



**Tees Valley Combined Authority
Audit & Governance Committee Agenda**

Date: 23rd November 2023 at 1pm

Venue: Teesside Airport Business Suite, Teesside International Airport, Darlington
DL2 1NJ

Membership:

Councillor Nicky Walker (Middlesbrough Council)
Councillor Curt Pugh (Redcar and Cleveland Borough Council)
Councillor Rachael Creevey (Hartlepool Council)
Councillor Mandy Porter (Darlington Borough Council)
Councillor David Reynard (Stockton Borough Council)
Angus Kidd (Independent Member)
Jonny Munby (Independent Member)
Iain Robson (Independent Member)
Andrew Evans (Independent Member)
Lee Webb (Independent Member)

AGENDA

1. **Welcome and Apologies for Absence**
Verbal
2. **Declarations of Interest**
Attached
3. **Minutes of Previous Meeting and Action Tracker**
Attached
4. **Terms of Reference Annual Review**
Attached
5. **DRAFT Accounts Update**
Verbal
6. **Internal Audit Actions Update**
Attached

Anything is possible



7. **Summary Internal Controls Assurance Update**
Attached
8. **External Audit Progress Report**
Attached
9. **Annual Review of Independent Membership & Approval of Existing Membership**
Attached
10. **Forward Plan**
Attached
11. **Risk Management Report**
Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this report is not for publication.
12. **Full Update on Progress of Committee Effectiveness Action Plan**
Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this report and Appendices are not for publication.
13. **Teesworks Update**
Verbal
Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this update is not for publication.

For Information Items:

14. **Group Update**
Attached
15. **Governance Structure**
Attached
16. **Summarised Terms of Reference**
Attached
17. **Date & Time of Next Meeting**
17th January 2024

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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

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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. If no declaration is received from elected members within 28 days the matter may be referred to the Head of Paid Service of your local authority and Leader of the political group you represent on your council for action. If a Declaration is not submitted within an appropriate timescale you may be prevented from attending committee meetings.
7. 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

8. 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.
9. 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.
10. 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

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



TVCA Audit & Governance Committee
TVCA Offices, Teesside Airport Business Suite, Teesside International Airport,
Darlington DL2 1NJ
14th September 2023 at 1:30pm

These Minutes are in draft form until approved at the next Committee meeting and are therefore subject to amendments.

Attendees
Members
Cllr Mandy Porter (Darlington Borough Council)
Cllr David Reynard (Stockton Council)
Cllr Rachel Creevy (Hartlepool Borough Council)
Cllr Curt Pugh (Redcar & Cleveland Borough Council)
Andrew Evans (Independent Member)
Angus Kidd (Independent Member)
Jonny Munby (Independent Member)
Apologies for Absence
Iain Robson (Independent Member)
Cllr Nicky Walker (Middlesbrough Council)
Lee Webb (Independent Member)
Officers
Gary Macdonald (TVCA - Group Director of Finance & Resources)
Victoria Smith (TVCA - Group Financial Controller)
Emma Simson (TVCA – Acting Chief Legal Officer (Monitoring Officer))
Natalie Robinson (TVCA – Head of Risk, Performance & Assurance)
Nicola Dean (TVCA – Governance & Scrutiny Officer)
Auditors
Cameron Waddell (Mazars) – External Auditors
Cath Andrew (Mazars) – External Auditors
Mike Gibson (RSM) – Internal Auditors
Andrew McCulloch (TIAA) – Internal Auditors

<p>AGC 01/23</p>	<p>WELCOME & APOLOGIES FOR ABSENCE</p> <p>Members were welcomed to the meeting and introductions were made with apologies submitted as noted above.</p>
<p>AGC 02/23</p>	<p>APPOINTMENT OF CHAIR AND VICE CHAIR</p> <p>Emma Simson, (ES), Acting Chief Legal Officer (Monitoring Officer) invited nominations for the positions of Committee Chair and Vice Chair. Cllr Rachel Creevy (RC) nominated Cllr Mandy Porter (MP) for the position of Chair.</p> <p>RC nominated Cllr Nicky Walker (NW) for the position of Vice Chair.</p> <p>No other nominations were received for either position. The Committee approved the appointments.</p> <p>Members sought clarification whether Independent Members could assume either position. ES advised nominations are from the representatives of the Local Authorities as detailed in the TVCA Constitution.</p> <p>RESOLVED THAT: The Committee agreed the nominations and appointments for reporting to the next TVCA Cabinet.</p>
<p>AGC 03/23</p>	<p>CONFIRMATION OF APPOINTMENT OF SOUTH TEES DEVELOPMENT CORPORATION REPRESENTATIVE</p> <p>The Committee confirmed the position on the South Tees Development Corporation (STDC) Audit & Governance Committee was to be filled by the representative of Redcar & Cleveland Borough Council. Therefore, Cllr Curt Pugh, (CP), was ratified by the Committee following agreement to this proposal, circulated to Members via e-mail in June.</p> <p>RESOLVED THAT: The Committee ratified the nomination to STDC Audit & Governance Committee.</p>
<p>AGC 04/23</p>	<p>APPOINTMENT OF MIDDLESBROUGH (MDC) AND HARTLEPOOL DEVELOPMENT CORPORATION (HDC) REPRESENTATIVES</p> <p>The Committee were in agreement that the positions on the two new Development Corporation Audit & Governance Committees would be filled by the Committee Member representing each respective local authority. Therefore, RC nominated herself for HDC and nominated NW for MDC Audit & Governance Committee.</p> <p>No other nominations were received for either position. The Committee approved the appointments.</p> <p>RC queried she understood at least one member of the HDC Audit & Governance Committee would come from Hartlepool Council's Audit & Governance Committee and that this had been agreed by the HDC. ES</p>

	<p>advised this wasn't the case but would double check and come back to the Committee. It was confirmed that recruitment for Independent Members of the Committee were out to advert now.</p> <p>RESOLVED THAT: The Committee agreed the nominations and appointments.</p>
AGC 05/23	<p>DECLARATIONS OF INTEREST</p> <p>No declarations of interest were raised.</p>
AGC 06/23	<p>MINUTES OF PREVIOUS MEETING & ACTION TRACKER</p> <p>The Minutes of the previous meeting were agreed as a true record and Members were updated on progress of the Action Tracker.</p> <p>Members noted the length of the Tracker and agreed those items noted as 'complete' or those that were rolling items, where they have been reported back to the Committee, should be removed from view.</p> <p>It was suggested it would be useful to identify the important actions compared to low priority areas. It was agreed the actions could be colour coded as low/medium and high priority areas.</p> <p>Members noted concerns around the timing of meetings, and it was confirmed that there was a statutory requirement for at least 3 meetings a year. Members suggested having 4 meetings would mitigate any delays between meetings and having the first meeting June/July time next year would be helpful. It was agreed future meetings would be booked into calendars as soon as possible.</p> <p>RESOLVED THAT: Minutes were agreed as a true record.</p>
AGC 07/23	<p>INTERNAL AUDIT OPINION</p> <p>Mike Gibson, (MG), updated the Committee that the Internal Audit Annual Opinion 2022/23 was a positive opinion and determined the organisation had an "adequate and effective framework for risk management, governance and internal control".</p> <p>The Committee queried the rationale of Risk having replaced Payroll and NZT as scheduled Audits. Gary Macdonald, (GM), Group Director of Finance & Resources explained there had been recent payroll audits and risk management hadn't been audited recently. It was explained a strategic view was taken that an audit to check the controls would add more value to the Committee and the organisation. NZT was noted as not being at a point to be audited as not live yet. MG agreed and confirmed RSM and Management had worked closely and there were no concerns with the reasons why the Risk Audit replaced the other two in the schedule.</p>

	<p>GM advised the Committee that the 21/22 Payroll Audit resulted in a reasonable assurance conclusion and the HR Management Audit 21/22 resulted in the same reasonable assurance conclusion. Members asked this be shared to confirm the decision making was adequate. It was agreed this would be reported back.</p> <p>Members queried if 5 was a usual number of areas to review and MG advised that there had been slightly more last year, but that the Risk Audit was a much larger review, and he was satisfied they had done enough audit hours and sufficient coverage to provide the opinion.</p> <p>RESOLVED THAT; Noted the Annual Opinion</p>
<p>AGC 08/23</p>	<p>INTERNAL AUDIT ACTIONS UPDATE</p> <p>Members received a Report updating on the position of current Internal Audit action plan progress as of August 2023.</p> <p>Natalie Robinson, (NR), Head of Performance, Risk & Assurance explained that Business Continuity Plans (BCP) were thought to be a key area where recovery plans had changed due to relocation to the Airport. It was explained that a task to look at the requirements as an organisation and processes between the aviation side and the office side had been undertaken. It was confirmed that BCP planning should be closed off by the next Committee. Reassurance was given that processes are already in place, just governance is to be confirmed.</p> <p>Members were assured that there were no high-risk actions outstanding, just some lower rating recommendations on what additional added value activities could be performed. As responsibilities had changed due to the restructure since 2021, these additional added value activities were to give assurance nothing had slipped through between departmental changes.</p> <p>RESOLVED THAT; Committee noted the Report</p>
<p>AGC 09/23</p>	<p>INTERNAL AUDIT REPORTS AND INTERNAL AUDIT STRATEGY & ANNUAL PLAN</p> <p>In advance of the meeting Members were provided with the following Internal Audit Reports and MG provide a summary of each area:</p> <ul style="list-style-type: none"> • Management Information • HR Resources – HR software (Citrus) introduced across TVCA with dashboards covering all areas. Recruitment module not yet active but this is being reviewed. It was agreed timing on the addition of the recruitment modular element would be checked and reported back to the Committee. • Grants Management – Concern was raised around the priority structure or audits and the related risk assessment to inform prioritisation of activity. GM confirmed he would pick up prioritisation

