

Regulation, Audit and Accounts Committee

30 November 2015 – At a meeting of the Committee held at 10.30 a.m. at County Hall, Chichester.

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

Apologies for absence were received from Mr Bradbury.

* Ms James left at 12.07 p.m.

Part I Minutes

87. Resolved – That the part I minutes of the meeting of the Committee held on 25 September 2015 be approved as a correct record and that they be signed by the Chairman.

Part II Matters

88. Charles Gauntlett, Senior Advisor, reported to the Committee that the Monitoring Officer had considered the part II report from the previous meeting and had decided that the list of highways officers' gifts and hospitality did not contain exempt information. The Committee were therefore invited to bring the part II minutes into part I.

89. Resolved – That the part II minutes be brought into the part I section of the meeting and made available to the public, and the list of highways officers' gifts and hospitality from the previous meeting be made available to the public.

Part II Minutes

90. Resolved – That the part II minutes of the meeting of the Committee held on 25 September be approved as a correct record and that they be signed by the Chairman.

Revision to Standing Orders – Procurement and Contracts

91. The Committee considered a report by the Director of Law, Assurance and Strategy (copy appended to the signed minutes).

92. The report was introduced by Michael Jordan, Principal Solicitor Commercial, who explained that the proposed revisions to Standing Orders were required in order to reflect changes introduced by the Public Contract Regulations 2015 which implement an EU Directive intended to update and simplify public procurement across the EU. The domestic legislation also included a series of reforms intended to improve access for small and medium sized businesses to public contracts. The introduction of the new legislation also provides a welcome opportunity to update the standing orders which were last revised in 2004.

93. In response to members' questions on the reasoning and consequences of raising an interim threshold adopted by Standing Orders from £75,000 (current) to £100,000 (revised), Mr Jordan explained that the rise would ensure that the Council adopts a proportionate approach to its contracting activity when coupled with the increased transparency under the proposed revisions.

94. The Committee sought details on how many contracts this rise would affect and any other implications. Mr Jordan resolved to provide this information.

95. In responses to members' questions on the quoted contract value limit of £172,514, Mr Jordan confirmed this value reflected a currency conversion rate between the euro and pound sterling which is set by the European Commission every five years with the revised values published in the Official Journal of the European Union.

POST MEETING CLARIFICATION - Mr Jordan has confirmed that the period is in fact two years.

96. In responses to members' questions on the benefits of the changes, Mr Jordan confirmed there would be an enhanced focus on value for money with regard to the Council's contracting activity and improved opportunities for smaller businesses. The improved standing orders would also cross reference a guide to good procurement practice by the Council which would be a living document maintained by the Director of Law, Assurance and Strategy and the Head of Procurement and Contract Services, for use by officers leading on contract and procurement activity.

97. Resolved – That the Committee:

- (1) Approves the form and content of the revised Standing Orders on Procurement and Contracts attached to this Report; and
- (2) Delegates authority to the Director of Law, Assurance and Strategy to take the necessary steps to implement revised Standing Orders on Procurement and Contracts substantially in the form attached to this Report and to provide for them to take effect from 1 January 2016.
- (3) Requests analysis of the impact of the agreed threshold changes prior to the planned implementation date of 1 January with the opportunity to review and pause implementation and/or have an item at a future committee meeting if necessary.

External Audit Reports – Annual Audit Letter

98. The Committee considered a report by the External Auditor, EY (copy appended to the signed minutes).

99. The letter was introduced by Ms Handy, EY, who confirmed that the letter summarised the key points from the full audit report. It was also confirmed that the audit plan for next year was being finalised and would be scheduled for the March committee meeting.

100. Resolved – That the Annual Audit Letter be approved.

External Audit Reports – Annual Audit Letter 2014/15

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

102. The report was introduced by Peter Lewis, Executive Director Corporate Resources and Services, who welcomed the Annual Audit Letter from EY and confirmed that the report showed the progress that had been made and proposed to address the advice that had been given.

103. In responses to members' concerns on the budget timetabling and members opportunity to scrutinise and influence the budget, Mr Brown, Cabinet Member for Finance, confirmed that late receipt of the Government settlement was a legitimate factor in the delayed timetable for the budget. Apologies were made for the delay and the committee was assured the budget would be made available as soon as possible. Mr Lewis confirmed that the papers for the December Performance and Finance Select Committee meeting contained the new budget timeline and showed the intended member consultation schedule.

104. In responses to members' query on the end to review of processes referred to in the letter, Mr Lewis confirmed that issues had been highlighted in processes in which both the County Council and Capita played a part. 'Project Vegas' would monitor workflows carefully to understand the issues and see what improvements could be made.

