

Regulation, Audit and Accounts Committee

28 November 2016 – At a meeting of the Committee held at 10.30 a.m. at County Hall, Chichester.

Present: Mrs Millson (Chairman), Mr Bradbury, Ms James*, Mr M Jones, Mr Lanzer, Mr Patel and Mr Waight.

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

*Ms James left at 12.32 p.m.

Part I

Declaration of Interest

81. Mr Lanzer declared a personal interest for the External Audit Reports item as a deferred member of the Local Government Pension Scheme.

82. Ms Eberhart (Director of Finance) declared a personal interest as her daughter was employed at Ernst & Young (EY).

Minutes

83. The Committee received an update from the Director of Finance and Executive Director Corporate Resources and Services on the Refuse Derived Fuel contract (minute 47). It was confirmed that the decision report had been drafted and would be taken soon. The tender process would begin in Spring 2017.

84. Resolved – That the minutes of the meeting of the Committee held on 16 September 2016 be approved as a correct record and that they be signed by the Chairman.

Annual Governance Statement 2015/16 Action Plan Update

85. The Committee considered a report by the Executive Director Corporate Resources and Services and Director of Law, Assurance and Strategy (copy appended to the signed minutes).

86. Charles Gauntlett, Senior Advisor, introduced the report which gave an update on the Annual Governance Statement that was agreed by the Committee in June. 15 items were included on the Action Plan and the Committee were asked to note progress.

87. In response to members' questions on the stability of the Risk Working Group, Mr Lewis, Executive Director Corporate Resources and Services, confirmed that the Risk Working Group was stable and had good attendance from representative officers from each directorate. The group met every 6 weeks.

88. In response to members' questions on the recruitment to the Corporate Risk Manager post, Mr Lewis confirmed that there had been difficulties and that efforts would be increased in the new year to make an appointment. Corporate risk would be better supported when the role was appointed to.

89. In response to queries for the schedule of progress on risk action, Mr Lewis explained that he was aware of the committee's previous displeasure with moving date deadlines. The report therefore aimed to show progress and actions against longer term objectives. Progress on the activity would be carefully monitored. Members requested to see details of the milestones of activity so they could understand the proposed journey. The Members noted that the Chief Executive was attending the March meeting where a risk item would contain the requested elements.

90. In response to members' questions on devolution progress, Mr Kershaw, Director of Law, Assurance and Strategy, confirmed that the next 3SC event was planned for February and so would not be constrained by the election pre-election publicity (purdah) period. Members requested that the upcoming member day on devolution contained all necessary information on plans and progress.

91. In response to members' questions on progress with Care capacity recruitment, Ms Wilson, Executive Director Care Wellbeing & Education, explained that a new programme was working well to consider applicants. It was remarked that progress was slower than hoped and that work was being done with external organisations to consider the position. Despite 600 beds being lost since 2014, the current market was stable, with a noted shift from residential to nursing care.

92. In response to members' questions on domiciliary care, Ms Wilson explained that the home care market was particularly unstable. The County Council would be utilising a banked hours system using its own in house provider base in order to meet the demand.

93. In response to members' questions on pressure points, Ms Wilson confirmed that work was done with health colleagues to prepare for projected pinch points. Population estimates were considered, as well as anticipating the implications of officers' annual leave e.g. over Christmas. It was confirmed that a plan for this winter was in place.

94. In response to members' questions on the Children's social care budget, Ms Wilson confirmed that there was still budget pressure with the identification of complex cases adding to the issue. The loss of experienced staff was also a factor, however it was reported that the academy was bringing in a good level of new staff.

95. In response to members' queries of the loss of staff, Ms Wilson considered that the high level of caseloads was a factor for staff leaving. Staff in this sector liked to give a good level of service which could be impacted by high caseloads.

96. In response to members' questions on child sexual exploitation cases, Ms Wilson confirmed that better detection increased workloads. Officers also had preventative roles to play. Ms Wilson agreed to send Ms James details on the collaborative work that was undertaken with the police.

97. In response to members' questions on the profiling of the Capital Programme, Ms Eberhart, Director of Finance, confirmed that the programme had been re-profiled this year and that officers would be mindful of realism going forwards.

98. In response to members' questions on business continuity and the resilience of the IT servers, Mr Lewis confirmed that a recent test of the backup servers had been significantly successful and that identified improvements were being worked on.

99. In response to members' questions on the use of volunteers for the County Emergency Centre, Mr Lewis confirmed that the volunteers were existing staff members.

100. Resolved – That the Committee notes the progress made on the action plan and requests further updates at the March meeting.

Duplicate Payments

101. The Committee considered a report by the Executive Director Corporate Resources and Services and Director of Finance (copy appended to the signed minutes).

102. Peter Lewis, Executive Director Corporate Resources and Services introduced the report which outlined the identification of potential duplicate payments and the arrangements for a contract with a company to investigate recovery of actual duplicate payments. The contract would go back to April 2011 payments initially, and then investigate older payments. The work would also highlight any improvements that could be made with County Council processes to reduce duplicate payments, as well as looking at VAT issues and credit notes.

103. In response to members' questions on the impact of inflation, Mr Lewis confirmed that inflation would impact the payments and so recovered payments would be worth less than at the time they were originally made.

104. In response to members' questions on the necessity of a part II appendix, Mr Lewis explained that the appendix outlined an issue with a specific contractor and so needed to be discussed in the absence of the public. Mr Kershaw confirmed that the grounds for part II overrode the particular provisions of the Public Disclosure Act.

