

## SOUTH TEES DEVELOPMENT CORPORATION (STDC) AUDIT & RISK COMMITTEE

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

**Date:** Thursday 28<sup>th</sup> May 2020

**Time:** 14.30pm

**Venue:** Microsoft Teams Live Event

<b>Attendees:</b>		<b>Apologies:</b>
Chris White (Chair - CW)	Darlington Building Society	Professor Jane Turner (Teesside University)
Paul Booth (PB)	STDC Board Member	Anand Srinivasan (Delphinus Advisory Ltd)
Cllr Sandra Smith	Redcar & Cleveland Council	John Baker (Vice Chair – STDC Board)
Julie Gilhespie (JG)	STDC	
John McNicholas (JM)	STDC	
Gary MacDonald (GM)	STDC	
Nolan Gray	STDC	
Mike Russell (MR)	STDC	
Neil Burgess (NB)	STDC	
Gareth Roberts (GR)	Mazars	
Phillip Church (PC)	RSM	
Rob Barnett (RB)	RSM	
Sharon Jones (Secretariat)	TVCA	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
1.	<b>Welcome and introductions</b>	<p>The Chair opened the meeting and introductions were given. Julie Gilhespie was welcomed to the meeting as the Interim CEO for STDC.</p> <p>Apologies were noted as detailed above.</p>		
2.	<b>Quorum</b>	<p>The meeting was noted as being quorate. PB advised he had to leave the meeting early so it was agreed to discuss all business requiring a decision first.</p>		
3.	<b>Declarations of Conflict of Interest</b>	<p>None</p>		
4.	<b>Minutes of previous meeting</b>	<p>The minutes of the meeting held on 3<sup>rd</sup> March 2020 were agreed as a true record.</p>		
5.	<b>2020/21 Internal Audit Programme (RSM)</b>	<p>A report was circulated regarding the Internal Audit Programme.</p> <p>PC gave an overview of the report.</p> <p>NB brought the Committee's attention to the response to internal risk audit report. The Committee was asked to endorse the recommendation in the report that risk registers and risk scores are reviewed at least every two months. Following this risk management will become a standing item on the agenda of the fortnightly Senior Management Team meetings, and this meeting will have central oversight of all risk registers and will ensure that they are kept updated for new, emerging or closed risks.</p>		

		<p><b>RESOLVED</b> that the Committee endorsed this recommendation</p> <p>Paul Booth left the meeting at this point.</p> <p>GM advised that STDC Management team are now meeting fortnightly and are heavily focused on programme and project management, and delivery. Good progress is being made with this. The plan is not to build a highly staffed organisation but have a team to manage contracts. Projects will be outsourced and will require CDM compliant procedures from suppliers.</p> <p>CW advised that he felt that further work and development is still required. STDC need to define its approach to project management and governance.</p> <p>JG explained that lots of work has already been done and this is reflected in the business case provided to BEIS. It was suggested that the business case is brought to this committee as it demonstrates those things and how we will deliver the projects moving forward.</p> <p>CW asked how STDC will build a framework for monitoring and delivering projects underneath the business plan and how this committee can oversee and gain sight of that. It was advised that external resource will be utilised for this . It is still in the planning stage but a comprehensive project delivery plan will be produced.</p>	<p><b>BEIS business case to be brought to next meeting</b></p>	<p><b>JG</b></p>
6.	<b>CEO Business Update</b>	<p>A report detailing the key activity since the last meeting was circulated.</p> <p><b>RESOLVED</b> that the detail of the report was noted.</p>		
7.	<b>Internal Audit Feedback 2019-2020 (RSM)</b>	<p>A report was circulated from RSM regarding the Internal Audit annual opinion.</p> <p>RB advised that the overall opinion is positive with an amber green rating which is an adequate and effective framework in place. There are areas where there are</p>		

