

AUDIT COMMITTEE

Friday, 28 September 2018

PRESENT: Councillor T.M. Higgins (Chair)

Councillors:

K.V. Broom, G.H. John, A.G. Morgan, E.M.J.G. Schiavone, B. Thomas, E.G. Thomas and D.E. Williams

In attendance from the Wales Audit Office:

Mr J. Garcia and Ms A. Lewis

The following Officers were in attendance:

C. Moore, Director of Corporate Services

N. Edwards, Safeguarding & Commissioning Manager

R. Hemingway, Head of Financial Services

I. Jones, Head of Leisure

H. Pugh, Head of Revenues and Financial Compliance

P.R. Thomas, Assistant Chief Executive (People Management & Performance)

A. Williams, Head of Waste and Environmental Services

D. Llewellyn, Modernisation Programme Manager

G. Morgan, Head of Democratic Services

N Thomas, Senior Outdoor Recreation Manager

A. Wood, HR Strategic Manager

S Owens, Active Facilities Manager

M.S. Davies, Democratic Services Officer.

Chamber, County Hall, Carmarthen: 10.00 am - 1.30 pm

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Mrs. J. James.

2. DECLARATIONS OF PERSONAL INTERESTS

There were no declarations of personal interest.

3. INTERNAL AUDIT PLAN 2018/19 UPDATE

The Committee considered a report which provided a progress update on the implementation of the Internal Audit Plan 2018/19. Part A(i) of the report provided a progress report on the Audit Plan 2018/19 and Part A(ii) provided a recommendations scoring matrix.

Officers agreed to take on board a concern relating to the high turnover of Challenge Advisors working within ERW.

UNANIMOUSLY RESOLVED that the 2018/19 Internal Audit Plan update be received.

4. AUDIT COMMITTEE FORWARD WORK PROGRAMME

The Committee considered the Annual Forward Work Programme which detailed expected Agenda Items for the 2018/19 Audit Committee Cycle.

UNANIMOUSLY RESOLVED that the Forward Work Programme be received.

5. COASTAL FACILITIES ACTION PLAN UPDATE

The Committee considered an update on the Coastal Facilities Action Plan which summarised the agreed work and progress to date by the Coastal Facilities Team to improve its processes following the Internal Audit Summary presented to the Audit Committee meeting on 22nd March 2016.

Staff were thanked for the work being undertaken.

UNANIMOUSLY RESOLVED to approve progress and the continued work objectives.

6. WALES AUDIT OFFICE REPORT EVALUATION OF THE COUNCIL'S REVIEW OF PEOPLE PERFORMANCE MANAGEMENT

Further to Minute 12.1 of the last meeting the Committee received an update on the progress being made in addressing the 9 recommendations which had emerged from the Council's Review of People Performance Management. This was being monitored by the People Strategy Governance Board (PSGB) which was chaired by the Director of Education & Children. The Board had been charged with developing a detailed action plan and work had been undertaken to prioritize those areas that had been highlighted such as Waste and Leisure.

UNANIMOUSLY RESOLVED

6.1 that the report be received and the progress being made be noted;

6.2 that an annual progress report be submitted to the Committee.

7. LLANELLI LEISURE CENTRE ACTION PLAN UPDATE

The Committee considered a report which summarised the agreed work and progress to date by the Llanelli Leisure Centre Management Team to improve its processes following the Internal Audit Summary presented initially to the Audit Committee at its meeting on 15th December 2017 [minute 3 thereof refers] and based on the findings of a broader report in 2016/17. There had been significant focus on ensuring that Financial Procedure Rules were fully complied with and new technology was being introduced to improve standards and consistency. It was noted that a more recent Audit Report had been undertaken at the facility.

UNANIMOUSLY RESOLVED

7.1 that the report be received and progress be noted;

7.2 a further update be presented to the Committee at its meeting scheduled for 14th December 2018.

8. CORPORATE RISK REGISTER

In accordance with Minute 7 of its meeting held on the 23rd March, 2018 the Committee received for consideration a report on the Corporate Risk Register and specifically the risks relating to Delivery of the Authority's waste management and recycling obligations (including meeting Landfill Targets). The Head of Waste and

Environmental Services referred to the high percentage of recyclable materials, including a significant amount of food waste, still being placed in black bin bags as a consequence of which a behavioural change programme had been instigated involving a team of officers knocking on doors to remind households of the purpose and correct use of the blue/black bin bag collections and the arrangements for food waste disposal. In addition, the commodity markets and outlets for recycled materials remained uncertain with the effects of the ban on some materials by China affecting cost and capacity in general. However, this situation would continue to be monitored for appropriate alternative solutions when needed.

UNANIMOUSLY RESOLVED, on the basis that the Committee was reassured that the risks in terms of waste management and recycling obligations were being mitigated, that the Report be received.