	<p>of audit activities with TIAA and bring that back to the next meeting as part of the delivery work for 2023/24.</p> <ul style="list-style-type: none"> • Follow Up of Previous Internal Audit Management Actions • Risk Management <p>Members queried the likelihood of achieving the action points since most were noted to be due by the end of September. NR informed the Committee that some actions would be completed but some would probably be December to report to Cabinet that month. Activities would be prioritised based on level of importance of the individual actions.</p> <p>Andrew McCulloch, (AM), TIAA, assured Members the open actions passed by RSM will be picked up and progress monitored.</p> <p>The Committee were informed the Audit Plan needed to be mapped back to the Risk Register and any additional areas of work identified. The timetable for delivery was explained to be tight but assurance given that resources were available to deliver but it was important to start the work to allow Opinion Statement to be made at the end of the year.</p> <p>Other considerations were discussed, and that the outcome of the Teesworks Inquiry would be reflected, where applicable, in the plans. The requirement to get work started on the urgent areas was agreed and that the revised plan would be provided to the Committee once available.</p> <p>It was confirmed that the Committee can input into future Internal Audit Plans.</p> <p>RESOLVED THAT; Noted the Internal Audit Reports; Approved the Audit Plan and for it to be circulated to Members once reviewed and amends made.</p>
<p>AGC 10/23</p>	<p>EXTERNAL AUDIT COMPLETION REPORT</p> <p>The External Audit Completion Report was provided to Members in advance of the meeting.</p> <p>Cameron Waddell, (CW), Mazars advised that the bulk of the work on the opinion was complete with one caveat. A proposed unqualified opinion on the Group and Single entity accounts was unmodified as things stand with no anticipated weaknesses on the value for money element. It was noted the results of independent review when concluded, would also need to be considered in respect of the Audit. It was confirmed that nothing was anticipated to change. It was noted that there had not been any questions from Members of the public.</p> <p>The caveat noted was in regard to pensions as assurance from the Auditor of the Pension Fund hadn't been received until March 2023 and need the</p>

	<p>Auditor to do some work on the tri-annual pension data. It was confirmed the Pension Fund Auditor advised they have completed this work but they have identified some issues and Mazars have asked follow-up questions but it was unknown at this point if the impact could lead to a material impact or not. CW assured Members this would be followed up to try to reach a conclusion as soon as possible.</p> <p>Members discussed the land valuation point noted in the report and GM confirmed that Mazars' advice was sought and the valuation report was commissioned and no amendments to the primary statements were required.</p> <p>RESOLVED THAT; Noted the External Audit Completion Report</p>
<p>AGC 11/23</p>	<p>EXTERNAL AUDIT UPDATE</p> <p>A verbal update on the External Audit was provided to the Committee from Cameron Waddell, (CW), Mazars.</p> <p>The Committee noted concerns about the timeliness of accounts being signed off. CW explained that the Secretary of State had issued a letter stating that if certain audits are not complete or don't look to be complete by March 24 there is a potential cut off where Audit firms may cut off to disclaim the audit and move on. It was confirmed that Mazars would not do this for STDC and TVCA. CW assured the Committee that before moving on to 22/23, Mazars will prioritise the 21/22 for STDC and TVCA.</p> <p>GM explained representations have been made and will continue to be made about the impact this is having and advised he has been staying in touch with the Pension Auditor and will speak to his equivalent at MBC to find out what their timetable plan is and bring that back to the next meeting.</p> <p>RESOLVED THAT; Noted the External Audit Update.</p>
<p>AGC 12/23</p>	<p>DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23</p> <p>The DRAFT Annual Governance Statement was provided to Members in advance of the meeting.</p> <p>Reputational risk was discussed, and Members sought clarity of language within the statement and asked how confident the Committee could be of the impact if the private company came into disrepute. GM explained irrespective of the branding of the site being Teesworks and the JV being called Teesworks Ltd., STDC has numerous activities in the public domain that demonstrate it has a fundamental responsibility for delivering the objectives of the site and therefore is intrinsically linked to its future development and activity. It was explained by separating naming conventions wouldn't mitigate reputational risk as it will always be there and has to be managed. The Committee were assured that there were regular</p>

	<p>meetings with the partners to understand key issues and risks, as well as to understand activity on the site and looking at performance and compliance. It was agreed the identified language used in relation to STDC would be reviewed and amended to reflect the Committee's comments and this would be shared with Members for approval before going to Cabinet.</p> <p>RC noted the Group was complex with various Audit & Governance Committees and it appeared each doing their own part with no cohesion. Victoria Smith, (VS), Group Financial Controller noted this had been a point raised previously and Azets (Subsidiary Auditors) were asked to report to TVCA audit committee on those Accounts to try to bring independent representation to those meetings. GM added the risk management process captures instances where a risk to TVCA is created and this is picked up and escalated. The link of a TVCA Audit & Governance representative on those Committees was also explained to give visibility with the representative attending and reporting anything back that arises by exception.</p> <p>Freedom of Information requests were discussed and GM assured Members where there were backlogs, these have been cleared and requests are being responded to in line with process. It was queried whether there were any issues from the ICO and GM advised that if any complaints to the ICO had been upheld, they would be taken stock of. The Committee asked how many Fol's had gone to the ICO and how many were outstanding. It was confirmed that this would be checked and returned to the Committee. Members were assured that these details are regularly updated to the Executive team, so they are aware of volumes and how it impacts.</p> <p>RESOLVED THAT; The Annual Governance Statement was approved subject to amends noted and approval from the Committee via e-mail.</p>
<p>AGC 13/23</p>	<p>FORWARD PLAN</p> <p>Members considered the content and timing of items in the Forward Plan and suggested the March meeting may be quite close to the pre-election period. It was agreed that an additional meeting in June or July be considered so as to prevent any delays between meetings.</p> <p>It was agreed that the Committee was able to amend items in the Forward Plan, and to contact Governance to make any additions.</p> <p>RESOLVED THAT; The Forward Plan was noted.</p>
<p><i>A MOTION WAS PROPOSED AND AGREED TO EXCLUDE THE PRESS & PUBLIC FROM THE FOLLOWING CONFIDENTIAL ITEMS UNDER THE TERMS OF PARAGRAPH 3 OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972</i></p>	
<p>AGC 14/23</p>	<p>RISK MANAGEMENT REPORT</p>

	<p>Members were provided with a report in advance of the meeting presenting the TVCA Risk as of August 2023.</p> <p>RESOLVED THAT; The Committee noted the Report.</p>
AGC 15/23	<p>COMMITTEE EFFECTIVENESS UPDATE</p> <p>In advance of the meeting Members were provided with an update on the progress of actions following the Committee Effectiveness Survey and Skills Audit. Views were sought on progress of those actions and further feedback or suggestions were invited.</p> <p>RESOLVED THAT; The Committee approved the recommendations made in the Report.</p>
AGC 16/23	<p>TEESWORKS UPDATE</p> <p>Members were provided with a Teesworks Update.</p> <p>RESOLVED THAT; The Update was noted.</p>
AGC 17/23	<p>GROUP UPDATE</p> <p>This item was provided as a for information item.</p> <p>Members requested a site tour of Teesworks. VS agreed this would be arranged and she would take Members on a site visit.</p>
AGC 18/23	<p>DATE OF NEXT MEETING</p> <p>TBC</p>

TEES VALLEY COMBINED AUTHORITY AUDIT & GOVERNANCE COMMITTEE - ACTION TRACKER 2023-24

Meeting	Item	Action	Owner	Target Date	Update
9 th February 2023	Group Update	Members were advised at Induction will show how the Risk system works.	TVCA	December	In Progress
	Forward Plan	Final Accounts may require an additional meeting – TBC	TVCA	TBC	
	Committee Effectiveness Results & Analysis	Provide brief summary of Members' professional details/experience.	TVCA	October 2023	In progress - awaiting 1 Member confirmation of proposed content
14 th September 2023	APPOINTMENT OF MIDDLESBROUGH (MDC) AND HARTLEPOOL DEVELOPMENT CORPORATION (HDC) REPRESENTATIVES	Query that at least one member of the HDC Audit & Governance Committee would come from Hartlepool Council's Audit & Governance Committee and that this had been agreed by the HDC. To double check and come back to the Committee.		November	Update at November Committee
	MINUTES OF PREVIOUS MEETING & ACTION TRACKER	Those items noted as 'complete' or those that were rolling items, where they have been reported back to the Committee, should be removed from view.	Governance	September	Complete
		identify the important actions compared to low priority areas - colour coded as low/medium and high priority areas.	Governance	September	Complete
		Having 4 meetings would mitigate delays between meetings and having the first meeting June/July time next year would be helpful. Future meetings would be booked into calenders as soon as possible	Governance	October	Complete
	Internal Audit Opinion	21/22 Payroll Audit to be shared to confirm the decision making was adequate.	GM / VS	November	Complete
	INTERNAL AUDIT REPORTS AND INTERNAL AUDIT	When is HR adding the recruitment modular element and report outcome back to the Committee.		November	Update at November Committee

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TEES VALLEY

	STRATEGY & ANNUAL PLAN	Prioritisation of audit activities with TIAA and bring that back to the next meeting.	GM / TIAA	November	Update at November Committee
		The need to get work started on the urgent areas was agreed and that the revised plan would be provided to the Committee once available.	TVCA / TIAA	November	Update at November Committee
	External Audit Completion Report	GM advised he has been staying in touch with the Pension Auditor and will speak to his equivalent at MBC to find out what the timetable plan is and if there is any development to let the Committee know.	GM		Update at November Committee
	Annual Governance Statement	The Committee asked how many Fol's had gone to the ICO and how many were outstanding. It was confirmed that this would be checked and returned to the Committee.	TVCA		Update at November Committee
	COMMITTEE EFFECTIVENESS UPDATE	Feedback was received the Annual Member Induction should be scheduled sooner around June, preferably in advance of the first Committee which would also support any new Chair appointed.	LOW	Complete	Added into Committee Effectiveness Action Tracker

Note:

- Actions pre 2022/23 have been archived and all actions were completed
- Rolling Actions and those completed actions have been archived.

Key:

High Priority Action
Medium Priority Action
Low Priority Action
Complete

REPORT TO THE TVCA AUDIT AND GOVERNANCE COMMITTEE

23rd NOVEMBER 2023

REPORT OF THE GROUP DIRECTOR OF FINANCE & RESOURCES

TERMS OF REFERENCE ANNUAL REVIEW

SUMMARY

The TVCA Audit and Governance Terms of Reference should be reviewed on an annual basis to ensure it is accurate and fit for purpose.

Committee member feedback on this document is crucial to ensure that any updates are reflected in the document to align with member roles and responsibilities.

