

Regulation, Audit and Accounts Committee

27 September 2013 – At a meeting of the Committee held at 2.15 p.m. at County Hall, Chichester.

Present: Mr Sheldon (Chairman), Ms James, Mr Lamb, Mr Lanzer, Mr Patel and Mr Rae.

In attendance by invitation: Mr Brown (Cabinet Member for Finance)

Apologies for absence were received from Mr Bradbury.

Declarations of Interest

32. None declared at this point (see also minute 59).

Minutes

33. Resolved – That the minutes of the Committee held on 24 June 2013 be approved as a correct record and that they be signed by the Chairman.

External Audit Report – West Sussex County Council

34. The Committee considered the external audit results report for the County Council (copy attached to the signed minutes).

35. The report was introduced by Kate Handy of EY External Auditors who thanked the County Council for their assistance throughout the audit and welcomed the improvements in working practice implemented since last year. She anticipated an unqualified opinion on the financial statements and the Whole of Government accounts.

36. Ms Handy commented that following the weakness previously identified in arrangements for procurement and contracting this had been a specific area for audit focus, particularly due to the County Council's emphasis on moving to becoming a commissioning organisation. She was encouraged by the improved arrangements put in place but indicated that it was an area where further improvements could be made.

37. The Committee welcomed the positive outcome of the audit and thanked all staff involved. It questioned what the County Council had done to make improvements and what else there was to learn from the audit report results. *Gavin Jones, Head of Internal Audit explained that work had been undertaken around key training and improving competencies for staff ; in addition the implementation of a clear split between commissioner and provider within the structure of the authority created greater transparency. It was however accepted that more work needed to be done on improving contract management skills.*

38. The Committee raised concern about the high spend on environmental services which, per head of population, was within the top 10% of County

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Councils and requested a further update from the service at an appropriate point within the year to assess progress in reducing this spend.

39. Resolved that: -

- (1) The report be noted
- (2) A further update regarding spend on environmental services is provided to the Committee at an appropriate point within the year.

External Audit Report - West Sussex County Council Pension Fund

40. The Committee considered the external audit results report for the West Sussex County Council Pension Fund (copy attached to the signed minutes).

41. The report was introduced by Grahame Brown and Jeremy Jacobs from EY who indicated that there were no significant findings and the only corrections required were minor administrative errors. It was anticipated that an unqualified auditors report on the Fund's financial statements would be issued when the outcome of the audit was provided on 30 September.

42. The Cabinet Member for Finance indicated that he was pleased with this outcome and explained that investments had outperformed the benchmark having risen by 17% meaning less financial input was required from the taxpayer.

43. Resolved – That the report be noted.

Financial Report – Statement of Accounts

44. The Committee received a report by the Director of Finance and Assurance (copy attached to the signed minutes). The report was introduced by Vicky Chuter, Chief Accountant.

45. The Committee welcomed the good work undertaken on the accounts, but queried whether the level of funds held in reserves was comparable to that held by other local authorities. *The Cabinet Member indicated that the value held in the General Fund was 3.3% of the 2013/14 budget. A recent Audit Commission report showed that local authorities generally held between 3.5-5% in unearmarked reserves so 3.3% could be considered at the lower end of the spectrum. The County Council holds over £200m in earmarked reserves, allowing a relatively low level of unearmarked funds to be held.*

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

Treasury Management Compliance Update

47. The Committee received a report by the Director of Finance and Assurance (copy attached to the signed minutes). The report was introduced by Mrs Chuter who explained that receipt of the Revenue Support Grant as a one off lump sum rather than as a monthly payment provided greater opportunity for investment.

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48. She also noted that the latest £2.2m dividend from the administrators of Heritable Bank meant that the County Council had now recovered 94p in the £ of the debt owed. This was higher than assumed when the bank went into administration in 2008/09 and meant that funds were available to support the revenue budget in this year.

