
**TEES VALLEY COMBINED AUTHORITY
AUDIT AND GOVERNANCE COMMITTEE**

**Cavendish House, Teesdale Business Park, Stockton-On-Tees TS17 6QY
Wednesday 28th June 2017 at 3.00pm**

MEETING

ATTENDEES

Members

Cllr Barry Woodhouse (Chair)	Stockton on Tees Borough Council	SBC
Cllr Matthew Storey	Middlesbrough Borough Council	MBC
Cllr Charles Johnson	Darlington Borough Council	DBC
Colin Fyfe	Independent Member	

Apologies for absence

Cllr Nicola Walker	Middlesbrough Borough Council	MBC
Paul Bury	Independent Member	

Officers

Garry Cummings	Chief Finance Officer	TVCA
David New	Senior Finance Manager	TVCA
Martin Skipsey	Procurement and Governance Manager	SBC
Andy Bryson	Finance Manager	SBC
Sharon Jones	Governance & Scrutiny Officer	TVCA

Also in Attendance

Mark Kirkham	Partner	Mazars LLP
Gareth Roberts	Senior Manager	Mazars LLP

**AGC INTRODUCTIONS
01/17**

Introductions from Committee members and officers were made. It was noted that the meeting was not quorate as 5 of 7 members are required to attend for this. The meeting was continued with the agreement that any items requiring decision may need to be brought back to the next meeting.

**AGC
02/17** **DECLARATIONS OF INTEREST**

There were no interests declared.

**AGC
03/17** **APPOINTMENT OF CHAIR**

Councillor Barry Woodhouse was appointed as temporary Chair for this meeting. It was noted that the Committee need to nominate a permanent Chair and Vice Chair but that this will need to be carried out at a quorate meeting and will therefore be deferred until the next meeting

**AGC
04/17** **MINUTES**

Consideration was given to the minutes of the meeting held on 29th March 2017

Resolved that the minutes be confirmed and signed as a correct record.

**AGC
05/17** **TERMS OF REFERENCE**

It was explained that following the Mayoral election in May the Committee has been reappointed in line with the new Constitution and Legislation, and that the Committee is politically balanced. There have also been two independent members appointed, one to provide advice in relation to standards matters and one to assist the Committee in the discharge of its financial functions. The terms of reference for the Committee have been drafted based on suggested terms of reference published by CIFPA.

Resolved that terms of Reference will need to be brought to the next meeting for agreement by a quorate Committee

**AGC
06/17** **INTERNAL AUDIT ANNUAL REPORT**

Consideration was given to a report showing the current position in respect of the 2016/2017 audit plan and the results of the work undertaken. The report included the Head of Internal Audits annual opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes. It was highlighted that the Combined Authority continues to have an appropriate and effective system of internal control, upon which it can place reasonable reliance to deliver its objectives.

Discussion took place around the areas for Audit and how these are agreed/decided. It was explained that there are a set of standard areas which are required to be reviewed annually, others are determined by the risk assessment score they are given. The 5 year Audit plan shows details of which areas will be assessed and how regularly.

Resolved that the internal Audit report is noted

**AGC
07/17** **EXTERNAL AUDIT PROGRESS REPORT**

Consideration was given to a report regarding External Audit and the progress made against the Audit Plan 2016/17

It was explained that External Audit is currently halfway through its process and at this stage there have been no issues highlighted. The Audit will continue and the results will be presented fully once complete.

A question was raised regarding the application of the going concern concept to the Combined Authority to which colleagues from Mazar's responded.

Resolved that the External Audit progress report is noted and a final report will be submitted to the Committee upon completion of the Audit.

**AGC
08/17** **ANNUAL GOVERNANCE STATEMENT**

The Accounts and Audit Regulations 2015 require authorities to conduct a review at least once a year of the effectiveness of their governance framework and produce an Annual Governance Statement.

Consideration was given to a report regarding the draft Annual Governance statement for 2016/17. The Statement of accounts and Annual Governance statement will be presented for Cabinet approval on 29th September. Following Cabinet approval the Governance Statement will be signed by the Mayor and the Managing Director.

A question was raised regarding the Combined Authority sharing Stockton Borough Council's services and staff and whether this posed any risk with regard to confidentiality or conflict of interest. It was explained that this, whilst providing efficiencies and economies of scale, some officers do hold dual roles but they are very much independent, with segregation of responsibilities in place and professional standards followed.

Resolved that:

- The Annual Governance statement is noted
- A Combined Authority Organisation Chart be circulated to the Audit & Governance Committee

**AGC
09/17** **STATEMENT OF ACCOUNTS**

Consideration was given to a report regarding the draft statement of accounts for 2016/17. The accounts have been completed in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2016/17" which is prepared under International Financial Reporting Standards.

Discussion took place around the following areas:

- Brexit and the impact of this – it was explained that there is a risk to the Combined Authority from Brexit as a large amount of

European funding is provided to the Tees Valley and it is at this stage unknown whether this funding will continue

- Treasury Management Activity – the Combined Authority Treasury Management arrangements are provided by Arlingclose who tendered and were appointed in January 2017. The Combined Authority has a treasury management strategy in place which was approved by Cabinet annually.
- Reconciliation of first year statements – it was explained that Mazars were the external Auditors for the LEP and TVU and therefore hold the historical accounts that underpin the opening balances for the Tees Valley Combined Authority.

Resolved that the Statement of Accounts report be noted

**AGC
10/17** **RISK MANAGEMENT STRATEGY AND CORPORATE RISK REGISTER**

Consideration was given to a report regarding the Combined Authority Risk Management Strategy and the Corporate Risk Register at the end of the first quarter of 2017/18.

It was explained that the strategy sets Tees Valley Combined Authority's approach to risk management and integrates the requirements of the Single Pot assurance Framework.

Attention was drawn to the two risks assessed as high in the quarter to 30 June 2017.

A question was asked regarding whether the Risk Register Matrix will show movement of risk. It was explained that this will be shown in future reports.

Resolved that the report be noted but that the Committee is unable to approve the strategy as the meeting is non quorate. This item will be brought back to the next meeting of the Committee.

**AGC
11/17** **2016/17 AUDIT STRATEGY MEMORANDUM**

Consideration was given to a report presented by colleagues from Mazars regarding the Audit Strategy memorandum.

Resolved that the report be noted

**AGC
12/17** **WORK PROGRAMME**

Consideration was given to the work programme for the Committee.

It was agreed that the work programme will need to be amended for the next meeting to account for the items that will need to be brought back for approval. It was also agreed that the next meeting of the

Committee, scheduled for 26th September, be brought forward to allow the Committee to see the final statement of accounts and annual governance statement in advance of these being approved by Cabinet at their meeting on 29th September.

Resolved that:

- The work programme be amended accordingly
- The next meeting is rescheduled for early September

DATE OF NEXT MEETING

The date of the next meeting is to be agreed