

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

8 July 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 Bradbury, Cllr McKnight, Cllr Wall and Mr Parfitt

Apologies were received from Cllr Greenway and Cllr Kenyon

### **Part I**

#### **1. Declarations of Interest**

1.1 None

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

2.1 Resolved – That the minutes of the meeting of the Committee held on 11 March 2024 be approved as a correct record and that they be signed by the Chairman.

#### **3. External Audit**

3.1 The Committee considered the Audit Planning Reports for the West Sussex County Council and the West Sussex Pension Fund from the External Auditor Ernst & Young (EY) (copies appended to the signed minutes).

3.2 Mr Lazarus (EY) introduced the reports and confirmed there had been no significant change in approach to audit work, and that EY were collaborating well with County Council officers. For 2022/23 the focus had been on value for money and this work was now complete and reported to the previous committee meeting. It was reported that the General Election in July had delayed the necessary legislation which would have enabled the closing of the 2022/23 accounts, albeit qualified.

3.3 Mr Wilkins (EY) introduced himself as a Senior Manager at EY who would now be supporting the West Sussex Audit.

3.4 The Committee made comments including those that follow.

- Requested an update on the disclaimer. – Mr Lazarus confirmed that the technical team at EY were working on this. Mr Lazarus was lobbying to be able to have an accompanying report to the disclaimer to add commentary for the sound financial performance and operations of West Sussex.
- Queried the strategy for the 2023/24 opening balance sheet position. – Mr Lazarus confirmed that the EY technical team were working on background processes in order to be able to complete the 2023/24 audit as fully as possible despite opening balance sheet assurance gaps. EY would work with Mr Suarez, Interim Director of Finance and Support Services, to see what could be worked in to

reduce the impact of the disclaimer over the coming months and years.

- Sought clarity for the deficit in the Firefighters Pension Scheme(s).  
– Mr Lazarus confirmed that the wording could be updated to explain the deficit process and position to give assurance. Mrs Wood, Pension Fund Investment Strategist, agreed to work with EY on the wording to explain that the Firefighters Pension Scheme(s) were non funded schemes.
- Queried the different materiality thresholds for the County Council and the Local Government Pension Scheme (LGPS) Pension Fund and if this caused problems in identifying issues in the Pension Fund which would impact the County Council (which had a lower threshold). – Mr Lazarus confirmed that he managed both areas and would be able to consider all impacts. There were currently no issues approaching either threshold. Mr Wilkins confirmed that all the testing undertaken would be reported to the auditor. Mrs Wood confirmed that this scenario supported the proposal to separate the two accounts, as the size of the Pension Fund warranted separate attention. Lobbying on the accounting separation would continue.
- Queried the reporting plan for upcoming meetings. – Mr Lazarus confirmed that the intention was to bring a substantial draft of the 2023/24 Audit Results Report to the September 2025 committee. For this year, it was expected that the delayed legislation would mean bringing the accounts to the September meeting was unlikely. Therefore it was likely that only the draft report would be ready for September 2024.
- Requested that the draft September report should highlight any outstanding legislations and any ongoing third party discussions. – Mr Lazarus agreed this would be included. Mr Lazarus also confirmed that Oracle Fusion would be a focus of the report and would be ensuring a value for money consideration.

3.5 Resolved – That the Committee notes the 2023/24 Audit Planning Reports for West Sussex County Council and the West Sussex Pension Fund.

#### **4. Quarterly Review of Corporate Risk Management and Risk Management Strategy**

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

4.2 Mr Pake, Corporate Risk and Business Planning Manager, introduced the report and highlighted that a new risk to ensure effective response and recovery from unplanned or unexpected incidents (CR77) has been added to the corporate risk register. Review of this risk will take into consideration concerns captured on the National and regional risk registers. In addition, a risk to monitor Oracle Fusion implementation (CR78) was also added. It was confirmed that the Introduction to Risk Management course has been added to the induction course for all staff to complete as an optional module.

4.3 Mr Pake introduced the Risk Management Strategy and highlighted the amendments made since the last annual review. Mr Pake drew the

committee's attention to the heat map/matrix which had been updated to reflect the councils current risk appetite and tolerance levels, and the inclusion of the Resilience and Emergencies Team as a consequence of adding CR77 to the corporate risk register.

4.4 Mr Wright, Director of Human Resource and Organisation Development, gave an update on the risks within his directorate. Work had been completed to ensure the Recruitment Team were now appropriately aligned with services. An update was given on the long term strategic workforce plan, and how this would help predict recruitment challenges by analysing elements such as age demographics of the workforce. Right to work mitigation work had been completed in response to audit recommendations. An update was also given on apprenticeships, and that all grade 6 and below positions would aim to be offered as apprenticeships. Work was being done to ensure West Sussex was an attractive place to work, and the benefits were being promoted and tailored to appropriate age demographics. Social media platforms were being utilised for vacancies, and also approaching potential candidates via LinkedIn. Salary benchmarking had been considered and it was felt the Council to be appropriately comparable to the market. Social worker recruitment was being prioritised, with an aim to reach zero vacancy levels.

