

Regulation, Audit and Accounts Committee

15 January 2024 – 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 Boram, Cllr Greenway, Cllr Kenyon (arrived at 10.40am.), Cllr Montyn, Cllr Wall and Mr Parfitt

Apologies were received from Cllr McKnight

Part I

27. Declarations of Interest

27.1 None

28. Minutes of the last meeting of the Committee

28.1 The Committee discussed and agreed an amendment to minute 22.2. The final sentence was to be removed, and the penultimate sentence should end with ‘...going concern basis’.

28.2 Resolved – That the minutes of the meeting of the Committee held on 1 December 2023, amended as above, be approved as a correct record and that they be signed by the Chairman.

29. External Audit Progress Update

29.1 The Committee considered the verbal update from the External Auditor Ernst & Young (EY).

29.2 Mr Mathers (EY) confirmed that the outstanding actions for the West Sussex Pension Fund that had been reported at the previous Committee meeting were now complete. There would not be an opinion issued until the County Council Financial Statements had been audited and completed.

29.3 Mr Mathers reported that EY were currently looking into the value for money considerations for the County Council and a report on this would come to the next Committee meeting. SmartCore had been flagged as a project for consideration and a more detailed look had been planned.

29.4 Mr Mathers talked on the broader situation of audit nationally, and reported that a reset had been proposed for the end of September to allow legislation to come into force. EY’s focus remained unchanged, and would continue with the pre-2022/23 audits to clear the backlog and the VFM work.

29.5 The Committee made comments including those that follow.

- Sought clarity over the impact of the September reset. – Mr Mathers explained that audit was in an unprecedented situation due

to backlogs that were impacting the whole sector. A reset had therefore been proposed to close any open audits.

- Commented on the reset plan, and requested that wording at the time should reflect that the action is not a result of the County Council's performance, but a requirement from the audit sector. – Mr Mathers confirmed that wording would be considered nearer the time. Mrs Eves, Director of Finance and Support Services, added that the reset plan had only been recently announced and the impact on the 2023/24 accounts would need to be understood. The Chairman requested that a programme for the reset should come to the next meeting. Mrs Eves added that the lack of announcement for the 2023/24 audit was currently making it difficult to plan works.

29.6 Resolved – That the Committee notes the update from EY.

30. Internal Audit Progress Report

30.1 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).

30.2 Mr Pitman, Head of Southern Internal Audit Partnership, introduced the report and highlighted that in respect of Joint Fire Control (JFC) the audit was not a review of the day-to-day operation of the Joint Fire Control as this is managed by Surrey County Council. The limited assurance reflects the fact that there is currently no independent assurance provided to WSFRS over the operation of the JFC including IT systems, business processes and business continuity and the fact that the collaboration agreement does not reference or include an assurance clause describing where other sources of assurance will be provided from and which elements it would cover

30.3 The Committee made comments including those that follow.

- Sought clarity on the progress of live reviews and how much chasing was required. – Mr Pitman confirmed that officers were very accepting of Internal Audit management actions, particularly on high level actions. Mr Pitman had reasonable confidence that all high level actions would be concluded by the end of March.
- Noted that no actions had been completed for the Schools Thematic review. – Mr Pitman explained that the actions had been delayed to align with the Department for Education's Delivering Better Value programme. Progress was expected by the end of January. Mrs Eves confirmed that directors were encouraged to take ownership of actions and that they considered the report ahead of committee consideration. Work was also being done to raise the profile of lower risk actions to ensure they were not missed.
- Commented that work was needed to align works with the risk register and reflect on the impact of mitigations when dates were changed. – Mrs Eves confirmed that it was important for the organisation to talk about risk and audit and make appropriate challenges to practices. Mr Pitman worked with all directors to understand risks and their impact.
- Noted the slippage on the SmartCore actions. – Mrs Eves noted that the contract with DXC had ended in September 2023 and since

then officers had been working to update the business case, noting that requirements had changed since its initial inception in 2019. There was not a system implementor currently in place. Work was being done to reflect on the whole project and look at lessons learned. Officers were talking to other local authorities who use Oracle. An agenda item was scheduled for the March meeting of the Performance and Finance Scrutiny Committee (PFSC) to consider the project. Cllr Montyn, Chairman of PFSC, thanks Mrs Eves for the update and confirmed that PFSC was closely monitoring the project. PFSC would be seeking sufficient reassurance on the progress of the project and a thorough update of all key elements. Mrs Eves confirmed that officers were working on preparing for PFSC, and gave assurance that the project was now on the Finance and Support Services, and Human Resources risk registers. Consideration is being given to whether the project should be added to the Corporate risk register.

- Sought clarity over the data cleansing exercise. – Mrs Eves confirmed that officers were working to improve the robustness of data as there were 20 years of SAP data that needed to be in a format compatible with Oracle.
- Queried if the issues with implementation were linked to IT, or were more generic issues. – Mrs Eves confirmed that the issues were not just IT related, and that the implementation required changes to business processes to ensure the system is 'adopted'. The committee added that it would be important to consider the whole project when it was completed to learn further lessons and consider any issues with governance arrangements. Mrs Eves confirmed that lessons were continually being learned, and that Internal Audit would be engaged over the next period.
- Commented that there could be wider learning required for future procurements and project management. – Mrs Eves agreed that will be considered for future procurements.
- The committee welcomed the update and encouraged future consideration at a meeting and also at PFSC. – Mrs Eves resolved to ensure that SmartCore would come to the relevant meetings, subject to adhering to each committee's remit.
- Sought clarity over the joint fire control actions. – Mr Pitman explained that the actions resolved to clarify the collaboration agreement.
- Raised concerns on the gaps identified for highways depots and wondered if it reflected wider issues with the whole organisation. – Mr Pitman was unable to comment on the whole organisation as the focus had been specifically on the highways depots. Health and safety should be considered across the whole organisation and so a corporate approach to this could be considered next financial year. Mr Pitman proposed inviting a senior officer to attend a committee meeting to give context to the review. The committee agreed this and proposed that a focus of health and safety for high risk areas should be added to quarter 4 plans.
- Sought clarity over the action dates for the children's care placements actions. – Mr Pitman resolved to seek clarity from the Director of Children, Young People and Learning.
- Queried the delay in finalising two draft reports in the rolling work programme. – Mr Pitman confirmed that the Parkside Accounts

review had been escalated to managers and resolved to provide an update of progress of the contract management review to the committee.

