

AUDIT COMMITTEE

15TH DECEMBER 2017

PRESENT: Councillor T.M. Higgins (Chair).

Councillors: G.H. John, C. Jones, A.G. Morgan, B. Thomas, E.G. Thomas and D.E. Williams.

Also present as an observer:

Councillor D.M. Jenkins – Executive Board Member for Resources.

In attendance from the Wales Audit Office:

Mr J. Evans;

Ms A. Lewis;

Mr J. Garcia.

The following Officers were in attendance:

C. Moore, Director of Corporate Services;

I. Jones, Head of Leisure;

S. Pilliner, Head of Transportation & Highways;

H. Pugh, Head of Revenues and Financial Compliance;

C. Daniels, Senior Sports and Leisure Manager;

J. Davies, Senior Cultural Services Manager;

N. Edwards, Safeguarding & Commissioning Manager;

M. Mason, Museum Development Manager;

J. Owen, Democratic Services Officer.

Chamber, County Hall, Carmarthen – 10:00am - 12:35pm

1. APOLOGIES FOR ABSENCE.

Apologies for absence were received from Councillor H.A.L. Evans and Mrs J. James.

2. DECLARATIONS OF PERSONAL INTERESTS.

There were no declarations of interests.

3. INTERNAL AUDIT PLAN UPDATE 2017/18

The Committee considered a report which provided a progress update on the implementation of the Internal Audit Plan 2017/18. Part A(i) of the report provided a progress report on the Audit Plan 2017/18 and Part A(ii) provided a recommendations scoring matrix.

The Committee noted that with regard to Part B of the report, there were no fundamental issues to report.

Part C of the report detailed priority 1 recommendations relating to reviews of other systems and establishment audits and included reviews completed since April, 2017 where systems had one or more fundamental control weaknesses or involved reviews following agreement by the Chair of Audit Committee and the Audit and Risk Manager was brought to the Committee. This section included details of a review of Llanelli Leisure Centre and Departmental Contract Management.

The following observations/issues were raised on the report:-

In response to a concern raised regarding the robustness and frequency of cash checks at Llanelli Leisure Centre, the Senior Sports and Leisure Manager clarified that cash checks were carried out multiple times throughout the day, including end of day, and that unannounced checks on each operator were made annually in line with financial regulations (recently upskilled staff so that not reliant on Business Support Unit, increasing capability to check at all times of day).

It was highlighted from the report that the basic fundamental of overall staffing at Llanelli Leisure Centre was operating below standard. The Head of Leisure explained that the findings were part of a broader report in 2016/17 and stated that many improvements had been implemented over recent months. The Senior Sports and Leisure Manager further explained the complexity of staff management and that the Centre currently relied heavily upon on a cohort of casual staff to cover the areas such as swim teaching, where around 100 lessons are run per week. The Senior Sport & Leisure Manager reported that the leisure centre was currently operating a convoluted rather than a high risk system which from an audit perspective could be deemed as not robust.

It was requested that an update on this matter be reported to the Audit Committee in 6 months. It was further commented that it would have been beneficial if the report had included improvements that had already been made.

It was asked how other Leisure Centres manage casual staff in order to ascertain best practice. The Senior Sports and Leisure Manager explained that Carmarthen Leisure Centre were utilising a much better system which was in the process of being refined in readiness to be replicated by Llanelli Leisure Centre.

It was asked if the system at Carmarthen Leisure Centre had been audited. The Senior Sports and Leisure Manager confirmed that Leisure Centres were audited as part of an annual program and Carmarthen had just been audited with report imminent. The Head of Leisure added that the system within Carmarthen Leisure Centre operated using more modern techniques but planned to ensure best practice in this area before being adopted in Llanelli Leisure Centre.

UNANIMOUSLY RESOLVED that:

- 3.1 for monitoring purposes, the 2017/18 Internal Audit Plan update be received;**
- 3.2 the Committee receive a further update on Llanelli Leisure Centre in 6 months.**

4. FORWARD WORK PROGRAMME

The Committee considered the Annual Forward Work Programme which detailed expected Agenda Items for the 2017/18 Audit Committee Cycle.

In accordance with Training/Informal Sessions section of the programme, the Head of Revenue and Financial Compliance stated that members had informally met with Wales Audit Office (WAO) representatives prior to today's meeting. Members and Officers thanked WAO representatives for attending.

