

Regulation, Audit and Accounts Committee

24 September 2012 – At a meeting of the Committee held at 2.15 p.m. at County Hall, Chichester.

Present: Mr Deedman (Chairman), Mr Acraman, Mr Hodgson, Mr Lanzer, Mr Rice, Mr Stevens and Mr Waight.

Declarations of Interests

29. None declared.

Minutes

30. Resolved – That the minutes of the Committee held on 25 June 2012 be approved as a correct record and that they be signed by the Chairman.

External Audit Reports

31. The Committee considered a report by the External Auditor (copy appended to the signed minutes), which set out the annual governance reports on the County Council and the Pension Fund statements.

32. The report was introduced by Helen Thompson, District Auditor, who confirmed that an unqualified opinion would be issued and that the quality of the County Council's preparation of the statements had been significantly improved. An action plan had been agreed to address errors and to use the lessons learned to further improve the process next year. The remaining uncorrected errors in the accounts related to capital accounting. Procurement and contract management were highlighted as a key area that needed to be strengthened.

33. Moving to the Pension Fund, the District Auditor confirmed that she would be issuing an unqualified opinion and was pleased to report that there were no material errors. The only reported error was marginally above the triviality level and there would be no value in correcting it.

34. The Committee welcomed the audit findings and congratulated officers on the improved process. It was assured that the District Auditor would work with the Executive Director for Finance and Performance to find a better way of expressing the capital receipts, but did not wish to correct the error as there was no bottom line impact on the figures. It also noted that the County Council's relationship with valuers was improving, to give a clearer picture of the capital situation and that national guidance had now been issued on the treatment of Foundation Trust Schools. In response to a question on fees and charges, the Executive Director for Finance and performance hoped that up to an additional £500,000 could be realised by raising fees and charges for services towards the national average costs.

35. The Committee agreed that the action plan should be monitored, with particular focus on the recommendations around strengthening procurement and contract management arrangements.

36. Resolved –

- (1) That the identified errors in capital accounting in the County Council's statements remain unadjusted as they do not affect the baseline of the general fund.
- (2) That the adjustments to the County Council's financial statements included in the District Auditor's report be noted.
- (3) That the letter of representation on the County Council's statements be approved.
- (4) That the action plan on the County Council's statements be accepted and monitored by the Committee, with particular focus on recommendation 9, on procurement and contract management arrangements.
- (5) That the identified error in the Pension Fund remain unadjusted due to its trivial, non-material nature.
- (6) That the adjustments to the Pension Fund financial statements included in the District Auditor's report be noted.
- (7) That the letter of representation on Pension Fund statements be approved.

Financial Report – County Council and Pension Fund Accounts

37. The Committee considered a report by the Executive Director for Finance and Performance (copy appended to the signed minutes), which set out the statement of accounts for the County Council and Pension Fund 2011/12.

38. The report was introduced by Richard Hornby, Executive Director for Finance and Performance, who recommended the approval of the statements of accounts. In response to members' questions, the Executive Director for Finance and Performance agreed to try and clearly reflect the impact of redundancy figures in the officer remuneration section of the accounts. He confirmed that robust collection processes were in place for dealing with debts and advised that the significant change in capital value from £93m to £29m was a result of taking academies out of the balance sheet.

39. The Committee hoped that the £15m scheme over two years for borough and district council schemes would have a clear economic benefit analysis carried out. The Executive Director for Finance and Performance agreed to investigate the possibility of this.

40. Resolved –

- (1) That the Statement of Accounts for the County Council and Pension Fund 2011/12 be approved.
- (2) That the improvements made to the preparation of the Statement of Accounts be noted.

Financial Report – Treasury Management Report

41. The Committee had before it a report by the Executive Director for Finance and Performance (copy appended to the signed minutes), that detailed compliance against planned parameters and reported borrowing and investment activity.

42. In response to questions from the Committee, the Executive Director for Finance and Resources confirmed that low risk investment options were followed and confirmed that a 12th dividend had been paid from Heritable Bank so it was now hoped that the initial expected base case return to creditors would be exceeded.

43. Resolved – That current compliance with the Treasury Management Strategy be noted.

Spending Cuts and the Control Environment

44. The Committee considered a report by the Executive Director for Finance and Performance (copy appended to the signed minutes), that highlighted the cuts, new ways of working, potential risks and associated mitigations.

