

Regulation, Audit and Accounts Committee

8 November 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

Also in attendance: Cllr Hunt

Part I

23. Declarations of Interest

23.1 Cllr Greenway declared a personal interest as a deferred member of the Local Government Pension Scheme.

24. Minutes of the last meeting of the Committee

24.1 Resolved – That the minutes of the meeting of the Committee held on 22 September 2021 be approved as a correct record and that they be signed by the Chairman.

25. Final Version of the Statement of Accounts 2020/21

25.1 The Committee noted the minor amendment that had been made to the final version Statement of Accounts 2020/21 since they had agreed the accounts at the September meeting.

26. External Audit

26.1 The Committee considered the Final Audit Results Report from the External Auditors EY, and also a draft copy of the 2020/21 Auditor's Annual Report (copies appended to the signed minutes).

26.2 Mrs Thompson (EY) introduced the Final Audit Results report and reported that an unqualified opinion had been issued and that there were no value for money issues to report. Property Plant and Equipment and Pension Liability work had been previously outstanding, but these areas were now satisfactorily complete. The final certificate had not been issued due to the outstanding delay in the release of the data collection tool for whole of government accounts. It was hoped that the information would be issued in December to allow the relevant assurance work to be completed.

26.3 Mr Mathers (EY) gave an update on the areas that had been considered since the September meeting. There had been a change in valuation techniques used by the County Council which EY had looked into. EY were satisfied that the change in approach to valuations were a reflection of the valuer's techniques and confirmed that an external valuer had concluded that assets had been recorded correctly. EY had commented that the Horsham Enterprise Park should have a more granular approach taken for its valuation for increased accuracy. On the

Pensions Liability, it was confirmed that EY had tested the actuary's model work and were satisfied that it was correct.

26.4 The Committee made comments including those that follow.

- Queried when the Horsham Enterprise Park would be revalued and if the value was impacted by the market. – Mr Mathers explained that the valuation would be done annually and that a new figure would be expected in the next statement. Mr Hunt explained that work was still ongoing for the park and that negotiations were taking place. It was recognised that the value of the park would change as the usage was developed.
- Sought clarity on the £7.8m adjustment for pension liability. – Mr Mathers confirmed that the asset values had increased in the audited accounts and that the original figure was based on estimated asset data.
- Noted the change in valuer and the techniques used, and asked if this made it difficult to monitor valuation changes. – Mr Mathers explained that EY were satisfied with the approach taken, but had asked for a disclosure to be included in the statements to add an explanation. The technique change occurred in instances where a school's rebuild value was considered differently. The previous valuer would value the cost to rebuild the school the same, whereas the new valuer would use a value to build a new school based on anticipated pupil numbers.
- Queried if the Department of Education looked into the County Council's figures. – Ms Eberhart, Director of Finance and Support Services, confirmed there was no requirement for this.

26.5 Mrs Thompson introduced the draft copy of the 2020/21 Auditor's Annual Report and explained that a new format had been used. There were no significant risks or additional value for money work identified. Information on fees would be added to the final version.

26.6 Mr Mathers commented that the two previous years had a qualified value for money conclusion due to the Fire and Children Services inspections. The Auditor's Annual Report would add commentary that reflected the positive steps for governance in these areas in response to the inspections. Compensation payments had been looked into as they were felt material due to public interest. EY were content that they were lawful and that all processes had been followed and disclosed. There were areas that could be improved, but it was reflected that Covid-19 would have had a negative impact. The Teachers Pension Scheme had been looked into and the Council had disclosed the contingent liability and EY recommended that issues needed to be captured in a timely manner. The recommended areas for improvements had been accepted by officers.

26.7 The Committee made comments including those that follow.

- Queried the going concern considerations and if the quality of County Council services had been considered. – Mrs Thompson explained that a going concern opinion had been added to the Financial Statements, but explained that consideration of the quality of services was not within EY's remit.

- Asked if contingent liabilities should be included within the Corporate Risk Register. – Mrs Thompson said this was for officers to consider, but personally felt that this was something that did not need to be included within the Corporate Risk Register. Ms Eberhart confirmed that the work on Teacher Pensions was a complex piece of work that was still in progress. The final impact would be reflected within the balance sheet.
- Queried how other local authorities were handling Teacher pensions. – Ms Eberhart reported that the County Council were more progressed than other authorities.
- Sought clarity on impacts to fees. – Mr Mathers explained that some impact was due to areas such as travel costs. It was noted that there had been a minimal Covid-19 impact, but this had led to other areas being considered which would previously not have been.
- Noted the section for financial sustainability in the value for money commentary and proposed that full council approval should be added. – Mrs Thompson agreed to add this.
- Asked if the revenue usage dialogue could be quantified. – Ms Eberhart confirmed that officers had looked into the outturn report and that this reserve included grants and the previous A27 reserve and was therefore a moving number. Mrs Thompson agreed to add wording to the section to improve clarity.

