

Tees Valley Combined Authority (TVCA) Audit and Governance Committee

**Cavendish House, Stockton-On-Tees
23rd January 2020 – 10am**

Attendees

Members

Councillor Matthew Storey (Chair, Middlesbrough Borough Council)
Councillor Barry Woodhouse (Stockton Borough Council)
Councillor Paul Crudass (Darlington Borough Council)
Paul Bury (Independent member)
Christopher White (Independent member)

Apologies for Absence

Councillor Brenda Harrison (Hartlepool Borough Council)
Councillor Sandra Smith (Redcar & Cleveland Borough Council)
Jonny Munby (Independent member)

Officers

Gary Macdonald (Director of Finance & Resources, TVCA)
John Hart (Governance Manager, TVCA)

Also in Attendance

Gareth Roberts (Mazars – External Auditor)
Philip Church (RSM – Internal Auditors)

AGC 26/19	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were submitted as detailed above.</p> <p>John Hart, Governance Manager for the Tees Valley reported that notification had been received from Redcar & Cleveland Borough Council that Councillors Smith and Berry wished to reverse their positions as member and substitute member representing the authority on the Committee, with Cllr Berry becoming full member, and Cllr Smith becoming substitute member. He continued by stating that it would be necessary for this decision to be ratified by both Redcar and Cleveland Full Council and the Tees Valley Combined Authority Cabinet.</p>
AGC 27/19	<p>DECLARATIONS OF INTEREST</p> <p>No declarations of interest were received.</p>
AGC 28/19	<p>MINUTES OF MEETING HELD ON OCTOBER 15th 2019 AND NOTES OF CONFERENCE CALL HELD ON NOVEMBER 19TH 2019</p> <p>The minutes and notes were agreed as a true record.</p>

<p>AGC 29/19</p>	<p>ACTION TRACKER</p> <p>John Hart, Governance Manager reported that all items on the Action Tracker were either completed or ongoing.</p>
<p>AGC 30/19</p>	<p>ANNUAL FINANCIAL STATEMENTS</p> <p>Completed Annual Financial Statements, as examined by members in the Conference Call of November 19th were presented for information. The Chair stated that members were satisfied with the information presented and approved the statements.</p> <p>Christopher White recommended that future Annual Financial Statements provided greater narrative explanation as to the relationship between the Combined Authority, Goosepool and the South Tees Development Corporation, seconded by Councillor Paul Crudass and Paul Bury. This recommendation was accepted by officers.</p>
<p>AGC 31/19</p>	<p>ANNUAL AUDIT LETTER AND EXTERNAL AUDIT PROGRESS REPORT</p> <p>Gareth Roberts, External Auditor, reported to members that no new matters were being reported in this Annual Audit Letter to members that had not been reported in the Audit Completion Report, received in June 2019, or the subsequent follow up letters, but that the document summarised the information following completion of the Audit of the Annual Financial Statements.</p> <p>He continued by drawing members attention to an anticipated revised Code of Practice for Auditors from the National Audit Office which may result to changes to future External Audit Reports, about which the committee would receive a briefing.</p>
<p>AGC 32/19</p>	<p>CORPORATE RISK REGISTER</p> <p>Consideration was given to the Corporate Risk Register.</p> <p>Gary Macdonald reported to members that following a recommendation from the Internal Auditor the Combined Authority was developing directorate-level risk registers, with the intention of achieving implementation by the end of March 2020. He further updated members on risks relating to:</p> <ul style="list-style-type: none"> • The UK Shared Prosperity Fund • The South Tees Development Corporation, including the ongoing Compulsory Purchase process. <p>The Chair requested that members receive a briefing on the Combined Authority ask relating to the Shared Prosperity Fund.</p> <p>Christopher White queried whether risk C06, relating to the South Tees Development Corporation, should be elevated as the Corporation moved into a delivery phase. Gary Macdonald stated that the Combined Authority view was that sufficient controls, funding and collateral were in place to justify its current rating. Christopher White stated that he was satisfied with the answer,</p>

	<p>but suggested that greater detail be included relating to the justification for ratings in future registers.</p> <p>Paul Bury noted a lack of change to the Register to the version previously circulated to members. Gary Macdonald stated that the register was reviewed quarterly and that no additional risks or mitigation to existing risks had been identified.</p> <p>Cllr Barry Woodhouse requested information about inquorate meetings of the Combined Authority Overview and Scrutiny Committee, as reported in the press. John Hart stated that whilst four meetings had been inquorate in the past year, this had not inhibited the committee's ability to provide comprehensive and robust scrutiny of Combined Authority activities and decisions. He also outlined statutory obligations on the membership which complicate quoracy, such the requirement that 10 out of 15 members be present, and substitute members and remote attendance not being permissible. Gary Macdonald stated that officers had made representations to government that these restrictions be relaxed.</p> <p>The Chair asked if the Register's reference to the Tees Valley Mayor lobbying for government investment in transport projects could be taken as an indication that there was a risk that such funding may not be secured. Gary Macdonald stated that until any government funding was finalised, the Combined Authority would utilise any tools at its disposal to ensure maximum leverage, including lobbying from the Mayor.</p>
<p>AGC 33/19</p>	<p>INTERNAL AUDIT PROGRESS REPORT</p> <p>Phillip Church, Internal Auditor introduced an Internal Audit Progress Report and reports into Combined Authority Procurement and GDPR practice, reporting that:</p> <ul style="list-style-type: none"> • The Internal Audit was on target to be completed by the end of the financial year. • The Combined Authority is compliant with GDPR regulations. • RSM have recommend that the Combined Authority produce a Procurement Strategy and put in place procedures allowing it to take a longer-term approach to procurement. • Further reports on Governance and Cyber Security were being finalised and would be presented to members at the next Committee meeting. <p>Paul Bury requested that members be in future provided with a report detailing progress made toward the implementation of recommendations made in previous Internal Audit Reports. Gary Macdonald agreed that this would be produced for future meetings.</p> <p>Christopher White queried whether the absence of a Procurement Strategy should be rated as a higher risk than "moderate". Phillip Church stated that the audit had concluded that suitable and appropriate procurement process were being undertaken by the Combined Authority, but that these processes had yet to be formalised in writing.</p>

	<p>Paul Bury asked for further information as to the role of Social Value in Combined Authority procurement practice. Gary Macdonald stated that a process and matrix were being developed, with supporting software procured, and market engagement was commencing. He continued by stating that this process would include social value efforts undertaken by national suppliers working in the Tees Valley. The Chair suggested that efforts be made to communicate the meaning and impact of social value to residents.</p> <p>Christopher White queried why some Internal Audit reports contain rating judgements whilst others do not. Phillip Church stated that in some areas, clients are either compliant with regulations and legislation or not, and no further judgement from the Internal Auditor is necessary.</p> <p>With regards to the forthcoming report on Cyber Security, Christopher White highlighted that with regards to passwords and information security, having stronger passwords updated less frequently was currently considered best practice.</p> <p>RESOLVED: Members noted the report.</p>
<p>AGC 34/19</p>	<p>FORWARD PLAN AND SCHEDULING OF FUTURE MEETINGS</p> <p>Gareth Roberts reported that an External Audit Plan would be circulated to members before the end of the financial year. Members expressed a view that due to the length of time until the next meeting, members may convene an additional meeting if required to consider the plan.</p>
<p>AGC 35/19</p>	<p>DATE OF NEXT MEETING</p> <ul style="list-style-type: none"> • Thursday May 28th 2020 at 10am.