4.5 The Committee made comments including those that follow.

- Acknowledged the work that was being done for recruitment and that it was heading in the right direction. The work to reduce agency usage was stressed as very important. The progress was noted by the Committee.
- Sought clarity over the number of apprentices. – Mr Wright confirmed there were 351 apprentices across the whole organisation.
- Welcomed the reduced risk for CR58, but noted that it could rise as the care market was particularly volatile.
- Queried the scale of risk reduction for CR58. – Mr Wright confirmed that there had been good work on communications and processes to improve service provision. Proactive work was also taking place with partnership working.
- Sought clarity on the risk for the Care Quality Commission (CQC) review. – Cllr Wall, Chairman of the Health and Adult Social Care Scrutiny Committee, confirmed that work was being done in preparation for the review. The current message was that the Council was as ready as it could be. Mr Pake confirmed that the review was on the Adult Services' risk register, with focus on the risk and impact on other areas as appropriate. Mr Pake confirmed that he attends the Adult Services Management meetings and would pass on comments relating to the CQC review.
- Noted that the initial risks on SmartCore, the previous project for Oracle Fusion, had not been identified. - Mr Pake informed that the Executive Leadership team had a quarterly meeting focussed on risk, with each service highlighting their top priority risks for discussion.
- Noted the risk for Oracle Fusion. Cllr Bradbury, Chairman of the Performance and Finance Scrutiny Committee (PFSC), confirmed

that a report would be coming to each Committee meeting on the project. The focus for scrutiny would be on the implementation and the delivery of the benefits.

- Noted the lack of action for CR7. – Mr Pake will discuss with the risk owner at the next scheduled review.

4.6 Resolved – That the Committee notes the report and the Risk Management Strategy.

## **5. Annual Internal Audit Report & Opinion**

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

5.2 Mr Pitman introduced the report and informed the Committee that there were 37% of reviews that were Limited. It was explained as reasonable given the risk based approach that was taken to reviews. Quarterly planning meetings took place with directors to help focus on the key areas and ensure a wider appreciation of risk.

5.3 Mr Suarez expressed gratitude at the work of Mr Pitman's team and highlighted the response report which had been circulated to the Committee (copy appended to the signed minutes).

5.4 The Committee made comments including those that follow.

- Queried if the risk consideration was typical of local authorities. – Mr Pitman explained that the organisation's embeddedness of risk and effective use of internal audit is contributory to risk considerations. The West Sussex approach had been compared to Hampshire and was found to be comparable.
- Sought clarity over the target dates for the Right to Work actions. – Mr Pitman confirmed that this detail would be included in the regular progress report.
- Raised concerns with regard to School Recruitment that people could be added to payroll without undergoing necessary checks. – Mr Wright confirmed that this had been addressed and that Oracle Fusion would request that face to face checks were in place.
- Welcomed the focus on agency usage and noted the importance of the associated transitional work.
- Asked if there would be a supporting paper for the activities referred to in the response report. – Mr Pitman confirmed the actions would be monitored and the follow up reviews would be included in the progress report. The final report for the 'Use of Agency Staff' would be issued within the next couple of weeks.

5.5 Resolved – That the Committee approves the annual audit report and opinion for the year ended 2023-24.

## **6. Internal Audit Plan 2024-25 (Q2) and Counter Fraud Plan 2024-25**

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

6.2 Mr Pitman introduced the report and confirmed it was a fluid document in order to be able to respond to risks when needed. Mr Pitman highlighted that the Oracle Fusion Procurement was included for review.

6.3 The Committee made comments including those that follow.

- Queried if the proposed scope was correct to review the Oracle Fusion Procurement. – Mr Pitman felt that the quarter 2 plan was a good time to be able to review the project appropriately. The Committee highlighted the need to measure both the procurement activity and the delivery of benefits. Mr Suarez confirmed that communications to staff and PFSC was required to ensure the benefits were realised. Narratives would also ensure plain English was used.
- Noted the areas for consideration in the Counter Fraud Plan and if there were other areas that would be covered. – Mr Pitman confirmed that the listed areas were the main points of focus. Counter Fraud meetings were attended to ensure wider insights and dangers were also considered.

6.4 Resolved – That the Committee approves the Internal Audit Plan 2024-25 (Q2) and the Counter Fraud Plan 2024-25.

## **7. Annual Governance Statement**

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

7.2 Mr Gauntlett, Senior Advisor, introduced the report and explained the Annual Governance Statement (AGS) was an annual document which complied with the CIPFA Good Governance Framework. The Committee had been presented with the 2022/23 AGS for approval, and also the draft AGS for 2023/24.

7.3 The Committee made comments including those that follow.

- Queried the deadlines stated in the 2022/23 AGS. – Mr Gauntlett explained that the document was historic and so the wording reflected the timescales correctly. However, given the delay in approving the document, Mr Gauntlett proposed adding commentary to the document to explain any significant delays in action.
- Noted the date for the annual assurance opinion in paragraph 94 of the 2022/23 AGS referred to May 2023. – Mr Gauntlett agreed to update this.
- Highlighted that the paragraph on Officer interests was the same in each AGS document. – Mr Gauntlett confirmed this was a key action in the plan, but resolved to look into the project and see how the work was progressing.

- Commented that some actions did not seem to flow into the subsequent AGS. – Mr Gauntlett explained that some actions would continue into the new plan directly, whereas others could change slightly to reflect new processes. Some matters became operational at an officer level and so were removed from the AGS. The Committee proposed adding dialogue to give assurance to the public on actions that appeared to be missing.

7.4 Resolved – That the Committee approves the Annual Governance Statement 2022/23 for signature by the Leader and Chief Executive; and notes the current contents of the draft Annual Governance Statement and Action Plan for 2023/24.

## **8. Date of Next Meeting**

8.1 The Committee noted that its next scheduled meeting would be held at 10.30 am on 25 September 2024 at County Hall, Chichester.

The meeting ended at 12.35 pm

Chairman