

Regulation, Audit and Accounts Committee

19 July 2021 – At a meeting of the Regulation, Audit and Accounts Committee held at 10.30 am at County Hall, Chichester, PO19 1RQ.

Present: Cllr N Dennis (Chairman)

Cllr Boram, Cllr Greenway, Cllr Montyn, Cllr Wall and Mr Parfitt

Apologies were received from Cllr B Cooper and Cllr Magill

Also in attendance: Cllr Hunt

Part I

1. Committee Membership

1.1 The Committee noted the membership as confirmed at the County Council meeting on 21 May 2021.

2. Appointment of Independent Co-opted Member of the Committee

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

2.2 Mr Gauntlett, Senior Advisor – Democratic Services, introduced the report which outlined the background and process for the appointment of an Independent co-opted Member to the Committee.

2.3 Resolved – That the Committee agrees to appoint Mr David Parfitt to the position of Independent, co-opted member of the Regulation, Audit and Accounts Committee for an initial four-year term.

3. Declarations of Interest

3.1 None declared.

4. Minutes of the last meeting of the Committee

4.1 Resolved – That the minutes of the meeting of the Committee held on 8 March 2021 be approved as a correct record and that they be signed by the Chairman.

5. Regulation, Audit and Accounts Committee Terms of Reference

5.1 Resolved – That the Committee noted its terms of reference.

6. External Audit - Audit Planning Reports

6.1 The Committee considered the Audit Planning Reports for West Sussex County Council and the West Sussex Pension Fund (copies appended to the signed minutes).

6.2 Mrs Thompson (EY) began by introducing the West Sussex County Council Planning Report and explained that the report was later than

previous years due to a change in deadlines. The key risks that had been identified were outlined which included a risk to correctly account for Covid-19 government grants. 'Going concern' had a change in focus following the extensive work from the previous year. Work has been undertaken relating to value for money and has not identified a risk of significant weakness and would be reported on further if processes were discovered to be not robust or if weaknesses were found.

6.3 The Committee made comments including those that follow.

- Queried the differences for value for money considerations from the previous year and if there was a comparison to other councils. – Mrs Thompson explained that the risk assessment was completed as per the required guidance. This process would identify if further work was required. No areas of weakness had been identified. More detail would be provided later in the year in the Annual Report. Comparisons were no longer done with other councils.
- Sought clarity on the figures used for materiality. – Mrs Thompson confirmed that the guidance allowed a range from 0.5% to 1.8%, and it was confirmed that 1.8% was used.
- Asked for details on the firefighters pension materiality consideration. – Mrs Thompson confirmed that following a review by the professional practice team, EY felt that previously a disproportionate amount of time had been spent in this area. Work was still conducted, but not to the same level.
- Queried the appointment of a new external valuer and how this would impact continuity. – Mrs Thompson explained that changing valuer does add risk as different assumptions could be used that lead to different areas for audit to consider. Mrs Chuter, Financial Reporting Manager, confirmed that from the tender results the price had been an overarching factor. Whilst they were new to the council, they were an experienced valuer.

6.4 Mrs Thompson (EY) moved on to the West Sussex Pension Fund Planning Report and explained that a value for money risk assessment was not required. Management override continued to be an area of risk that was considered. The fee position remained the same. IAS19 work had been completed on behalf of admitted bodies.

6.5 Resolved – That the Committee notes the Audit Planning Reports.

7. Quarterly Review of Corporate Risk Management and Risk Management Strategy

7.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

7.2 Mr Pake, Corporate Risk and Business Planning Manager, introduced the report and explained that mitigations for Covid-19 risks had been successful. The risks would remain on the risk register in order to ensure appropriate oversight. Risk Management lunch and learn sessions were continuing virtually, and extra modules would be included when in person sessions could safely resume.

7.3 Cllr Boram spoke on the importance of risk responsibilities and how service scrutiny committees focused on operational risks and the Performance and Finance Scrutiny Committee considered significant risks that could impact other services. The Regulation, Audit and Accounts Committee had a focus on audit and how risk was handled.

7.4 The Committee made comments including those that follow.

- Sought reassurance on how care home risks in relation to Covid-19 were being assessed. – Mr Pake confirmed that the risk was reviewed every two weeks by the Tactical Management Group and was regularly discussed at the Executive Leadership Team meetings.
- Queried the meaning of LTP. – Mr Pake confirmed this was the Local Tracing Partnership and the Government system for Covid-19 tracing.
- Asked why risk CR39a had increased and commented that a severe cyber attack could lead to an impact in service for vulnerable people. – Ms Eberhart, Director of Finance and Support Services, explained that the pandemic had led to a higher risk of cyber attack. Whilst there were active mitigation plans, the risk level could not be reduced due to the impact that would be felt. Further details would be added to the risk to show wider impacts.
- Sought clarity of the backup systems in case of a cyber attack. – Ms Eberhart explained that business continuity was a combination of systems, with manual processes that could be set up if required. Cloud hosting helped with resilience arrangements.
- Queried the protection for care homes who were vulnerable from attacks. – Ms Eberhart confirmed that the Health and Adult Social Care Scrutiny Committee had looked into these detailed risks.
- Sought reassurance that the government was being appropriately lobbied on Covid-19 funding decisions. – Cllr Hunt, Cabinet Member for Finance and Property, confirmed that the Government was being continually lobbied and that the Leader was having many meetings with appropriate bodies.
- Asked for details on Carbon Neutral considerations. – Mr Pake confirmed that this was being managed across service areas of the council.

