



TVCA Audit & Governance Committee
TVCA Offices, Teesside Airport Business Suite, Teesside International Airport,
Darlington DL2 1NJ
17 January 2024 at 14:00

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

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| <u>Attendees</u> |
| Members |
| Cllr Mandy Porter (Darlington Borough Council) - Chair |
| Cllr Curt Pugh (Redcar & Cleveland Borough Council) |
| Cllr David Reynard (Stockton Council) |
| Cllr Rachel Creevy (Hartlepool Borough Council) |
| Jonny Munby (Independent Member) |
| Iain Robson (Independent Member) |
| Lee Webb (Independent Member) |
| Angus Kidd (Independent Member) |
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| Apologies for Absence |
| Cllr Nicky Walker (Middlesbrough Council) |
| Andrew Evans (Independent Member) |
| Claire Mellons (Ernst Young LLP) |
| Cameron Waddell (Mazars) – External Auditors |
| Emma Simson (TVCA – Acting Chief Legal Officer (Monitoring Officer)) |
| Guy Close (TVCA – Governance & Scrutiny Manager) |
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| Officers |
| Gary Macdonald (TVCA - Group Director of Finance & Resources) |
| Natalie Robinson (TVCA – Head of Risk, Performance & Assurance) |
| Victoria Smith (TVCA - Group Financial Controller) |
| Elaine Braham (TVCA – Governance Officer) |
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| Auditors |
| Cath Andrew (Mazars) – External Auditors (via Teams) |
| Andrew McCulloch (TIAA) – Internal Auditors |



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| <p>AGC 001/24</p> | <p>WELCOME & APOLOGIES FOR ABSENCE</p> <p>Members were welcomed to the meeting with apologies submitted as noted above.</p> |
| <p>AGC 002/24</p> | <p>DECLARATION OF INTERESTS</p> <p>No declarations of interest were raised.</p> |
| <p>AGC 003/24</p> | <p>MINUTES OF PREVIOUS MEETING AND ACTION TRACKER</p> <p>The minutes of the meeting held on 23 November 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"> • Cllr Creevy (RC), Elected Member for Hartlepool asked for an update in respect of the Internal Review. Gary Macdonald (GM), Group Director of Finance & Resources, reported that all TVCA tasks had been completed and TVCA are awaiting the final report. • Cllr Porter (MP), Elected Member for Darlington, asked if TVCA had had sight of the draft report from Government. GM advised that TVCA had fact checked content but had not had sight of the final report. RC asked if TVCA had had sight of the outcomes. GM advised that changes can be made following the fact checking exercise and therefore TVCA are awaiting the final report. • Cllr Pugh (CP), Elected Member for Redcar & Cleveland, asked if TVCA had any hint of when it might be received. Victoria Smith (VS), Group Financial Controller, stated that it wouldn't be appropriate to put a date on an external independent review process. • Jonathan Mumby (JM), Independent Member, asked if it were still a case that any delay could affect the audit process. Cath Andrew (CA), Mazars stated that Mazars cannot say how much work will be involved until they see the report. Natalie Robinson (NR), Head of Risk, Performance & Assurance advised that it will be the same for internal audit. <p>Action Tracker Update</p> <ul style="list-style-type: none"> • GM reported that officers will continue to work with internal and external auditors in relation to any outcomes from the review. • One members professional details/experience remains outstanding this is being followed. • Members inductions have been completed; GM advised that any feedback in respect of the content of these would be helpful. • Draft Terms of Reference, comments to be returned to NR, with the intention of finalising the paper at the meeting on 6 March 2024. • NR provided the following guidance in respect how far in advance of a meeting a question should be posed by a member. All questions should be |