9. MANAGING DEMAND WITHIN INTEGRATED SERVICES FOR OLDER PEOPLE AND PHYSICAL DISABILITIES

The Committee considered a report detailing the range of initiatives employed to deliver efficiency savings within Integrated Services and manage demand within budget, which had been achieved for the last 3 years. It was emphasised that there was no single solution and a multi-pronged approach was necessary including Electronic Call Monitoring, Releasing Time 2 Care and Right Sizing of Packages. There was also a rising demand for services with referrals in 2018 up by around 12%, and periods of exceptionally high demand in the quarter January – March and August 2018. Domiciliary care demand, in particular, had been steadily increasing by 62 clients over the last 15 months and there was a risk overall that it would become increasingly challenging to continue to make efficiency savings against rising demographic pressures.

UNANIMOUSLY RESOLVED, on the basis that the Committee was reassured that the risks were being mitigated, that the report be received.

10. SICKNESS ABSENCE UPDATE REPORT

The Committee considered a report which provided the 2017/18 end of year position in relation to sickness absence. The data indicated that since 2016/17 there had been an overall reduction in the number of days lost per full time equivalent (FTE) - reducing from 10.76 days in 2016/17 to 10.15 days during 2017/18. The overall target of 9.6 days per FTE however, which had been set by the Corporate Management Team to support a reduction in absence, had not been met. The report also provided information in relation to the initiatives introduced during the year to support attendance management within schools and council departments.

The Assistant Chief Executive [People Management] advised that since preparing the above report he had been able to ascertain that some of these initiatives were paying dividends as the number of F/T days lost per FTE in 2018/9 Qtr.1 was 2.16 compared with 2.39 for Qtr.1 in 2017/18.

UNANIMOUSLY RESOLVED, on the basis that the Committee was reassured that the risks were being mitigated in that the Policy and Resources Scrutiny Committee had taken the issue of sickness absence on board, that the report be received.

11. DOCUMENTS PREPARED BY THE WALES AUDIT OFFICE:-

11.1. WALES AUDIT OFFICE LOCAL REPORTS

The Committee considered Wales Audit Office local reports related to:

- Overview and Scrutiny – Fit For the Future?;
- Audit Committee Effectiveness;
- Annual Improvement Report 2017-18.

The Democratic Services Manager commented that the WAO report on ‘Overview and Scrutiny – Fit For the Future?’ had been considered by the Chairs and Vice Chairs Scrutiny Forum on the 31st July 2018 which had made a number of recommendations particularly in the area of ‘information’ reports and the committee cycle. These were due to be considered further at the next meeting of the Executive Board & Scrutiny Committee Chairs and Vice Chairs.

Members were reminded that they would have an opportunity to consider the findings of the WAO report on ‘Audit Committee Effectiveness’ at an informal session to be arranged in due course.

UNANIMOUSLY RESOLVED that the Wales Audit Office Local Reports be received.

11.2. CARMARTHENSHIRE COUNTY COUNCIL AUDIT OF FINANCIAL STATEMENTS REPORT

DURATION OF MEETING

At 1.00 p.m. during consideration of this item, the Committee’s attention was drawn to Corporate Procedure Rule 9 ‘Duration of Meeting’ and the fact the meeting had been underway for three hours. It was therefore

UNANIMOUSLY RESOLVED that Corporate Procedure Rules be suspended to allow for the consideration of the remaining agenda items.

The Committee received the Audit of Financial Statements for Carmarthenshire County Council for 2017-18 which summarised the findings from the audit undertaken. The Committee noted that the report set out the Auditor General’s views on whether the financial statements give a true and fair view of the financial position of Carmarthenshire County Council at 31st March 2018. As a result the Wales Audit Office intended to issue an unqualified audit report on the Carmarthenshire County Council financial statements as soon as the Letter of Representation had been received.

The Committee expressed its thanks to the Director of Corporate Services and his staff for their hard work and commitment in the preparation of the County Council’s accounts.

UNANIMOUSLY RESOLVED that the report be received.

11.3. DYFED PENSION FUND AUDIT OF FINANCIAL STATEMENTS REPORT

The Committee received for consideration the report of the Wales Audit Office on the audit undertaken of the Dyfed Pension Fund Accounts which considered whether the financial statement gave a true and fair view of the financial position of the Dyfed Pension Fund at 31st March, 2018 and its income and expenditure during that year.

The Committee's attention was drawn to the detailed report where the Wales Audit Office found that there were no misstatements identified in the financial statements which remained uncorrected. A number of minor misstatements had been corrected by management. As a result the Wales Audit Office intended to issue an unqualified audit report on the Dyfed Pension Fund financial statements as soon as the Letter of Representation had been received.

The Chair thanked all the staff involved in supporting the Dyfed Pension Fund on this excellent achievement.

UNANIMOUSLY RESOLVED that the report be received.

12. LETTER OF REPRESENTATION:

12.1. CARMARTHENSHIRE COUNTY COUNCIL

The Committee was advised that in accordance with the Statement of Auditing Standards (SAS440 – Management Representations), the Wales Audit Office required a Letter of Representation to be prepared on an annual basis by the Authority's Section 151 Officer and signed by the aforesaid Officer and the Chair of the Audit Committee. In addition, the Wales Audit Office required the Committee responsible for approving the accounts under Regulation 8 of the Accounts and Audit Regulations to formally acknowledge the response of the Section 151 Officer.

