

South Tees Development Corporation Audit & Risk Committee Meeting 10 24th April 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

Sue Jeffrey (SJ) RCBC/STDC/STSC

John McNicholas (JM)

David Allison (DA)

STDC

Apologies: Ben Houchen, Steve Gibson, Paul Booth, Anand Srinivasan, Jane Turner and Julie Gilhespie.

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.

Extraordinary meeting on 6 Mar

Action 3: The Performance Review questionnaire will be amended to include the early months of 2019 and would be available for completion at the next meeting – form available but rescheduled for next meeting due to constraints on the agenda.



Action 6 – A project will be brought to an A&RC meeting to demonstrate functionality of the Risk Policy and processes – now rescheduled for the next meeting due to constraints on the agenda.

Action 8 – Forward Programme would be updated to include Anti-Fraud & Corruption Strategy, a revised Performance Review Process and the Contracts Review proposed by the Board – the Board has already discussed the Contracts Review process so this will not be on the Forward Programme but will be monitored through the Risk Register.

Meeting 8



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.



presented the paper noting that 5 assignments have been completed and are awaiting a management response. This may change the status of some of the priority actions. noted that the overall plan agreed in September has been completed and the Audit Opinion will come to the A&RC in June having been agreed in time for the May Annual Report. BN noted that the Strategic Fraud Risk Assessment had not been completed reminded colleagues that this was an item that had been



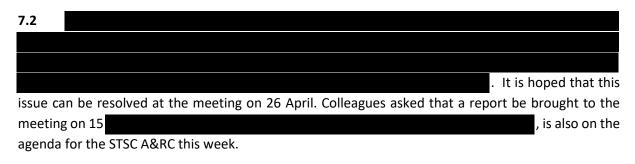
put onto the Forward Programme for the next meeting following some further work required to incorporate very constructive input from RSM which would strengthen the proposed strategy.

Item 6 – Internal Audit Programme – Paper 9.4 – RSM

advised that he plans to bring a list of proposals to the next meeting. DA suggested that he might start with the 9 key areas (currently shown in Paper 9.7) and that RSM could discuss this with SMT. These would also include issues such as Risk Management, GDPR and anything arising from the External Audit report. SJ proposed that a review of governance and business processes be a regular feature of the Internal Audit Programme. It was agreed that a rolling programme of reviews and agreed actions would be agreed with SMT and built into the Forward Programme.

Action 3: A rolling programme of Internal Audit reviews a	nd agreed actions would be agreed with SMT
and built into the Forward Programme.	
Item 7 – External Audit Plan – Paper 9.5 –	– Mazars

advised that Mazars are on track to produce the final report by end May following the next meeting with the finance team on 26 April. This will need to include the SPV and is aware that management are working through issues regarding land values and have received advice from PWC.



Action 4:			

7.3 noted that a copy of the Fee letter had been circulated and that there will be a variation to this once the Group accounts are tied down.

Item 8 - Risk Management - update - David Allison

8.1 DA used a slide presentation to note that good progress was being made. The Risk Register is now being populated following staff training but some thought needs to be given to how we demonstrate and report on Assurance to A&RC and the Board. to consider this ahead of the next meeting in May.



Action 5: Consideration to be given to how STDC demonstrate and report on risk assurance to the A&RC and Board.

8.2 Colleagues agreed that the Risk appetite of the Board needs to be factored in and it was proposed that this be broken down across the areas of the business. All agreed that a Risk Appetite owned at Board level is essential. It was proposed that the Risk Appetite of the Board be revisited with after 3 months of operation of the current Framework, to be reported to the August A&RC in anticipation of discussion at the September Board.

