



TVCA Audit & Governance Committee
TVCA Offices, Teesside Airport Business Suite, Teesside International Airport,
Darlington DL2 1NJ
23rd November 2023 at 1:00pm

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 Curt Pugh (Redcar & Cleveland Borough Council)	
Cllr Nicky Walker (Middlesbrough Council)	
Jonny Munby (Independent Member)	
Iain Robson (Independent Member)	
Lee Webb (Independent Member)	
Apologies for Absence	
Cllr David Reynard (Stockton Council)	
Cllr Rachel Creevy (Hartlepool Borough Council)	
Angus Kidd (Independent Member)	
Andrew Evans (Independent Member)	
Claire Mellons	
Victoria Smith (TVCA - Group Financial Controller)	
Emma Simson (TVCA – Acting Chief Legal Officer (Monitoring Officer))	
Cath Andrew (Mazars) – External Auditors	
Officers	
Gary Macdonald (TVCA - Group Director of Finance & Resources)	
Natalie Robinson (TVCA – Head of Risk, Performance & Assurance)	
Guy Close (TVCA – Governance & Scrutiny Manager)	
Elaine Braham (TVCA – Governance Officer)	
Auditors	
Cameron Waddell (Mazars) – External Auditors	
Andrew McCulloch (TIAA) – Internal Auditors	
AGC 019/23	WELCOME & APOLOGIES FOR ABSENCE

	<p>Members were welcomed to the meeting with apologies submitted as noted above.</p>
<p>AGC 020/23</p>	<p>DECLARATION OF INTERESTS</p> <p>No declarations of interest were raised.</p>
<p>AGC 021/23</p>	<p>MINUTES OF PREVIOUS MEETING AND ACTION TRACKER</p> <p>The minutes of the meeting held on 14 September 2023 were agreed as a true and accurate record, and the following updates to the action tracker were provided:</p> <ul style="list-style-type: none"> • Induction had now taken place. • Recruitment module now in place. • Internal and External Audit Activities – to be covered as part of the agenda. • It was clarified that one member of TVCA A&G would attend the HDC and MDC A&G meetings and not a member from the respective Local Authorities AGC.
<p>AGC 022/23</p>	<p>TERMS OF REFERENCE ANNUAL REVIEW</p> <p>Committee members had received a copy of the Terms of Reference.</p> <p>It was recommended that the Audit and Governance Committee:</p> <ol style="list-style-type: none"> 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. <p>GM noted that there had been very few changes made to the document, and NR asked that member provide feedback to her following the meeting.</p> <p>It was agreed that the Terms of Reference would be recirculated to members with a return date by which comments should be received.</p> <p>RESOLVED THAT: Committee members to provide comments on the Terms of Reference.</p>
<p>AGC 023/23</p>	<p>DRAFT ACCOUNTS UPDATE</p> <p>Committee Members received a verbal update from Gary Macdonald, (GM), TVCA – Group Director of Finance & Resources.</p> <p>GM reported that 2021/2022 is nearing completion, with the outcome of the Independent Review and the pensions audit required to enable Mazars to complete their work.</p>

GM updated that in terms of the Independent Review all the information requested and responses to their questions had been provided in a timely manner by TVCA staff, and as of today there were no outstanding actions. The next steps will be for the Panel to compile their draft report, TVCA will have the opportunity to check this for factual accuracy, after which the final report will go to Government for approval.

Cllr Curt Pugh (CP) asked when the Panel stopped asking questions. GM advised that from a TVCA perspective it had been an extensive and thorough process, noting you answer a question or provide a paper, and this quite often leads to supplementary questions or request for documentation, but this ceased in October.

Cllr Mandy Porter (CM) asked what the process will be once TVCA receive the report and if the Audit & Governance Committee will have the opportunity see it at an earlier juncture. GM stated that the CEO and Directors will assess its factual accuracy and feedback their comments. The Independent Panel's report will then go to Government, and it will be for them to determine the sharing of the outcomes. Feedback into this Committee will be in relation to anything that is pertinent to it, and the Mazars will have sight of it in order to make the necessary judgements required to finalise the 2021/2022 accounts.

