

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: Wednesday 21st October 2020

Time: 9 am

Venue: Microsoft Teams Meeting

Attendees:		Apologies:
Chris White (Chair - CW)	Darlington Building Society	Professor Jane Turner – Teesside University
Paul Booth (PB)	STDC Board Member	
Cllr Peter Berry (CPB) (TVCA Representative)	Redcar & Cleveland Borough Council	
John Baker (JB)	Independent Member	
Julie Gilhespie (JG)	STDC	
John McNicholas (JM)	STDC	
Gary MacDonald (GM)	STDC	
Mike Russell (MR)	STDC	
Natalie Robinson (NR)	STDC	
Nolan Gray (NG)	STDC	
Gareth Roberts (GR)	Mazars	
Cameron Waddell	Mazars	
Phillip Church (PC)	RSM	
Peter Judge (PJ)	TVCA	
Sharon Jones (Secretariat)	TVCA	
Sally Henry (Secretariat)	TVCA	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
1.	Welcome and introductions	The Chair welcomed everyone to the Meeting.		
2.	Apologies for Absence	Apologies as above. The Meeting was noted as being quorate.		
3.	Declarations of Conflict of Interest	There were no declarations of interest		
4.	Minutes of previous meeting	<p>The minutes of the meeting held on 29th July 2020 were agreed as a true record.</p> <p>Actions from the previous meeting were discussed:</p> <ul style="list-style-type: none"> • Combined Risk Register – A presentation is to be given by Natalie Robinson, who is the new Group Risk Manager, at item 10 on the agenda. This will address the action on joint risk and how we streamline our approach to Risk Management. • Consideration to impact of Covid 19 in reports - This will also be covered later in the meeting. • Evidence of assurance on the outsourcing of financial systems – This is to be looked at moving forward into the new Group Structure and will be detailed within the internal audit plan going forward. • Internal Audit Actions – This has been added as an agenda item so a full update will be provided at Item 8. This will now be a standing agenda item. • Sub-group to be formed and to meet to look at Forward Programme – Update to be provided later in the meeting. 	Add to agenda as Standing Item	SJ

5.	<p>Group Chief Executives Update</p>	<p>A report was circulated providing an update to the Committee on Key activity within STDC since the last meeting. The Group CEO also provided verbal updates on some areas of the report.</p> <p>Since the report was provided transition of STSC has progressed. The business case has been approved by Treasury and funding has started to flow. STDC now fully owns STSC. The next stage is an exercise to look at group resourcing and structures. All support services across the group will be looked at. SC resources will be brought into the group to provide a group wide service.</p> <p>We are currently in the process of procuring for the demolition contract. The decontamination contract is also live.</p> <p>CPO – There were 170 land interests subject to CPO. The vast majority of these are related to SSI interests. These have all now concluded. The second vesting is in relation to easements and rights of way.</p> <p>Discussion took place around the following areas: There is currently a general risk register, but should specific projects have their own risk register based on the risk appetite in the framework. It was advised that we have previously used outsourced Project Managers, but we are currently in the process of recruiting Project Managers whose roles will be to run projects, manage risks and feed into NR and the wider Risk Management Framework. There will also be further recruitment for 2 Risk Analysts to bolster the in-house team.</p> <p>The CEO report gives a good update on what’s going on in the organisation but for this committee it then needs to then translate into risk. It was agreed that this should be done on a project by project basis. The Decontamination project has now been taken over as part of the transition process and the main contract is in place. It would therefore be appropriate to provide an update on this project, what it is, how we are managing the risk, at the next meeting. The Electricity infrastructure project and the demolition framework are currently in procurement so the same can be provided at the meeting after the next one and we can continue to update as appropriate. If Members feel they need more knowledge into the background of these projects in advance of the meetings, then this can be arranged.</p>	<p>Add items for individual projects to Committee FP</p> <p>Forward Plan of Projects to be shared with Committee</p>	<p>SJ</p> <p>GM</p>
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6.	Draft Accounts	<p>GM gave a verbal update on the Draft Accounts.</p> <p>Good progress is being made against the target date. With hindsight it would have been better to have held this Committee meeting in November so Committee could consider the accounts before they go to Board.</p> <p>There is a lot of work in the current draft letter and there are positive opinions. There are no issues in those areas. We have adjusted where there are flags and still have a couple to complete and work through. There are no repeats of the previous year on internal control issues. It has been a big year activity wise. Significant activity has come from CPO, the full business case to Government and the impact of Covid. We are on track to report to Board at end of November and aim to hold an Informal session with this Committee to walk through the draft in advance of this.</p> <p>The Committee again raised levels of resource as an issue that may impact on the production of accounts. GM advised this is being looked at in line with the restructure already referred to earlier in the meeting.</p> <p>The Chair suggested it would be useful to have an update to the Committee regarding levels of resource – what actions have been taken and what actions are planned.</p> <p>RESOLVED that the update was noted.</p>	Paper to be brought to the next meeting regarding resource levels	GM
7.	Internal Audit Report	<p>A Paper was circulated regarding progress against the Internal Audit Plan.</p> <p>PC advised that all plans approved pre Covid are being delivered on target. Most work can be completed remotely but if on site work is necessary and it is a Covid secure environment then this is still able to take place. If Teesside as an area moves to Tier 3 this may have an impact on site delivery but as most of STDC can be completed off site, we are confident we can deliver by year end.</p>		