Action 6: The Risk Appetite of the Board to be revisited with Turner & Townsend, after 3 months of operation of the current Framework, to be reported to the August A&RC. **DA**

Item 9 – Annual Budget details for STDC – Presentation –

- **9.1** made a presentation following sign off of the high-level budget at the last Board meeting and a subsequent request at the Board meeting for more detail on the Budget for STDC. The slides included information on:
 - Income
 - for the Prairie site
 - SPV
 - SIZ Roundabout
 - STDC funding
 - Contingency
- **9.2** During discussion colleagues noted concerns about understanding the detail of some of the figures, the liabilities, risks and benefits that these bring with them some of which include:



9.3 It was agreed that a narrative is required to support the figures demonstrating what they are predicated on, clarifying risks and mitigations, showing a split between capital and revenue and also demonstrating the impact on resource to assist A&RC in understanding the overall risk.



Action 7: A written report to be provided regarding the Budget figures demonstrating what they are predicated on, clarifying risks and mitigations, showing a split between capital and revenue and demonstrating the impact on resource to assist A&RC in understanding the overall risk.

Item 10 – Insurances on STDC land – Paper 9.6 –

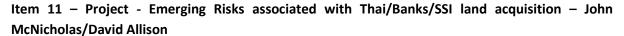
advised that this is a status update for STDC and the SPV. There have been no new policies put in place since the last meeting and some of the challenges have already been discussed. One point to note is a slight change in the wording of the recommendation in paragraph 2.1 which should be read as

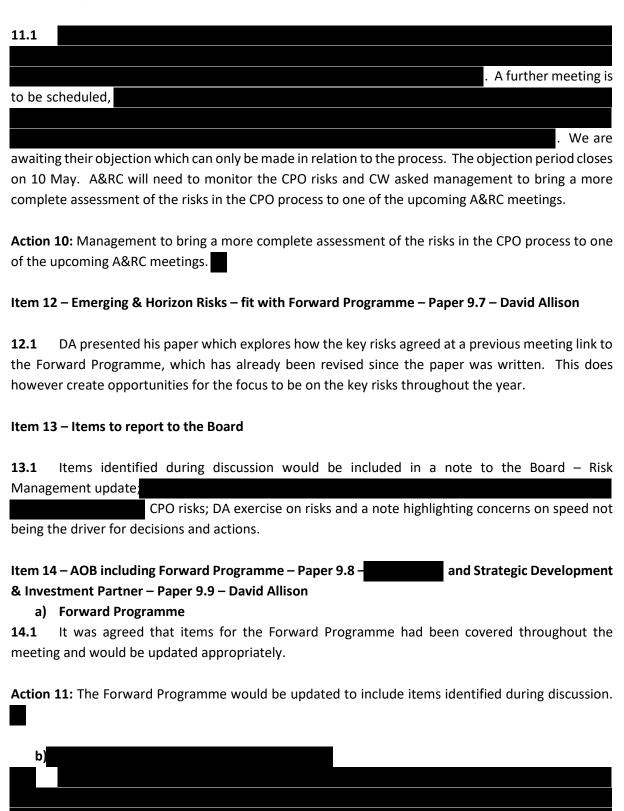
- **10.2** During discussion it was noted that on the first recommendation there is a potential solution which would be for STSC to purchase insurance enabling them to do new work for STDC and for STDC to reimburse them. One remaining question would be whether or not BEIS would allow STSC to take out all the relevant policies with professional indemnities etc. Meanwhile STDC do have an interim contractor covering the work until STSC are able to do so.
- 10.3 On the question of denied insurance it was agreed that we require a resolution to the safety issues and manage the necessary repairs to enable us to secure insurance. Colleagues noted that a team is being assembled to deal with this and a paper will be brought to the May A&RC advising how these issues are being addressed.

Action 8: A report on how the safety and repair issues to secure buildings and plant insurance are being addressed will be brought to the next A&RC.

10.4			
Action	9:		









Agend	a Item 4	Confidential	Paper 10.1
		ion would be required from the Board	before this Strategic Development
& Inve	stment Partner propo	sal could go out to full tender. DA	
14.3			
	13: An update on then of the HoTs. DA	project would be shared wi	th the Board rather than the latest
c) 14.4 period	Other CW noted that this and the support this h	was BN's last meeting and thanked h	im for his contributions during the
The mo	eeting closed at 10.45	am	
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Chairperson