UNANIMOUSLY RESOLVED that the Letter of Representation to the Wales Audit Office prepared by the Section 151 Officer be acknowledged.

12.2. DYFED PENSION FUND

The Committee was advised that in accordance with the Statement of Auditing Standards (SAS440 – Management Representations) the Wales Audit Office required a Letter of Representation to be prepared on an annual basis by the Authority's Section 151 officer and signed by the by the aforesaid Officer and the Chair of the Audit Committee In addition, the Wales Audit Office required the Committee responsible for approving the accounts under Regulation 8 of the Accounts and Audit Regulations to formally acknowledge the response.

UNANIMOUSLY RESOLVED that the Letter of Representation to the Wales Audit Office prepared by the Section 151 Officer be acknowledged.

13. AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT:

13.1. CARMARTHENSHIRE COUNTY COUNCIL

The Committee had been circulated with a report detailing responses to requests made by the Wales Audit Office [WAO] of both management and the Audit Committee in order for the WAO to meet the requirements set out in International Standards on Auditing (ISAs) to formally seek the Authority's documented consideration and understanding on a number of governance areas that impact on the audit of the financial statements. These considerations were relevant to both the Council's management and 'those charged with governance' (the Audit Committee). The information provided informed the WAO's understanding of the Council and its business processes and supported the WAO's work in providing an audit opinion on the 2017-18 financial statements.

UNANIMOUSLY RESOLVED to approve the responses to the requests made by the Wales Audit Office of both management and the Audit Committee as detailed in the report.

13.2. DYFED PENSION FUND

The Committee had been circulated with the Authority's responses to the Welsh Audit Office on a number of governance areas that impacted on the audit of the financial statements. These considerations were relevant to both the Dyfed Pension Fund's management and 'those charged with governance' (the Audit Committee). The information provided informed the WAO's understanding of the Dyfed Pension Fund and its business processes and supported its work in providing an audit opinion on the 2017-18 financial statements.

UNANIMOUSLY RESOLVED to approve the responses to the requests made of both management and the Audit Committee as detailed in the report.

14. CARMARTHENSHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS 2017/2018

In accordance with the provisions of the Accounts and Audit (Wales) Regulations 2014, the Committee received for approval the post-audit Statement of Accounts 2017/18 in respect of Carmarthenshire County Council. The Statement brought together all the financial transactions of the Authority for the year, and also detailed the Authority's assets and liabilities as at 31st March, 2018.

The Chair thanked all the officers involved in the production of an excellent set of accounts.

UNANIMOUSLY RESOLVED that the Statement of Accounts 2017/18 for Carmarthenshire County Council post audit be approved.

15. DYFED PENSION FUND STATEMENT OF ACCOUNTS 2017-2018

In accordance with the provisions of the Accounts and Audit (Wales) Regulations 2014, the Committee received for approval the post-audit Statement of Accounts 2017/18 in respect of the Dyfed Pension Fund. The Statement brought together all the financial transactions of the Pension Fund for the year, and detailed its assets and liabilities as at 31st March, 2017.

The Committee expressed its appreciation to all the officers involved in the production of an excellent set of accounts.

UNANIMOUSLY RESOLVED that the Statement of Accounts 2016/17 for the Dyfed Pension Fund) post audit be approved.

16. BURRY PORT HARBOUR FINANCIAL STATEMENT 2017-18

The Committee considered a report on the Burry Port Harbour 2017/18 Annual Return – External Audit Report. The Committee was advised that in accordance with requirements of Section 42 of the Harbours Act 1964 statutory harbour authorities were required to prepare an annual statement of accounts relating to the harbour activities.

UNANIMOUSLY RESOLVED that the accounting statement for Burry Port Harbour for 2017-18 be received.

17. WALES PENSION PARTNERSHIP FINANCIAL STATEMENT 2017-18

The Committee considered the Accounting Statement for Wales Pension Partnership for 2017-18 which the Council was required to approve in compliance with the Accounts and Audit (Wales) Regulations 2014. Carmarthenshire County Council had the administrative responsibility for the Wales Pension Partnership.

UNANIMOUSLY RESOLVED that the Accounting Statement for Wales Pension Partnership for 2017-18 be received.

18. RISK MANAGEMENT AND CONTINGENCY PLANNING STRATEGY 2018-2022

The Committee considered the draft Risk Management and Contingency Planning Strategy 2018-2022 the aim of which was to have a framework in place so that risk management and contingency planning played a key role in supporting the delivery of the aims of the Council's Corporate Strategy and Carmarthenshire's Well-Being Plan for the next 4 years.

UNANIMOUSLY RESOLVED that the Strategy be endorsed.

19. MINUTES OF RELEVANT GROUPS TO THE AUDIT COMMITTEE

UNANIMOUSLY RESOLVED that the minutes of the Risk Management Steering Group held on the 4th July 2018 be received.

20. MINUTES - 13TH JULY 2018

UNANIMOUSLY RESOLVED that the minutes of the meeting of the Audit Committee held on the 13th July, 2018 be signed as a correct record.

CHAIR

DATE