UNANIMOUSLY RESOLVED that the Forward Work Programme be received.

5. MUSEUMS ACTION PLAN UPDATE

In accordance with Minute 3 of its meeting held on the 24th March, 2017 the Committee received an update on the Museums Action Plan which summarised the agreed work and progress to date by the Museums Team to improve its processes.

The following observations/issues were raised on the report:-

In response to a query, the Museums Development Manager confirmed that there was no evidence that valuable items had gone missing or been misplaced. She added, that a large piece of work was currently being undertaken which involved the recording and cross referencing of all artefacts.

The Senior Cultural Services Manager affirmed that the Action Plan was a long-term plan which relied heavily upon receiving a significant amount of external funding, following which, she offered to provide the Committee with a further update in 6 months' time.

It was asked how the process of digitising all museum objects, records and documentation was progressing. The Museums Development Manager explained that digitising records would be a lengthy process which involved photographing all artefacts to be included on the inventory. Museum staff had received training to carry out the photography and the checking processes.

UNANIMOUSLY RESOLVED:

5.1 that Museums Action Plan Update be received;

5.2 that the Committee receive a further progress report on the Museums Action Plan in 6 months.

6. SUPPORTING PEOPLE PROGRAMME GRANT UPDATE

In accordance with Minute 6 of its meeting held on the 6th January, 2017 the Committee received the 6 monthly progress report on the Supporting People Service's Action Plan, summarising the work undertaken to date to achieve improvements in the grant and contract management processes, as identified in the 2015/16 Internal Audit of the Supporting People Programme Grant 2015/16. It was noted that good progress was being achieved against the action plan which was being monitored by the Supporting People Planning Group, chaired by the Director of Community Services.

The following observations/issues were raised on the report:-

- In response to a query raised regarding budget monitoring, the Safeguarding and Commissioning Manager explained that the new process for budget monitoring introduced in October, 2016 had identified an under spend of the grant received from Welsh Government. The underspend occurred as a result of efficiencies being made and an inability to reallocate in the time permitted. The Committee noted that a submission was made to Welsh Government to carry forward the surplus money in order for it to be allocated to specific projects considered in line with the anti-poverty strategy but unfortunately was declined. In light of this, work had been carried out with strategic leads within the Authority to allocate budgets to service providers in order to spend the money on short-term projects enabling improved outcomes.

Furthermore, the Committee were reassured that officers were continuously monitoring the budget to ensure that spend did not go into arrears.

- With regard to the report, an update was requested in relation to procurement. The Safeguarding and Commissioning Manager stated that in terms of the business administration of finance, internal processes had been improved which included a transfer of responsibility from a single officer to the business support team. The procurement department currently manage a range of care providers and ensure that all contracts are duly signed. Any exemptions for extensions for contracts are managed and reported in line with Council Procedure Rules. The Director of Corporate Services added that the Welsh Government system procurement database 'Bravo' was utilised to record all procurement processes which ensured that there was an information trail.

It was suggested that the Committee received a report on the Council's procurement processes. The Head of Revenues and Financial Compliance stated that she would prepare a report for the next Committee meeting.

- It was asked if there was any evidence of improvements made by the Welsh Government in terms of their administration of the Supporting People Programme Grant (SPPG). The Wales Audit Office representative stated that whilst improvements had been made there was a significant amount of work was still required.

The Director of Corporate Services added that the even though the SPPG was made up of a mix of funds from both Welsh Government and the local authority, the Welsh Government had declined to administer the grant. Initially when the funds combined to one grant, no auditing took place however, over the years the audit process had been enhanced.

- It was asked how the SPPG was monitored and if it had ever been to a scrutiny committee. The Safeguarding and Commissioning Manager stated that to date the SPPG had not been to a scrutiny committee, however the SPPG was currently monitored quarterly by the Supporting People Operational Group where the work plan and its projects were presented for scrutiny and comment.

It was requested that a report to include a detailed breakdown of fund allocation with regard to the SPPG to be brought to the next Audit Committee meeting.