Committee members are asked to review the current version and feedback any comments on the Terms of Reference,

RECOMMENDATIONS

It is recommended that the Audit and Governance Committee:

- i. Review the content of the Committee Terms of Reference included at Appendix 1 and feedback any comments and suggestions which can be reflected in the document.

DETAIL

1. The Terms of Reference was reviewed 2022, in conjunction with best practice.
2. Given the change in membership of the Committee, it is prudent to review the content to ensure the Terms of Reference remains fit for purpose and scrutinised by current members.
2. Once feedback is received and collated, this can then be reflected in the document and issued to committee members for final review.



FINANCIAL IMPLICATIONS

3. No financial implications have been identified as a result of this report.

LEGAL IMPLICATIONS

4. No legal implications identified as a result of this report.

RISK ASSESSMENT

6. There are no risks identified with this paper.

CONSULTATION & COMMUNICATION

7. There has been no consultation on this paper.

EQUALITY & DIVERSITY

8. There has been no impact identified regarding the subject of the report on groups of people with protected characteristics.

Name of Contact Officer:	Gary Macdonald
Post Title:	Group Director of Finance & Resources
Telephone Number:	01325 792600
Email Address:	gary.macdonald@teesvalley-ca.gov.uk



Item 4

Appendix 1

Tees Valley Combined Authority Audit and Governance Committee

Terms of Reference

NB: These Terms of Reference should be read alongside and in conjunction with the Tees Valley Combined Authority Constitution including the Rules of Procedure for Statutory Committees at Part 3.

1. Our Audit & Governance Committee is a key component of Tees Valley Combined Authority's (TVCA) corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

2. The purpose of our audit committee is to provide independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk and Control

3. To review the Combined Authority's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.

4. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Combined Authority's framework of governance, risk management and control.

5. To consider the Combined Authority's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

6. To consider the Combined Authority's framework of assurance and ensure that it adequately addresses the risks and priorities of the Combined Authority.

7. To agree the risk management strategy and monitor the effective development and operation of risk management in the Combined Authority.

8. To monitor progress in addressing risk-related issues reported to the committee.

9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

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10. To review the assessment of fraud risks and potential harm to the Combined Authority from fraud and corruption.
11. To monitor the counter-fraud strategy, actions and resources.

Internal Audit

12. To approve the internal audit charter.
13. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
14. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
15. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
16. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
17. To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
 - b) Regular reports on the results of the Quality Assurance and Improvement Programme.
 - c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
18. To consider the head of internal audit's annual report:
 - a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.
 - b) The opinion on the overall adequacy and effectiveness of the Combined Authority's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.
19. To consider summaries of specific internal audit reports as requested.

20. To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

21. To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

22. To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.

23. To support the development of effective communication with the head of internal audit.

External Audit

24. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

25. To consider specific reports as agreed with the external auditor.

26. To comment on the scope and depth of external audit work and to ensure it gives value for money.

27. To commission work from internal and external audit.

28. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial Reporting

29. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Combined Authority.

30. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

31. To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.

32. To report to full Combined Authority on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

Standards

33. To promote and maintain high standards of conduct by Combined Authority members and co-opted members.

34. To ensure the Combined Authority members and co-opted members observe the Members' Code of Conduct.

35. To advise the Combined Authority Cabinet on the adoption or revision of the Members' Code of Conduct.

36. To monitor complaints received by the Combined Authority in respect of Member conduct.

37. To conduct hearings following investigation and determine complaints made against members and co-opted members.

38. Where a member or co-opted member is found to have failed to comply with the Code of Conduct to take such action as may be necessary to promote and maintain high standards of conduct, in accordance with the powers available to the Committee.

Committee Membership

39. The Committee shall, as a minimum, comprise at least ten members.

40. Membership shall include:

a) A Member and Substitute Member from the Members of each Constituent Authority with current or recent experience of having served on its Audit or Governance committees, and who is not also a Member or Substitute Member of the Combined Authority Cabinet or its Sub-Committees. Membership must reflect (as far as reasonably practicable) the political balance of the whole TVCA area. Arrangements for determining political balance are set out in Appendix III of the TVCA Constitution.

b) The membership of the Committee shall also include up to five independent persons for the purposes of providing advice in relation to standards matters under the Localism Act 2011 and assisting the Committee in the discharge of its financial functions. A person is independent if the person:

- i. Is not a member, co-opted member or officer of the authority;
- ii. Is not a member, co-opted member or officer of a parish council for which the authority is the principal authority;
- iii. Is not a relative, or close friend of a person referred to in sub paragraph (i) or (ii) above;
- iv. Was not at any time during the 5 years ending with an appointment under paragraph 86 a person as described in sub paragraph (i) or (ii) above.

41. The quorum for meetings of the Committee shall be five of the total number ten members of the Committee.



Chairing Arrangements

42. The Chair and Vice-Chair of the Committee shall be determined annually by the Cabinet from amongst the Members nominated by the Constituent Authorities, following a proposal put to them by the Audit and Governance Committee.

Frequency of Meetings

43. The Committee shall hold at least three meetings each year and may convene additional meetings if necessary.

Secretariat Arrangements

44. The secretariat function will be provided by the Tees Valley Combined Authority from its Governance team, who will provide administrative support and be present at meetings.



AGENDA ITEM 6

REPORT TO THE AUDIT AND GOVERNANCE COMMITTEE

23rd NOVEMBER 2023

REPORT OF HEAD OF PERFORMANCE, RISK AND ASSURANCE

INTERNAL AUDIT REPORT

SUMMARY

This report presents the position of current Internal Audit action plan progress as of November 2023.

RECOMMENDATIONS

It is recommended that the Audit and Governance Committee

- i. Consider the analysis and audit progress set out in this paper.
- ii. Acknowledge the annual audit schedule.

DETAIL

- iii. This report presents TVCA audit actions and their progress as of November 2023.

Process

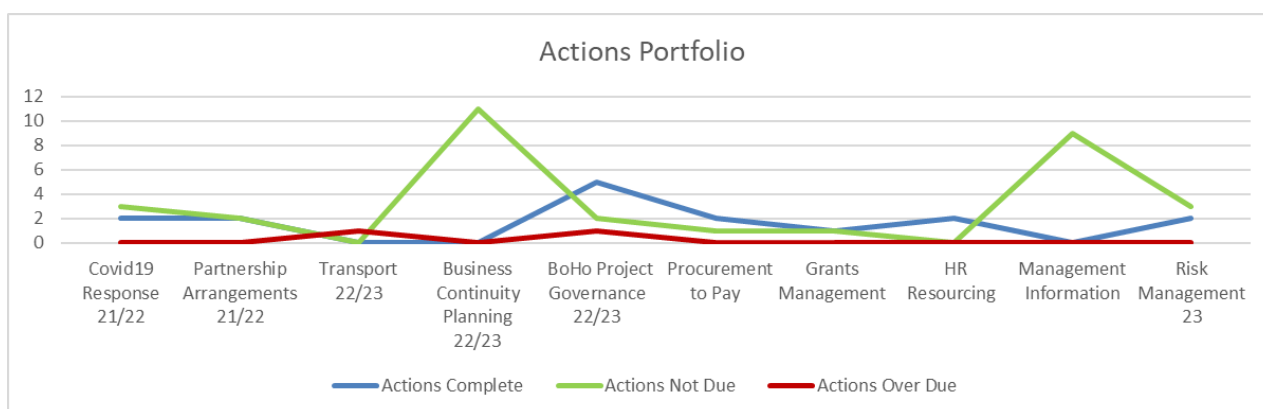
Using a risk-based approach, the internal audit schedule is agreed with the Senior Leadership Team and the Audit and Governance Committee, this ensures the TVCA Group are assessing the effectiveness and efficiency of controls mitigating key risks.

The process of internal audit is monitored by the Risk Management team, to ensure effective tracking of actions is in place. All actions are tracked via a spreadsheet which is shared with action owners for updates.

The Risk Management team facilitate reporting of internal audit actions and provide support to Risk Owners to drive delivery performance.

Overview of action portfolio

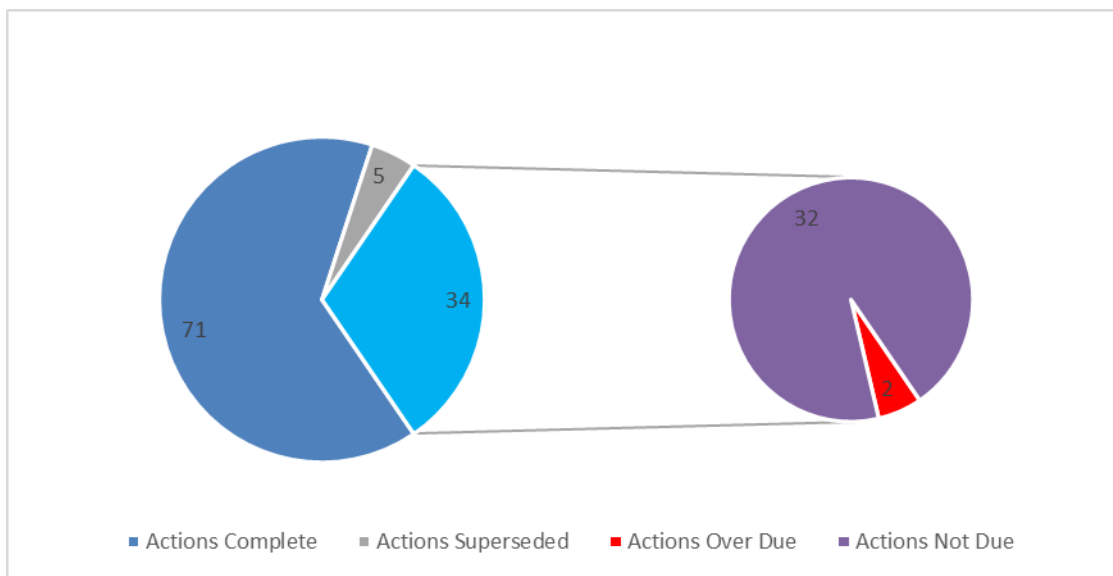
The current portfolio of actions includes those actions which are: Those audits where actions were allocated have been tracked and are as follows (as of next report, all those audits with completed action plans will be archived).



