



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

<b>Attendees</b>	
<b>Members</b>	
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)	
<b>Apologies for Absence</b>	
Iain Robson (Independent Member)	
Cllr Nicky Walker (Middlesbrough Council)	
Lee Webb (Independent Member)	
<b>Officers</b>	
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)	
<b>Auditors</b>	
Cameron Waddell (Mazars) – External Auditors	
Cath Andrew (Mazars) – External Auditors	
Mike Gibson (RSM) – Internal Auditors	
Andrew McCulloch (TIAA) – Internal Auditors	
AGC 01/23	WELCOME & APOLOGIES FOR ABSENCE

	Members were welcomed to the meeting and introductions were made with apologies submitted as noted above.
AGC 02/23	<p><b>APPOINTMENT OF CHAIR AND VICE CHAIR</b></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><b>RESOLVED THAT:</b> The Committee agreed the nominations and appointments for reporting to the next TVCA Cabinet.</p>
AGC 03/23	<p><b>CONFIRMATION OF APPOINTMENT OF SOUTH TEES DEVELOPMENT CORPORATION REPRESENTATIVE</b></p> <p>The Committee confirmed the position on the South Tees Development Corporation (STDC) Audit &amp; Governance Committee was to be filled by the representative of Redcar &amp; 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><b>RESOLVED THAT:</b> The Committee ratified the nomination to STDC Audit &amp; Governance Committee.</p>
AGC 04/23	<p><b>APPOINTMENT OF MIDDLESBROUGH (MDC) AND HARTLEPOOL DEVELOPMENT CORPORATION (HDC) REPRESENTATIVES</b></p> <p>The Committee were in agreement that the positions on the two new Development Corporation Audit &amp; 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 &amp; 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 &amp; Governance Committee would come from Hartlepool Council's Audit &amp; Governance Committee and that this had been agreed by the HDC. ES advised this wasn't the case but would double check and come back to the</p>

	<p>Committee. It was confirmed that recruitment for Independent Members of the Committee were out to advert now.</p> <p><b>RESOLVED THAT:</b> The Committee agreed the nominations and appointments.</p>
AGC 05/23	<p><b>DECLARATIONS OF INTEREST</b></p> <p>No declarations of interest were raised.</p>
AGC 06/23	<p><b>MINUTES OF PREVIOUS MEETING &amp; ACTION TRACKER</b></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><b>RESOLVED THAT:</b> Minutes were agreed as a true record.</p>
AGC 07/23	<p><b>INTERNAL AUDIT OPINION</b></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 &amp; 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><b>RESOLVED THAT;</b> Noted the Annual Opinion</p>
<p>AGC 08/23</p>	<p><b>INTERNAL AUDIT ACTIONS UPDATE</b></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 &amp; 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><b>RESOLVED THAT;</b> Committee noted the Report</p>
<p>AGC 09/23</p>	<p><b>INTERNAL AUDIT REPORTS AND INTERNAL AUDIT STRATEGY &amp; ANNUAL PLAN</b></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"> <li>• Management Information</li> <li>• 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.</li> <li>• 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</li> </ul>

	<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"> <li>• Follow Up of Previous Internal Audit Management Actions</li> <li>• Risk Management</li> </ul> <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><b>RESOLVED THAT;</b> 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><b>EXTERNAL AUDIT COMPLETION REPORT</b></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><b>RESOLVED THAT;</b> Noted the External Audit Completion Report</p>
<p>AGC 11/23</p>	<p><b>EXTERNAL AUDIT UPDATE</b></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><b>RESOLVED THAT;</b> Noted the External Audit Update.</p>
<p>AGC 12/23</p>	<p><b>DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23</b></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 &amp; 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 &amp; 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><b>RESOLVED THAT;</b> 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><b>FORWARD PLAN</b></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><b>RESOLVED THAT;</b> The Forward Plan was noted.</p>
<p><b><i>A MOTION WAS PROPOSED AND AGREED TO EXCLUDE THE PRESS &amp; PUBLIC FROM THE FOLLOWING CONFIDENTIAL ITEMS UNDER THE TERMS OF PARAGRAPH 3 OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972</i></b></p>	
<p>AGC 14/23</p>	<p><b>RISK MANAGEMENT REPORT</b></p>

	<p>Members were provided with a report in advance of the meeting presenting the TVCA Risk as of August 2023.</p> <p><b>RESOLVED THAT;</b> The Committee noted the Report.</p>
AGC 15/23	<p><b>COMMITTEE EFFECTIVENESS UPDATE</b></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><b>RESOLVED THAT;</b> The Committee approved the recommendations made in the Report.</p>
AGC 16/23	<p><b>TEESWORKS UPDATE</b></p> <p>Members were provided with a Teesworks Update.</p> <p><b>RESOLVED THAT;</b> The Update was noted.</p>
AGC 17/23	<p><b>GROUP UPDATE</b></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><b>DATE OF NEXT MEETING</b></p> <p>TBC</p>