



CONTENTS PAGE

Agenda	2
Declarations of Interest	4
Minutes of Previous Meeting	7
Action Tracker	15
Internal Audit Actions Update	17
Summary Internal Controls Assurance (SICA)	22
Forward Plan	26
For Information Items	
Group Update	28
Governance Structure	35
Summarised Terms of Reference	36



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

Date: 17 January 2024 at 14:00

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

Membership:

Councillor Mandy Porter (Darlington Borough Council) - Chair
Councillor Nicky Walker (Middlesbrough Council)
Councillor Curt Pugh (Redcar and Cleveland Borough Council)
Councillor Rachael Creevy (Hartlepool 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. Internal Audit Actions Update**
Attached
- 5. Summary Internal Controls Assurance Update**
Attached
- 6. External Audit Actions Update**
Verbal
- 7. Forward Plan**
Attached
- 8. Interim update to Committee on Progress of Effectiveness Action Plan**
Verbal
- 9. Review of Risk Management Policy & Framework**
Attached
Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this report is not for publication



10. Risk Management Update

Attached

Under the terms of paragraph 3 of schedule 12a Local Government Act 1972, this report is not for publication

For Information Items:

11. Group Update

Attached

12. Governance Structure

Attached

13. Summarised Terms of Reference

Attached

14. Date & Time of Next Meeting

6 March 2024 @ 13:00

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
Anything is possible

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

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
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.

<u>Attendees</u>
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



<p>AGC 019/23</p>	<p>WELCOME & APOLOGIES FOR ABSENCE</p> <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 members 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> <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.</p> <p>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.</p> <p>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 that Mazars will have sight of it in order to make the necessary judgements required to finalise the 2021/2022 accounts.</p> <p>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.</p> <p>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 cannot 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.</p> <p>Committee Members were invited to ask questions, and these are summarised as follows:</p> <ul style="list-style-type: none">• 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.
--	--



	<ul style="list-style-type: none"> 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 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>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</p>



	<p>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</p>



	<p>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 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>Members were provided with a report in advance of the meeting presenting the TVCA Risk as of November 2023.</p> <p>RESOLVED THAT: Committee Members noted the report.</p>
<p>AGC 30/23</p>	<p>FULL UPDATE ON PROGRESS OF COMMITTEE EFFECTIVENESS ACTION PLAN</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.</p> <p>RESOLVED THAT: Committee Members noted the update.</p>
<p>AGC 31/23</p>	<p>TEESWORKS UPDATE</p> <p>Members were provided with a Teesworks Update.</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>AGC 33/23</p>	<p>GOVERNANCE STRUCTURE</p> <p>This item was provided as a for information item.</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.

Meeting	Item	Action	Owner	Target Date	Update
9 February 2023	Forward Plan	Final Accounts may require an additional meeting - TBC	TVCA	TBC	
	Committee Effectiveness Results & Analysis	Provide brief summary of Member' professional details/experience	TVCA	October 2023	In progress - awaiting 1 member confirmation of proposed content
14 September 2023	Committee Effectiveness Update	Feedback was received the Annual Member Induction should be sheduled sooner around June, preferably in advance of the first Committee which would alo support any new Chair appointment.	LOW	Complete	Added into Committee Effectivness Action Tracker
23 November 2023	Terms of Reference Annual Review	Terms of Reference to be recirculated to members with comments to be provided to NR.	A&G Members	Ongoing	
	Internal Controls Assurance Update	2024/2025 planning document to be shared with members in advance of the meeting on 17 Janaury 2024.	AM		
		Clarity to be provided to Committee Members in respect of how far in advance of a meeting they should pose a question they would like an answer to.	TVCA - NR		
	Risk Management Report	NR to ensure that the high level risk pertaining to reputational damage is fed in to the risk register.	TVCA - NR	Complete	
	Progress of Committee Effectiveness Plan	GM to provide members with a brief in respect of Combined Authority Accounts prior to the meeting on the 17 January 2024.	TVCA - GM		

Meeting	Item	Action	Owner	Target Date	Update
	Group Update	GM to share link following the update from the Treasury and DLUCH with regards to devolution.	TVCA - GM	Complete	

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 AUDIT AND GOVERNANCE COMMITTEE

17 JANUARY 2024

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 December 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 December 23.