49. Resolved – That the report be noted.

Internal Audit Report – Implementation of High Priority Internal Audit recommendations

50. The Committee received a report by the Director of Finance and Assurance (copy attached to the signed minutes).

51. Gavin Jones introduced the report and highlighted that an issue that contributed to the limited assurance opinion issued in relation to the Special Education Needs Assessment Team was use of a database that was no longer fit for purpose particularly in interfacing with other systems. In this respect further development of systems such as Frameworki should avoid this situation occurring.

52. The Cabinet Member indicated that lessons had been learnt from the problems that had occurred in relation to the Capital Programme Management. He was confident that the programme was now much better managed and that the service would receive a higher rating than limited assurance in future.

53. The Committee raised concern that poor/insufficient contract monitoring was a common theme amongst those services which had received a limited assurance audit opinion and wondered whether there were sufficient numbers of staff to adequately undertake contract monitoring. *Mr Jones explained that lack of staffing had been a factor as well as inefficient use of resources, poor communication and inadequate Information Technology (IT) systems. However good practice was in place such as the management of the Support Services Outsource and the Waste Management contract and this good practice needed to be shared and cascaded to others involved with contract monitoring within the authority. He added that a review of IT was being undertaken but that it was not sustainable to invest in new IT until decisions had been made on intended service delivery models.*

54. The Committee requested that they receive an update at the next meeting regarding the work being done by the County Council to improve contract monitoring particularly with the authorities' focus on becoming a commissioning organisation.

55. Resolved that: -

- (1) The report be noted
- (2) The Committee receives an update at its next meeting regarding the approach the County Council is taking to improving contract management.

School Balances Report

56. The Committee considered a report by the Director of Finance and Assurance (copy attached to the signed minutes). Nigel Street, Service Finance Manager – Children’s and Learning introduced the report.

57. Resolved that – The report be noted.

Annual Governance Statement Update

58. The Committee received a report by the Director of Finance and Assurance (copy attached to the signed minutes). Charles Gauntlett, Principal Democratic Services Officer introduced the report and highlighted that the owner for Action 1 relating to Adults’ Safeguarding was now Judith Wright. The Chairman also clarified that work had been done to make the actions more robust in relation to the objectives.

59. The Chairman declared a personal interest as Chief Executive of a voluntary sector organisation

60. Shantha Dickinson, Policy and Planning (Security), provided members with an overview of the consensual audit which was recently undertaken by the Information Commissioner’s Office (ICO) to assess the County Council’s compliance with the Data Protection Act and whether there were any areas for improvement. The following points were highlighted: -

- The audit identified some good practice in place but overall a limited assurance opinion was given.
- Areas the ICO identified for improvement were training and awareness, governance and information sharing and data security.
- A training needs analysis would be undertaken and bespoke data protection and information security training commissioned appropriate to user roles. In relation to governance, asset owners would be appointed who had the seniority to make decisions on information sharing in their department. The work around digital by design would assist with improvements for data security.
- The County Council would report back to the ICO in February on progress made with the areas identified for improvement.

61. Members welcomed the County Council’s approach in ensuring staff and members were fully aware of the importance of this matter and the associated fines the authority could face should breaches to the legislation occur and asked how the training would be delivered. *Ms Dickinson explained that a market specialist would be used to deliver an e-learning solution in conjunction with training from experts in data protection within the County Council. The Capita*

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model for delivering training on this issue was also being investigated to ascertain if there was the opportunity for sharing best practice.

62. The Committee highlighted the need for data security systems to be proportionate so that staff were able to make sensible decisions to enable them to share information when appropriate, for example to public sector or voluntary sector partners.

63. The Committee agreed that a report on progress with the areas for improvement should be presented as part of the updated action plan at the next meeting of the Committee.

64. Resolved - that the Committee: -

- (1) Notes the update on the annual governance statement and supports the planned process for 2013-14
- (2) Requests that a progress report with the areas for improvement identified by the ICO be presented as part of the updated action plan at the next meeting of the Committee.

Date of Next Meeting

65. The Committee noted that its next scheduled meeting will be held at 2.15 p.m. on 2 December 2013, at County Hall, Chichester.

The meeting ended at 3.45 p.m.

Chairman