		RESOLVED the report was noted.		
8.	Update on Internal Audit Actions	<p>A report was circulated in advance of the Meeting on progress made against Internal Audit actions.</p> <p>MR advised that he is proposing to bring a report in this format to each Committee meeting moving forward.</p> <p>A discussion took place regarding overdue actions and how these are progressed. It was proposed that future reports show a percentage of progress against each action rather than just showing as overdue and as if no progress has been made. It was also agreed that a culture is required within which overdue actions are dealt with quickly and not just left with progress markers. Whilst it is understood that some low risk items may need to be deprioritised if this is the case these items should be brought to this Committee and any deferment of action against these agreed in this forum.</p> <p>RESOLVED the Report was noted.</p>	<p>Report to be brought to each meeting of the committee. Percentage progress markers to be included and any items to be deferred to be agreed in advance.</p>	MR
9.	External Audit – Audit Completion Report	<p>An Audit Progress Report was circulated in advance of the Meeting. An update letter was also circulated to Committee members yesterday providing a further update.</p> <p>The Chair questioned if emphasis of matter is necessary in relation to the value of a site. There is always uncertainty in this area, and it was his understanding that RICS guidance was to remove this from July 2020. CW advised there is a regulatory expectation that we should have an emphasis of matter paragraph. It was discussed whether a conversation with the valuer would be worthwhile. GM advised he will pick up with valuers and speak to them about this.</p>	<p>Speak to valuer regarding Emphasis of matter issue</p>	GM

		<p>It was raised that the Group audit remains outstanding and it was asked if a timeline for completion of this is known. GR advised that work is ongoing. Regular conversations are taking place on this and we are hoping to get this concluded relatively quickly. It should be completed with timescales agreed but will be kept under review and will be flagged if we are still not in a position to review in a couple of weeks.</p> <p>It was agreed that the plan for next year's meetings of this Committee will consider any changes to deadlines that may come to ensure that meetings are in line with Audit and accounts being completed and finalised.</p> <p>RESOLVED the Report was noted.</p>		
10.	Risk Update	<p>A resolution to exclude the press and public under paragraph 3 of schedule 12A of the Local Government Act 1972 was agreed.</p> <p>NR delivered a presentation regarding Risk Management.</p> <p>Whilst it was understood that there is a need to harmonise risk management across the group the committee felt that there is a different risk appetite for Site Company. There is a need to look at risk appetite across STDC Group to ensure the appropriate appetite is in each place. There will be an appointment made to a Group Health & Safety Director to ensure this happens.</p> <p>It was agreed that as this Committee is now STDC Group ARC, so this includes STSC as well as STDC, it may be appropriate to do a formal review of membership of the committee and ensure we have the right balance of skills and knowledge. GM advised that a sub-group of this Committee has already met to look ahead at how the Committee will need to operate given the changes. Self-assessment as a committee against an agreed skill set could be the starting point for this. There will be some training needs and we can run some informal sessions for members to</p>	<p>Skills matrix for the Committee to be drafted for self-assessment of Members.</p>	<p>GM</p>

		build awareness. Terms of Reference for the Committee may also need to be reviewed to make sure the processes etc are right. GM will look at this and bring and update to the meeting in December.	ToR to be updated	GM
11.	Forward Programme & Action Register	The Forward Plan and Action Register were noted.		
12.	AOB	A meeting is to be arranged in November to look at the Draft Accounts. This needs to be held before STDC Board.	November meeting – date and agenda items to agree	PJ/SJ
13.	Date and Time of Next Meeting	Date of next Meeting – 16 th December 2020 at 9am.		