

**Regulation, Audit and Accounts Committee**

26 September 2014 – At a meeting of the Committee held at 2.15 p.m. at County Hall, Chichester.

Present: Mr Bradbury, Mr M Jones, Mr Lanzer, Mrs Millson (Chairman), Mr Patel and Mr Rae

Apologies were received from Ms James.

**Declarations of Interest**

42. In accordance with the Code of Conduct the following personal interests were declared (see also minute 48): -

- Mr Lanzer in Item 4, External Audit report, as a member of the Local Government Pension Scheme.
- Mr Bradbury in Item 10, School Balances report, as his wife is a teacher in a West Sussex school.

**Minutes**

43. Resolved – That the minutes of the Committee held on 23 June 2014 be approved as a correct record and that they be signed by the Chairman.

**External Audit Report**

44. The Committee considered a report by the External Auditor (copy attached to the signed minutes). The report was introduced by Kate Handy of EY who advised the Committee that suitable assurance had now been obtained in relation to the contract with Capita. She also raised a concern that the weaknesses in the control environment of the County Council in relation to the services outsourced to Capita, identified by Internal Audit, and reported at the previous meeting of the Committee, had not been described within the Annual Governance Statement (AGS). She did, however recognise that efforts had been made to address these points.

45. The following points were raised in discussion. Members: -

- Indicated that the Committee had been monitoring the work being done to resolve issues with the Capita contract and would continue to receive regular update reports. They felt satisfied with the progress made and considered that the AGS did not require amending to make reference to this issue.
- Raised concern regarding the late publication of the external audit report and the very short timeframe the Committee had to consider it; thereby introducing risk that issues of concern highlighted in the paper could have been unintentionally missed.
- Queried why EY had started the audit process so late in the summer, resulting in the delay to the report, and requested assurance that the audit would commence earlier next year to enable papers to be provided

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to the Committee in sufficient time to allow adequate consideration of the content. *Mrs Handy explained that EY proposed to commence the audit in mid-June 2015.*

- Suggested that EY discuss with County Council officers how the process could be improved for next year and requested that a timetable for production of the accounts and audit report be brought to the next meeting of the Committee. It was noted that a Government consultation had recently suggested an even earlier timescale for accounts preparation, but that many authorities were responding to state that this would be unachievable. **Post meeting note** - On investigation, after the meeting, it was discovered that the consultation had closed so it was not possible to submit a response on behalf of RAAC members. The Chairman was provided with the text of the County Council's response and was satisfied that it was robust.
- Thanked the officers within the service for all the work they had done to produce the documentation required by the external auditors and the assistance they had provided to EY whilst they were on site carrying out the audit.
- Highlighted the strong performance of the West Sussex Pension Fund.

46. Resolved:

- (1) That the Committee notes the anticipated unqualified audit opinion of both the County Council and the Pension Fund
- (2) That the letter of representation on the County Council's statements be approved.
- (3) That the letter of representation on the West Sussex Pension Fund Statements be approved.
- (4) That the Committee requests that a report be brought to the December meeting setting out the timetable for provision of the 2014-15 accounts and External audit report.

### Financial Statements 2013/14

47. The Committee received a report by the Executive Director Corporate Resources and Services (Interim) (copy attached to the signed minutes).

48. Mr Bradbury declared a personal interest as a governor of Warden Park Academy.

49. Peter Lewis, Executive Director Corporate Resources and Services (Interim), introduced the report highlighting that the accounts presented a well-managed and resilient organisation.

50. The Committee requested clarification regarding the actual figure of unearmarked usable reserves. Vicky Chuter, Chief Accountant, confirmed that there was £17.8 million of unearmarked usable reserves.

51. Members thanked the officers for the training session they provided in advance of the meeting that helped them to understand the key changes in the accounts from the previous year and requested that this process be repeated in 2015.

52. Resolved:- That the annual statement of accounts for the County Council and the Pension Fund be approved.

**Treasury Management Compliance Report – First Quarter 2014-15**

53. The Committee received a report by the Executive Director Corporate Resources and Services (Interim) (copy attached to the signed minutes). Tim Stretton, Head of Corporate Finance introduced the report and highlighted that, due to the upfront payment of the revenue support grant, this created the opportunity to increase the funds in the investment portfolio. Members queried what this would amount to. Mr Stretton indicated that it was likely that these monies could attract a 0.6% return, which if quantified, would equate to approximately £6000.