Cameron Wardle, (CW), Mazars reported that the Teesside Pension Fund audit is ongoing, and they are currently awaiting assurances from Ernst & Young Ltd. He noted a national issue with pension fund accounts, which may mean that we need to amend the figures in TVCA's accounts.

CW explained that in terms of the Independent Review, as they have no idea what the Panel is going to say they have no idea how this might impact the accounts. He went on to explain that they are also required to make a judgement in terms of Value for Money (VFM), and the Audit Office is quite clear that where a regulator is carrying out a review then you can not conclude the accounts. In this instance the Independent Review is being seen as a regulator. He noted that their judgement can only be based on the final report, and once this is received, they will meet with TVCA to work through the implications.

Committee Members were invited to ask questions, and these are summarised as follows:

- MP asked if TVCA know when the outcome of the Independent Review will be known. GM advised that TVCA are unable to influence the timings. MP felt that the longer the wait it allows the conversation to spiral that there is something to hide.
- MP asked if there was anything the Committee could do to help speed progress. GM felt that it would not be advisable, and that the Panel should

	<p>be left to progress with it. However, he assured Committee Members that once received TVCA would return the draft report in a timely manner.</p> <p>RESOLVED THAT: Committee members noted the update.</p>
<p>AGC 24/23</p>	<p>INTERNAL AUDIT ACTIONS UPDATE</p> <p>Committee members had received an update report detailing the position of the current internal audit action plan progress as of November 2023.</p> <p>It was recommended that the Audit and Governance Committee:</p> <ul style="list-style-type: none"> i. Consider the analysis and audit progress set out in this paper; ii. Acknowledge the annual audit schedule. <p>Committee Members were advised that the report provided detailed 9 ongoing action plans, and that since this was shared the transport item had been completed.</p> <p>In terms of the BoHo Project the threat level of the project had been considered as part of the risk assessment. TVCA look to make sure there is full visibility for all projects, and actions have been closed down.</p> <p>All action plans have now been shared with TIAA and these will be looked at throughout the year.</p> <p>Committee Members were invited to ask questions, none were received.</p> <p>RESOLVED THAT: Committee members considered the analysis and audit progress set out in the paper and acknowledged the annual audit schedule.</p>
<p>AGC 25/23</p>	<p>SUMMARY INTERNAL CONTROLS ASSURANCE UPDATE</p> <p>Committee Members had received a Summary Internal Controls Assurance (SICA) Report 2023/24, November 2023.</p> <p>Andrew McCulloch, (AM), TIAA, drew attention to para 2 highlighting the high-profile reports recently in the press, noting there is a drive by Government in relation to Whistleblowing laws in the UK. Government are currently gathering information and TVCA may be asked to provide data in the coming weeks.</p> <p>In relation to the COMAH audit, some final scoping is still to be completed. GM updated that confirmation had recently been received from the HSE and the site is now out of COMAH status. He explained that prior to this the cost to the taxpayer was £15-20m annually, and when we took on the site there was no plan in place to remediate it, therefore this would have been an ongoing cost to the taxpayer. This is a phenomenal achievement and is ahead of schedule.</p>

	<p>Lee Webb, (LW), Independent Member, noted the potential for this to come full circle with some of the new industry that will be developed on the land. GM advised that this will be the responsibility of those individual companies.</p> <p>AM advised that they are now in the process of planning for 2024/2025, and the proposed plan will be shared with Committee Members at the meeting on 17 January 2024.</p> <p>Committee Members were invited to ask questions, and these are summarised as follows:</p> <ul style="list-style-type: none"> • Jonny Munby, (JN), Independent Member, asked if a Committee Member has a question that is not on the agenda for the day what the best process is for them to raise it. Officers felt it would be preferable for them to raise it in advance of the meeting to ensure a more constructive answer could be provided. Clarity to be provided to Committee Members in respect of how far in advance a question needed to be asked. • MP asked about the timing of financial controls. AM advised that this has now been scheduled in. <p>RESOLVED THAT: Committee Members noted the Report.</p>
<p>AGC 26/23</p>	<p>EXTERNAL PROGRESS REPORT</p> <p>Committee Members had received an Audit Progress Report dated November 2023.</p> <p>CW noted that there was a typographical error on page 43, and this should read 2022/2023.</p> <p>Group instructions had been issued to Azetts specifying the work that they need to undertake as part of their audits, points of reference had been clarified and the understanding is that they are on track.</p> <p>The backstop position was explained to Committee Members and theoretically there is a position where they may draw a line and move on with 2023/2024.</p> <p>CW reported that TVCA 2021/2022 is almost complete, 2022/2023 from a Mazar point of view, they will endeavour to complete as many audits as possible before the backstop date, and the expectation is that regardless of the backstop they will still complete the VFM work.</p> <p>CW reiterated that whilst they are aiming to finalise the accounts by the end of March 2024 this will only be possible once they receive the pension scheme assurance. GM noted that regardless we should be in a position to give assurances to the committee in relation to the work already completed. For</p>