45. The report was introduced by Eric Fisher, Interim Head of Finance, who advised that officers were seeking to introduce improved monitoring of key reconciliations to highlight any problems at an earlier stage. Matt Goodwin, Resources and Performance, advised that the Resources and Performance Service would provide more specialised support and analysis, but that all service managers would be systematically trained on how to run basic financial reports. It was also reported that key issues relating to budgetary management are incorporated into annual audit coverage.

46. Resolved – That the report be noted.

Internal Audit – Implementation of High Priority Internal Audit Recommendations

47. The Committee considered a report by the Executive Director for Finance and Performance (copy appended to the signed minutes), that outlined progress on the implementation of high priority Internal Audit recommendations.

48. The report was introduced by Gavin Jones, Head of Internal Audit, who advised that the two remaining outstanding high priority recommendations were being resolved and would hopefully be completed by the next meeting. He agreed to investigate a question about whether the Better Tomorrows contract had been terminated as yet, to ensure that the recommendation marked as cleared was definitely resolved.

49. Resolved – That the report be noted.

Frameworki Implementation – Update Report

50. The Committee received a report by the Director of Adults' Services, Director of Children's Services, Executive Director of Finance and Performance and Executive

Director of Customers and Change (copy appended to the signed minutes), which gave an update on the implementation of the Frameworki system.

51. The report was introduced by Nigel Street, Finance and Performance, who advised that the implementation of the system had been successful overall, particularly considering its size and scale, but improvements were underway, including the provision of a portal to reduce the administrative burden on staff using the system.

52. The Committee asked whether any user groups were in place across councils that used the Frameworki system and asked how any gaps in the system were resolved. Dr Street confirmed that user groups were in place to monitor the system and seek improvements to functionality. Corelogic, the provider, would in many cases pay for improvement work if it could benefit their product. Sue Price, Children's Services, and Rachel Potts, Adults Services, highlighted the usefulness of the user groups and the positive relationship with Corelogic, for example in working on self-directed support.

53. Julia Dixon, Senior Social Worker, reported that staff felt that there had been a vast improvement in information sharing on cases and assessments. There had been some teething problems with the system but these had now been resolved and the helpdesk now resolved problems quickly.

54. The Committee welcomed the update and questioned the security of data and the enforcement of training for staff using framework. The Executive Director for Finance and Performance confirmed that security was satisfactory and that all laptops were now encrypted to prevent data loss. Ms Potts advised that personal declarations signed by staff were explicit about expectations on data security and line managers were able to remove access from any member of staff who had not completed the e-learning module.

55. Resolved –

- (1) That a further progress report be submitted to the Committee in March 2013.
- (2) That the Committee receives a demonstration of Frameworki immediately before its next meeting in December 2012.

Corporate Risk Register

56. The Committee considered a report by the Executive Director for Finance and Performance (copy appended to the signed minutes), which introduced the risk register.

57. The Committee welcomed the register, but commented that the layout could be made clearer, including to highlight when risks became live situations and to add the impact of mitigations to risks.

58. There was concern about the way the Register should be considered by the Cabinet and Committees, and this Committee should just be ensuring that the Register was in the right format rather than considering the various matters highlighted in the Register. The Committee hoped that risk information would be publicised more widely and this would make it less necessary for the Committee to

consider the Register on a frequent basis. The Executive Director for Finance and Performance agreed to consider suggested ways of improving the layout and anticipated that the register would be made available to all via the County Council website.

59. In response to a question on whether the corporate aim to reduce the number of County Council buildings created greater risk, the Executive Director highlighted that many staff would be able to work more flexibly in more locations, even though there would be fewer Council buildings, which should reduce the risk.

60. Resolved – That the report be noted.

School Balances as at 31 March 2012

61. The Committee considered a report by the Executive Director for Finance and Performance (copy appended to the signed minutes), that outlined the improvements to tackling school.

62. The Committee welcomed the significant reductions in school deficits and noted the work of School Governors, Headteachers and the County Council's support team in achieving this. It hoped that schools with long standing surpluses could also be tackled, with outstanding surpluses being used to improve the learning experience in the schools involved rather than kept in the bank or redistributed to other West Sussex schools.

63. Resolved –

- (1) That the reductions in school deficits be welcomed.
- (2) That a progress report on tackling long standing school surpluses be submitted to the Committee in March 2013.

Date of Next Meeting

64. The Committee noted that its next scheduled meeting will be held on 3 December 2012 at 2.15 p.m.

The meeting ended at 4.24 p.m.

Chairman