Exclusion of Press and Public

105. Resolved – That under Section 100(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I, of Schedule 12A, of the Act by virtue of the paragraph specified under the item and that, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

Summary of Matters discussed in the absence of the Press and Public on 28 November 2016

(Exempt, paragraph 3, Financial or business affairs of any person (including the authority))

Members received an update on a contract to recover historic duplicate payments. Members expressed disappointment that there had been delays on the recovery of historic duplicate payments, but received reassurance that work was ongoing to recover payments and that improvements to processes, where appropriate, to reduce duplicate payments had been in place since 2014.

Part I

113. The Committee voted on an alternative recommendation that was proposed by Ms James and seconded by Mr Jones:

The committee welcomes the action now being taken to address the issue of duplicate payments and requests a full update in March 2017 to verify that appropriate action has been taken.

114. The recommendation was agreed.

115. Resolved – That the committee welcomes the action now being taken to address the issue of duplicate payments but requests a full update in March 2017 to verify that appropriate action has been taken.

116. The Committee also agreed that the Regulation, Audit and Accounts Committee was the correct forum for the oversight of all matters related to the duplicate payment issue.

Internal Audit Report

117. The Committee considered a report by the Director of Finance and the Head of Internal Audit (copy appended to the signed minutes).

118. The report was introduced by Gavin Jones, Head of Internal Audit, who informed the Committee that the Beechfield Secure Children's Home had received a limited assurance audit opinion. Value for money issues had been identified with poor financial practices. Work was being done with Ms Wilson to ensure better management going forwards.

119. In response to members' questions on the external party site usage, Ms Wilson explained that this related to a portion of the site being used for sheep and goat grazing. The animals were owned by a volunteer who did not have the correct clearance to be on the site. Facilities management had also been unaware of the grazing arrangements. Checks had been installed to ensure such arrangements would not happen in future; but officers felt this arrangement demonstrated the cultural problems discovered on the site.

120. In response to members' questions on the current status of the site, Ms Wilson confirmed that there were no children at the unit following the decision to examine the results of the audit report and undertake a full investigation of management processes.

121. In response to members' questions on SAP optimisation and the supporting infrastructure, Mr Lewis confirmed that Capita were responsible for maintaining the core IT systems. The County Council paid for replacement hardware whilst Capita paid for the installation work. Additional services had been brought in to develop the SAP Optimisation programme of works.

122. Resolved – That the Committee notes the report and obtains assurance that high priority recommendations are being actively resolved.

External Audit Reports

123. The Committee considered the Annual Audit Letter from the External Auditor, EY (copies appended to the signed minutes).

124. Mr King, EY, introduced the letter and explained that the main messages in the letter had been discussed at the September meeting. The new elements of the letter were the unqualified audit opinion of accounts and the value for money opinion. It was confirmed that the completion of EY's work had enabled the County Council to publish their accounts on time.

125. Members were informed that, following a recent CIPFA LASAAC meeting, the decision was taken to defer the implementation of measuring the Highways Network Asset at Depreciated Replacement Cost in local authority financial statements for a year, and was now scheduled to come in for the 2017/18 accounts.

126. Resolved – That the Committee welcomes the work of EY and notes the challenges ahead.

Changes to the arrangements for appointment of External Auditors

127. The Committee considered a report by the Director of Finance (copy appended to the signed minutes).

128. The report was introduced by Vicky Chuter, Chief Accountant, who outlined the options available to the County Council for the local appointment of External Auditors for the audit of the 2018/19 accounts onwards. Public Sector Audit Appointments Limited had issued notice of an offer to the County Council to opt in to option 3 for West Sussex County Council and the West Sussex Pension Fund. A response was required by 9 March 2017.

129. Resolved – That the Committee recommends to County Council the acceptance of the invitation from the Public Sector Audit Appointments Limited (PSAA) to become an opt-in authority for the purposes of the appointment of our External Auditor for both West Sussex County Council and the West Sussex Pension Fund, under the provision of the Local Audit and Accountability Act 2014 and the requirements of the Local Audit (Appointing Person) Regulations 2015.

Treasury Management Compliance Report – Second Quarter 2016/17

130. The Committee considered a report by the Director of Finance (copy appended to the signed minutes).

131. The report was introduced by Mrs Chuter, who confirmed that there had been no breaches to the strategy. No additional borrowing had been undertaken and plans continued with internal borrowing.

132. In response to members' questions on whether some investments breached the treasury management policy, Mr Hunt, Cabinet Member for Finance, confirmed that the strategy was to drive returns and seek new investment opportunities, ensuring the security was maintained. Assurance was given that all investments would be compliant with the agreed strategy.

133. Resolved – That Committee notes the report.

Staff Induction

134. The Committee considered a report by the Executive Director Corporate Resources & Services and the Director of Workforce, Organisational Development & Delivery Support (copy appended to the signed minutes).

135. The report was introduced by Natasha Edmunds, Director of Workforce, Organisational Development and Delivery Support, who confirmed that induction completion rates had been assessed and the effectiveness considered. A new approach was being installed with a focus on more face to face content with monitoring of completion rates and results.

136. Resolved – That the Committee welcomes the proposed improvements and looks forward to seeing the results under the new system.

Date of Next Meeting

137. The Committee noted that its next scheduled meeting would take place on 13 March 2017 at 10.30 a.m. at County Hall, Chichester.

The meeting ended at 1.01 p.m.

Chairman