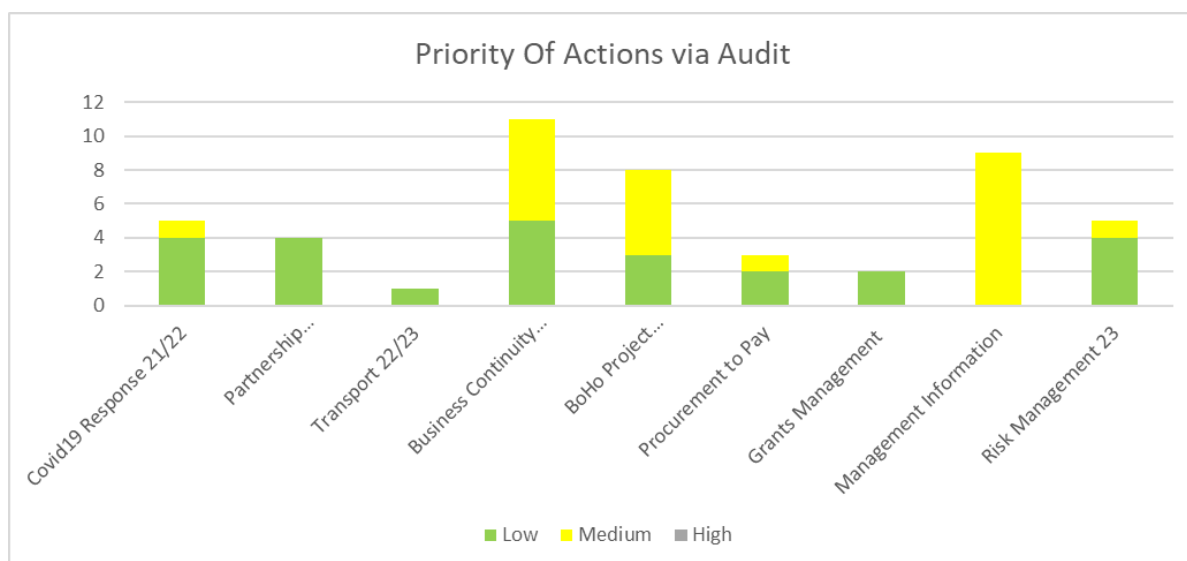
Audit Title	Action Plan Delivery
Covid19 Response 21/22	In Progress
Partnership Arrangements 21/22	In Progress
Transport 22/23	In Progress
Business Continuity Planning 22/23	In Progress
BoHo Project Governance 22/23	In Progress
Procurement to Pay 22/23	In Progress
Grants Management 22/23	In Progress
HR Resourcing 22/23	Complete
Management Information 22/23	In Progress
Risk Management 22/23	In Progress

Action progress

There are currently 9 action plans in progress.



As of November 2023, 29% of actions for open action plans have been implemented/superseded, with 4% of actions now overdue and 67% of actions not due.



Anything is possible

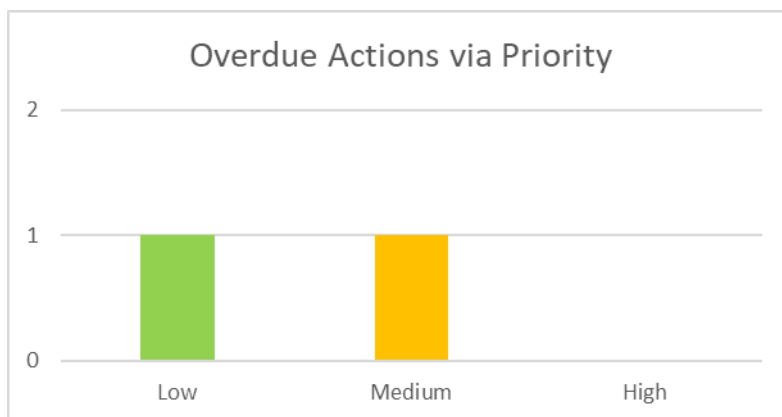
The above graph is an overview of all open action plans to date which have been agreed.

As of next quarter, all those action plans with completed action plans will be archived and only those audits with open action plans will be reported. This is to reduce the risk that current audit portfolio is inflated.

Overdue actions

There are currently 0 high level actions which are open.

The process of reviewing audit actions and the systems used to do this, is currently being reviewed and improved, allowing for a much leaner approach, and encouraging accountability of action owners to drive delivery.



Low Priority overdue actions

Audit	Original Delivery Date	Revised Delivery Date	Status	Action	Update
Boho Project 8	31/01/2023	31/08/2023	In progress	A process will be introduced whereby the requirement for, membership and reporting / action tracking of Steering Group meetings will be considered, on a risk-based approach, as a condition of the Funding Agreement.	Action is under review to ensure relevance to current processes. Action updates will be confirmed by 30/11/2023
Transport 1	23/08/2022	31/08/2023	In progress	TVCA will create a dashboard that details all the projects currently active which will provide key information regarding the project such as (but not limited to): timescales; milestone dates and dependencies.	Transport team to confirm if there are any other key projects monitored outside of system. CRSTS funding stream programme and project information prepared for delivery stages



FINANCIAL IMPLICATIONS

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

LEGAL IMPLICATIONS

- v. There are no direct legal implications arising from this report.

RISK ASSESSMENT

- vi. The content of this report is categorised as low to medium risk.

CONSULTATION & COMMUNICATION

- vii. None required.

EQUALITY & DIVERSITY

- viii. No impacts.

Name of Contact Officer: Natalie Robinson
Post Title: Head of Performance, Risk and Assurance
Email: natalie.robinson@teesvalley-ca.gov.uk



Tees Valley Combined Authority

Summary Internal Controls Assurance (SICA) Report

2023/24

November 2023

Internal Audit

FINAL

Summary Internal Controls Assurance

Introduction

1. This summary controls assurance report provides the Audit and Governance Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at Tees Valley Combined Authority as at 9th November 2023.

Whistleblowing - driving the conversation

2. **The importance of a healthy culture.**

We have seen, over the last few months, the publication of several high-profile reports such as the Metropolitan Police (Casey Review March 2023), University Hospitals Birmingham (Bewick Report March 2023) and Plaid Cymru's review (conducted by Nerys Evans May 2023) where a common theme for each organisation was reported around the treatment of whistleblowers as well as 'poor' organisational culture, failures in leadership and poor whistleblowing reporting mechanisms.

There are so many high-profile incidents that have arisen over the last few years across many sectors and industries, perhaps most notably the #METOO campaign which highlighted sexual abuse in the entertainment industry spanning decades, where, despite there being many reported incidents, the individuals were ignored, ostracised or simply closed down and the matter covered up.

There is a real drive within government to look at the Whistleblowing Laws in the UK to drive through change. It is anticipated that there will be greater onus on organisations to improve their culture and to provide greater support and protection for whistleblowers. The outcome of the government's research is due for completion by the Autumn 2023.

In anticipation of the key messages coming out from the government, we in TIAA are using our expertise and knowledge to support organisations by:

1. Working with organisations to 'health check' organisational culture in respect of whistleblowing;
2. Providing a platform for those responsible for governance, raising concerns, whistleblowing and freedom to speak up guardians to share knowledge expertise, good practice in a forum event.
3. Examining poor practice and looking at the lessons to be learnt from recent incidents in webinar events and through consultation exercises such as online surveys.
4. Sharing the information through benchmarking reports and roundtable events.

Please use this link to keep up to date with our campaign and/or to be part of the conversation and drive through real change and improvement in this important area.

<https://www.ttaa.co.uk/publications/ttaa-organisational-culture-and-whistleblowing-webinar/>

Audits completed since the last Audit and Governance Committee

3. There have been no audits finalised since the previous meeting of the Audit and Governance Committee.

Progress against the 2023/24 Annual Plan

4. Our progress against the Annual Plan for 2023/24 is set out in Appendix A.

Changes to the Annual Plan 2023/24

5. There are no proposed changes to the Annual Plan for 2023-24.

Progress in actioning priority 1 & 2 recommendations

6. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA.

Frauds/Irregularities

7. We have not been advised of any frauds or irregularities in the period since the last meeting of the Audit and Governance Committee report was issued.

Other Matters

8. We have issued a number of briefing notes and fraud digests shown in Appendix B, in the previous four months.

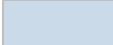
Responsibility/Disclaimer


9. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Progress against Annual Plan


System	Planned Quarter	Current Status	Comments
Governance – Strategic Control	3	Provisional date 16 th January 2024	
Key Financial Controls	3	Date to be confirmed	
ICT Disaster Recovery	4	Fieldwork commenced 6 th November 23	
Data Protection - GDPR	4	To commence 20 th November 2023	
Risk Mitigating Controls	4	Provisional date 5 th February 2024	
Control Of Major Accident Hazard (COMAH)	4	To be booked following scoping	
Follow-up	4	Provisional date 18 th March 2024	

KEY:

 To be commenced

 Site work commenced


 Draft report issued

 Final report issued



Briefings on developments in Governance, Risk and Control

TIAA produces regular briefing notes to summarise new developments in Governance, Risk, Control and Anti-crime that may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those CBNs issued in the last four months, which may be of relevance to the Authority is given below. Copies of any CBNs are available on request from your local TIAA team.