		<p>opportunities for improvement. There were 47 actions raised. 20 low, 25 medium and 2 high priorities. A new action plan has been agreed, with review dates, so actions will be followed up and progress reported back to Committee. This should be seen as an opportunity for improvement to be taken forward.</p> <p>GM advised that lots of work has been happening to progress these items. There is a lot more depth behind the Risk Registers now. Project specific risk registers have been set up and lots of work is being done within teams regarding delivery activity and risk. We are confident we can show significant steps forward by the dates in the programme.</p> <p>CW advised he would like the Committee to reflect on the points that have gone round more than once. The Committee needs to get on top of these actions. He suggested a report be produced detailing overdue actions and what work is ongoing for completion of these and timescales for the completion. GM agreed to pick this up and provide a full update.</p> <p><b>RESOLVED</b> that the report is noted.</p>	<p><b>Full report on overdue risks to be provided</b></p>	<p><b>GM</b></p>
<p>8.</p>	<p><b>Internal Audit Update</b></p>	<p>CW gave an update on Internal Audit. The main change is in the timetable. Government have amended the deadline for publishing of draft and final accounts. Draft has changed from end of May to end of August. Final has changed from end of July to end of November. We are all working to ensure that everything joined up and aiming to complete Audit by end of November.</p> <p>At this stage all timings have been agreed with the STDC team and everything is in hand. There are no issues anticipated.</p> <p>It was questioned whether Covid 19 has created any additional work within the audit process. CW advised that it is still too early to say. The first Local Government audit is due to start soon and may raise issues that we are not aware of at this stage.</p>		

		<b>RESOLVED</b> that the update is noted.		
9.	<b>STDC Risk Report</b>	<p><b>A resolution was passed to exclude the press and public from the rest of the meeting as items from this point are confidential by virtue of paragraph 3 of schedule 12A of the Local Government Act 1972</b></p> <p>A report was circulated regarding the STDC Strategic Risk Register. NB advised that a Risk appetite column has been added and individual risks now have a specific risk appetite allocated to them.</p> <p>Risks have been grouped into 3 categories. Severe, high and medium. There are currently 20+ risks within the report.</p> <p>CW questioned if the CPO risk is ready for closure as stated in the report. There will be new and different risks in the new phase of organisation following CPO. Are these all adequately covered in the risk register and if not how do we incorporate this. GM advised this is all covered adequately in the delivery side.</p> <p>It was stated that feedback from the internal audit has been reflected and built into the Risk Register.</p> <p>JG advised that in providing an assurance review for the BEIS business case similar points were raised. We are still working through this to finalise it but part of it is to review the Risk Register to ensure it is up to date in the context of all of these things. There is an ongoing action for management to review and ensure it is kept fully up to date.</p> <p>CW asked if the changes in management, structure etc have been reflected in the register. This will be part of further updates. Once the changes have been signed off from a group perspective then we can implement the STDC part of this including Risk Register and governance structures.</p>		

		<p>The risk from Covid 19 is already included in the Register. SC have continued to operate over the last few months so measures have been put in place. We are comfortable with how the risk has been managed. There has been no indication that there is any risk regarding Government funding. Intention to invest does not appear to be affected. We will keep this under review as things progress. It was agreed to incorporate in a line in the Risk Register regarding how comfortable we are that funding will remain in place.</p> <p><b>RESOLVED</b> that the report is noted.</p>	<b>RR to be amended to include Government Funding</b>	<b>NB</b>
10.	<b>Forward Programme &amp; Action Register</b>	<p>The Forward Programme for the Committee needs updating. Transition timescales and audit deadlines will be included in the programme. It was also agreed that an ARC meeting needs to be scheduled in advance of the due diligence work being completed. The Committee also need to be provided with regular updates on transition and changes to the structure. Action The Forward Programme is to be reworked and shared at the next meeting for agreement.</p> <p><b>Resolved</b> that the Action Register was discussed and updated as agreed.</p>	<b>Forward Programme to be updated</b>	<b>GM</b>
11.	<b>AOB</b>	None		
12.	<b>Date and time of next meeting</b>	Date of next meeting - 29 <sup>th</sup> July 2020		