Process

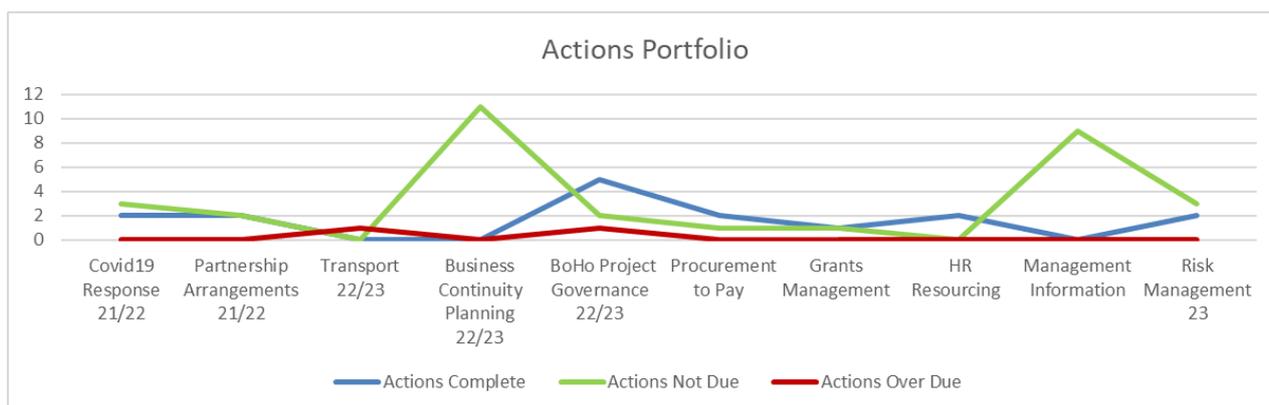
Using a risk-based approach, the internal audit schedule is agreed with the Senior Leadership Team and the Audit and Governance Committee, this ensures the TVCA Group are assessing the effectiveness and efficiency of controls mitigating key risks.

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
Business Continuity Planning 22/23	In Progress
Procurement to Pay 22/23	In Progress
Grants Management 22/23	In Progress
Management Information 22/23	In Progress
Risk Management 22/23	In Progress
BOHO 22/23	Complete
Transport 22/23	Complete

Action progress

There are currently 7 action plans in progress (2 action plans completed since last report).

A total of 73 actions have been completed, 5 actions superseded and 32 actions not due.

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.

Actions closed since last report.

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.	Steering Groups are not required in all cases, where projects and programmes are high risk, steering groups will be considered. Propose to close action.
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.	Action ongoing, all project and programmes are being updated and maintained in the Performance Management dashboard. Propose to close action.



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

Internal Audit

FINAL

January 2024

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 5th January 2024.

Tackling and Managing Fraud Risks

2. The Challenge

Everyone is under increasing financial pressure from the escalating costs of goods and services and increasing inflation leading to the current cost-of-living crisis. The knock-on effects of the pandemic, and the increase in remote working practices, linked with the escalating cost of living has increased the risk of opportunistic fraud against organisations. All organisations are at risk and will be targeted where weaknesses are identified. It is at times such as these where organisations have unfilled vacancies, positions filled by temporary employees, or where existing employees may be struggling with financial or emotional wellbeing that all organisations need to be more aware of the risks and take steps to keep their money, people and data safe.

Recently reported data shows that how some organisations in the UK have been affected by fraud over the last year and how they perceive their fraud risk.

58% - think the risk of fraud is going to increase over the next 12 months. **55% - of reported frauds were perpetrated by staff or volunteers.**
40% - said hybrid working has increased the risk of fraud. **69% - experienced financial loss due to fraud.**

Recommended Actions: To ensure your organisation is addressing this risk and putting in place measures to combat fraud risk, TIAA recommend that several key steps are taken to assess your organisation's exposure, ensure controls are effective and to safeguard should the worst happen.

- **Assign Responsibility:** to a suitably trained employee/Board Member to act as your organisation's Fraud Champion.
- **Train:** Line Managers and Board Members, on fraud risk awareness and managing concerns and, all employees on emerging fraud risk awareness.
- **Govern the risk:** by ensuring your organisation had developed a clearly written Anti-Fraud Policy and Response Plan.
- **Raise Awareness:** with all employees and Members of their responsibilities to protect your organisation's assets.
- **Identify and Record:** the specific types of fraud that are perceived to be a risk to your organisation and what steps are required to manage these.
- **Compliance Test:** at regular intervals, how well your recorded fraud prevention controls are working.
- **Undertake Checks:** on any individual or organisation with whom you have a financial relationship.

