

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: Tuesday 3rd March 2020

Time: 14.00pm

Venue: Cavendish House, Teesdale Business Park, Stockton-On-Tees, TS17 6QY

Attendees:		Apologies:
John Baker (Vice Chair - JB)	STDC Board Member	Chris White (Darlington Building Society)
Paul Booth (PB)	STDC Board Member	Professor Jane Turner (Teesside University)
Cllr Peter Berry	Redcar & Cleveland Council	Anand Srinivasan (Delphinus Advisory Ltd)
David Allison (DA)	STDC	
John McNicholas (JM)	STDC	
Gary MacDonald (GM)	STDC	
Nolan Gray	STDC	
Richard Lakey (RL)	STDC	
Neil Burgess (NB)	STDC	
Gareth Roberts (GR)	Mazars	
Cameron Waddell (CW)	Mazars	
Katy Matkin (KM) (by telephone)	RSM	
Chris Potter (CP)	Tait Walker	
Sharon Jones (Secretariat)	TVCA	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
1.	Welcome and introductions	The Chair opened the meeting and introductions were given. John Baker (Vice Chair) advised he is Chairing today's meeting as Chris White (Chair) is unable to attend. Apologies were noted as detailed above.		
2.	Quorum	The meeting was noted as being quorate.		
3.	Declarations of Conflict of Interest	None		
4.	Minutes of previous meeting	The minutes of the meeting held on 18 th December 2019 were agreed as a true record.		
5.	External Audit Plan – STDC and STDL	A Paper was circulated detailing the External Audit Progress report. The Committee was advised that if changes are made to the Group structure then revision of planning, delivery timescales and completion date for audit work may be required. At this stage it was advised that the audit progress report is on track. CW advised that the audit timeline remains unchanged from last year. The deadline may move from July to September, but this has not been confirmed as of yet.		

		<p>GM advised that we are working to the deadline as it stands as the end of July and not looking at it as a changeable deadline.</p> <p>CW advised that significant risks are broadly unchanged from last year. Additional assurance has been given from the Pension Fund Auditor this year.</p> <p>VFM remains unchanged. We can take the committee through the details of this at a later date but as it stands there is no change.</p> <p>DA advised the Committee that he intends to organise an Extraordinary joint ARC & B&I Workstream meeting in April to detail the full arrangements with regard to the deal with SSI and the CPO etc. It is important that members of these groups understand the full picture in order to ensure the Risk Register is inclusive of all future risks. It was noted that there is a lot of work to do with regard to ensuring risk registers are fully inclusive and up to date.</p>	<p>Joint meeting of ARC and B&IW to be arranged</p>	<p>DA</p>
<p>6.</p>	<p>Internal Audit Update</p>	<p>A Paper was circulated updating the Committee on the Internal Audit progress.</p> <p>60% of the plan has already been delivered. 40% is still remaining.</p> <p>Since the last Committee meeting audit has been completed in both Procurement and Budgetary & Financial control.</p> <p>The Budgetary & Financial control report has concluded reasonable assurance. Actions have been agreed for the following areas:</p> <ul style="list-style-type: none"> • There is currently no documented budget setting timetable in place. • outcomes of monthly finance meetings are not currently documented. • detail of management accounts is not currently presented to ARC <p>GM advised that he has already taken an action to discuss the possibility of ARC looking at budgetary controls etc. This is still outstanding and will be picked up after tomorrow's Board meeting.</p>	<p>Board to be consulted with regard</p>	<p>GM</p>

		<p>The Procurement report has concluded reasonable assurance. Actions have been agreed for the following areas:</p> <ul style="list-style-type: none"> • No approved procurement strategy in place – TVCA is currently relied on to run the procurement process and their procedures have been temporarily adopted. STDC needs its own procurement strategy. • A sample of 20 contracts issued showed 4 where there appeared to be non-compliance with process. It was noted that the process for these contracts was followed correctly but there were omissions within the documentation and this has been corrected retrospectively. <p>It was advised that the 2021 planning process has started and an annual plan for next year is being drafted. This can be brought to the next committee meeting.</p> <p>It was agreed that some amendments may be needed to the plan dependent on changes to the group structure. KM advised that the plan is a moving document and it can be amended as needed.</p> <p>There are 2 further audits to carry out in Contract management and Project management. By the next committee meeting there should be a final full audit report and all audits will be completed.</p>	<p>to ARC having financial scrutiny within their remit</p>	
7.	<p>Review of Budget Planning Progress</p>	<p>GM gave a verbal update on the review of the budget planning process.</p> <p>We are currently looking at the 2021 budget ready for the new financial year. There are a number of changes to be accounted for including how money will flow through new look structure of DC once this in place. There have been numerous conversations with the Commercial Director regarding Income revenues and expenditure.</p> <p>In the May meeting the budget will be brought to this Committee in full detail. The timetable for completion is tight but we are working as best we can given all that has happened over the last few months.</p>		

		DA advised that Mike Russell will be starting in his new role as Head of finance this month.		
8.	Review further year of RSM Contract for 2020/2021	<p>A paper was circulated regarding the RSM Contract for 2020/21</p> <p>GM advised the Committee that we propose to keep RSM as our internal Auditor for a further 12 months. There is an option in the contract to extend for the additional 12-month period without having to procure the service. This will give us an opportunity to fully review of their activity and deem if they are providing VFM.</p> <p>The Committee agreed that they are happy to extend the existing contract as long as this is compliant with procurement arrangements.</p>		
9.	SSI Settlement Agreement and related sales agreement	<p>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</p> <p>DA gave the Committee a verbal update regarding the key significant changes that have occurred over the last week or so to be considered by this Committee.</p> <p>It was agreed to schedule an extraordinary meeting for both ARC and B&I Workstream members for April to allow a full and detailed briefing to be given to all.</p>		
10.	CPO Update	This was covered in the verbal update as detailed above		
11.	Transition STSC/DD	This was covered in the verbal update as detailed above		

11.	Risk Register	<p>NB advised that we are in a state of flux currently with regard to the Risk register. We need more clarity on how the organisation will look to see where risk management fits in with the new structure.</p> <p>A status update was given in regard to the current risk registers</p> <p>It was noted that there is lots of work to be done regarding risk management and registers.</p> <p>DA advised that with the ongoing concern around Corona Virus a robust Business Continuity plan is needed that can be implemented if necessary. TVCA currently have a Business Continuity Plan but STDC doesn't have this. STDC need a policy in place ASAP and NB was asked to prioritise this action.</p>	STDC Business Continuity Plan to be drafted	NB
12.	Forward programme and Action register	<p>GM advised that the forward plan should as a minimum cover statutory items. However we can add any additional agenda items in agreement with Chair as and when required.</p> <p>DA questioned if there are any other external requirements that should be added to the Forward Plan. It was agreed to look at incorporating the Annual Governance review into the plan - GM</p> <p>The action register was discussed and any outstanding actions were updated accordingly.</p>	Annual Governance Review to be added to plan	GM
13.	AOB	<p>NB questioned whether the item on Risk appetite, which was an agenda item at the last Board meeting, was discussed whilst the meeting was quorate. It was advised that it wasn't. DA agreed to take this item to next Board for a quorate agreement.</p>	Item to go to Board for quorate agreement	DA

15.	Date and time of next meeting	Extraordinary meeting to be arranged – April TBC Next ordinary meeting - 28 th May 2020		
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