Summary of recent Client Briefing Notes (CBNs)

CBN Ref	Subject	Status	TIAA Comments
CBN - 20009	Guidance issued by HMRC on tax avoidance schemes		<p>Action Required</p> <p>Raise the profile of tax avoidance across networks and communication channels Support HMRC by sharing the following link with stakeholders to help raise awareness among workers in the health and social care sectors, and to warn them of the risks of getting involved in tax avoidance.</p> <p>Link: https://taxavoidanceexplained.campaign.gov.uk/</p>

Summary of recent Anti-Crime Alerts

Ref	Subject	Status	TIAA Comments
July 2023	Insider Invoice Fraud		<p>Action Required</p> <p>The City of London Police were contacted by the organisation that the fraudster had targeted following their discovery that 29 fake invoices had been received and processed through their accounts department. All of the fake invoices had been received as attachments within e-mails that were purportedly sent from the PA of the CEO, and were found in the shared email inbox within the organisation’s accounts department. The invoices were identified as fake as none of the companies requesting funds were legitimate. In addition, each of the invoices had what appeared to be the CEO’s signature authorising payment. All of the fake invoices were processed by a member of staff and evidence was found that linked the insider to the scam.</p> <p>The member of staff, the insider, was instrumental in this fraud being carried out. Insider invoice fraud refers to cases of fraud in which an insider’s access to the organisation’s systems and processes are essential in committing the fraud. Examples of insider invoice frauds, which are likely to increase during this period of increased financial pressures and the rising cost of living include:</p> <ul style="list-style-type: none"> • False payment requests typically during busy periods • Overbilling a debtor and pocketing the difference • Recording false credits or refunds • Creating fictitious suppliers or shell companies for fraudulent payments • Forging signatures on payment authorisations • Submitting false invoices from fictitious or actual suppliers for payments.
June 2023	Payment Systems Regulator confirms new requirements for Authorised Push Payment fraud reimbursement		<p>Action Required</p> <p>This alert provides information and advice to staff about fraud and economic crime, and the risks associated with it. If you think that your organisation has been a victim of APP fraud, contact your Anti-Crime Specialist immediately for advice.</p> <p>The Payment Systems Regulator (PSR) confirms new requirements for banks and payment companies that will ensure more people will get their money back if they are a victim of Authorised Push Payment (APP) fraud; prompting more action to prevent these frauds from happening in the first place.</p> <p>The Financial Services and Markets Bill, which is currently making its way through Parliament, will remove current barriers and allow the PSR to direct firms to reimburse customers. The Bill is expected to receive Royal Assent in 2023, after which the PSR will be able to enforce its requirements on payment firms.</p> <p>Full details at: https://www.psr.org.uk/news-and-updates/latest-news/news/psrconfirms-new-requirements-for-app-fraud-reimbursement/</p>

CLIENT BRIEFING NOTE

Guidance issued by HMRC on tax avoidance schemes

TIAA Anti-Crime Specialists have had sight of a letter to the Department for Health and Social Care's Permanent Secretary from the Chief Executive and First Permanent Secretary of HMRC.

The letter is to alert counter fraud networks on the subject of tax avoidance schemes. A summary of guidance provided within the letter follows.

What is tax avoidance?

Tax avoidance involves bending the rules of the tax system to try to gain a tax advantage that was never intended by parliament.

What are the types and consequences of tax avoidance?

The most common form of tax avoidance scheme is disguised remuneration (DR). DR avoidance schemes claim to avoid the need to pay Income Tax and National Insurance contributions on income from employment. These schemes often involve paying some or all of a worker's pay in the form of a loan, or other payment claimed to be non-taxable, that is unlikely to ever be repaid. The schemes do not work and the tax remains due. DR schemes particularly target contractors and agency workers, who are often paid through an intermediary such as an 'umbrella company'. Most umbrella companies are compliant and can ease the administrative burden for freelancers however in DR schemes non-compliant umbrella companies are often used to facilitate tax avoidance.

What action is HMRC taking to address the issue?

During the pandemic HMRC identified that healthcare professionals returning to the NHS were being targeted by promoters of schemes.

This was highlighted in HMRC's Spotlight series; short publications on GOV.UK that provide information on tax avoidance schemes.

[Tax avoidance schemes currently in the spotlight - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

As an example, HMRC recently published details of a promoter of a scheme targeted predominantly at physiotherapists, radiographers, nurses and social workers. The following link takes you to this publication, plus a list of other named tax avoidance schemes, promoters, enablers and suppliers.

[Current list of named tax avoidance schemes, promoters, enablers and suppliers - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

HMRC advise that in their last annual update on the use of marketed tax avoidance schemes, 'hospital activities' is the sector which identified the most people who have used avoidance schemes.

Promoters continue to target the health and social care sector and many workers are ending up with large tax bills from their involvement in a DR tax avoidance scheme.

Action Required:

Raise the profile of tax avoidance across networks and communication channels

Support HMRC by sharing the following link with stakeholders to help raise awareness among workers in the health and social care sectors, and to warn them of the risks of getting involved in tax avoidance.

[Tax avoidance – don't get caught out – Don't get caught out by tax avoidance – learn what it is and how to spot it \(taxavoidanceexplained.campaign.gov.uk\)](https://taxavoidanceexplained.campaign.gov.uk)

This document is only for use by clients and under no circumstances is it to be given to third parties. It is not intended as a definitive and legally binding statement of the position: all clients should seek appropriate advice from their own specialist advisers.

23009
9th August 2023

tiao ANTI-CRIME ALERT

Jail sentence for fraudster after £660K fake invoice scam

A fraudster who submitted bogus invoices amounting to £660,000 has just been jailed for six and a half years. They were found guilty of one count of conspiracy to defraud and four counts of fraud by false representation. The fraudster submitted fraudulent invoices by faking a signature from the CEO of a foreign exchange company.

The City of London Police were contacted by the organisation that the fraudster had targeted following their discovery that 29 fake invoices had been received and processed through their accounts department. All of the fake invoices had been received as attachments within e-mails that were purportedly sent from the PA of the CEO, and were found in the shared email inbox within the organisation's accounts department.

The invoices were identified as fake as none of the companies requesting funds were legitimate. In addition, each of the invoices had what appeared to be the CEO's signature authorising payment. All of the fake invoices were processed by a member of staff and evidence was found that linked the fraudster to the scam. The member of staff had previously pleaded guilty to conspiracy to commit fraud and had already been sentenced to two and a half years imprisonment in August 2021.

Insider Invoice Fraud

The member of staff, the insider, was instrumental in this fraud being carried out. Insider invoice fraud refers to cases of fraud in which an insider's access to the organisation's systems and processes are essential in committing the fraud. Examples of insider invoice frauds, which are likely to increase during this period of increased financial pressures and the rising cost of living include:

- False payment requests typically during busy periods
- Overbilling a debtor and pocketing the difference
- Recording false credits or refunds
- Creating fictitious suppliers or shell companies for fraudulent payments
- Forging signatures on payment authorisations
- Submitting false invoices from fictitious or actual suppliers for payments

For advice on invoice fraud prevention and detection, including a review of processes and payment systems, contact:

- **Melanie Alflatt, Director - Risk and Advisory Email: fraud@tiao.co.uk**

Disclaimer: This document is provided for guidance and awareness purposes only. This summarising article is not a full record of the key matters and is not intended as a definitive and legally binding statement of the position. While every effort is made to ensure the accuracy of information contained, it is provided in good faith on the basis that TIAA Limited accept no responsibility for the veracity or accuracy of the information provided. Should you or your organisation hold information, which corroborates, enhances, contradicts or casts doubt upon any content published in this document, please contact the Fraud Intelligence team.

Handling & Distribution: This document must not be circulated outside of your organisation, on public facing websites or shared with third parties without written consent. Unauthorised disclosure without prior authority may be unlawful under the Data Protection Act 2018.



STATUS

Action Required

This alert provides information and advice to organisations about fraud and economic crime, and the risks associated with it. If you think that your organisation has been a victim of invoice fraud, contact a TIAA Anti-Crime Specialist immediately for advice.



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tiao ANTI-CRIME ALERT

Payment Systems Regulator confirms new requirements for Authorised Push Payment fraud reimbursement

The Payment Systems Regulator (PSR) confirms new requirements for banks and payment companies that will ensure more people will get their money back if they are a victim of Authorised Push Payment (APP) fraud; prompting more action to prevent these frauds from happening in the first place.

APP scams happen when someone is tricked into sending money to a fraudster posing as a genuine payee and has quickly become one of the most significant types of fraud, both in the UK and globally. APP scams generally fall into one of the following two categories:

- 'malicious payee', for example, tricking someone into purchasing goods which don't exist or are never received.
- 'malicious redirection', for example a fraudster impersonating bank staff to get someone to transfer funds out of their bank account and into that of a fraudster.

Every year thousands of individuals and businesses fall victim to APP scams, which can have a devastating impact on people's lives.

The PSR wants people to be protected when making payments. Following consultation, it has recently set out how mandatory reimbursement will work in practice, clarifying what this means for customers and firms. The aim of the new requirements is to improve fraud prevention and focus all firms on protecting people.

- There will be new rules in Faster Payments – the payment system across which the vast majority of APP fraud currently takes place.
- All payment firms will be incentivised to take action, with both sending and receiving firms splitting the costs of reimbursement 50:50.
- Customers will be more protected under consistent minimum standards, with most APP fraud victims being reimbursed within five business days and additional protections offered for vulnerable customers.
- Industry will have clearer guidance to follow, including around the ability to apply a claim excess and maximum level of reimbursement, which the PSR will consult on later this year.

The Financial Services and Markets Bill, which is currently making its way through Parliament, will remove current barriers and allow the PSR to direct firms to reimburse customers. The Bill is expected to receive Royal Assent in 2023, after which the PSR will be able to enforce its requirements on payment firms.

Full details at: <https://www.psr.org.uk/news-and-updates/latest-news/news/psr-confirms-new-requirements-for-app-fraud-reimbursement/>



Action Required

This alert provides information and advice to staff about fraud and economic crime, and the risks associated with it. If you think that your organisation has been a victim of APP fraud, contact your Anti-Crime Specialist immediately for advice.

HIGH

For further discussion and support, including fraud awareness training services, contact:

→ **Melanie Alflett, Director - Risk and Advisory Email: fraud@tiao.co.uk**

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Audit Progress Report

Tees Valley Combined Authority

November 2023



Contents

1. Audit Progress
2. National publications

01

Section 01:
Audit progress

1. Audit progress

Purpose of this report

This report provides the November 2023 Audit and Governance Committee meeting with an update on progress in delivering our responsibilities as your external auditors. It updates members on the national delays in completing the 2021/22 audit and how they impact the Authority and the timing of the 2022/23 audit. It also includes at Section 2, a summary of recent national reports and publications for your information.

2021/22 Audit

Financial Statements audit

We substantially completed our 2021/22 audit and issued our audit completion report in September 2023. In that report we summarised the outstanding areas of audit work:

- Fraud, laws and regulations, we are awaiting a response to our request for information from those charged with governance.
- Related party transactions, detailed testing of transactions.
- Pension, a national issue has meant that pensions entries have been recalculated using the more recent information from the triennial review. We have received pension fund auditor assurance over the updated member data, but a number of issues were raised which require further follow up work.
- Group consolidation audit work, we are completing detailed testing of the consolidation entries.
- Closing procedures, review and closure processes, including checking the amended version of the financial statements.

