

## **Regulation, Audit and Accounts Committee**

8 March 2021 – At a meeting of the Regulation, Audit and Accounts Committee held at 10.30 am at Virtual meeting with restricted public access.

Present: Cllr N Dennis (Chairman)

Cllr Waight, Cllr Baldwin, Cllr J Dennis, Cllr Lea and Cllr Sparkes

Apologies were received from Cllr Bradford

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### **Part I**

#### **37. Declarations of Interest**

37.1 Cllr Sparkes declared a personal interest as the Executive Member for Resources at Worthing Borough Council in relation to the items on external audit.

37.2 Cllr Lea declared a personal interest as a member of Mid Sussex District Council in relation to the items on external audit.

#### **38. Minutes of the last meeting of the Committee**

38.1 Resolved – That the minutes of the meeting of the Committee held on 18 January 2021 be approved as a correct record and that they be signed by the Chairman.

#### **39. External Audit - 2019/20 Annual Audit Letter**

39.1 The Committee considered the Annual Audit Letter for West Sussex County Council and the West Sussex Pension Fund (copies appended to the signed minutes).

39.2 Mrs Thompson (EY) introduced the item explaining that the Committee had looked at this in detail at previous meetings, but it was now complete as all audits had been completed and certificates had been issued. Mrs Thompson explained it was a public facing document that was required to be produced and available on the County Council website.

39.3 Mrs Thompson highlighted that the appendices also set out the agreed fees but that one was in dispute and would go forward to the Public Sector Audit Appointments Ltd (PSAA) for determination.

39.4 The Committee made comments including those that follow. It:

- Noted that the fees as detailed have more than doubled for the Council and tripled for the Pension Fund and asked if this was consistent across all Councils. – *Mrs Thompson confirmed it was a significant increase and yes this was the case across all Councils but with variations.*
- Asked for reassurance of arrangements for next year. – *Mrs Thompson stated that arrangements were in place, but more detail would not be available for 20/21 until we get to that stage.*

- Asked if there had been any operational testing for the Pensions Admin System. – *Mr Mathers confirmed that extensive testing of membership data was undertaken in the triennial year. It was a challenging exercise with some weaknesses identified but sustainable to roll forward.*
- The Committee gave thanks to the officers and auditors who have had to adapt to working in different ways through the pandemic.

39.5 Resolved – That the 2019/20 Annual Audit Letter from the External Auditors EY be noted.

#### **40. External Audit - VFM Conclusion Approach for 2020/21**

40.1 The Committee considered a report on 2020/21 Auditor work on Value for Money (VFM) arrangements (copies appended to the signed minutes).

40.2 Mrs Thompson introduced the report and explained that because of the impact of 2019/20 no detailed planning for 2020/21 had taken place yet. She explained that they expect the risks to look very similar to last year for both areas but there could be new covid related risks that will need more detailed risk assessments. Mrs Thompson hoped to be able to share that detail at the next meeting.

40.3 Mrs Thompson went on to explain that in relation to VFM it would be very different for 2020/21 because of the new code of audit practice as detailed in the report.

40.4 Mr Mathers highlighted the key changes in relation to VFM. Firstly, reporting would change and instead of giving a VFM conclusion reporting would be by exception. Secondly the risk assessment process would be far more detailed.

40.5 The Committee made comments including those that follow. It:

- Queried if the going concern timescale would remain short. – Mr Mathers stated this was separate to VFM. He stated that the auditing standard defines the period the council needs to stay liquid as a going concern as 12 months beyond the date of the audit opinion.
- Asked if Performance Indicators (PI) would be reviewed as part of this. – Mr Mathers confirmed that PI would be reviewed. Mrs Thompson reemphasised that the Auditors would still only look at the arrangements in place to secure VFM and not a judgment if they do provide VFM.

40.6 Resolved – That the Committee note the briefing paper.

#### **41. Internal Audit Progress Report**

41.1 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).

41.2 Firstly the Committee welcomed Paul Wagstaff, Director of Education and Skills, to give an update on the identified weakness in relation to internal controls and compliance around SEND.

41.3 Mr Wagstaff explained that the issue was the inability for the IT system, Mosaic, to provide reports. He stated that there are currently 6000 children with EHPs all with different dates for review and Mosaic does not currently pick those dates up. In the short term a manual system had been created to ensure data around annual reviews was manually logged and Mr Wagstaff was confident this would ensure the data was accurate. In the longer term, Mr Wagstaff confirmed there was a programme in place to make better use of technology and to generate the level of reporting required.

41.4 The Committee made comments including those that follow. It:

- Asked if Mosaic would be replaced. – *Ms Eberhart confirmed there were no plans to replace Mosaic, but it would be moving to a cloud-based system and during that upgrade a lot of issues would be corrected.*
- Asked if the commissioning strategy for SEND was still postponed. – *Mr Wagstaff confirmed it was delayed but due this coming year.*
- The Committee thanked Mr Wagstaff for the updates.

41.5 Mr Pitman, Head of Southern Internal Audit Partnership, introduced the report stating it was the standard progress report through to February 2021.

41.6 Mr Pitman draw the Committee's attention to page 56, section 4 that set out an overview of live reports and an analysis of overdue actions. This showed a downward trend in respect of overdue actions.

41.7 Mr Pitman also stated that due to resource issues relating to Covid-19, a revised plan was agreed as set out on pages 59-67. Greyed out areas had been removed but many had been deferred to the 2021/22 plan.

41.8 Lastly Mr Pitman highlighted the projects that had progressed in addition to the high priority actions that were overdue. One was the issue addressed by Paul Wagstaff earlier in the meeting and the other was around Civil Parking which was due to be cleared on 1 April 2021 when new agreements come into place.

