

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

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

In attendance: Mr Brown

Declaration of Interests

124. In accordance with the code of conduct Mr Acraman and Mr Hodgson declared personal interests in agenda item no. 9, Revised byelaws for Buchan Country Park as members of the Park's management Board. Mr Brown, Mr Hodgson, Mr Stevens and Mr Waight declared personal interests in agenda item no. 8, External Audit Reports as members of the Pension Panel.

Minutes

125. Resolved – That the minutes of the Committee held on 5 December 2011 be approved as a correct record and that they be signed by the Chairman.

126. Gavin Jones, Head of Internal Audit, provided a brief update in relation to minute no. 103 to confirm that during the third and fourth quarter of the current year a satisfactory opinion had been provided for recruitment checks.

Internal Audit Report

127. The Committee received a report by the Executive Director Finance and Performance (copy appended to the signed minutes) which outlined outstanding high priority recommendations. The report was introduced by Mr Jones who reported that no new recommendations had been added to appendix A of the report and significant progress had been achieved in relation to the Risk Management recommendations.

128. The Committee expressed concern with the sequence of slippages relating to target dates for high priority recommendations contained in appendix A. In some cases four target dates had been missed and the Committee queried why realistic target dates had not been set. It was felt that the target dates set lacked justification and the lack of detail in the report concerning the reasons for slippages was disappointing. It was felt that more work was required to address continual postponements of target dates.

129. Mr Jones acknowledged that progress with high priority recommendations contained in appendix A was disappointing and that the Chief Executive had raised the issue with members of the Strategic Management Group. The work that had been undertaken to promote senior officer attendance at Committee had resulted in a significant reduction of medium level recommendations. Richard Hornby, Executive Director of Finance and Performance, explained that the issue of missed targets would be reported to the Chief Executives Board.

130. Resolved – That the Committee notes the report and agrees that the target date slippage should be reported to the Chief Executives Board as a matter of concern.

Financial Adults Safeguarding update

131. The Committee received a report from the Executive Director Finance and Performance providing an update on progress made against key audit findings relating to the Financial Adults Safeguarding (FAS) team (copy appended to the signed version of the minutes). David Hails, FAS Team Manager introduced the report and explained that there were currently 7 cases awaiting allocation. It was anticipated that the backlog would be cleared by the end of March 2012. Work had been ongoing in the FAS Team to transfer bank accounts for clients from Natwest to the Cooperative which was targeted for completion at the end of September 2012. The Team had prioritised the clearance of the backlog of cases ahead of the resolution of high priority recommendations and additional management capacity had been allocated to the problem.

132. The Committee queried whether the date for the completion of the transfer of bank accounts was a realistic and achievable target. Improvements to the procedures for processing invoices had been timetabled for completion by the end of June 2012 and the Committee requested details of the systems that would exist in the meantime. Clarification was sought concerning the income due that had not been invoiced for; the report stated that the sums could be significant. The Committee requested an update report to the meeting in December 2012.

133. Mr Hails confirmed that the target date for the completion of bank account transfers was realistic, to date approximately 15% of accounts had been transferred. The system for the processing of invoices, which had been the subject of high priority recommendations, would be in place until improved procedures could be implemented. It was accepted that current arrangements were not good enough but work was being undertaken to ensure effective arrangements were in place which strictly segregated duties of collection and payment. The total amount of income due would be calculated once checks to ensure that people had been billed appropriately had been completed, currently £64,000 of income due had been confirmed.

134. Resolved – That the Committee notes the report and agrees an update report to the meeting in December 2012.

Frameworki – Implementation Update

135. The Committee received a report by the Executive Director Finance and Performance and Principal Manager, Resources and Performance regarding the implementation of the Frameworki system for Adults' Services (copy appended to the signed version of the minutes). Nigel Street, Finance and Performance introduced the report and explained that the recovery of outstanding amounts had been better than expected with approximately 79% now received.

136. The Committee welcomed progress with the collection of outstanding amounts but cautioned against complacency and noted the unfortunate position of the County Council in the matter. The Committee was concerned that the system had not been investigated properly before implementation which had resulted in reputational damage to the County Council. Mr Hornby explained that problems with the system had occurred during its implementation and there was not a fundamental problem with the software.

137. Resolved – That the Committee notes the report and agrees to a fuller report on Frameworki to be reported to the meeting in September.