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| | <p>raised with the Chair whose role it is, if they feel it is appropriate, to discuss the question with the relevant officers at TVCA re the potential of adding to the forthcoming agenda. Questions should be posed two weeks in advance of the meeting thus allowing ample time to meet statutory publication dates. This guidance is to be added to the Terms of Reference.</p> <p>CLlr Porter advised members that questions had been received from a member of the public requesting that they be addressed at the Committee meeting. After careful consideration it was concluded that they were not appropriate for this committee and did not relate to its remit or the agenda. The member of the public had been advised that they could, if they so choose, redirect their questions to the next available STDC Audit & Governance Committee, but should relate to those items on the agenda or submit a Freedom of Information request.</p> |
| <p>AGC 004/24</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 December 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>NR noted the detailed update on page 20 of the report pack, highlighting that there are currently no high-level actions. GM advised members that TVCA tracks all actions regardless of whether they are high-level.</p> <p>Committee Members were invited to ask questions, and these are summarised as follows:</p> <p>Lee Webb (LW), Independent Member, asked if item 8, Boho Report had been discussed. It was confirmed that members had received a verbal update in respect of this and that lessons learnt from the audit had been embedded in to TVCA processes, e.g., performance monitoring in terms of escalation.</p> <p>Angus Kidd (AK), Independent Member asked how long actions are normally open, NR advised that they are on a rolling basis with TVCA endeavouring to have realistic deadlines.</p> <p>MP asked about the ongoing actions pertaining to Covid 19 Response 21/22 and Partnership Arrangements 21/22, and whether these are coming to an end. NR confirmed that they are. MP felt it would be beneficial to understand why these actions had taken so long. It was agreed to add a date column to the table.</p> <p>AK noted the 73 actions detailed in the report and asked how many owners there are of those actions. NR explained that each action will have a high-level</p> |



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| | <p>management owner, who might then delegate that task to someone within their team. AK queried whether if half the actions are assigned to one group should the committee not then be looking at that group. It was agreed that a summary of owners would be included.</p> <p>MP asked how they determine whether a risk is high-level. NR explained that the rating is determined by the auditors. GM advised that TVCA prioritise high risks aiming to address them timely and effectively.</p> <p>MP asked how members would know if a medium level risk had escalated to become a high-level risk because it had not been dealt with timely. Report to be amended to address this.</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 005/24</p> | <p>SUMMARY INTERNAL CONTROLS ASSURANCE UPDATE</p> <p>Committee Members had received a Summary Internal Controls Assurance (SICA) Report 2023/24, January 2024.</p> <p>Andrew McCulloch (AM), TIAA, highlighted section 2 of their report relating to the increase of opportunistic fraud against organisations, explaining that a level of fraud prevention is considered in the audits they undertake.</p> <p>He advised that the Governance Strategic Control Audit scheduled to commence on 16 January 2024 had been placed on hold pending completion of the independent review, to negate doing something that does not add value. It is now scheduled to commence in March 2024, and will:</p> <ul style="list-style-type: none"> • review risks management have closed and seek evidence to support this; • consider progress against outstanding risks, identifying any ongoing actions being taken against these; and • look at risk levels and give a clear picture of where management is at. <p>Agreement of the 24/25 Annual Plan will not be finalised until after publication of the Independent Review. If, however this has not been published by March 2024 then the strategic plan from last year will be used and kept fluid to ensure it incorporates the review.</p> <p>Committee Members were invited to ask questions, and these are summarised as follows:</p> <p>Iain Robinson (IR), Independent Member asked how fraud prevention training would be delivered. AM advised that this can be done in several ways, either in person, webinar or teams. AM to pass details to management and GM will liaise with him outside of the meeting to progress this.</p> |



