

**South Tees Development Corporation
Audit & Risk Committee
Extraordinary Meeting
6th March 2019
Teesside Management Offices, Redcar, TS10 5QW**

Key Points and Actions

Attendees:

Chris White (CW)	Independent Chair
Bob Norton (BN)	TVCA Audit & Governance representative
John Baker (JB)	Chair of Teesside Learning Trust
Paul Booth (PB)	TVCA/STDC/STSC
Sue Jeffrey (SJ)	RCBC/STDC/STSC
Anand Srinivasan (AS)	Delphinus Advisory (by telephone)
John McNicholas (JM)	STDC
David Allison (DA)	STDC
[REDACTED]	STDC
[REDACTED]	STDC – secretariat
[REDACTED]	STDC

Apologies: Ben Houchen, Steve Gibson, Jane Turner, Julie Gilhespie and [REDACTED]

Item 1 – Welcome and introductions – Chair

1.1 The Chair welcomed everyone to the meeting and apologies were noted.

Item 2 – Quorum

2.1 It was noted that the meeting was quorate.

Item 3 – Declaration of Conflicts of Interest - Chair

3.1 There were no interests declared.

Item 4 – Key Points & Actions from extraordinary meeting – Chair

4.1 The minutes were approved and all actions were complete, ongoing or on the agenda today.

Meeting 8

Action 2 – Discussion to be had with STSC regarding extension of the timeline for disclaiming permits and management to investigate further mitigants to the insurances not expected to be in place for completion – it was confirmed that Public and Employers' Liability insurance is in place (including an element for some new pollution events). Buildings insurance is in hand. [REDACTED]

[REDACTED]

[REDACTED] following some discussion on completion dates and some of the liabilities around buildings it was agreed that a paper outlining the overall position and risks on insurances would be brought to the next meeting.

Action 1: A paper outlining the overall position and risks on insurances on former [REDACTED] will be brought to the next meeting. **NB**

Action 3 – The Risk Register on acquisition will be updated to reflect the discussions today – achieved.

Meeting 7

Action 3: Slide 2 timeline from the T&T presentation to be used to monitor progress against the programme of work on reviewing and delivering risk – in hand through risk management support.

Meeting 6

Action 4: A further root and branch review, for discussion with the Board, as a longer term outcome. – awaiting appointment of the new CEO.

Meeting 5

Action 2: Risk Management resourcing to be determined and plans implemented – awaiting outcome of exercise on STDC resource by JT and JB.

Item 5 – Revised Terms of Reference and Performance Review Proposal – Paper Ex1.19.3 – [REDACTED]

5.1 CW as a recently appointed Chair had sought a review of the Terms of Reference (an annual requirement already identified in the document) and this was undertaken in January. The outcome was two minor changes to the document which were identified in the covering paper and were endorsed by the A&RC ahead of submission to the Board for approval.

5.2 A&RC did request that an additional duty be added to the Terms of Reference in clause 8.1.12 relating to strategic oversight. It was agreed that some wording would be determined by the Chair and management and circulated for agreement.

Action 2: Wording for an additional duty to be added to the Terms of Reference regarding strategic oversight at clause 8.1.12 would be determined by the Chair and management and circulated to A&RC.

[REDACTED]

CBW
24/4/19

5.3 Discussion on the Performance Review Mechanism identified in the paper led to agreement to colleagues completing this exercise at the next meeting of A&RC (recognising the challenge of ensuring participation electronically), and incorporation of the early months of 2019 into the exercise.

Action 3: The Performance Review questionnaire would be amended to include the early months of 2019 and would be available for completion at the next A&RC meeting. [REDACTED]

5.4 One additional governance item was tabled at A&RC for endorsement ahead of the Board – an amendment to Appendix V of the Constitution – the Scheme of Delegation. The Mayor had asked that any such governance items receive A&RC endorsement ahead of Board. A&RC advised that they require such governance items to go direct to Board as this is not an Audit & Governance Committee.

Item 6 – Risk Management – progress – Paper Ex1.19.4 and presentation – David Allison and [REDACTED]

6.1 DA noted that good progress had been made with the consultants and through [REDACTED] in bringing the work on the STDC Risk management function to its current status and that we are on track to complete agreed actions by the end of March. A&RC is a key part of ensuring the exercise is complete and that the appropriate mechanisms are in place and being implemented. Following discussion today it was noted that any updates will be made by [REDACTED] and the responsibility for embedding risk within STDC forms part of the role of the Risk Manager. Today's paper and discussion is aimed at ensuring that the Risk Management Framework (RMF) is signed off by the A&RC and that the policy within it is endorsed for submission to the Board.