Treasury Management Compliance Update

138. The Committee received a report by the Executive Director Finance and Performance (copy appended to the signed minutes) that provided an update on

compliance with the Treasury Management Strategy 2011/12. The report was introduced by Tim Stretton, Chief Accountant, who advised that investments had been withdrawn temporarily from money market funds in December and deposited with the UK Government's Debt Management Office. This followed warnings by a credit rating agency about the strength of one of the funds' parent companies. Following the resolution of this issue, money markets were re-introduced from early January. The recovery of investments with Heritable was still anticipated at around 90 pence in the pound.

139. The Committee queried the high level of cash balances. It was confirmed that attractive rates of borrowing had led to the current level which would reduce as the school balances of Academies were withdrawn from the funds.

140. Resolved – That the Committee note the report.

Accounting Policies 2011/12

141. The Committee received a report by the Executive Director Finance and Performance (copy appended to the signed minutes) that outlined the Accounting Policies that would be applied to the preparation of the accounts for 2011/12. Mr Stretton introduced the report and advised the Committee of the robust approach to property valuation that would be undertaken as part of the accounting practices for 2011/12.

142. Resolved – That the Committee approves the Accounting Policies for 2011/12 for application in approving the year's accounts.

Government response to the future of local public audit

143. The Committee received a report by the Executive Director Finance and Performance which summarised the government response to the future of local public audit (copy appended to the signed version of the minutes). Mr Jones introduced the report and advised the Committee that interim arrangements would be in place for 5 years during which time Ernst and Young would be the external audit provider. An Independent Audit Appointment Panel (IAAP) would appoint the external auditor for the formal start of the new arrangements in September 2017.

144. The Committee felt that the prospect of a Joint IAAP with District and Borough Councils in West Sussex should be investigated.

145. Resolved – That the Committee notes the report and supports the concept of a Joint IAAP for West Sussex.

External Audit Reports

146. The Committee received the 2011/12 Audit Plans for the Council and the Pension Fund, the 2011/12 Assurance Requests and the 2010/11 Certification of Claims and Returns Annual Report from the District Auditor (copy appended to the signed version of the minutes). Helen Thompson, District Auditor, introduced the reports and advised the Committee that improvements in processes for the preparation of the accounting statements had been made since last year. There had been problems with asset valuations but new valuers would undertake a full valuation consistent with an accurate valuation index. The value for money conclusion included continuing the assessment of capital planning and the review of risk management arrangements at the County Council.

147. It was confirmed that the Chairman's response to the Assurance Requests would be provided as part of the External Audit report at the next meeting of the Committee in June.

148. Resolved – That the Committee:

- (1) notes the 2011/12 Audit Plans;
- (2) notes the Assurance requests;
- (3) notes the 2010/11 Certification of Claims and Returns; and
- (4) notes the preparation of the Chairman's response to Assurance Requests.

Revised Byelaws for Buchan Country Park

149. The Committee considered a report by the Director Communities and Infrastructure and the Head of Legal and Democratic Services concerning a revision to the byelaws for Buchan Country Park (copy appended to the signed minutes). Mustafa Khan, Assistant Solicitor, introduced the report and explained that the revised byelaws would need to be advertised and any substantive objections received that produced a change in the effect of the byelaws would necessitate further consideration by the Committee.

150. Resolved – That the Committee agrees:

- (1) That the Head of Legal and Democratic Services be authorised to seal the Byelaws set out in Appendix 1 and takes all necessary steps to notify the public of the County Council's intention to apply for confirmation of the Byelaws advertised;
- (2) That, subject to there being no representations received, the Head of Legal and Democratic Services be authorised to make an application to the Secretary of State to confirm the Byelaws; and
- (3) That, in the event of representations being received, the Director Communities Infrastructure be authorised to assess those representations and incorporate them as appropriate before submitting the Byelaws to Defra for confirmation. However in the event of the representations resulting in changes in the effect of the proposed Byelaws they will return to the Regulation, Audit and Accounts Committee for determination.

Work Programme 2012/13

151. The Committee considered a report by the Head of Legal and Democratic Services which set out the scheduled of Committee reports and items to consider during 2012/13 (copy appended to the signed version of the minutes). It was agreed that an update report relating to Financial Adults Safeguarding should be scheduled for the December meeting of the Committee.

152. Resolved – That subject to the amendment outlined in minute 151 above the Work Programme for 2012/13 is agreed.

The meeting ended at 4.20 p.m.

Chairman