TIAA's Proactive Fraud Risk Reviews

TIAA recognises that all sectors and all organisations are susceptible to fraud and is able to provide support in helping ensure your employees are aware of their responsibilities and specific risks facing your organisation. We have also developed a series of reviews that are designed to provide your organisation with external assistance in achieving compliance with our key recommended actions and to provide your Board with assurance over key fraud risk areas.

Audits completed since the last SICA report to the 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.

Frauds/Irregularities

6. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

Responsibility/Disclaimer

7. 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	To commence 16 th January 2024	
Key Financial Controls	3	To commence 29 th February 2024	
ICT Disaster Recovery	4	Fieldwork commenced	
Data Protection - GDPR	4	Fieldwork commenced	
Risk Mitigating Controls	4	To commence 5 th February 2024	
Control Of Major Accident Hazard (COMAH)	4	To be booked for March 2024 following final scoping	
Follow-up	4	To commence 18 th March 2024	

KEY:

	To be commenced		Site work commenced		Draft report issued		Final report issued
--	-----------------	--	---------------------	--	---------------------	--	---------------------

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)

<p>17th January 2024</p>	<ul style="list-style-type: none"> • 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
<p>6th March 2024</p>	<ul style="list-style-type: none"> • Review of Assurance Framework • Oversight of Governance Toolkit • Review of Anti - Fraud Policy • 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 Hartlepool Development Corporation Audit & Governance Committee

Appointment of Representative to Middlesbrough Development Corporation Audit & Governance Committee

Committee Effectiveness & Skills Audit

Contact:

Elaine Braham – Governance Officer
elaine.braham@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 not covered in other reports to this meeting.

RECOMMENDATIONS

It is recommended that the Tees Valley Combined Authority Committee notes the report.

DETAIL

INDEPENDENT REVIEW

1. On 7 June, it was announced that Angie Ridgwell, Chief Executive of Lancashire County Council had been appointed to lead a review into Teesworks following allegations about the organisation being made by the press and in the Commons. The investigation commenced at the beginning of June, with the panel reviewing TVCA's oversight of STDC and the Teesworks Joint Venture, including consideration of specific allegations made in relation to the Joint Venture, of corruption, illegality and wrongdoing. It is also looking at governance and financial management, reflecting the Government's existing approach to external assurance reviews.
2. In total we have provided more than 700 documents to the panel and have answered more than 185 questions. At this stage, we don't have a date for the publication of the independent review panel's report.

INVESTMENT ZONES

3. The government published the Investment Zones (IZ) policy prospectus on 15th March 2023. Tees Valley has been identified as one of eight areas (in England) to work with government to co-develop proposals for a Tees Valley Investment Zone (TVIZ).
4. The TVIZ has been proposed by the Tees Valley Mayor and is being developed by TVCA. TVCA is working closely with Teesside University (as significant research institution/co-signatory) on the Tees Valley Investment Zone.

5. IZs aim to catalyse high potential clusters in areas in need of levelling up to boost productivity and growth. They will support the development of clusters to increase local innovation capacity, attract investment and strengthen the private sector.
6. The Chancellor announced an extension to Investment Zones at the Autumn Statement. The total funding available to each IZ is now £160m over 10 years (commencing April 2024), with an expectation of 60% match coming from private sector, third sector and local government. This funding can be used flexibly, including a five-year tax offer. Places can also receive 100% of the business rates growth in designated sites above an agreed baseline for 25 years.
7. TVCA and TU are currently working with the Department for Levelling Up, Homes and Communities to co-develop the Tees Valley IZ. The TVIZ is focused on digital and technology as our priority sector, with identified high growth clusters in Middlesbrough, Hartlepool and Teesside International Airport.
8. TVCA is seeking fully flexible spend of the £160m funding plus Business Rate Retention for dedicated sites. Retained Business Rates will be over and above the £160m. Interventions are being developed from the full policy menu which includes infrastructure, skills, business support, planning and R&D.
9. Co-development of the TVIZ with government continues to move at pace and we are broadly in line with other areas in terms of progress against the 'gateways'. However due to the ongoing Independent Review into Teesworks government will not make formal decisions or announcements on the TVIZ until this has concluded.