	<p>2023/2024 Ernst & Young Ltd take over as external auditors and it will be up to them to address the opening balances going into the year.</p> <p>Committee Members were invited to ask questions, and these are summarised as follows:</p> <ul style="list-style-type: none"> • Iain Robison, (IR), Independent Member, asked how material the pension fund is in terms of the accounts. CW stated that for both STDC and TVCA they need these assurances. <p>RESOLVED THAT: Committee Members noted the Report.</p>
<p>AGC 27/23</p>	<p>ANNUAL REVIEW OF INDEPENDENT MEMBERSHIP & APPROVAL OF EXISTING MEMBERSHIP</p> <p>Committee Members received a report making recommendations with regard to the term of office of Independent Members.</p> <p>It recommended that the Combined Authority Audit & Governance Committee:</p> <ol style="list-style-type: none"> Notes Independent Membership of the Committee; Approves the proposed terms of Membership for presenting to the December Cabinet for approval; 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; Supports the proposal to advertise and interview replacement Members in advance of the proposed end of term dates. <p>GM asked JM to update members, he advised that he had been appointed to the MDC A&G Committee and as such would be stepping down from the TVCA A&G Committee at the end of his current term. CP asked if this would present a conflict of interest and GM advised that this would be considered as and when.</p> <p>JM asked how the bios are going to be shared. GM advised that the intention is to compile them into one document that would be shared confidentially with other members.</p> <p>MP noted the proposed amendment to Article 85 of the TVCA Constitution to allow for 'up to five independent persons', if agreed this will be reported to the TVCA Cabinet in December. GM advised that this will allow the committee to progress whilst recruitment is ongoing.</p> <p>RESOLVED THAT: Committee Members noted the recommendations made in the report and agreed that approval be sought from the TVCA Cabinet in December 2023.</p>

<p>AGC 28/23</p>	<p>FORWARD PLAN</p> <p>GM highlighted that the External Audit item may need to move dependent upon what is available at the given time.</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 29/23</p>	<p>RISK MANAGEMENT REPORT</p> <p>The report provided Committee Members with an overview of Risk Management Activity since the last meeting.</p> <p>RESOLVED THAT: Committee Members noted the risk analysis as set out in the risk report.</p>
<p>AGC 30/23</p>	<p>FULL UPDATE ON PROGRESS OF COMMITTEE EFFECTIVENESS ACTION PLAN</p> <p>The report provided Committee Members with an update on the progress and implementation of the actions identified as a result of Member's Effectiveness Self-Assessment Survey and Skills Audit 2022.</p> <p>RESOLVED THAT: Committee Members noted the report.</p>
<p>AGC 31/23</p>	<p>TEESWORKS UPDATE</p> <p>Committee Members received a verbal update from Gary Macdonald.</p> <p>RESOLVED THAT: Committee Members noted the update.</p>
<p>AGC 32/23</p>	<p>GROUP UPDATE</p> <p>This item was provided as a for information item.</p> <p>CP reminded Committee Members about the Teesworks visit schedule to take place next week.</p>
<p>AGC 33/23</p>	<p>GOVERNANCE STRUCTURE</p> <p>Committee Members had received a copy of the updated Governance Structure</p> <p>RESOLVED THAT: Committee members noted the update.</p>

AGC 34/33	SUMMARISED TERMS OF REFERENCE This item was provided as a for information item.
AGC 35/23	DATE OF NEXT MEETING 17 January 2024, 14:00-17:00 at TVCA Offices.