26.8 Resolved – That the Committee notes the West Sussex County Council 2020/21 Final Audit Results Report and the Draft 2020/21 Auditor's Annual Report.

27. Internal Audit - Overdue Medium & Low Priority Management Actions (October 2021)

27.1 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).

27.2 Mr Pitman, Head of Southern Internal Audit Partnership, introduced the report and explained that the report was included following a request made at the September Committee meeting. The report added the requested detail for medium and low priority actions and Mr Pitman confirmed that progress continued to be made in the areas.

27.3 The Committee made comments including those that follow.

- Sought clarity on the Trade Union Consultation on Organisational Change which was due in 2008. – Mr Pitman did not believe the issue had been discussed since then, but confirmed there had not been another formal revision since.
- Requested that where due dates were revised they should include the details for previous dates.

27.4 Resolved – That the Committee notes the status of overdue medium and low priority management actions.

28. Quarterly Review of Corporate Risk Management

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

28.2 Mr Pake, Corporate Risk and Business Planning Manager, introduced the report and confirmed that CR69 for Children's services had reduced to 15 and that there was no longer a requirement to work from home and so CR71 had been removed.

28.3 The Committee made comments including those that follow.

- Queried where the mental wellbeing element of CR71 had moved to. – Mr Pake confirmed this was now covered within risks CR11 and CR50.
- The Chairman of the Health and Adult Social Care Scrutiny Committee (HASC) noted the pressures for CR68 and confirmed that the Scrutiny Committee was aware of the issues.
- Queried what mechanisms were in place to monitor progress and ensure that improvements did not create issues elsewhere. – Ms Eberhart acknowledged that the scope of CR68 covered a large area, but confirmed that HASC were looking into it.
- Noted that some areas of the Register did not have dates for actions. – Mr Pake confirmed that efforts were made to add dates where possible. Some issues were long term and where dates were removed dialogue was added to explain works.
- Queried if the take up of the Risk Management Lunch 'n' Learn sessions was measured. – Mr Pake confirmed the Learning and Development team monitored all courses.
- Queried the risk progress for Adult and Children Service areas. – Ms Eberhart explained that this was within the remit of the scrutiny committees. The Committee agreed to write to the Scrutiny Chairmen to seek reassurance that they considered the risks within their remits and raised concerns appropriately.

28.4 Resolved – That the Committee notes the information detailed in the report and the current Corporate Risk Register.

29. Arrangements for appointment of an External Auditor

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

29.2 Mrs Chuter, Financial Reporting Manager, introduced the report and informed the Committee that the appointment of the external auditor was a five year cycle and the report outlined the options for the next term, with an officer recommendation to opt-in to a Sector Led Body appointment.

29.3 The Committee queried if there were any local authority options for a joint procurement. – Ms Eberhart confirmed that there had been no County level discussion and that most had proposed to stay with current arrangements due to the gains of being under the Public Sector Audit Appointments Limited (PSAA) arrangement

29.4 Resolved – That the Committee recommend to County Council the acceptance of the invitation from the Public Sector Audit Appointments Limited (PSAA) to continue to be an opt-in authority for the purposes of the appointment of an external auditor for both West Sussex County Council and West Sussex Pension Fund, for the period 1 April 2023 to 31 March 2028, under the provision of the Local Audit and Accountability Act 2014 and the requirements of the Local Audit (Appointing Person) Regulations 2015.

30. Treasury Management Compliance Report - Second Quarter 2021/22

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

30.2 Mrs Chuter introduced the report and informed the Committee that there had been no new external borrowing and there had been no policy breaches within the quarter.

30.3 The Committee thanked officers for including maximum investment levels for a number of exposure limits, as requested at a previous meeting.

30.4 Resolved – That the report be noted.

31. Date of Next Meeting

31.1 The Committee noted that its next scheduled meeting would be held at 10.30 am on 17 January 2022 at County Hall, Chichester.

The meeting ended at 11.30 am

Chairman