Value for Money arrangements

We are not able to finalise our Auditor's Annual Report including our commentary on value for money until we have issued our audit opinion. We have, however, completed our work, and subject to a final check at the point we report, we have not identified any significant weaknesses or recommendations in relation to our reporting criteria of financial sustainability, governance and improving economy, efficiency and effectiveness.

Whole of government accounts

When we have issued the 2021/22 audit opinion, we will also be able to report to NAO on the WGA. However, once again we anticipate a delay before we can issue the audit certificate, as we wait for NAO clearance on whether they will be selecting the Authority as a sampled component for additional work in relation to WGA.

1. Audit progress (continued)

2022/23 Audit

Our 2023/24 audit planning is in progress. As part of that process, we have:

- Reviewed key documents to identify any significant changes in the Authority's arrangements and any other key issues likely to have an impact on our audit.
- Considered the current local government sector issues and the requirements of the 2022/23 Code of Practice on local authority accounting.

We do not at this stage anticipate any major changes to the scope, risk profile or approach to our audit and there are no significant matters that we need to bring to the Committee's attention ahead of our formal 2022/23 Audit Strategy Memorandum, which we expect to present to the Audit and Governance Committee's next meeting.

To-date we have not completed our value for money planning and risk assessment work. DLUHC commissioned an independent review of the Teesworks Joint Venture in which South Tees Development Corporation (STDC) now holds a 10% interest. The review also includes the Authority's oversight of STDC and the Teesworks joint venture. This review followed a request from the Tees Valley Mayor for an independent review. The findings and conclusions from this review have not yet been reported. Discussions with management have highlighted that the review remains ongoing and is likely to be reported in the next couple of months. We will consider the findings and conclusions from this review as part of our planning and risk assessment work on the Authority's arrangements when these are available. We will report any identified risks to the Audit and Governance Committee on completion of our planning and risk identification work.

We are aiming to complete our audit work in relation to the 2022/23 audit by the end of March 2024. However, as for the 2021/22 audit, we are anticipating a further delay in receiving the Pension Fund auditor assurance letter. We are regularly liaising with the auditor of Teesside Pension Fund to ensure that this delay is minimised, and the latest forecast is that it will be issued in time for us to issue an opinion by 31 March 2024.

We understand that nationally just one per cent of local authority accounts were signed off by 30 September 2023 and the Government, the NAO, audit suppliers and regulators are working together to find a way to clear the backlog in 2023/24, which is the first year of a new external audit contract let by Public Sector Audit Appointments Limited. We will update the Audit and Governance Committee as soon as a way forward is agreed with all stakeholders as all parties recognise that the current situation in the public sector external audit market is unsustainable.

We will continue to keep the Audit and Governance Committee updated as the audit progresses.

02

Section 02:

National publications

National publications

	Publication/update	Key points
Key issues		
Chartered Institute of Public Finance and Accountancy (CIPFA)		
1	CIPFA Bulletins	CIPFA has issued two Bulletins to provide further guidance on the financial reporting requirements.
National Audit Office (NAO)		
2	Good practice in annual reporting	The NAO published an interactive guide that provides examples of good practice in annual reporting.
3	Tackling Fraud and Corruption in Government	This report sets out the recent trends from NAO audits and reports, reviews how well-placed government is to understand and tackle fraud and corruption across government and sets out insights from their work and engagement with experts on what more government can do to better prevent fraud and corruption.
4	Digital Transformation	This report evaluates government's approach to addressing the underlying issues of why past attempts at digital transformation have run into problems.
5.	Financial management in government: strategic planning and budgeting	This guide is for senior finance leaders in government departments and other public bodies. It sets out the first stage in the financial management lifecycle: strategic planning and budgeting.
Department for Levelling Up, Housing and Communities		
6.	Department consultation – public inspection of Category 1 authority accounts 2022/23	The Department for Levelling Up, Housing & Communities (DLUHC) requested views on the current deadline for category 1 authorities to make their draft accounts available for public inspection.
7.	Levelling up enquiry on Local Audit	The Levelling Up, Housing and Communities Committee has launched an inquiry into financial reporting and audit, examining a range of issues relating to the purpose and understanding of local audit and the impact of local authority accounts and audit findings.
Other		
8.	ICAEW Vision for Local Audit	The Institute for Chartered Accountants in England and Wales (ICAEW) has published its vision for local audit to accompany the recent publication of a Memorandum of Understanding (MoU) between the Department of Levelling Up, Housing and Communities (DLUHC) and the Financial Reporting Council (FRC).

NATIONAL PUBLICATIONS

Chartered Institute of Public Finance and Accountancy (CIPFA)

1. CIPFA Bulletins

Bulletins issued by CIPFA, with the assistance of CIPFA panels, provide practitioners with topical guidance on specific issues and accounting and reporting developments. CIPFA has issued the following Bulletin's in recent months:

CIPFA Bulletin 13 – Local Authority Reserves and Balances (March 2023). This provides guidance to local authority chief finance officers in England, Northern Ireland, Scotland and Wales on the establishment and maintenance of local authority reserves and balances. The bulletin largely updates guidance in previous bulletins.

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-13-local-authority-reserves-and-balances>

CIPFA Bulletin 14 – Closure of the 2022/23 Financial Statements (March 2023). The annual year-end accounting bulletin provides updates on key issues and includes sections on:

- Grant recognition and presentation
- Subsequent measurement of property, plant and equipment and investment properties
- Other capital accounting issues – capital financing requirement (CFR) and minimum revenue provision
- Reporting impacts of inflation and high interest rates – financial statements
- Final triennial valuation statements received by pension fund account preparers – 2021/22 issue
- Narrative report and recent economic activity
- Accounting standards that have been issued but not yet adopted and IFRS 16 Leases mandatory implementation as of 1 April 2024 (and other IFRS 16 issues)

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-14-closure-of-the-202223-financial-statements>

CIPFA Bulletin 14 – Supplement on The Triennial Valuation and IAS19 Reporting (May 2023). This supplementary guidance covers the impact of the triennial valuation statements received for pension funds on IAS 19 Employee Benefits Reporting. It effects the 2021/22 financial statements.

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-14-supplement-the-triennial-valuation-and-ias-19-reporting>

NATIONAL PUBLICATIONS

National Audit Office

2. Good practice in Annual Reporting – February 2023

The NAO has published an [interactive guide](#) that provides examples of good practice in annual reporting, drawing on examples from the public sector and other organisations shortlisted for the Building Public Trust Awards, which recognise trust and transparency in corporate reporting.

The guide draws on examples of good practice for annual reporting from organisations who are leading the way in this area. These examples are grouped by the sections of an annual report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

It also provides further examples where bodies have made their reports easier to understand with the use of graphics, clear and accessible language and signposting. The list is not definitive, but the NAO hopes it provides ideas for all bodies in both the public and private sector to think about as they plan their annual reporting for 2022-23.

NATIONAL PUBLICATIONS

National Audit Office

3. Tackling Fraud and Corruption against Government – March 2023

Since the start of the COVID-19 pandemic, government has recorded a higher level of fraud in the accounts we audit. This reflects the nature of the government's response to the pandemic, including the rapid implementation of large new spending and loan programmes that came with an unusually high risk of fraud.

This report sets out the recent trends from NAO audits and reports, reviews how well-placed government is to understand and tackle fraud and corruption across government and sets out insights from their work and engagement with experts on what more government can do to better prevent fraud and corruption.

The report follows NAO previous work which found government did not have a good understanding of fraud before the pandemic. In NAO's 2016 Fraud landscape review, they found a large disparity between the level of fraud and error that the UK government reports, and the level reported in other countries and the private sector. NAO also found there were few incentives for departments to record and report the true scale of potential fraud; a lack of data or metrics to evaluate performance in detecting and preventing fraud; and mixed capability across departments to tackle fraud.

The report can be found at the following link:

<https://www.nao.org.uk/reports/tackling-fraud-and-corruption-against-government/>

4. Digital Transformation in Government – Addressing the Barriers - March 2023

This report evaluates government's approach to addressing the underlying issues of why past attempts at digital transformation have run into problems. NAO focus on the approach to transforming government, how the Central Digital and Data Office, its Roadmap and departmental leaders will support and promote this, and whether senior business leaders across government have a suitable level of digital capability.

The report can be found at the following link:

<https://www.nao.org.uk/reports/digital-transformation-in-government-addressing-the-barriers/>

NATIONAL PUBLICATIONS

National Audit Office

5. Financial management in government: strategic planning and budgeting – September 2023

The guide outlines how finance leaders can plan strategically and realistically to:

- Align strategy and planning;
- Make planning inclusive;
- Plan dynamically;
- Address optimism bias; and
- Deal with risk and uncertainty.

The insights have been drawn from NAO reports, the experiences of NAO audit teams, and the thoughts of a range of senior finance decision-makers.

[Financial management in government: strategic planning and budgeting - NAO insight](#)

This guide is part of a series supporting financial management in the public sector. NAO also published the following guide in July 2023:

- [Enablers to success](#)

NATIONAL PUBLICATIONS

Department for Levelling Up, Housing and Communities

6. Department Consultation on public inspection of Category 1 authority accounts 2022/23 – February 2023

In March 2021 The Accounts and Audit (Amendment) Regulations 2021 amended the requirements about when accounts must be made available for public inspection for the 2020/21 and 2021/22 accounts, and provided that the period for the exercise of public rights needed to commence on or before the first working day in August in the following financial year.

For 2022/23, the statutory requirement for category 1 authorities is to make accounts available for public inspection for a period that includes the first 10 working days of June, effectively requiring them to be published by 31 May at the latest.

The Government launched a consultation exercise and went ahead with the proposal despite extensive feedback that the earlier deadline was impractical. The Authority, along with most others, did not meet the 31 May deadline but there are no indications as yet that the 2024 timetable will be any later.

<https://consult.levellingup.gov.uk/redmond-response-team/request-for-views-draft-accounts-deadline/>

7. Levelling Up Committee launches inquiry on local audit – March 2023

The Levelling Up, Housing and Communities Committee launched an inquiry into financial reporting and audit, examining a range of issues relating to the purpose and understanding of local audit and the impact of local authority accounts and audit findings. This led to a webinar in August 2023 at which ideas for reducing the backlog were discussed.

