

Regulation, Audit and Accounts Committee

21 September 2023 – At a meeting of the Regulation, Audit and Accounts Committee held at 10.30 am at County Hall, Chichester, PO19 1RQ.

Present: Cllr Condie (Chairman)

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

Apologies were received from Cllr Boram and Cllr McKnight

Also in attendance: Cllr Hunt

12. Declarations of Interest

12.1 None declared.

13. Minutes of the last meeting of the Committee

13.1 Resolved – That the minutes of the meeting of the Committee held on 14 July 2023 be approved as a correct record and that they be signed by the Chairman.

14. Update on the Pension Audit Plan

14.1 The Committee received a report by the External Auditor, Ernst & Young (copy appended to the signed minutes).

14.2 Mr Lazarus and Mr Mathers introduced the report, advising that the pension audit is now underway and they thanked County Council officers for their help. They confirmed that while both this and the County Council accounts were being audited late, this remained due to national external audit pressures and that the County Council is in as good a position as possible at present for the audits.

14.3 A summary of responses to committee members' comments and questions follows: -

- It was noted that the Valuation of level 3 investments have been reclassified from inherent to significant risk. This was driven by the need for consistency within Ernst & Young and not by any change in the composition of the investments held. It was confirmed that there will be no impact on the audit work taken in comparison to previous years. Level 3 investments represent approximately 15% of the fund.
- The Pensions Committee takes a lot of advice before investing in these income generating assets such as private equity, private debt & infrastructure ensuring it remains aligned with the strategic asset allocation approved by Pensions Committee
- The Government has set an expectation within its recent consultation for local authority pension Schemes to invest up to 10% in private equity - West Sussex County Council considers

private debt and equity to be the same thing and is therefore considered to be meeting this target already

- Democratic Services and Pensions Officers were asked to arrange training on the Pensions Statements for the Committee before its December meeting
- Ernst & Young has completed its audit on the quality of pension membership data and found that it has improved since the last audit three years ago. It was noted that this was part of the audit work for Schedule Bodies IAS19 disclosures, rather than the Pension Fund accounts themselves.

14.4 In relation to the progress of the County Council's audit, the Committee was advised that the Government has asked auditors to prioritise older audits and is expecting updated guidance soon. Ernst & Young will share the updated guidance when available.

14.5 Resolved – that the Committee notes the report.

15. Update on Internal Audit Progress Report - August 2023

15.1 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).

15.2 A summary of responses to committee members' comments and questions follows: -

- The Committee learned that Smartcore will be the subject of a briefing to be sent to all Members and will be discussed at a future Performance & Finance Scrutiny Committee meeting where timelines, budget/cost implications, the implementation plan, performance targets and lessons learnt will be covered.
- It was felt that a generic risk or Key Performance Indicator may be required to cover large projects such as Smartcore
- Live audit reviews identify overdue actions that management need to mitigate risks - the number of these fluctuates throughout the year
- Revised due dates for management actions are guided by the responsible officer who says they are realistic and are reported for transparency
- The West Sussex County Council position is similar to that of other authorities of a similar size.
- There was concern at the length of time cyber security had been a risk without mitigation and Mr Pitman agreed to highlight this to the relevant officers
- There needs to be a balance between spending now to mitigate procurement risks due to the delay in implementing Smartcore or wait till it comes online.

15.3 Resolved – That the Committee: -

- i. Notes the update
- ii. Asks that the Head of Internal Audit expresses the Committee's concern about the 2021 outstanding actions

- iii. Hopes to receive the Smartcore briefing as soon as possible
- iv. Would welcome more explanation of when audit recommendation actions slip more than once

16. Internal Audit Plan 2023-24 (Q3)

16.1 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) and learned that IT Contingency will focus on cyber security, data centre relocation, change control and IT Asset Management

16.2 Resolved – That the Committee approves the Internal Audit Plan 2023-24 (Q3).

17. Date of Next Meeting

17.1 The Committee noted that its next scheduled meeting would be held at 10.30 am on 1 December 2023 at County Hall North, Horsham.

The meeting ended at 11.41 am

Chairman