41.9 The Committee made comments including those that follow. It:

- Asked if Internal Audit would have the capacity to follow up on all the backlogs. – *Mr Pitman stated that a plan had been produced covering Q1 and he was confident they had the capacity.*
- Asked for clarification what grey book contracts where. – *Mr Pitman stated they were unique to the Fire Service but that he would find out the detail and report back to Committee.*
- Concern that District and Borough Councils deal with Civil Enforcement differently. – *Mr Pitman confirmed that an outcome of the review was an action to make the agreements the same.*

- Ask for clarification as to what will happen with the removed 'greyed out' areas. – *Mr Pitman confirmed all those would be picked up and discussed with the Executive Directors and if still a risk they would feature in the plan.*
- Ask for clarification about the overdue or coming up for review issues as listed on page 72. – *Mr Pitman confirmed they were being focused on and would continually be updated.*

41.10 Resolved – That the Internal Audit Progress Report be noted.

## **42. Internal Audit Plan 2021/22**

42.1 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).

42.2 Mr Pitman introduced the report that provided an overview of the Internal Audit Plan 2021/22 for Quarter 1. Mr Pitman also stated that he would be working closely with Executive Directors and their teams over the next weeks and months for Quarter 2. Mr Pitman also highlighted that the Q1 plan included Covid-19 contingencies.

42.3 Regarding Adults contingency, Mr Pitman confirmed a meeting had been arranged with the new Executive Director to address these due to his newness in post.

42.4 The Committee agreed with the approach to focus on Q1 due to uncertainty.

42.5 Resolved – That the Internal Audit Plan 2021/22 (Q1) be approved.

## **43. Internal Audit Charter 2021/22**

43.1 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).

43.2 Mr Pitman introduced the report stating that it was a requirement to have this charter and for it to be approved by RAAC annually. Mr Pitman confirmed there had been no change since last year.

43.3 Resolved – That the Internal Audit Charter 2021/22 be approved.

## **44. Financial Statements 2020/21 - Plans and Progress**

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

44.2 Mrs Chuter introduced the report stating it was in two parts. The first was the project plans for the closure of the accounts for both the County Council and the Pension Fund. The second was the draft accounting policies.

44.3 Mrs Chuter highlighted to the Committee that there would be a training opportunity in July as part of the new member induction. This would go through the 2020/21 financial statements.

44.4 Mrs Chuter also highlighted that there had been a consultation on the deadline for the production and audit of the financial statements. This would likely change the existing dates.

44.5 The Committee made comments including those that follow. It:

- Highlighted the number of medium risks and asked how prepared are the Council for potential pitfalls? – Mrs Chuter confirmed that they are reviewed on a weekly basis and mitigations are in place as detailed in the report
- Expressed concern for the Oracle implementation and the pressures on staff. – Mrs Chuter confirmed they have a resilient team, but it was something that would continue to be monitored. The importance of the Oracle project was noted, and resources had been allocated accordingly.
- Asked about the valuation of assets especially those potentially moving into the new joint venture? – Mrs Chuter agreed to get more information for the Committee.
- Asked if the change of valuers was likely to have an impact on valuations and why the change happened. – Mrs Chuter confirmed the contract had come to an end with the previous valuers, Montagu Evans, so the Council had to go out to tender, with Bruton Knowles being awarded the contract.

44.6 Resolved – That the Committee

(1) notes the project plans for the County Council and Pension Fund accounts (Appendices A and B) and progress to date and the draft accounting policies for both the County Council and Pension Fund accounts for 2020/21 as set out in full in Appendices Ci and Cii and

(2) approves them for application in preparing this year's accounts.

## **45. Quarterly Review of the Corporate Risk Register**

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

45.2 Mr Pake, Corporate Risk and Business Planning Manager introduced the report and highlighted the main changes since the last meeting and summarised in section 2.1 of the report.

45.3 The Committee made comments including those that follow.

- Queried risk 60 regarding the HMIC inspection and the score attached to this. – Mr Pake confirmed that it did drop but on reflection and reconsideration it should not have dropped as the plan was still ongoing. Cllr Waight remained concerned about this and the wording around it so agreed to take it up directly with the Chief Fire Officer.
- Concern was raised about risk around care homes as identified on page 143. – Mr Pake confirmed this was being picked up by the

tactical management group and at Director level. Ms Eberhart confirmed there was no financial obligation for the County Council to support care homes.

- Asked in relation to Children's Services, are the risks taken into account by Ofsted inspections. – Mr Pake could not confirm and stated this would have to be referred to the Executive Director for response.

45.4 Resolved – That the Corporate Risk Register be noted.

#### **46. Annual Governance Statement Action Plan 2019/20 Update**

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

46.2 Mr Gauntlett introduced the report and explained that the annual governance statement was previously agreed last November and the actions from that have been reviewed and improvement was detailed in the appendix.

46.3 It was asked where service improvements in Children's is demonstrated. Mr Gauntlett stated he would contact the Executive Director and update the Committee at a later date.

46.4 Resolved – That the Action Plan update be noted.

#### **47. Work Programme 2021/22**

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

47.2 Mr Gauntlett introduced the work programme. He alerted the Committee to an additional meeting in January 2022 but nearer the time this may not be needed.

47.3 It was requested if an update could be provided in July about how the production and audit of financial statements is progressing. It was agreed to add this.

47.4 Resolved – that the Work Programme be approved.

#### **48. Date of Next Meeting**

48.1 The Committee noted that its next scheduled meeting would be held on 19 July 2021.

48.2 As this was the last meeting of the Council term the Committee took the opportunity to thank officers, members and the external auditors for all their hard work and contributions.

The meeting ended at Time Not Specified

Chairman