NETWORK NORTH

10. On the 4th October 2023, government published Network North. It was announced that TVCA has an indicative second round City Region Sustainable Transport Settlement (CRSTS2) allocation of £978m for the period 2027/28 to 2031/32. This follows the £310m CRSTS1 allocation for the period 2022/23 to 2026/27. The funding will enable TVCA to continue to take a long-term strategic approach to transformative transport investment.

BUS SERVICE IMPROVEMENT PLAN

11. TVCA has now had confirmation of £1.53m of Bus Service Improvement Plan (BSIP)+ funding for 2023/24 and £1.53m for 2024/25. Following the publication of Network North, it has also been announced that TVCA will receive an additional £3.85m of BSIP funding in 2024/25. The total allocation across 2023/24 and 2024/25 is £6.91m.

12. The Tees Valley Mayor and Local Authority leaders have previously agreed to use a proportion of the funding to mitigate the impact of the Arriva service cuts made in July 2023, extending a number of services to March 2025. In addition, a new Riverside Park Service (Middlesbrough) and Wynyard Service (Stockton-on-Tees) will be introduced early in 2024 through to March 2025.
13. TVCA will develop a proposal for allocating the remaining £4.99m for 2024/25.

BILLINGHAM STATION IMPROVEMENTS

14. The upgrade to Billingham Station is now complete. TVCA provided £1m of funding, together with £0.2m of funding from Stockton-on-Tees Borough Council, as a local contribution to the £3.6 million project. This has enabled the station platforms to be rebuilt; a new and improved bridge with lifts to be installed, connecting the station platforms and providing step-free access; and car park and access improvements.

CREATIVE PLACE

15. Through its Festival Collectives, TVCA has confirmed £150k investment in Pride in Tees Valley - a partnership of charities and councils, working together to deliver quality & LGBT+ community-led events & festivals (Prides), developing/increasing LGBT+ Cultural infrastructure, festival products, visitors, investment and best practice in the sector across Tees Valley.
16. A new Challenge Fund – “The Great Outdoors” – launched on 17th November, inviting proposals for annual events/festivals which celebrate Tees Valley’s natural landscape and engage audiences through outdoor activity. Investment will be made over two years, with up to four event products likely to be supported at around £100k each. Proposals must demonstrate the potential for events to be self-sustaining/non-reliant on TVCA investment beyond 2025/26.

ONE PUBLIC ESTATE (OPE)

17. The OPE programme provides practical and technical support and funding to deliver ambitious property-focused programmes in collaboration with central government and other public sector partners. It aims to generate efficiencies, create economic growth and deliver better, more integrated customer services. The Combined Authority is the accountable body for the OPE programme in Tees Valley.



18. The Tees Valley OPE Partnership has been awarded £262,450 from the Brownfield Land Release Fund Round 2 for the Darlington Borough Council Skinnergate project.

TEES VALLEY LOCAL NATURE RECOVERY STRATEGY

19. Local Nature Recovery Strategies (LNRS) were introduced in the Environment Act 2021 to support efforts to recover nature across England; help planning authorities incorporate nature recovery objectives; Support the delivery of Biodiversity Net Gain; and help deliver the governments national environment targets.
20. There are 48 strategy areas covering the whole of England and each LNRS will agree priorities for nature recovery and propose actions to achieving those priorities.
21. TVCA has been appointed as the Responsible Authority for preparing and publishing a LNRS for the Tees Valley and will work with other organisations and partners in the area to agree priorities for nature recovery in the region.

INNOVATE UK (IUK) LOCAL ACTION PLANS

22. Place and Levelling up is one of six foundations in IUK Plan for Action. To strengthen the innovation capability in Tees Valley and drive economic growth for the region and nationally, a co-created and jointly owned plan is being developed by IUK and Tees Valley Combined Authority, with involvement from partners across the regional and national innovation eco system.
23. The Local Plan will enable us to align the strategic objectives of Tees Valley and focus on the clusters and activities that are most important to the Tees Valley enabling us to connect national to local with a shared purpose to drive growth through innovation. The Local Action Plan is scheduled to be launched in February 2024.

