

SOUTH TEES DEVELOPMENT CORPORATION (STDC) AUDIT & RISK COMMITTEE MEETING 14

CONFIDENTIAL

Date: 23rd October 2019

Time: 8.30am

Venue: Teesside Management Offices, Redcar, TS10 5QW

Attendees:		Apologies:
Chris White (Chair, CW)	Darlington Building Society	Ben Houchen (Tees Valley Mayor)
David Allison (DA)	STDC	Professor Jane Turner (Teesside University)
[REDACTED]	STDC	Paul Booth (STDC)
[REDACTED]	STDC	John McNicholas (STDC)
Gary MacDonald (GM)	TVCA	Cllr Peter Berry (R&CBC)
[REDACTED]	TVCA	Steve Gibson (STDC Board Member)
John Baker (JB)	STDC Board Member	
Anand Srinivasan (AS)	STDC Board Member	
[REDACTED]	RSM	
[REDACTED]	Mazars	
[REDACTED]	STDC	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
1.	Welcome and introductions	The Chair welcomed everyone to the meeting and apologies were noted, including from Peter Berry who has been appointed as the TVCA Audit & Governance representative on this Committee along with a deputy, Sandra Smith.		
3.	Quorum	The meeting was noted as being quorate.		
4.	Declarations of Conflict of Interest	None were received.		
5.	Key Points & Actions from meeting 13 on 21st August	The minutes were approved and the action register will be updated accordingly.		
6.	Final Audit Letter	█ advised that this letter is a requirement of the Audit Code. The Audit Opinion on STDC and the Group was shared at the July A&RC meeting. It was noted that SDL requires an External Auditor. █ noted that this has been a difficult year for STDC and the Executive summary references the issues briefly. The Annual Audit letter needs to go to the Board and it will be published on the website. GM advised that he will pick up on any internal control recommendations and report back to future meetings.		
7.	Financial Performance	A paper was circulated regarding Financial performance. RL noted that this paper was broadly the one that went to Board and that reports will be rescheduled for the future. We have remained within budget with regard to profiling links,		

		acquiring resource and getting the programme in place. There are some underspends. It is proposed that any significant changes will be reported by exception. DA advised that there is some concern over our ability to spend the money in line with Government expectations. GM advised that there will be a workshop on 12 November on programme and financial governance. CW noted that financial information has been helpful in enabling A&RC to highlight risks.		
8.	Regular Risk Report	<p>█ gave a presentation to the Committee.</p> <p>The Committee asked for amendments to be made in the following areas:</p> <ul style="list-style-type: none"> • more detail to be included, in particular on treatment plans for overdues. • report to reflect recent work on risk appetite and thresholds. • common risks across more than one investor to be aggregated. 	incorporate these changes to next regular risk report.	█
9.	CSR Risks	It was noted that we need to operationalise the budget. Also the timing of the fiscal event should be captured in the CPO and CSR risk registers.	capture timing of fiscal event in CPO and CSR risk registers.	█
10.	Feedback from Risk Appetite workshop	<p>CW commented that while parts of the recent workshop were good, time was not well-managed.</p> <p>JB noted that it was important to arrive at a consensus that the Board could adopt. CW suggested that DA and █ meet to work-up a series of statements on risk appetite for each risk category, and to bring this back to A&RC for approval before recommendation to the Board.</p>	work-up a series of statements on risk appetite for each risk category, and to bring this back to A&RC for approval before recommendation to the Board.	█/DA

11.	Workforce Risks/Status	<p>DA advised that there had been delays in rolling out the structure. A meeting of STDC staff on 23 September had explained the reason for the pause in the roll out. A further meeting has been scheduled with STDC staff on 30 October plus a series of 1-1s are being arranged for 5/6 November. The revised structure has been discussed at PS&RC and DA had a meeting with the Chair, Jane Turner, on Monday. [REDACTED] at TVCA has done the work on the programme and the costs.</p> <p>DA advised that a replacement is also being sought for [REDACTED] as this is a symbiotic relationship and anything that is happening in STSC will impact on STDC. CW asked if this work is adequately reflected in the Risk Register. GM noted that a range of task have been articulated as being required and the need for resource to deliver. DA advised that the resource position is our biggest risk. A key challenge is that so many issues are inter-related so it is difficult to stop any activity at present.</p>		
12.	Emerging Strategic Projects to bring to the Board	<p>[REDACTED] gave an update on current projects</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>		

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		relevant documentation and information plus endorsement at A&RC a Board resolution would be sought.		
13.	<p>Monthly Report following monitoring</p> <p>[REDACTED]</p>	<p>[REDACTED] noted that STDC has a comprehensive Risk Management document in place with a significant number of risks across 9 registers. A number of recommendations had been made in the report – 5 of these are medium and 7 are low. A series of actions were raised and the detailed findings highlight the actions required.</p> <p>During discussion colleagues asked specifically about item 5 within the report on controls and whether it really merited a “medium” categorisation. There was a debate on whether the current controls are effective and without inherent risk. How does STDC have assurance that controls are effective. GM noted that there is an audit trail in Committee papers and the issue may be on management control of risk. In response to the review of the SMT agenda risk is to be a regular item going forwards. PC noted that Risk Appetite had been covered at the meeting today and the first report on risk to A&RC had also been discussed. He noted that the organisation was not yet in steady state with only 12 staff.</p> <p>GM welcomed the report and the links to other pieces of work that we have in hand. CW said that a report with partial assurance was not unexpected and we would work towards reasonable assurance. Thanks were noted to [REDACTED] for completing the audit.</p> <p>[REDACTED] noted that he would complete his action to convert the remaining outstanding actions from previous audits into a spreadsheet for the A&RC. PC said the RSM would report annually on all IA reports at the February meetings. The next audit on the programme, Procurement, is due to start on 4 November. This would be dependent on the Procurement Manager returning to work. CW and GM would be discussing the sequencing of audits, reflecting this against other challenges, and would report this to DA and JM.</p>	sequencing of further audits to be discussed	CW/GM

	Items to report to STDC Board	<p>A number of items to cover in the next Board report had been agreed during the meeting:</p> <ul style="list-style-type: none"> • Annual Audit Letter • [REDACTED] • [REDACTED] A&RC look at the step on the risk position ??? • Risk resource and workforce • EfW project 		
	AOB including Forward Programme	<p>[REDACTED]</p> <p>Dates for future meetings in 2020/21 would be agreed with the Chair and meetings scheduled ahead of the next meeting.</p>	<p>[REDACTED]</p> <p>Dates for future meetings to be agreed scheduled</p>	<p>DA</p> <p>■</p>