- Noted several issues for Fire and Rescue on the dashboard. – Mr Pitman explained that the service had raised issues with Internal Audit, which was to be welcomed. Issues were coming from the reviews. Cllr Boram, Chairman of the Fire & Rescue Service Scrutiny Committee, resolved to pick up the issues at a scrutiny meeting.
- Raised concerns on the timeliness of adults financial assessments and that different departments were involved in the work. – Mrs Eves confirmed that she was responsible for the assessments and was trying to ensure appropriate joint working was in place. The backlog was also being addressed to improve timescales. Assessment performance had improved, and work was also being done to improve the whole process.

30.4 The Committee noted there was an exempt appendix and agreed to have a separate discussion within the Part II section of meeting to consider it.

30.5 Resolved – That the Committee notes the Internal Audit Progress Report and requests attendance from a senior Highways officer to discuss the depot review on Health and Safety.

31. Internal Audit Plan 2023/24 (Q4)

31.1 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).

31.2 Mr Pitman introduced the report which outlined the audit plan for quarter four. The plan which is built on the previous plan would work on improving key performance indicators to add value with early interventions.

31.3 The Committee made comments including those that follow.

- Queried how the health and safety concerns that had been discussed at the previous agenda item could be incorporated. – Mr Pitman agreed that the health and safety scope could be added. If there were issues with scheduling, the committee would be informed.
- Asked if the outcomes of the capital programme governance would come to a meeting. – Mr Pitman confirmed that it would be included within regular progress reports.

31.4 Resolved – That the Committee approves the Internal Audit Plan 2023-24 (Q4), subject to the inclusion of the Health and Safety review.

32. Treasury Management Compliance Report - Third Quarter 2023/24

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

32.2 Mrs Chuter, Financial Reporting Manager, introduced the report and informed the Committee that there had been no breaches to treasury management or exposure limits for the quarter.

32.3 The Committee made comments including those that follow.

- Queried the duration of the holdings for UK local authorities. – Mrs Chuter confirmed that that, following the discussion at a previous committee meeting, this would be changed from February onwards from 20 years to 5 years, once the Treasury Management Strategy 2024/25 was approved at County Council.
- Asked what happened when investments matured. – Mrs Chuter explained that the cashflow model considered all requirements, including payroll, supplier payments, key income streams, etc. Following this the horizon was monitored and reinvestments could be made if there were appropriate opportunities.

32.4 Resolved – That the report be noted.

33. Annual Governance Statement Action Plan Update 2022/23

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

33.2 Mr Gauntlett, Senior Advisor – Democratic Services, introduced the report and informed the Committee that the 2022/23 draft had been considered at the July meeting. The final version would be approved alongside the County Council Financial Statements in due course. The report for consideration provided an update on action plans.

33.3 Mrs Eves informed the committee that there were missing recommendations from the report, and resolved to add these to the minutes from the meeting (copy appended to the signed minutes).

33.4 The Committee queried how the action plan was created. – Mr Gauntlett explained that the Annual Governance Statement reflected the principles set out in the CIPFA Framework: Delivering Good Governance in Local Government, and ensured appropriate governance arrangements were in place. The Executive Leadership Team (ELT) put the Statement together, bringing in comments from the committee. The Statement was checked against CIPFA principles and ELT took ownership of the document, and the actions that would keep the Statement aligning with the Council Plan.

33.5 Resolved – That the report be noted.

34. Standing Order amendments - Provider Selection Regime

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

34.2 Mr Kershaw, Director of Law and Assurance, introduced the report and informed the Committee that the constitution required amending in line with a change in procurement legislation. The changes referred to National Health Service procurement and would look to relax rules on

competitive tender processes. The Committee were asked to endorse the changes to standing orders to reflect the new legislation; and also changes that tidied related elements of the constitution.

34.3 The Committee made comments including those that follow.

- Welcomed the changes that would add flexibility to procurements that would allow the required pace to reflect the changing market.
- Proposed an amendment to section 19.7 to reflect the scenario where termination periods could be shorter than proposed in the text. – Mr Kershaw resolved to consider the proposal and would report back to the committee.
- The Chairman proposed that the changes should be monitored after implementation. – Mr Kershaw proposed adding this to the Internal Audit plan.

34.4 Resolved – That the committee endorses the proposed changes to Standing Orders on Procurement and Contracts for approval at a County Council meeting to enable the Council to utilise the processes as set out in the PSR when procuring contracts for health care services.

35. Date of Next Meeting

35.1 The Committee noted that its next scheduled meeting would be held at 10.30 am on 11 March 2024 at County Hall North, Horsham.

36. Exclusion of Press and Public

Resolved - That under Section 100(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I, of Schedule 12A, of the Act by virtue of the paragraph specified under the item and that, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

37. Internal Audit Progress Report - Exempt Appendix

The Committee considered the exempt appendix and noted its contents.

The meeting ended at 12.20 pm

Chairman