TEESSIDE INTERNATIONAL AIRPORT

24. Teesside Airport has been voted by the public as the best UK Airport for Leisure Travel at the British Travel Awards. This following its success at being named UK & Irish Airport of the Year at the TTG Travel Awards and its Highly Commended honour for International Airport Review's Airport Experience Award.
25. The airport has revealed its annual financial results, reporting a significant reduction in losses. Accounts show the airports EBITDA loss for 2022/23 was £2.26million, down from £9.03million in 2021/22 and ahead of the forecast business plan, which predicted losses of £5.04million for the period. It came after revenues doubled to more than £15million during the year.



26. The airport is working with SSE Energy Solutions to create a new solar farm at the site, which would help meet the energy needs of the airport and tenants, as it aims to become operationally net zero by 2030. Work is also under way on the first of two new hangars to provide additional space for aircraft storage and maintenance. Finally, the airport's Aviation Academy, in partnership with Teesside University, has now opened its doors to students.

TEESWORKS

27. A key obligation imposed on the South Tees Development Corporation in the original Business Case when the South Tees Site Company (STSC) transitioned to local control, was to deliver the Decontamination Project. COMAH inventory materials quantities are now below the required COMAH thresholds. As of 15th November, the EA confirmed COMAH status has been removed from site. This has been a huge effort on behalf of many people and their hard work should be recognised.

28. British Steel has selected its Lackenby plant as the location for a new electric arc furnace, which uses greener technology to melt scrap and produce new steel. The multimillion-pound investment will link with British Steel's Teesside Beam Mill and Special Profiles Mill at Skinningrove which processes steel for industrial uses.

29. A new 43 modern business units will be built at South Bank, offering almost 100,000sq ft of industrial, commercial and office space. New parking for South Bank railway station will feature in the development.

BUSINESS SOLUTIONS

30. Made Smarter is a government-backed initiative designed to improve the productivity of manufacturers through the adoption of Industrial Design Technologies (IDTs). TVCA 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 c.30-40 manufacturing businesses. Confirmation of funding was received for 2024/25 of £800K. Government will expand the Made Smarter Adoption programme to 2030.

31. The Rural REF Fund allocation is £624,909. Two thirds of the overall allocation will be supporting rural businesses £416,606 and one third supporting rural communities £208,303 in eligible postcodes of Redcar and Cleveland. Capital grants of between £3-15K were available to access. The first round closed on 15th November and the fund has received 72 applications in total. Assessment and scoring of the applications will commence w/c 20th November and a moderation panel will be held on the 4th December. Early indications are the business allocation will be over subscribed as opposed to the communities which received a small number of applications.

32. UKSPF People and Skills allocation £4.8m. The People and Skills Investment Priority is to deliver support to economically inactive people. Four providers were successful and £4,487,441 of the available funding has been allocated, the remaining £312,559 will be retained, with further consideration being given as to how to allocate this after the Year 1 review point in March 2024. The target group for Lot 1 is those economically inactive people who are: temporary sick (less than 12 months), in retirement or looking after family/home. The target group for Lot 2 is inactive individuals on long term sick (more than 12 months) and those completely disengaged from the benefit and support system.

NET ZERO

33. The full Tees Valley Cluster Plan for Decarbonisation has now been published, and its digital model continues to be improved and updated with data from industrial partners. The Industrial Net Zero Leadership Group has established both skills and communications workstreams to develop the cluster's thinking in this area. This group, alongside the Tees Valley Business Board and Local Authority partners will feed into the region's Local Area Energy Plan, a key deliverable of the Net Zero Strategy which will tackle issues relating to energy grid constraints and future power needs.

34. TVCA's flagship Trees on Tees scheme continues to progress. This year's resident and community tree giveaway has launched, with 5,000 trees available from 25 local collection points across the region. Trees on Tees has been designated a Community Forrest in an announcement from DEFRA on 29th November, necessitating the production of a Forest Plan, and making significant capital funding available for tree planting across the Tees Valley. The Trees on Tees team has also supported a successful Urban Tree Challenge Fund bid led by Redcar and Cleveland Council

35. The North East and Yorkshire Net Zero Hub has launched its Community Energy programme, as well as continuing delivery of its £81 million Social Housing Decarbonisation Fund Wave 2.1 programme, which is upgrading 5,500 homes in partnership with 19 housing providers including Thirteen and Beyond. The Hub's Local Energy Advice Demonstrators programme has also progressed into the delivery phase. The Hub is launching a procurement framework to support TVCA and other Hub partners in obtaining technical expertise for the delivery of their Net Zero Projects, this will be available in early 2024 following contractual matters being concluded with framework members. The hub has appointed four new Board Members who will bring a wealth of private sector experience to its governance.