6.2 [REDACTED] gave a presentation on progress on the Risk project to date including noting where targets had been met. This included the production of a revised Risk Management Framework, the draft Risk Policy within it and a series of Risk Workshops being scheduled. He specifically noted the Risk Policy on pages 4 and 5 of the RMF and referred to ISO31000 which supports best practice as required by the Board. This was highlighted by the bullets on slide 3 along with the proposal that A&RC recommend that STDC Board approves the Risk Policy and its implementation. During discussion it was noted that:

- The Policy stands well on its own but should have a cover paper for the Board to set the context alongside explaining ISO31000, giving a flavour of where we are in the journey including adoption of the RMF and embedding risk into the organisation.
- Reference to ISO31000 should be made in the Risk Policy, otherwise **it is endorsed by A&RC.**
- The lead on risk needs to come top down with risks identified in the Risk Register and reviewed regularly.
- Planned workshops are a key part of embedding risk into the culture and more widely across the organisation.
- Assurance on the implementation of the policy and the RMF would be given if a project was brought to A&RC to demonstrate functionality.

DA

28/4/19

Agenda Item 4

Confidential

Paper 9.1

- A&RC colleagues are keen to ensure that if an auditor comes in that they would be able to see this embedded and in action.
- It was noted that an audit of Risk is on the programme for 2019/20 – date to be confirmed.

Action 4: A cover paper to be produced for the Board to recommend the adoption of the Risk Policy and to set the context alongside an explanation of ISO31000, giving a flavour of where we are in the journey including adoption of the RMF and embedding risk into the organisation. [REDACTED]

Action 5: Reference to ISO 31000 should be made in the Risk Policy. [REDACTED]

Action 6: A project will be brought to an A&RC meeting to demonstrate functionality of the Risk Policy and processes. DA

Item 7 – Anti-Fraud & Corruption Strategy – Paper Ex1.19.5 – [REDACTED]

7.1 This paper with the draft strategy, based on that used by TVCA, was withdrawn and a revised version will be brought to the next A&RC meeting. Internal Auditors were about to commence an audit of this subject and have offered some constructive comments on this draft. A&RC members agreed to the postponement.

Item 8 – Emerging & Horizon Risks including key risks for 2019 – Paper Ex1.19.6 – David Allison

8.1 DA noted that an internal review had been undertaken looking at high level risks to ensure that A&RC are sighted on the key risks. A range of RAG ratings, relevant to the current situation in the organisation, had been proposed. The document was prepared with a view to fuel discussion.

8.2 During discussion a range of points were noted including:


- Investor approaches should be Amber - work is underway to review these and the mechanisms for dealing with them.
- Strategic Partnerships – those for [REDACTED] should be Amber.
- This helps to inform the Forward Programme and deep dives into specific risk areas.

It was agreed that a piece of work examining how these fit into the Forward Programme, alongside the agreed RMF, be undertaken to inform subsequent deep dives through A&RC meetings.

Action 7: A piece of work examining how the key risks fit into the Forward Programme and inform subsequent deep dives at future A&RC meetings be undertaken. DA

Item 9 – Items to report to the Board

9.1 These had been covered during discussion on other items.


24/4/19

Item 10 – AOB and Forward Programme – Paper Ex1.19.7 – Chair

a) Forward Programme

10.1 The Forward Programme would be updated to include the revised Anti-Fraud & Corruption Strategy at the April meeting and the revised Performance Review Process. It was noted that an additional meeting is required in July for A&RC to endorse the final accounts before they go to the Board. A proposal, from the external auditors, for authority to be given to A&RC to sign off the accounts was rejected by A&RC who confirmed that they want the Board to have responsibility for final sign off of the accounts. It was also noted that the request for a Contracts Review, from the Board, should be added to the Forward Programme.

Action 8: The Forward Programme would be updated to include Anti-Fraud & Corruption Strategy, a revised Performance Review Process and the Contracts Review proposed by the Board. [REDACTED]

Action 9: An additional A&RC meeting will be arranged for July to enable A&RC to endorse the final accounts ahead of them going to the STDC Board. [REDACTED]

b) External Audit

10.2 [REDACTED] advised that his meeting with Mazars, to discuss the Audit Plan, had been postponed so he did not have an update. There is a separate piece of work underway on the value for money audit.

c) Other

10.3 PB updated A&RC on progress on CPO. He confirmed that we will be pressing the button on making a CPO during purdah, which is acceptable given that this is not a political issue. He wanted to also reassure A&RC that this is not a referral decision as making the CPO does not commit STDC to do anything. He confirmed that a meeting with the QC is planned for 12 March where we hope to receive final confirmation that we have fully covered everything required and can make any final tweaks to the documentation over the coming weeks. He proposed that A&RC do a deep dive into the CPO risks ahead of the Inquiry (potentially January 2020).

Action 10: Deep dive into CPO risks to be added to the Forward Programme to be completed ahead of the CPO Inquiry. [REDACTED]

The meeting closed at 9.30am

[REDACTED]

24/4/19

Chairperson