105. Resolved – That the Committee notes the actions which have been taken and planned to address the key issues which are identified in the Annual Audit letter for 2014/15.

External Audit Reports – Local Government Audit Committee Briefing

106. The Committee considered a report by the External Auditor, EY (copy appended to the signed minutes).

107. Resolved – That the Committee notes and welcomes the briefing

Internal Audit Report

108. The Committee considered a report by the Executive Director Corporate Resources and Services and the Head of Internal Audit (copy appended to the signed minutes)

109. The report was introduced by Mr Brown who commented on the progress that had been made on the issues highlighted in the Audit Report and thanked Gavin Jones, Head of Internal Audit, for his hard work. The Chairman, on behalf of the Committee, also thanked internal audit for their hard work.

110. Mr Jones reported that the final recommendations relating to Highways and Transport had been completed. Work was also continuing to recover fraud and error payments. It was noted that the pace of work for risk management had slowed, but training had been scheduled for next year.

111. In responses to members' questions on the delays of risk management work, Mr Lewis confirmed that the initial work to resolve risk management issues had slowed. The Corporate Leadership Team (CLT) had acknowledged this at a recent meeting and were working to resolve it.

112. Mr Lewis reported that the risk for starters and leavers would hopefully be resolved in April by the work done on SAP optimisation.

113. Resolved – That the Committee:

- (1) Notes the report and the activity to resolve the high priority recommendations.
- (2) Supports the Chairman in writing to CLT to raise the Committee's concerns with the delays to the Risk Management work.

Treasury Management Compliance Report – Second Quarter 2015-16

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

115. The report was introduced by Vicky Chuter, Chief Accountant, who confirmed there had been no further breaches of compliance and all previously reported breaches had been resolved.

116. In responses to members' questions on the plans to withdraw from pooled funds, Ms Chuter confirmed that Local Authority investments would be the favoured use of withdrawn funds. It was reported that exit from the Payden Sterling Reserve Fund would be timed to ensure there was no risk of Capital loss. It was also confirmed that this opportunity was likely to arise as there had been previous occasions when the proposed exit would have been possible.

117. Resolved – That the report be noted.

Annual Governance Statement (AGS) – Annual Governance Statement 2014/15 Action Plan Update

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

119. The report was introduced by Charles Gauntlett, Senior Advisor, who referred the Committee to the updated Action Plan at Appendix A.

120. Resolved – That the progress be noted.

Annual Governance Statement (AGS) – Risk Management

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

122. Resolved – That the Committee:

- (1) Notes the progress to date on implementing revised risk management arrangements
- (2) Notes the engagement of RSM (formerly Baker Tilly) for an additional period to continue driving the culture change necessary to fully embed risk management

Annual Governance Statement (AGS) – Training and Induction

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

124. The report was introduced by Natasha Edmunds, the Director of Workforce, Organisation Development and Delivery Support, who reported that training and induction was kept under constant review to ensure it was up to date and appropriate. Systems were in place to give managers updates on their new starters' progress on online training and induction courses.

125. Resolved – That the progress against the annual plan be noted.

Annual Governance Statement (AGS) – Major Organisational Change

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

127. The report was introduced by Mrs Edmunds who confirmed the various projects that were on-going to understand the needs of staff and their managers. The 'Great Place To Work' events had been particularly useful to highlight inconsistencies with manager processes and appraisals.

128. In responses to members' questions on the wellbeing strategy work and the use of health kiosks, Mrs Edmunds confirmed that, following a successful pilot in Horsham, the kiosks would be used to gain an insight into the health of staff. It was acknowledged that the kiosks may only attract the 'worried well' staff, but reassurance was given to the Committee that the data would be used in conjunction with other measures of absence such as muscular skeletal and stress. The results would be used to create evidence based solutions to help the health of the workforce.

129. In responses to members' questions on the appraisal findings, Mrs Edmunds confirmed that there was no clarity on staff expectations from appraisals or what managers should deliver in an appraisal. CLT had discussed the issue and work was being done to ensure appraisal timescales fitted with the business plan report and identify any necessary improvements. Team appraisals were also being considered.

130. Resolved – That the Committee:

- (1) Notes the progress against the annual plan
- (2) Requests an update on the appraisal improvements when appropriate

Date of Next Meeting

131. The Committee noted that its next scheduled meeting will take place on 21 March 2016 at 10.30 a.m. at County Hall, Chichester.

The meeting ended at 1.00 p.m.

Chairman