54. Resolved:- that the report be noted.

**Compliance Monitoring Update – Support Services Outsource Contract**

55. The Committee considered a report by the Commercial Director and Head of Commercial Services (copy attached to the signed minutes). Kevin Carter, Head of Commercial Services, updated the Committee advising that following the recent meeting of the Support Services Outsource Board it had been agreed EY would meet with key officers prior to Christmas to discuss appropriate controls that should be in place in relation to the contract. Members welcomed this proposal and the opportunities it would bring to improve processes. They requested an update on the outcomes achieved as a result of the developments made in compliance monitoring at the Committee meeting in March 2015.

56. Resolved that :-
- (1) The report be noted.
  - (2) The Committee receive a report on the outcomes of the improved compliance monitoring of the Support Services Outsource contract in March 2015.

**Internal Audit Report**

57. The Committee considered a report by the Executive Director Corporate Resources and Services (Interim) and the Head of Internal Audit (copy attached to the signed minutes). Gavin Jones, Head of Internal Audit, introduced the report and advised that the staff reductions were no longer required and he was investigating ways to improve the robustness of the 2014/15 audit opinion. A further update on this matter would be provided at the December meeting.

58. Members highlighted the potential risks in relation to management and use of the monies provided through the Better Care Fund (BCF) and wondered what opportunities for scrutiny of these processes would be available for Members. *Mr Lewis indicated that this could be through the inclusion of this topic on the agenda at either the Health and Adult Social Care Select Committee or the Performance and Finance Select Committee, whichever was considered the most appropriate forum for scrutiny of the BCF.*

59. Resolved:- that the report be noted.

**Service redesign and Adults' Services – progress with Internal audit outstanding recommendations**

60. The Committee considered a report by the Director of Adult Operations and Head of Adult Social Care (copy attached to the signed minutes). Greg Slay, Quality Assurance Lead, introduced the report explaining that it had been necessary to carry out a reconfiguration of the Frameworki system in order to assist implementation of improvements.

61. Members queried the level of risk in sharing data with other agencies via Frameworki. *Mr Slay indicated that this did not occur as there was no open access to Frameworki and a signed declaration of confidentiality must be signed before a member of staff was given user access to Frameworki.* Members queried how information was being transferred between different agencies and raised concern as to whether there were robust risk management processes in place to enable effective, secure data sharing between the County Council and the National Health Service. Members agreed that this issue should be referred to the Chairman of the Health and Adult Social Care Select Committee (HASC) to assess whether this matter merited further investigation.

62. Resolved that:

- (1) The report be noted.
- (2) A letter be sent to the Chairman of HASC highlighting the concerns of the Committee in relation to data sharing with the NHS

**School Balances Report**

63. The Committee considered a report by the Executive Director Corporate Resources and Services (Interim) and Head of Corporate Finance (copy appended to the signed minutes), which outlined school balances at 2013/14 year end. Nigel Street, Service Finance Manager, introduced the report and indicated that, of the six schools expected to be in deficit at the end of the financial year, only one had a sizeable deficit.

64. Members queried whether if a school in their constituency was in deficit, as local member, they were entitled to be made aware of this. Charles Gauntlett, Senior Advisor, Democratic Services, agreed to investigate Members' right of access to this sort of information and circulate a response to the Committee via email.

65. The Committee welcomed the report and confirmed that they wished to continue receiving it annually at the September meeting.

66. Resolved that:

- (1) The report be noted.
- (2) The Committee be supplied with a response to the query noted in minute 64.

**Annual Governance Statement Update**

67. Mr Gauntlett updated the Committee in relation to the work had been taking place to assign tasks from the Annual Governance Statement action plan to appropriate senior officers. A full report, including an update on progress with these actions would be provided at the December meeting.

**Date of Next Meeting**

68. The Committee noted that its next scheduled meeting will be held at 2.15 p.m. on 1 December 2014, at County Hall, Chichester.

The meeting ended at 4.00 p.m.

Chairman