The inquiry will scrutinise the role of audit in local accountability and democracy and the extent to which accounts provide a clear picture of the financial sustainability and resilience of a local authority.

The inquiry is also likely to explore how local authority financial reporting could be made more accessible, the role of local audits in acting as 'red flag' for action by councils to address financial issues, and how auditors in local government could work together to share best practice.

The Committee welcomes written evidence on the terms of reference, which fall under the following headings:

- Users and uses of local authority accounts and audit
- Understandability and accessibility of local authority accounts and audit
- Making local authority accounts meet the needs of users better
- Addressing findings in audits and sharing best practice

<https://committees.parliament.uk/work/7348/financial-reporting-and-audit-in-local-authorities/news/186485/levelling-up-committee-launches-inquiry-on-local-audit/>

NATIONAL PUBLICATIONS

ICAEW

8. ICAEW Publishes its Vision for Local Audit – March 2023

The Institute for Chartered Accountants in England and Wales (ICAEW) has published its vision for local audit to accompany the recent publication of a Memorandum of Understanding (MoU) between the Department of Levelling Up, Housing and Communities (DLUHC) and the Financial Reporting Council (FRC).

The ICAEW welcomes the MoU, which covers the role of the ‘*shadow*’ system leader for local audit pending the establishment of the Audit, Reporting and Governance Authority (ARGA). The ICAEW also believes more needs to be done urgently if the local financial reporting and audit crisis is to be resolved.

The ICAEW's vision for local audit is designed to prompt discussion, identifying a series of challenges the ICAEW believes need to be overcome, and actions it supports to address those challenges. These are grouped into the following areas:

- Improve financial reporting to enhance transparency and accountability
- Deliver high-quality local audits on a timely basis
- Strengthen financial management and governance
- Reform finances to ensure value for money and protect the public interest
- Build a thriving profession that is highly valued

<https://www.icaew.com/insights/viewpoints-on-the-news/2023/mar-2023/ICAEW-publishes-its-vision-for-local-audit>

Contact

Mazars

Audit Director: Gavin Barker

Email: gavin.barker@mazars.co.uk

Manager: Ross Woodley

Email: ross.woodley@mazars.co.uk

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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REPORT TO THE TEES VALLEY
COMBINED AUTHORITY AUDIT & GOVERNANCE COMMITTEE

23rd NOVEMBER 2023

REPORT OF ACTING CHIEF LEGAL OFFICER (MONITORING OFFICER)

ANNUAL REVIEW OF INDEPENDENT MEMBERSHIP

SUMMARY

The purpose of this Report is to make recommendations with regard to the term of office of the Independent Members with a proposal for them to serve on the Audit & Governance Committee for a further period.

At the TVCA Cabinet meeting of December 2022 it was approved that an amend be made to Article 85 of the TVCA Constitution to increase the term of membership for Independent Members and allow for the appointment of up to five independent persons to the Audit & Governance Committee.

Since December 2022, there have been five Independent Members appointed to the Committee.

RECOMMENDATIONS

It is recommended that the Combined Authority Audit & Governance Committee:

- i. notes Independent Membership of the Committee;
- ii. approves the proposed terms of Membership for presenting to the December Cabinet for approval;
- iii. approves the proposal to amend the Constitution to reflect the term of membership for Independent Members and for this to be recommended to the next TVCA Cabinet;
- iv. supports the proposal to advertise and interview replacement Members in advance of the proposed end of term dates.

DETAIL

1. The Audit & Governance Committee is currently composed as follows:
 - 5 Local Authority Representatives

- 5 Independent Members
2. The TVCA Constitution provides for the Committee to have up to five Independent Members.
 3. Independent Members cannot serve as the Chair or the Vice Chair of the Committee.
 4. The current Independent Members and their terms of office are detailed below with proposals for extending the end of term date for Jonathan Munby and Angus Kidd:

Independent Member	Date of Appointment by Cabinet	Proposed End of Term	Proposed Date of Review of Office
Jonathan Munby	June 2018	To June 2024	N/A
Angus Kidd	November 2020	To November 2024	N/A
Lee Webb	December 2022	n/a	December 2024
Iain Robson	December 2022	n/a	December 2024
Andrew Evans	December 2022	n/a	December 2024

5. It is proposed that the Committee makes a recommendation to Cabinet to make an amendment to the TVCA Constitution to provide that in future Independent Membership on the Committee shall be two years, extendable by one further term of two years, unless otherwise agreed by the Cabinet.
6. The proposal around term of office is in line with good governance, to ensure that an understanding is gained of the Committee and the TVCA Group and its workings so as to provide consistency and continuity in membership, but also to encourage the appointment of new members.
7. Should the Committee approve the proposals, a recommendation will be made to TVCA Cabinet on 15 December 2023 for an extension to the terms of office for Independent Members Jonathan Munby and Angus Kidd.
8. Should the Committee approve the end of term dates proposed in this Report, an advert for the recruitment to the position of an Independent Member will be



advertised on the TVCA website and promoted through social media channels in advance of the proposed end of term dates to manage the risk of any vacant positions being held on the Committee.

9. The recruitment process for Independent Members is subject to an application and interview process (as approved by the Committee at its meeting of 14th September).
10. It is proposed that the most recently appointed Independent Members (Lee Webb, Iain Robson and Andrew Evans) will serve a period of 2 years in line with the proposed amends to the TVCA Constitution, with the possibility of re-appointment for one further 2 year term, subject to review and approval at a future Committee meeting in advance of November 2024.

FINANCIAL IMPLICATIONS

11. Any costs associated with the recruitment, selection and appointment of any Independent Members will be covered within existing budgets and resources.

LEGAL IMPLICATIONS

12. This report relates to Membership of the Audit & Governance Committee as set out in the Constitution of the Combined Authority which came into effect on 8th May 2017 and is legally binding.

RISK ASSESSMENT

13. This Report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

Name of Contact Officer:	Nicola Dean
Post Title:	Governance & Scrutiny Officer
Telephone Number:	01325 792600
Email Address:	Nicola.dean@teesvalley-ca.gov.uk

TEES VALLEY COMBINED AUTHORITY - Audit & Governance Committee
Forward Programme 2023/2024

Standing Items

- Declarations of Interest
- Minutes from the Previous Meeting & Action Tracker
- Internal Audit Actions Update
- Internal Audit Progress Report
- Internal Audit Reports
- External Audit Actions Update
- External Audit Progress Report
- Forward Programme
- Risk Management Update
- Governance Structure (For Information item)
- Summarised Terms of Reference (For Information item)
- Group Update (For Information item)
- Date and Time of the Next Meeting

Date	Items scheduled in year 2023/2024
14th September 2023	<ul style="list-style-type: none"> • Appointment of Chair and Vice Chair • Confirmation of Appointment of Representative to South Tees Development Corporation Audit & Governance Committee • Appointment of Representative to Middlesbrough & Hartlepool Development Corporation Audit & Governance Committee • External Audit Completion Report 2021/22 • Review & Approval of Draft Annual Governance Statement • Interim update to Committee on Progress of Committee Effectiveness Action Plan • Teesworks Update
23rd November 2023	<ul style="list-style-type: none"> • Terms of Reference Review • Draft Accounts Update • Annual Review of Independent Membership on the Committee & Approval of Existing Membership • Full update report to Committee on Progress of Committee Effectiveness Action Plan (CONFIDENTIAL) • Boho Audit Feedback (CONFIDENTIAL) • Teesworks Update (CONFIDENTIAL)
17th January 2024	<ul style="list-style-type: none"> • Review of Assurance Framework • Oversight of Governance Toolkit

	<ul style="list-style-type: none"> • Review of Anti - Fraud Policy • External Audit Strategy Memorandum 2022/23 • External Audit Annual Letter 2021/22 • Interim update to Committee on of Committee Progress Effectiveness Action Plan • Review of Risk Management Policy & Framework
6th March 2024	<ul style="list-style-type: none"> • Final update on effectiveness of implementation of Action Plan and next steps for Annual Review of Effectiveness • Review of Whistleblowing Policy • Review of Governance Policy & Framework • External Audit Completion Report

Q1 2024 – 2025:

Appointment of Chair and Vice Chair

Confirmation of Appointment of Representative to South Tees Development Corporation
Audit & Governance Committee

Appointment of Representative to Middlesbrough & Hartlepool Development Corporation
Audit & Governance Committee

Committee Effectiveness & Skills Audit

Contact:

Nicola Dean – Governance & Scrutiny Officer

nicola.dean@teesvalley-ca.gov.uk

SUMMARY

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

RECOMMENDATIONS

It is recommended that the TVCA Audit & Governance Committee notes the report.

DETAIL

RAIL STATIONS

1. The redevelopment of the undercroft at Middlesbrough Station is making progress. The structural steelwork has been installed, a key milestone in the project, which will see the creation of a new station entrance, pedestrian walkway between Zetland Road at the south of the station and the existing subway, and two new premises. As part of the project, the current stairs in the ticket hall will be relocated to the concourse and there will be an open public space at the east end of the former car park.
2. Work on the Darlington Station project is progressing. Demolition and site clearance on the eastern gateway is complete, piling work is complete and work has begun to erect the steel frame for the new station building and multistorey car park. CGI images of the new station have also been released. Network Rail has begun enabling work at the station and this will continue, with preparatory work beginning in the existing train shed.
3. At Hartlepool station, the new footbridge and lifts have been installed and work to bring platform 3 back into use is progressing, with the canopy construction at an advanced stage. The remaining work is now being undertaken, with the project scheduled to be complete and entry into service approved in early 2024. Once complete the new Middlesbrough to Newcastle semi-fast service will commence every other hour, in addition to the existing hourly service.



BUS ISSUES

4. Tees Valley Combined Authority (TVCA) was allocated £1.5m of BSIP+ funding for 2023-24. Working collectively with all local authorities, TVCA has already used some of the funding to intervene on several of the service withdrawals made by Arriva. The second phase of work will involve 'kick-starting' a package of service enhancements and procurement of the services is now underway.
5. The Department for Transport (DfT) funded £2 fare cap has been extended until December 2024.
6. In terms of the Arriva concessionary fares settlement appeal, the DfT confirmed on the 29th September 2023 that the appeal had been dismissed.

