

**Regulation, Audit and Accounts Committee**

3 December 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 and Mr Stevens.

Apologies: Mr Waight.

**Declarations of Interests**

65. None declared.

**Minutes**

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

**External Audit Reports**

67. The Committee received the Annual Audit Letter from the External Auditor (copy appended to the signed minutes), which summarised the 2011/12 audits of the Council and Pension Fund.

68. The report was introduced by Kate Handy, the new Audit Director, who confirmed that the accounts for the County Council and for the West Sussex Pension Fund had received an unqualified opinion following the presentation of the annual governance reports to the previous meeting of the Committee. The Committee was satisfied by the unqualified opinion and welcomed Kate Handy.

69. Resolved – That the Committee notes the West Sussex County Council and West Sussex Pension Fund Annual Audit Letter 2011/12.

**Internal Audit Report**

70. The Committee received 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.

71. The report was introduced by Gavin Jones, Head of Internal Audit, who advised that outstanding high priority recommendations related to the May Gurney contract closedown, the contract lettings procedure and core financial systems.

72. Stuart Smith, Highways Commissioning Manager, provided an update on the May Gurney contract closedown. Mr Smith confirmed that a number of materials had been left with the County Council including items such as kerbs, salt and hand tools which were being distributed to Parish Councils and local community projects. No comprehensive record of assets existed therefore it was not known exactly what products remained with the County Council following the closedown of the May Gurney Contract. The incoming provider, Balfour Beatty, had brought in their own plant and equipment; work was on-going on the new contract to ensure that an accurate records of assets, materials and equipment existed.

73. Edward Vera-Cruz, Head of Procurement and Contract Services provided an update on contract letting procedures. A review of contract procedures had found a level of non-compliance with standing orders including: the undertaking of formal contract arrangements above a financial threshold; a lack of data to facilitate effective monitoring of contracts; and a lack of involvement of central procurement in procurement activities. The nature of non-compliance with standing orders did not represent a significant risk to County Council but work was being undertaken to increase compliance with standing orders and to ensure adequate maintenance of the contracts database and the greater involvement of central procurement. The Committee recognised that procurement and contract management represented a large area of work for Internal Audit and new arrangements posed a significant risk to the County Council which needed to be closely monitored.

74. The Committee noted an update on the anti-fraud work of Internal Audit including two significant cases detected involving Local Authorities South East Region (LASER) bulk energy buying scheme and Direct Payments. The Committee queried the review of budgetary control and the recommendations arising from the review. It was confirmed that a training programme had been established for officers and Internal Audit would be monitoring the provision and effectiveness of the training.

75. Resolved – That the Committee notes the report.

### **Treasury Management Compliance Report – Second Quarter 2012/13**

76. The Committee received 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.

77. The report was introduced by Eric Fisher, Interim Head of Finance, and the Committee noted two breaches of the approved monetary limit with HSBC which had resulted in the loss of a small amount of interest. It was reported that occasionally large deposits were provided to the County Council without notice and when this occurred there was a risk of breaching the limit. This had been previously reviewed by the Council's Treasury Management Panel and was seen as a technical breach which had not exposed the Council to additional risk.

78. Resolved – That the Committee notes the current compliance with the Treasury Management.

### **Support Services Contract Management**

79. The Committee received a report by Executive Director Customers and Change (copy appended to the signed minutes) that provided an update on the latest position of the Office Services Support contract with Capita. Patrick Ellis, Head of Business Improvement and Jeremy Northeast, Commercial Manager, introduced the report and outlined the processes in place to manage the contract with Capita.

80. The Committee felt that there was an excess of Boards involved in the governance arrangements for the contract and urged that governance boards be streamlined. It was confirmed that such an exercise was being undertaken and the

Committee requested that an update report be provided to the meeting in June 2013 to outline progress made with the streamlining of governance arrangements.

81. Resolved – That the report be noted and that an update report be provided to the Committee at the meeting in June 2013.

**Financial Adults Safeguarding Team – Update Report**

82. The Committee considered a report by the Executive Director for Finance and Performance (copy appended to the signed minutes), which provided an outline of progress made against the high priority recommendations concerning the Finance and Adults Safeguarding (FAS) team. Jackie Royston, (Client Service Support Manager) introduced the report and it was confirmed that the situation was greatly improved with all bank accounts now open and no backlog in the allocation of cases to FAS officers.

83. The Committee noted the improvements made and was reassured that the work undertaken by the FAS team had resolved the issues that had caused concern to the Committee.

84. Resolved – That the Committee notes the report.

**Date of Next Meeting**

85. The Committee noted that its next scheduled meeting would be held on 11 March 2012 at 2.15 p.m.

The meeting ended at 3.50 p.m.

Chairman