7.5 Resolved – That the Committee note the information detailed in the report and the current risk management strategy.

8. Internal Audit Annual Report & Opinion 2020/21

8.1 The Committee considered a report by the Director of Finance and Support Services, and the Head of Southern Internal Audit Partnership (copy appended to the signed minutes).

8.2 Mr Pitman, Head of Southern Internal Audit Partnership, introduced the report and explained that it had been a challenging year but technology had been utilised to continue with a robust approach to work. The annual opinion had not been inhibited by the different work arrangements. Officers were thanked for collaboration with Internal Audit.

8.3 Mr Pitman reported that reviews that had been removed from the previous year would be prioritised this year, and that 35 reviews had been completed.

8.4 The Committee made comments including those that follow.

- Queried if the transfer of the previous year's work would impact the current year's work programme. – Mr Pitman gave reassurance that the current resource was to respond appropriately to risk and that the resource for this was appropriate.
- Felt that it would be useful to have actions reported in the report for delays. – Mr Pitman explained that the regular report covered live reports. The Committee were able to request attendance from officers if required to explain any actions.
- Requested a progress update on the Care Home issues relating to cash handling and health and safety. – Mr Pitman confirmed that there was a review of homes for cash handling following issues at one home. The results of the review would come to a future meeting. Health and safety issues related to returning to work practices and inappropriate logging of Covid-19 risk assessments. Identified issues had been raised with management.
- Queried how the pandemic had changed Internal Audit's response to risk consideration and planning arrangements. – Mr Pitman explained that the pandemic hit just after the audit plan was agreed. The plan was therefore reviewed and reprioritised as necessary. The plan reverted from a twelve month plan to a quarter year plan in order to ensure that the focus was cognisant of the environment.

8.5 Resolved – That the Committee approves the annual audit report and opinion for the year ended 2020-21.

9. Internal Audit Annual Fraud Report 2020/21

9.1 The Committee considered a report by the Director of Finance and Support Services, and the Head of Southern Internal Audit Partnership (copy appended to the signed minutes).

9.2 Mr Pitman introduced the report and gave a summary of the anti corruption work which had a low level of reactive work. The low level was potentially due to the impact of Covid-19. E-learning modules had been rolled out which were mandatory for officers.

9.3 The Committee queried the cost of fraud to the County Council. – Mrs Chuter commented that this difficult to quantify and that few had been identified.

9.4 Resolved – That the Committee notes the annual fraud report for the year ended 2020-21.

10. Accounts Payable Review

10.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

10.2 Mrs Chuter, Financial Reporting Manager, introduced the report and informed the Committee that there had previously been a high public interest in this area and so a commitment had been made to come back to the committee following the review. Covid-19 had led to a delay in the review, but it was confirmed that the report covered the period between November 2016 to December 2019.

10.3 Meridian had undertaken the review and assessed that the County Council was on the low level of expected recovery that would be anticipated for the size of the authority. Robust controls were in place for duplicate payments.

10.4 The Committee made comments including those that follow.

- Queried why supplier statements had become a bigger issue. – Mrs Chuter explained that the volume of claims had remained the same and that it was an area that would be unlikely to have more internal resources applied to, therefore would continue to be an area of work covered by a regular Accounts Payable review.
- Asked how worthwhile the exercise had been, comparing received funds against the fees. – Mrs Chuter reported that the bulk of the work had been undertaken by Meridian, where their fee was a percentage of the value recovered. It had therefore been considered a worthwhile exercise.

10.5 Resolved – That the Committee notes the outcome of the audit recovery work carried out in 2020/21 in respect of supplier statements, duplicate payments and VAT corrections.

11. Treasury Management Compliance Report - First Quarter 2021/22

11.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

11.2 Mrs Chuter introduced the report and informed the Committee that the report covered the quarter up to June and that no policy breaches had occurred.

11.3 The Committee made comments including those that follow.

- Asked if future reports could include details on maximum investment levels. – Mrs Chuter confirmed that this would be added to future reports and also gave reassurance that a breach in this area would have been reported.
- Queried if investments with other authorities could be impacted if that authority was in financial difficulties. – Mrs Chuter confirmed that the investment was as safe as it could be as there is a statutory provision in the Local Government Act 2003 preventing a UK local authority defaulting on the investment.

11.4 Resolved – That the report be noted.

12. Annual Governance Statement 2020/21

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

12.2 Mr Gauntlett introduced the draft statement and explained that the final statement would come to the September Committee following the finalisation of elements, and liaison with Internal and External Audit.

12.3 The Committee made comments including those that follow.

- Noted the Children's Commissioner's comments and sought clarity on the progress of the actions. – Mr Gauntlett confirmed that the authority was still on a journey and which was reflected in the statement. It was noted that the Children's Trust actions had been paused in response to the improvements that had been made. It was recognised that the work needed to continue.
- Commented that timescales within the statement would be useful. – Mr Gauntlett confirmed that the final version should include timescales and that the Committee would be able to note quarterly progress.
- Queried if the Youth Service inspection had happened. – Ms Eberhart agreed to look into this. The Committee also requested information on other planned inspections.

12.4 Resolved – That the draft Statement be supported.

13. Date of Next Meeting

13.1 The Committee noted that its next scheduled meeting would be held at 10.30 am on 22 September 2021 at County Hall, Chichester.

The meeting ended at 12.40 pm

Chairman