed at the time of writing this report. However, there have been delays in the completion of the audit for the Goosepool Group which have delayed the completion of our work on the consolidation. We have completed our review of the Tait Walker file relating to Teesside International Airport.

2020/21 audit

We have been unable to complete our planning for 2020/21 as we have not completed our 2019/20 audit.

In this period we have:

- continued to liaise with officers in respect of planning the 2020/21 audit;
- considered the latest agendas and papers;
- begun our annual IT general controls work; and
- carried out some early substantive testing.

02

Section 02:

National publications

National Publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1.	Fraud and Corruption Tracker	CIPFA's latest information has been published.
2.	CIPFA Bulletin 06 – Application of the Good Governance Framework 2020/21	Provides updated guidance and takes into account the introduction of the CIPFA Financial Management Code 2019 during 2020/21.
Ministry of Housing, Communities and Local Government (MHCLG)		
3.	MHCLG's Consultation on amendments to the Accounts and Audit Regulations 2015	Consultation closed on the 1 st March 2021; the Accounts deadline was set as 31 July 2021 and Audit deadline of 30 September 2021.
National Audit Office (NAO)		
4.	Local government finance in the pandemic, March 2021	The report found that the Department's successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government.
5.	Timeliness of local auditor reporting in England, 2020	The report is based on published data, the views of local authority finance directors, key stakeholders in the audit landscape, and audit firms.
6.	Public service pensions	This report outlines how the public service pensions landscape has changed since the Hutton Review and highlights key challenges for the future.

NATIONAL PUBLICATIONS

CIPFA

1. Fraud and corruption Tracker, February 2021

The latest CIPFA Fraud and Corruption Tracker (CFaCT), which includes local government data between 1 April 2019 and 31 March 2020, provides a baseline illustration about the prevalence of grant fraud in the public sector, just before unprecedented levels of COVID-19 grant funding for councils were released by the government in March of last year. The report follows previous warnings from the National Crime Agency and other law enforcement bodies of an increase in cases related to suspected COVID-19 grant fraud. Valued at an estimated loss of £36.6m, the report reveals only 161 instances of grant fraud occurred in 2019/20.

The report also shows that council tax continued to be the largest area of identified fraud for councils, with more than 30,600 cases totalling £35.9m in 2019/20. This year, 32% of respondents also stated their organisation had been a victim of a Distributed Denial-of-Service (DDOS)/hacking attack in the last 12 months, a 5% increase from the previous year. Survey respondents also expressed concern about councils' inability to tackle usual areas of fraud due to resource being re-directed into the processing and review of COVID-19 business grants.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/grant-fraud-represented-less-than-of-uk-public-sector-fraud-pre-pandemic>

2. CIPFA Bulletin 06, Application of the Good Governance Framework 2020/21, February 2021

This bulletin covers the impact of the continuing COVID-19 pandemic on governance in local government bodies and the requirements of the Delivering Good Governance in Local Government Framework 2016 CIPFA and Solace (the Framework). It also takes into account the introduction of the CIPFA Financial Management Code 2019 (FM Code) during 2020/21.

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-06-application-of-the-good-governance-framework-202021>

NATIONAL PUBLICATIONS

MHCLG

3. MHCLG's Consultation on amendments to the Accounts and Audit Regulations 2015, February 2021

MCHLG has consulted on its proposed changes to the accounts publication deadline for 2020/21 and 2021/22.

The draft regulations includes provisions, at regulation 2 to change the publication deadline for principal authorities from 31 July to 30 September as proposed in recommendation 10 by the Redmond review, but for 2 years - 2020/21 and 2021/22. The intention is for the amended deadline to be reviewed after that period when it will be clearer as to whether the audit completion rate has improved.

The draft regulations also enable principal bodies to publish their draft accounts for inspection, linked to the later publication deadline, by removing the fixed period for public inspection, to say instead that the draft accounts must be published on or before the first working day of August. This will allow authorities and audit firms more flexibility to schedule their audits in line with the later publication deadline but, importantly, will not prevent them from being signed off earlier. This mirrors the approach taken in the Accounts and Audit (Amendment) (Coronavirus) Regulations 2020.

MCHLG's consultation closed on 1 March 2021.

NATIONAL PUBLICATIONS

National Audit Office

4. Local government finance in the pandemic, March 2021

The NAO published its report *Local government finance in the pandemic* in March 2021. Local authorities in England have made a major contribution to the national response to the pandemic. This has in turn placed significant pressure on finances, which in many cases were already under strain. The report examines if MHCLG's approach to local government finance in the COVID-19 pandemic enabled the Department to assess and fund the costs of the new services which local authorities have been asked to deliver. It also examines whether the Department fulfilled its responsibilities in securing financial sustainability across the sector. The report focuses on:

- the financial health of the sector before the pandemic and the financial impact of the pandemic in 2020/21;
- action taken by the government to support the sector in 2020/21, including its effectiveness; and
- action taken by government to support the sector's financial sustainability in 2021/22.

