

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

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

Apologies: Mr Acraman, Mr Hodgson and Mr Waight.

In attendance: Mr Brown

### **Declaration of Interests**

1. In accordance with the code of conduct Mr Deedman declared a personal interests in agenda item no. 6 (a), Internal Audit Report 2011/12, as his son received school transport.

### **Minutes**

2. Resolved – That the minutes of the Committee held on 19 March 2012 be approved as a correct record and that they be signed by the Chairman.

3. The Chairman updated the Committee on the Impact of spending cuts on the control environment update report that was scheduled to be presented to the meeting. This report would now be provided to the next meeting in September.

### **Draft Annual Governance Statement**

4. The Committee considered a report by the Head of Legal and Democratic Services (copy appended to the signed version of the minutes) which provided the draft Annual Governance Statement for the approval of the Committee. The report was introduced by Charles Gauntlett, Principal Democratic Services Officer, who advised the Committee that the issues raised in the Statement were closely aligned to those identified by Internal Audit. For the 2011/12 Statement an action plan had not been produced as progress with the major items would be reported to the Committee through Internal Audit reports.

5. Resolved – That the draft Annual Governance Statement is supported and recommended for adoption through the signatures of the Leader and Chief Executive.

### **Statement of Accounts 2011/12 Update**

6. The Committee received a report by the Executive Director Finance and Performance (copy appended to the signed version of the minutes) which provided an update on progress with the production of the statement of accounts for 2011/12. Vicky Chuter, Acting Chief Accountant, introduced the report and advised the Committee that the accounts were currently at the stage of quality assurance and it was anticipated that a complete and audited set of accounts would be presented to the next meeting of the Committee on 24 September 2012.

7. The Committee recognised that improvements had been made in the production of the accounts which demonstrated that problems encountered in the previous year were being addressed. The Committee queried the presentation of the accounts; previously a draft set of accounts had been provided to the June meeting of the Committee. It was confirmed that the Committee would only see the

final version of the accounts which would be presented to the next meeting in September for approval.

8. Resolved – That the Committee notes the latest position in the production of the financial statements for 2011/12.

### **Sustainability Report 2011/12**

9. The Committee considered a report by the Director Communities and Infrastructure (copy appended to the signed version of the minutes) which provided a summary of the County Council's sustainability performance in 2011/12 to be published alongside the accounts for the year. Ruth O'Brien, Advisor, Sustainability Team, introduced the report and advised the Committee that the previous year had seen a reduction in the County's carbon emissions, a reduction in gas and water usage and car based business miles.

10. The Committee recognised the environmental and financial benefits of the progress outlined in the report and supported the continued promotion of the Green Deal programme.

11. Resolved – That the Committee approves the Sustainability Report 2011/12.

### **Treasury Management Compliance Update**

12. The Committee received a verbal update from Richard Hornby, Executive Director Finance and Performance regarding the withdrawal of £25m from a Natwest call account following the downgrading of the Bank's credit status. This action was in accordance with the Treasury Management Strategy (TMS) but it was felt that the Treasury Management Panel (TMP) should consider the potential effects of such action in the context of widespread withdrawals.

13. The Committee received a report by the Executive Director Finance and Performance (copy appended to the signed version of the minutes) which provided an update on compliance with the TMS. Mr Hornby presented the report and referred the Committee to detail in the report concerning the recovery of investments with Heritable Bank and the Long Term Debt Structure. The Cabinet Member for Finance and Resources paid special tribute to members and officers for their work with the TMP.

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

### **Internal Audit Report 2011/12**

15. The Committee received a report by the Executive Director Finance and Performance (copy appended to the signed minutes) which outlined outstanding high priority recommendations from Internal Audit. The report was introduced by Gavin Jones, Head of Internal Audit, who reported cleared high priority recommendations concerning One Way To Buy, Frameworks and Risk Management arrangements. The limited assurance opinion regarding Better Tomorrows represented work that had been unplanned by Internal Audit undertaken at the request of the Director of Communities & Infrastructure.

16. The Committee requested clarification in relation to the Transport Services Framework contract; could clients request specific drivers and what was the period of notice required for cancellation to avoid a charge? It was confirmed that a driver

could be requested which the contractor would be required to provide and the period of notice for cancellation without charge was 24 hours.

17. The Committee queried whether the absence of a West Sussex elected member or officer on the Board of Better Tomorrows could have contributed to the poor performance of the Company. It was confirmed that a former elected member from West Sussex was currently a member of the Board but there was not representation from a serving member or West Sussex officer. Michael Brown, the Cabinet Member for Finance & Resources, confirmed that he was resolving this situation.

18. Resolved – That the Committee notes the report.

### **Annual Audit Plan 2012/13**

19. The Committee considered a report by the Executive Director Finance and Performance regarding the schedule of planned work for Internal Audit during 2012/13 (copy appended to the signed version of the minutes). Mr Jones introduced the report and advised the Committee that the key areas of the plan were core financial systems and the transfer of responsibilities from the Health Service. The Plan also had a focus on contract management and anti-fraud initiatives.

20. The Committee queried the involvement of Internal Audit in the support services outsourcing contract. It was confirmed that Internal Audit would be involved in the review of arrangements for contract management following the formal signing of the contract with Capita.

21. Resolved – That the Committee approves the Internal Audit Annual Plan 2012/13.

### **External Audit Reports**

22. The Committee received a Progress Report on work undertaken by the District Auditor and an update on the outsourcing of the external audit function (copy appended to the signed version of the minutes). Helen Thompson, District Auditor and Grahame Brown, Audit Manager, introduced the reports and advised the Committee that positive progress had been achieved to date with the preparation of the accounts for 2011/12. The Committee was updated on the outsourcing of the external audit function and it was confirmed that Ernst and Young were seeking to maintain continuity of staff and would only be undertaking change where necessary.

23. The Committee raised the prospect of a representative from Ernst and Young attending a meeting of the Committee to provide an introduction to the new external audit provider. It was felt that this would offer an opportunity to Ernst and Young to develop an understanding of the Committee and allow the Committee to understand more about the processes that would be applied by the new external auditor.

24. Resolved – That the Committee notes the external audit update.

### **Risk Management Arrangements**

25. The Committee received a report by the Executive Director Finance and Performance and the Principal Manager, Resources and Performance (copy

appended to the signed version of the minutes) which set out the ongoing development of the County Council's corporate risk management arrangements. Matt Goodwin, Principal Manager, Resources and Performance introduced the report and advised the Committee that a corporate risk register now existed at the highest level throughout the County Council and a risk management practice group met regularly to review risk and the suitability of risk management arrangements. The Committee was advised of new training material on risk management that was being developed for all directorates that would be introduced over the next year.

26. The Committee requested sight of the strategic corporate risk register and it was queried if the risk management practice group would produce an annual report to provide an update on whether the group's terms of reference were being successfully applied. It was agreed that a report on the corporate risk register would be provided to the next meeting and an annual report of the work of the risk management practice group would be incorporated into the standing annual report on risk management considered by the Committee.

27. The Committee agreed that a training session on risk management would be provided in advance of the next meeting in September, part of which would seek to clarify the role of the Committee in respect of risk management.

28. Resolved – That the Committee agrees:

- (1) To note the progress made to improve risk management arrangements at the County Council;
- (2) That a report on the Corporate risk register be provided to the next meeting of the Committee in September; and
- (3) That a training session on risk management be scheduled ahead of the next meeting in September from 1.30 p.m.

The meeting ended at 3.35 p.m.

Chairman