FINANCIAL IMPLICATIONS

36. There are no financial implications to this report.

LEGAL IMPLICATIONS



37. There are no legal implications to this report.

RISK ASSESSMENT

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

Name of Contact Officer: Julie Gilhespie

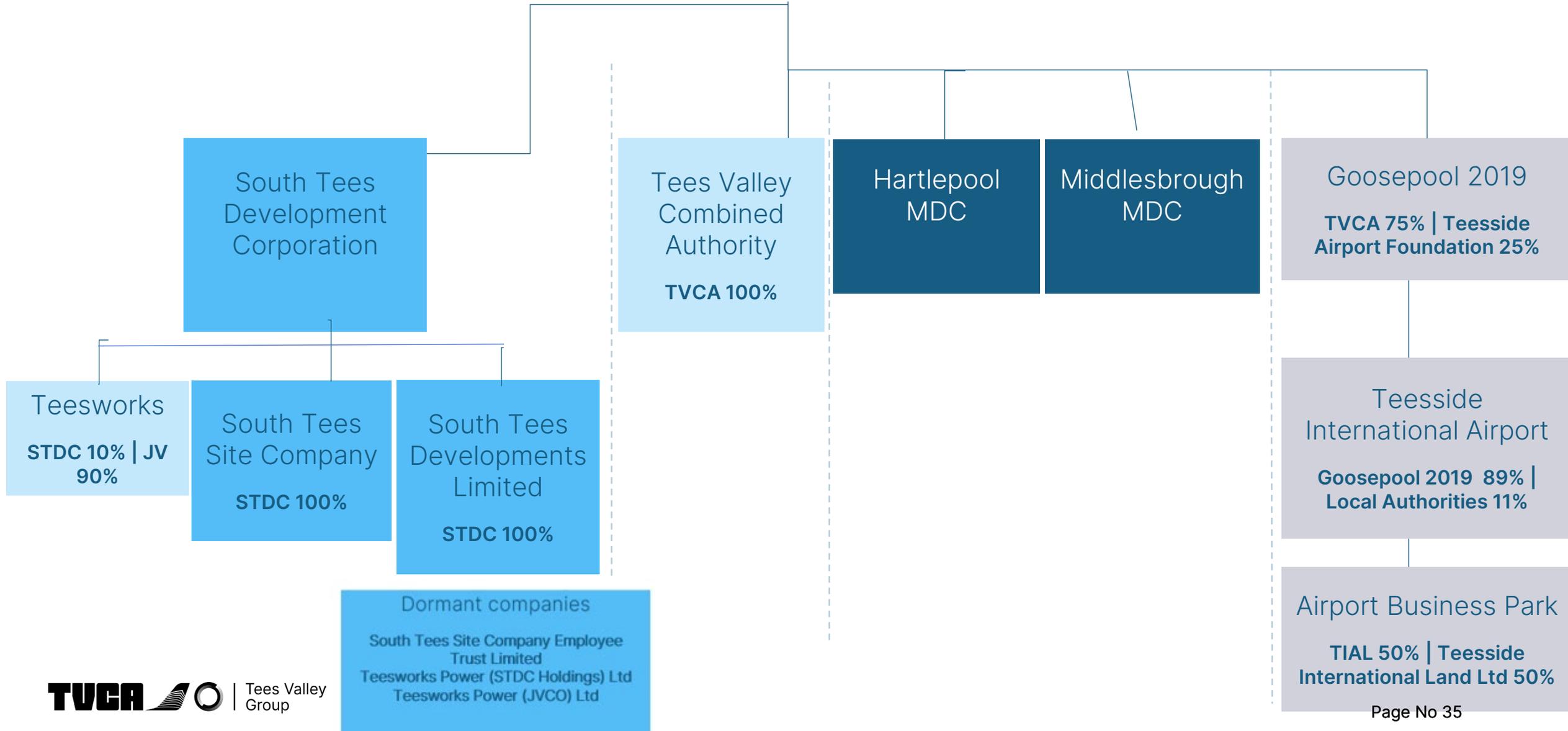
Post Title: Chief Executive Officer

Telephone Number: 01325 792600

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

Tees Valley Combined Authority Group

For Information Item:
Item 12



Item 13**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