UNANIMOUSLY RESOLVED:

- 6.1 that the report be received;**
- 6.2 that the Committee receive a report on the council's procurement process at its meeting in March;**
- 6.3 that the Committee receive a report to include a detail breakdown SPPG fund allocation its meeting in March.**

7. TO CONSIDER THE FOLLOWING DOCUMENTS PREPARED BY THE WALES AUDIT OFFICE:-

7.1. CARMARTHENSHIRE COUNTY COUNCIL - AUDIT COMMITTEE UPDATE - DECEMBER 2017;

The Committee considered a report providing an update on the financial audit and performance audit work undertaken/to be undertaken on the Authority by the WAO since the last meeting.

UNANIMOUSLY RESOLVED that the report be received.

7.2. CARMARTHENSHIRE COUNTY COUNCIL - ANNUAL AUDIT LETTER 2016/17

The Committee received the Annual Audit Letter 2016/17 which had been prepared by the Appointed Auditor in line with his statutory responsibilities under the Public Audit (Wales) Act 2004.

The Annual Audit Letter covered the work carried out by the WAO since the previous letter was issued and summarised the key issues which the Appointed Auditor considered should be brought to the Authority's attention.

RESOLVED that the report be received.

7.3. CARMARTHENSHIRE COUNTY COUNCIL - FINAL ACCOUNTS MEMORANDUM 2016/17

The Committee considered the Final Accounts Memo 2016/17 for Carmarthenshire County Council which provided a summary of key messages arising from the final accounts work carried out and included a number of recommendations for improvement.

UNANIMOUSLY RESOLVED that the report be received.

7.4. PUBLIC PROCUREMENT IN WALES

The Committee received a report on Public Procurement in Wales which sets out the regulatory and policy context for public procurement in Wales.

The report highlighted that each year, public bodies spend significant amounts of money on buying-in goods, services and works from the third and private sectors a process known as procurement. Effective procurement involves:

- having adequate numbers of appropriately qualified staff and appropriate organisational structures and policies to manage and govern procurement activity;
- a well-planned process for deciding what the public body needs, including deciding how the public body should provide services and looking at alternative ways of delivering services;
- sourcing strategies and collaborative procurement – having a good idea of how the public body can best meet its needs;
- effective contract and supplier management; and
- effective and reliable processes and ICT systems to support procurement.

The Committee noted that as a result of the Welsh Government funded an independent Procurement Fitness Check for local Government in 2013-14, Carmarthenshire Council scored lower than average which was shown within Appendix 3 of the report, Results of Welsh Government funded Procurement Fitness Checks.

The Head of Revenues and Financial Compliance stated that since the review in 2013, Carmarthenshire procurement processes had improved considerably which as a result of a Transformation, Innovation and Change (TIC) review many changes were made including a more structured department. She further added that results from a fitness check carried out this year would be welcomed as department had more robust procurement processes now than in 2013/14.

In response to a query regarding recruitment, the Head of Revenues and Financial Compliance explained that recruiting qualified procurement staff was a national problem. However, the procurement team within Carmarthenshire was operating jointly with Pembrokeshire County Council procurement department which enables both departments to retain and build on existing experience and knowledge.

The Head of Revenues and Financial Compliance further explained that the 'Atom' system was utilised to recorded data which enabled the team to gather and record a range of information which could be interrogated to provide evidence. In order to provide clarity on the different the systems used, the Head of Revenues and Financial Compliance offered to provide members with a brief outline of each of the system.

It was asked how the joint procurement department was audited. The WAO representative confirmed that future audits on the joint arrangement would be carried out on the service as a whole / single entity. However, ongoing work was being carried out in order to align the different procurement rules within Pembrokeshire and Carmarthenshire local authorities. The Director of Corporate Service added that dialogue was currently taking place with Mid and West Wales Fire and Rescue Service who have expressed an interest in joining the collaborative arrangement.

UNANIMOUSLY RESOLVED that the report be received.

8. MINUTES OF RELEVANT GROUPS TO THE AUDIT COMMITTEE

UNANIMOUSLY RESOLVED that the minutes of the Risk Management Steering Group held on 10th October, 2017 be received.

9. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COMMITTEE HELD ON 29TH SEPTEMBER 2017

UNANIMOUSLY RESOLVED that the minutes of the Audit Committee held on the 29th September, 2017 be signed as a correct record.

CHAIR

DATE