TEESSIDE INTERNATIONAL AIRPORT

7. Teesside Airport was successful in the next phase of Government's £8million Hydrogen Transport Hub demonstration, which will see a permanent hydrogen refuelling station based on its site. Element 2, which established the previous station, will set up a temporary refuelling station in 2024 ahead of a permanent station late 2024/early 2025.
8. Work has been completed in converting part the airport into a new Teesside Aviation Skills Academy to train and teach Teesside University aviation students. Students are now being taught at the academy and learning on-the-job skills across functions including air traffic control, management and engineering.

TEESWORKS

9. Steelwork is now being erected at SeAH Wind's £450million offshore wind monopile factory, following a £100million-plus deal between SeAH, British Steel and Severfield. This will see steel from British Steel's Teesside Beam Mill at Lackenby used in the facility. The first phase of the 1.9km South Bank Watercourse is complete, with the second phase under way. The system will initially help manage large volumes of water draining from the SeAH site, with a salt marsh habitat becoming part of the project in its third phase.



10. British Steel has announced it plans to build an electric arc furnace at Lackenby, with construction expected to start in 2024 and the facility operational in 2025.
11. The independent review into Teesworks, led by Lancashire County Council Chief Executive Angie Ridgewell, is ongoing. Officers continue to work with the panel to provide all relevant information.

CREATIVE PLACE

12. TVCA invested £2m to enable the delivery of The Tall Ships Races to visit Hartlepool at the beginning of July. Delivered by Hartlepool Borough Council in partnership with Sail Training International, the four-day event attracted coverage from BBC's 'The One Show' and attracted residents and visitors to meet the crews, visit ships and experience a diverse programme of live events and performances. Hosting the races also enabled c. 100 young people from across Tees Valley to join the crews of some of the ships and participate in incoming and outgoing legs of the race. Evaluation is still underway to capture the full impacts of the event.

TEES VALLEY BUSINESS

13. Made Smarter is a government-backed initiative designed to improve the productivity of manufacturers through the adoption of Industrial Design Technologies (IDTs). Tees Valley Business continues to work as part of a NE Cluster with the North-East LEP to deliver the 2023/24 programme. Tees Valley has an allocation of £800k, that will continue to support approximately 50 manufacturing businesses. The NE Cluster has now been invited to apply for an additional £1.2m for 2024/25.

CLEAN GROWTH AND INNOVATION

14. The Tees Valley's Cluster Plan for Decarbonisation was launched on 28th March at an event attended by representatives of the Department of Energy Security and Net Zero (DESNZ), Tees Valley's major industrials, and other key stakeholders. The advisory group from this project has now formed the Tees Valley Industrial Net Zero Leadership Group, which met on the 10th July with Darren Smith as the independent chair. The new group will work towards a single unified voice for the Tees industrial cluster and seek to foster collaboration on key challenges.
15. TVCA's flagship Trees on Tees scheme has seen strong progress, with a coordinator and team of officers appointed. A recent promotion via social media



on the Trees on Tees Campaign Page has resulted in a total response by 64 businesses, 24 landowners, 10 schools, 19 community groups and 399 residents. Discussions with respondents has resulted in 25 offers of support coming forward from business and landowners including the identification of 7 small sites on which to plant trees, offers of financial support and an interest in corporate volunteering. Trees on Tees continues to support its LA partners in their planting projects and an Expression of Interest to become one of two new Community Forests in England was submitted on 21st July.

16. The Hub's Solar Schools Enabling Fund has received positive feedback from Abingdon Primary School in Middlesbrough, which has been able to install solar panels and reduce energy bills as a result of a grant received. A programme is being developed to deliver a second Solar Schools Enabling Fund to be delivered entirely by TVCA in Tees Valley.

FINANCIAL IMPLICATIONS

18. There are no financial implications to this report.

LEGAL IMPLICATIONS

19. There are no legal implications to this report.

RISK ASSESSMENT

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

Name of Contact Officer: Julie Gilhespie

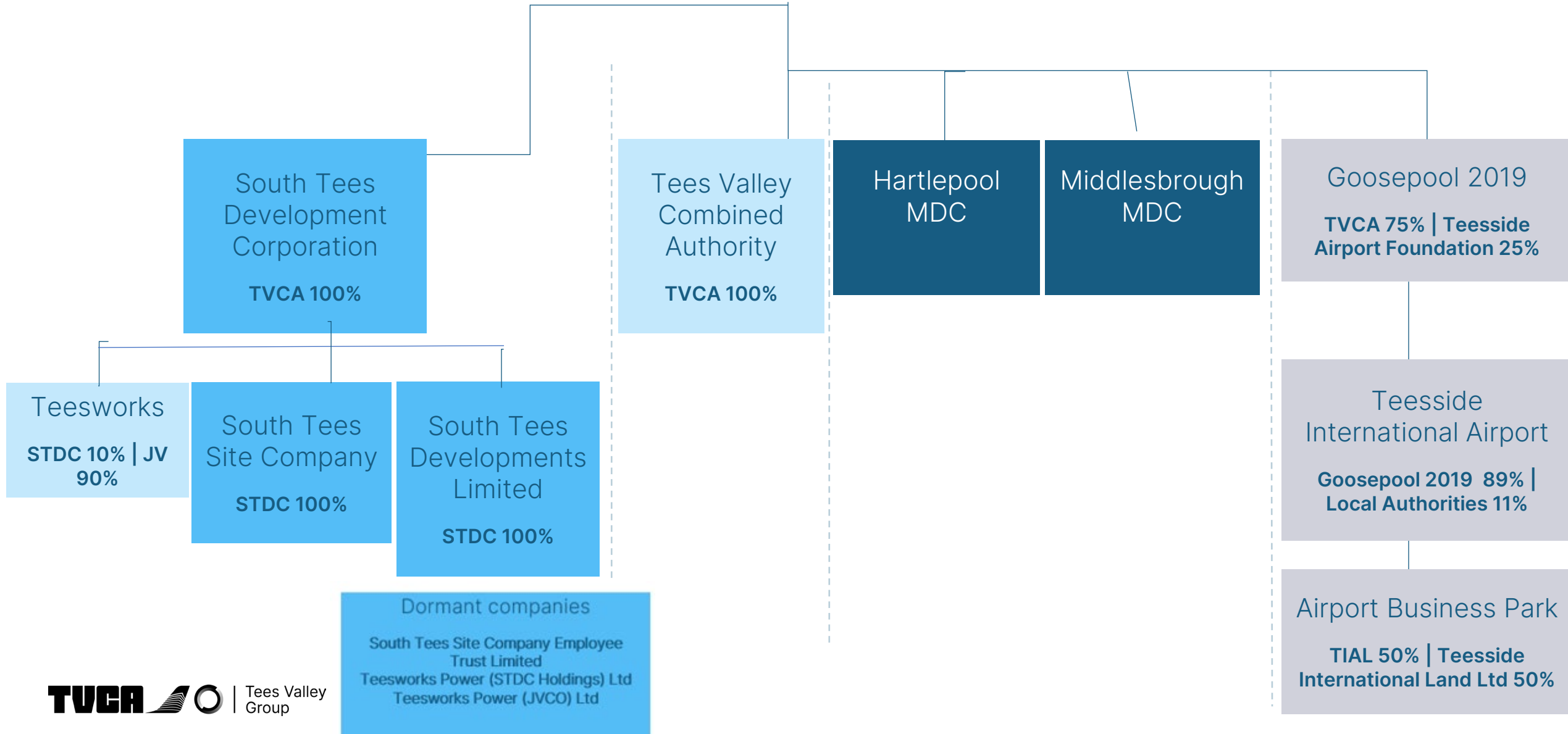
Post Title: Chief Executive Officer

Telephone Number: 01325 792600

Email Address: julie.gilhespie@teesvalley-ca.gov.uk

Tees Valley Combined Authority Group

For Information Item:
Item 15



Item 16**Tees Valley Combined Authority Audit and Governance Committee
Terms of Reference Summary**

Our Audit & Governance Committee is a key component of Tees Valley Combined Authority's ('TVCA' or the 'Authority') corporate governance, and the purpose of the committee is to provide independent assurance of the adequacy of the risk management framework and the internal control environment of TVCA helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk and Control

To review:

- The Authority's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
- the Annual Governance Statement (AGS) and consider whether it properly reflects the risk environment and supporting assurances.
- the assessment of fraud risks and potential harm to the Authority from fraud/corruption and to monitor counter-fraud strategy, actions and resources.

To consider:

- the Authority's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- the Authority's framework of assurance and ensure that it adequately addresses the risks and priorities of the Authority.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

To agree:

- the risk management strategy and monitor the effective development and operation of risk management and its progress in addressing risk-related issues.

Internal Audit

To receive and review:

- proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

To approve:

- the internal audit charter.
- significant interim changes to the risk-based internal audit plan and resource requirements.
- the risk-based internal audit plan.

Anything is possible

To consider:

- reports from the head of internal audit on internal audit's performance.
- summaries of specific internal audit reports as requested.
- a report on the effectiveness of internal audit to support the AGS.

To contribute to the Quality Assurance and Improvement Programme and the external quality assessment of internal audit.

To support the development of effective communication with the head of internal audit and make appropriate enquiries of both management and the head of internal audit to determine any inappropriate scope or resource limitations.

External Audit

To consider:

- the external auditor's annual letter/relevant reports/and the report to those charged with governance.
- specific reports as agreed with the external auditor and comment on the scope and depth of external audit work, ensuring it gives value for money.

To commission work from internal/external audit and recommend on the effectiveness of relationships between them as well as other inspection agencies/relevant bodies.

Financial Reporting

To review the annual statement of accounts and to consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

To report:

- to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal/external audit functions.
- to TVCA Cabinet on committee performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

Standards

To promote and maintain high standards of conduct by Authority members/co-opted members and ensure they observe the Members' Code of Conduct and advise TVCA Cabinet on the adoption or revision of the Members' Code of Conduct.

To determine complaints made against members/co-opted members and monitor complaints received by the Authority in respect to Member conduct.

Where a member or co-opted member is found to have failed to comply with the Code of Conduct, to take such action as may be necessary to promote and maintain high standards of conduct.

Anything is possible