

## **Tees Valley Combined Authority (TVCA) Audit and Governance Committee**

**Thursday May 28<sup>th</sup> 2020 at 10.00am**

Under the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 this meeting took place via video link.

### **Attendees**

#### **Members**

Councillor Matthew Storey (Chair, Middlesbrough Borough Council)  
Councillor Barry Woodhouse (Stockton Borough Council)  
Councillor Brenda Harrison (Hartlepool Borough Council)  
Paul Bury (Independent member)  
Christopher White (Independent member)  
Jonny Munby (Independent member)

#### **Apologies for Absence**

Councillor Peter Berry (Redcar & Cleveland Borough Council)

#### **Officers**

Gary Macdonald (Director of Finance & Resources, TVCA)  
John Hart (Governance Manager, TVCA)  
Geraldine Brown (Strategy, Policy and Intelligence Manager, TVCA)

#### **Also in Attendance**

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

<b>AGC 36/19</b>	<b>APOLOGIES FOR ABSENCE</b>  Apologies for absence were submitted as detailed above.
<b>AGC 37/19</b>	<b>DECLARATIONS OF INTEREST</b>  No declarations of interest were received.

<p><b>AGC 38/19</b></p>	<p><b>MINUTES OF MEETING HELD ON JANUARY 23<sup>rd</sup> 2020</b></p> <p>Gareth Roberts, External Auditor, requested minute 31/19 be amended to state that he had reported to members that no new matters had been 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>Members agreed to this request.</p> <p>The amended minutes were agreed as a true record.</p>
<p><b>AGC 39/19</b></p>	<p><b>ACTION TRACKER</b></p> <p>John Hart, Governance Manager reported that all items on the Action Tracker were either completed or ongoing.</p> <p>Jonny Munby queried if committee members interest in examining the Combined Authority's draft Procurement Strategy, as recorded in the minutes to the January 23<sup>rd</sup> committee (AGC 33/19) should have been listed as an action. Gary Macdonald, Director of Finance and Resources, stated that this will be added to the Forward Plan for the Committee to be presented to a future meeting.</p>
<p><b>AGC 40/19</b></p>	<p><b>DRAFT ANNUAL GOVERNANCE STATEMENT</b></p> <p>Gary Macdonald introduced the Combined Authority's Draft Annual Governance Statement for 2019/20, drawing member's attention to the section on the impact of the COVID-19 outbreak, included in line with best practice recommendations from the Chartered Institute of Public Finance and Accountancy.</p> <p>Jonny Munby asked whether the statement should make reference to outstanding recommendations from Internal Auditors, such as those relating to cyber-security. Phillip Church (RSM) stated the view that as none of the recommendations was judged to be high risk, this was not necessary.</p> <p>The Chair requested that members receive updates on the impact of the COVID-19 outbreak on major Combined Authority Group projects such as Goosepool Ltd and the South Tees Development Corporation. Gary Macdonald undertook to investigate the most appropriate means of doing so.</p> <p><b>RESOLVED that: Members approved the Combined Authority Annual Governance Statement 2019/20</b></p>
<p><b>AGC 41/19</b></p>	<p><b>DRAFT RISK FRAMEWORK</b></p> <p>Gary Macdonald introduced the Combined Authority's revised Risk Framework, its structured process for identifying potential threats to</p>