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| | <p>NR reported that she receives the links to the webinars and will share these with members going forward.</p> <p>It was agreed that training would be available across the group and completion would be documented.</p> <p>In light of the audits being placed on hold MP asked if TIAA had enough work to be progressing until the Independent Review is received and AM confirmed that they had.</p> <p>RESOLVED THAT: Committee Members noted the Report.</p> |
| <p>AGC 006/24</p> | <p>EXTERNAL AUDIT ACTIONS UPDATE</p> <p>Committee Members received a verbal update from Victoria Smith and Cath Andrew.</p> <p>VS reported that the detailed testing for 21/22 had been completed. CA reported that the assurances from the Teesside Pension Fund auditor had now been received and the only item that remains outstanding is the Independent Review report. If this is received timely the aim is to conclude 21/22 and 22/23 accounts by the end of March.</p> <p>GM asked if anything further was known about the proposed backstop position. CA advised that nothing further has been made public, but should they receive the outstanding information they should be in a position to complete the 2 years audits and the backstop process would then not affect TVCA.</p> <p>MP asked if the backstop position would be guidance and if so, could we conclude anyway. VS stated that a decision had yet to be made in respect of this, however this would likely not alleviate the bottleneck problem. GM noted that if we finalised by the end of March, it would negate the situation.</p> <p>VS reported that Teesside International Airport (TIA) had received a clean audit opinion, concluding a strong control environment. MP asked if this was something that could have been reported to the Committee sooner, providing oversight of the report. VS noted that Mazars had fed back to the Committee prior to sign off, the accounts are in the public domain, however the highlights memorandum is commercially sensitive and could not be shared. RC asked if this could be considered under closed session. GM explained that TIA have their own structure for dealing with these things, however Azets could be asked to provide an assurance in the public session on the highlights memorandum.</p> <p>CP asked if there is a threshold after which something should be brought to this Committee. GM noted that the remit of the Committee is to consider governance, risk and assurance items, and TIA and Goosepool accounts are</p> |



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| | <p>consolidated in to the TVCA accounts. MP felt for transparency it would be good to have oversight at this Committee.</p> <p>RESOLVED THAT: Committee Members noted the update.</p> |
| AGC 007/24 | <p>FORWARD PLAN</p> <p>MP noted that a recent O&S meeting was not quorate and asked what the process would be if this committee were not quorate. GM advised that the committee would be unable to make any decisions or recommendations, however if all of the documents were 'to note' only then the meeting could if members agreed go ahead but they would not be able to agree or sign off items and it would not constitute a formal meeting. If there were documents requiring sign off, then TVCA would look to arrange another meeting. Members asked that reports clearly identify where decisions are required. It was agreed that this would be done using a bold font, NR to add guidance to the Terms to Reference.</p> <p>JM asked when committee members could expect to see the final accounts. GM advised that the 2021/22 accounts are dependent upon receipt of the Independent Review report, and the next available meeting to consider this would be on the 6 March 2024. It was also hoped that the 22/23 accounts could also be shared at this meeting, however if this is not possible then a further meeting would be convened towards the end of March to sign these off.</p> <p>Governance to liaise with members to secure a provisional date for this meeting. It was noted that this would be during the purdah period, GM to review guidance to ascertain if a decision can be agreed during this period.</p> <p>RESOLVED THAT: The Forward Plan was noted.</p> |
| 008/24 | <p>EFFECTIVENESS</p> <p>Confirmation of content for one member's professional details/experiences is outstanding, once received these will be circulated to members.</p> <p>A full update will be brought to a later committee.</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> | |
| AGC 009/24 | <p>REVIEW OF RISK MANAGEMENT POLICY & FRAMEWORK</p> <p>Committee Members received a copy of the Risk Management Framework Ref: TVCA-RMF-001.</p> |



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| | <p>RESOLVED THAT: Committee Members noted the report.</p> |
| <p>AGC 010/24</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 011/24</p> | <p>GROUP UPDATE</p> <p>This item was provided as a for information item.</p> <p>RESOLVED THAT: Committee members noted the update.</p> |
| <p>AGC 012/24</p> | <p>GOVERNANCE STRUCTURE</p> <p>Committee Members had received a copy of the updated Governance Structure</p> <p>This item was provided as a for information item.</p> <p>RESOLVED THAT: Committee members noted the update.</p> |
| <p>AGC 013/24</p> | <p>SUMMARISED TERMS OF REFERENCE</p> <p>This item was provided as a for information item.</p> |
| <p>AGC 014/24</p> | <p>DATE OF NEXT MEETING</p> <p>6 March 2024, 13:00 at TVCA Offices.</p> |