The report found that the Department's successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government. Action by the Department and wider government to support the sector averted system-wide financial failure at a very challenging time and means that the Department managed the most severe risks to value for money in the short term.

However, the financial position of local government remains a cause for concern. Many authorities will be relying on reserves to balance their 2020/21 year-end budgets. Despite continuing support into 2021/22, the outlook for next year is uncertain. Many authorities are setting budgets for 2021/22 in which they have limited confidence, and which are balanced through cuts to service budgets and the use of reserves.

<https://www.nao.org.uk/report/local-government-finance-in-the-pandemic/>

NATIONAL PUBLICATIONS

National Audit Office

5. NAO Report – Timeliness of local auditor reporting in England, 2020

On 16 March, the NAO published its report Timeliness of local auditor reporting on local government in England, 2020. Since 2015, the Comptroller and Auditor General (C&AG) has been responsible for setting the standards for local public audit in England, through maintaining a Code of Audit Practice and issuing associated guidance to local auditors. This report sets out the:

- roles and responsibilities of local auditors and national bodies to the local audit framework in England; and
- facts relating to the decline in the timeliness of delivering audit opinions on local government in England and the main factors contributing to that decline in timeliness.

The report is based on published data, the views of local authority finance directors, key stakeholders in the audit landscape, and audit firms. The report also considers the impact on central government. Given the increasing financial challenge and service pressures on local authorities since 2010, local councils need strong arrangements to manage finances and secure value for money.

The report concludes that the position for 2019/20, with 55% of local authorities failing to publish audited accounts by 30 November, is concerning, given the important part that external audit plays in assurance over taxpayers' money both centrally and locally.

Since the NAO reported on local authority governance and audit in 2019, and despite efforts by the various organisations involved in the local audit system and by the Ministry of Housing, Communities and Local Government, the report concludes that the situation has worsened. The increase in late audit opinions, concerns about audit quality and doubts over audit firms' willingness to continue to audit local authorities all highlight that the situation needs urgent attention, which will require co-operation and collaboration by all bodies involved in the local audit system, together with clear leadership from government.

<https://www.nao.org.uk/report/timeliness-of-local-auditor-reporting-on-local-government-in-england-2020/?slide=1>

NATIONAL PUBLICATIONS

National Audit Office

6. NAO Report – public service pensions, March 2021

As an employer, the government provides public service employees with access to occupational pension schemes. As at 31 March 2020, there were more than 8 million members of four of the largest public service pension schemes (the armed forces, civil service, NHS and teachers' pension schemes), of which 2.8 million were retired and receiving pension benefits and 5.2 million were either current or former employees. Around 25% of pensioners and 16% of the working-age population are members of a public service pension scheme.

In general, public service pensions have become more expensive over time as the number of people receiving them has increased, owing to more members entering retirement and living longer. This trend applies across public and private pensions and is consistent with international experience. In 2010 the government established the Independent Public Service Pensions Commission, chaired by Lord Hutton (the Hutton Review) to undertake a fundamental structural review of public service pensions. Following the Hutton Review final report in March 2011, and a period of negotiations with trade unions representing public service employees, the government introduced reforms intended to manage the future costs of providing pensions.

Public service pensions are a notable benefit to public servants. HM Treasury focuses on the affordability of these pensions and who pays for them. The total costs of providing pensions have been increasing over time, reflecting increasing numbers of pensioners. The government's pension reforms over recent years have contained the rise in future taxpayer costs by making pensions less generous and by increasing contributions from employees. However, taxpayer funding has increased and it will take decades for the full effects of the 2011/2015 reforms to be seen in the government's affordability measure. The balance of taxpayer funding has shifted from central payments by HM Treasury to employer contributions by departments and organisations to ensure that employers bear the consequences of their employment decisions.

However, HM Treasury needs to monitor more than just affordability. Government's approach to protecting those nearest retirement has been ruled unlawful and will cost time and money to resolve. The government's reforms also take no account of pensions as a recruitment and retention tool, with pensions continuing to be relatively inflexible; the only real choice for most employees is to stay in the scheme or opt out altogether.

<https://www.nao.org.uk/report/public-service-pensions/>

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Audit & Governance Committee Forward Plan 2021/22

Standing Items

- Minutes from the Previous Meeting
- Action Tracker
- Chief Executive Update to include COVID-19 Update
- Internal Audit Progress Report
- External Audit Progress Report
- Forward Plan
- Date and Time of the Next Meeting

Date	Venue	Items to be scheduled in year 2021/22
27 th July 2021	Cavendish House	Annual Governance Statement Draft Annual Accounts 2020-21
Autumn 2021	Cavendish House	Treasury Management Advisors Update on GDPR Remuneration & Decision Making Draft Group Assurance Framework External Audit Strategy Memorandum 2020/21

*Meeting schedule for 2021/22 year to be confirmed.