	<p>organisational delivery and strategy for eliminating or minimising the impact of these risks.</p> <p>Paul Bury noted that Item 6 paragraph 5 states that the Framework is to be reviewed every year by the Audit and Risk Committee, with any observations or recommendations relating to it submitted to the TVCA Cabinet at its Annual Meeting. He requested that this item be included in the Committee Action Tracker. Members agreed to this request.</p> <p><b>RESOLVED that: Members approved the revised Risk Framework.</b></p>
<p><b>AGC 42/19</b></p>	<p><b>CORPORATE RISK REGISTER</b></p> <p>Consideration was given to the Corporate Risk Register.</p> <p>Gary Macdonald highlighted new entries on the register relating to the COVID-19 outbreak, reporting to members that members would receive a briefing on the Combined Authority's response to the outbreak under Any Other Business.</p> <p>The Chair requested that South Tees Development Corporation and Goosepool Ltd be added to the Forward Plan as standing items due to the scale of the projects and the significant impact the COVOD-19 outbreak could have on each. The Chair also requested regular reports on both South Tees Development Corporation and Goosepool Ltd be provided to the Chair and Vice Chair, so that matters of interest can be selected for discussion at a future Committee meeting as appropriate. Gary Macdonald confirmed he would investigate the most appropriate means of meeting these requests.</p> <p><b>RESOLVED that: Members noted the Corporate Risk Register.</b></p>
<p><b>AGC43/19</b></p>	<p><b>INTERNAL AUDIT PROGRESS REPORT</b></p> <p>Rob Barnett and Philip Church (RSM) introduced a series of internal audit reports, including the Annual Audit Opinion.</p> <p>Rob Barnett reported auditor's positive overall opinion of Combined Authority internal controls, nothing that with no individual audits concluding in a negative opinion, the Combined Authority was in the top quartile of overall ratings. He continued by stating that auditors were "very pleased" that all recommendations had been implemented or were close to implementation within agreed timescales.</p> <p>Phillip Church reported that all planned internal audit reviews had been completed by the year end, with four reviews completed since the last meeting of the committee. He highlighted the positive opinion auditors had concluded with regards to Governance and Project Management, and confirmed that all Key Performance Indicators had been achieved.</p> <p><b>RESOLVED that: Members noted the reports.</b></p>

<b>AGC 44/19</b>	<p><b>INTERNAL AUDIT PLAN</b></p> <p>Phillip Church verbally updated members on the Internal Audit Plan for the forthcoming year, currently under development.</p> <p>The Chair requested that a draft plan be shared with members for comment on completion.</p>
<b>AGC 45/19</b>	<p><b>EXTERNAL AUDIT PLAN</b></p> <p>Gareth Roberts (Mazars) introduced an External Audit Plan, previously circulated to members, noting that there were no changes in scope or audit code.</p> <p>He drew members attention to the Goodwill Assets were now recognised in the plan following the acquisition of Teesside International Airport in 2019 and confirmed that financial reporting timelines had been altered as a result of the COVID-19 outbreak, in line with formal guidance.</p>
<b>AGC 46/19</b>	<p><b>FEE SCALE FOR AUDIT 2021/22</b></p> <p>Members received notification from the Public Sector Audit Appointments of the Combined Authority's audit scale fee for the next financial year.</p>
<b>AGC 47/19</b>	<p><b>ANY OTHER BUSINESS</b></p> <p>Geraldine Brown, Strategy, Policy and Intelligence Manager entered the meeting to update members on the Combined Authority's planning for post-outbreak economic recovery, highlighting:</p> <ul style="list-style-type: none"> <li>• The Combined Authority's overall approach to recovery planning</li> <li>• The commissioning of independent economic analysis.</li> <li>• The surveying of over 1000 regional businesses</li> <li>• How interventions were now being developed in partnership with local authorities, business representative organisations and the Local Enterprise Partnership.</li> </ul> <p>The Chair asked if interventions would be broken down into individual thematic areas. Geraldine Brown stated that consideration would be given to general business support requirements, sector specific support requirements and employment, education and skills needs.</p>
<b>AGC 48/19</b>	<p><b>FORWARD PLAN AND SCHEDULING OF FUTURE MEETINGS</b></p> <p>John Hart drew members attention to the proposed rearrangement of the meeting scheduled for November 19<sup>th</sup> to October 13<sup>th</sup> 2020 to accommodate revised financial reporting deadlines necessitated by the COVID-19 outbreak.</p>

**AGC 49/19**

**DATE OF NEXT MEETING**

- Tuesday July 21<sup>st</sup> 2020