

AUDIT COMMITTEE

14TH DECEMBER, 2018

PRESENT: Councillor T.M. Higgins [Chair]

Councillors:

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

Mrs J. James – External Voting Member

Also present as an observer:

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

In attendance from the Wales Audit Office:

Mr J. Garcia

The following officers were in attendance:

Mr C. Moore	-	Director of Corporate Services;
Ms A. Bracey	-	Head of Mental Health & Learning Disabilities;
Miss H. Pugh	-	Head of Revenues & Financial Compliance;
Mr R. James	-	Performance Planning & Business Officer;
Mr A. Jones	-	Commissioning & Contracting Officer;
Ms C. Powell	-	Principal Auditor;
Mrs M. Evans Thomas	-	Principal Democratic Services Officer.

Chamber, County Hall, Carmarthen: 10:00a.m. - 11:35a.m.

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor E.G. Thomas, who was required to attend another meeting.

2. DECLARATIONS OF PERSONAL INTERESTS

There were no declarations of personal interest.

3. INTERNAL AUDIT PLAN UPDATE 2018/19

The Committee considered a report providing an update on progress made on the implementation of the Internal Audit Plan.

It was noted that Part A provided a progress report on the Audit Plan 2018/19 together with a Recommendations Scoring Matrix. Part B provided a summary of completed final reports for 2017/18 relating to key financial systems (April 2017 to date).

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

- Reference was made to the fact that 10 days each have been allocated to audit the City Deal and Wellness Centre and officers were asked how this will fit in with the work being undertaken by the Wales Audit Office. The Head of Revenues and Financial Compliance explained that Internal Audit is very conscious of the work carried out by the Wales Audit Office thereby ensuring that there is no overlap. Departments do not want two sets of Auditors in at the same time. The Director of Corporate Services added that the work undertaken by the Wales Audit Office is very specific whereas the Internal Audit review will be far more systems based;
- Reference was made to the change in the way that schools are audited and the fact that schools now have to complete a questionnaire. The Head of Revenues and Financial Compliance explained that Internal Audit have changed their approach and have introduced thematic reviews one of which is surpluses and deficits. The questionnaires were sent out to schools to capture where they are now and they will highlight where there are any areas of concern which will then prompt the decision as to which schools to visit.

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

4. AUDIT COMMITTEE FORWARD WORK PROGRAMME

The Committee considered its Annual Forward Work Programme for 2018/19 which detailed the reports to be submitted for consideration at forthcoming meetings.

UNANIMOUSLY RESOLVED that the Forward Work Programme be received.

5. INTERNAL AUDIT REPORTING AND ESCALATION PROTOCOL

The Committee considered the draft Internal Audit Report and Escalation Protocol.

The Head of Revenues and Financial Compliance is responsible for the Authority's Internal Audit Service. Where Internal Audit reviews are undertaken on functions headed by the Head of Revenues and Financial Compliance, there is a potential conflict of interest arising from reporting lines.

Internal Audit works to the Public Sector Internal Audit Standards which came into force on 1st April, 2013. Professional standards require that Internal Audit be independent from management and the activities which it audits. This is essential for Internal Audit's proper conduct and impartial advice to management. The Public Sector Internal Audit Standards require Internal Auditors to conform to a code of ethics, the four principles of which are:-

- integrity;
- objectivity;
- confidentiality; and
- competency.

The draft protocol sets out the reporting process within the Internal Audit team and the escalation process to follow should a conflict of interest arise, thus ensuring that the code of ethics is adhered to at all times.

UNANIMOUSLY RESOLVED that the draft Internal Audit Reporting and Escalation Protocol be endorsed.

6. 2017/18 INTERNAL AUDIT OF LLANELLI LEISURE CENTRE

The Committee was reminded that at its meeting held on 28th September, 2018 consideration was given to 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 to the Audit Committee at its meeting held on 15th December, 2017 and based on the findings of a broader report in 2016/17.

The Committee noted that a more recent Internal Audit report had been undertaken at the facility and requested that a further update, detailing the 2017/18 Internal Audit that was finalised in August 2018, was presented to today's meeting.

The following issue was raised on the report:-

- Reference was made to the fact that the review had identified that one past which had not been DBS checked and officers were asked if this had been rectified by the department as soon as possible. The Committee was advised that this issue had been addressed immediately.

UNANIMOUSLY RESOLVED that the report be received.

7. PROGRESS REPORTS

The Committee received the following progress reports for consideration:-

7.1. SUPPORTING PEOPLE PROGRAMME GRANT UPDATE

The Committee considered an update report summarising the work done to date by the Supporting People Team to continue to improve its grant and contract management processes as identified in the Internal Audit of the Support People Programme Grant 2016/17.

It was noted that good progress is being made and will be monitored by the Supporting People Planning Group.

UNANIMOUSLY RESOLVED

7.1.1 that the progress made in the Supporting People Action Plan be noted;

7.1.2 that the Committee receive an update in 6 months' time from an audit rather than a departmental perspective.

7.2. WAO REPORT CONCERNING STRATEGIC COMMISSIONING OF ACCOMMODATION SERVICES FOR ADULTS WITH LEARNING DISABILITIES (MAY 2018)

The Committee considered a report providing an update on the Authority's position in relation to the recommendations contained in the WAO report concerning Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities which was presented to the Committee for consideration in July 2018.

It was noted that the report would be used as the basis to develop a sustainable accommodation plan for adults with a learning disability in Carmarthenshire and extending this work to mental health.

Reducing the number of people in residential care and commissioning a range of accommodation options to improve outcomes for individuals is a priority for the mental health/learning disabilities division.

The Committee's attention was drawn to a misprint in the report and noted that on page 61, the last sentence of paragraph 5 should read "Whilst this document will be available in the Spring...".

The following observations were raised on the report:-

- Reference was made to the fact that the main function falls under the remit of the Social Care & Health Scrutiny Committee. The main issue for the Audit Committee is the cost of these services in the budget and officers were asked how the Committee could satisfy itself that the money that is being spent is being accurately spent, in view of the fact that there are huge variances. It was felt that it should be stressed to the Social Care & Health Scrutiny Committee to increase the focus on this area, particularly with the expenditure on people accessing the services in Carmarthenshire. The Head of Mental Health and Learning Disabilities advised the Committee that it is a challenge and the only way to deal with it is to develop the market and provide a range of housing options which is more cost effective.

UNANIMOUSLY RESOLVED

7.2.1 that the report be received;

7.2.2 that the Committee receive a further update report in six months' time.

8. PROGRESS ON REGULATORY REPORT RECOMMENDATIONS

The Committee considered a report outlining progress made on regulatory report recommendations. The recommendations will be monitored and recorded to the Scrutiny Committee on a quarterly basis.

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

- Asked how some of the recommendations are reported as being on target when the target is not until next year, the Committee was advised that the recommendation is on target as there is no reason to believe that anything will prevent that happening;
- The importance of reporting on an exception basis was stressed as it was considered essential for the Committee to consider those recommendations which are off target, however, it was very useful to consider a report containing all the information including those recommendations which are on target as this provided the Committee with a complete picture.

UNANIMOUSLY RESOLVED

8.1 that the report be received;

8.2 that the Committee receive a further progress report in 12 months' time.

9. WALES AUDIT OFFICE REPORTS

The Chair welcomed to the meeting Mr Jason Garcia of the Wales Audit Office (WAO).

9.1. CARMARTHENSHIRE COUNTY COUNCIL AUDIT COMMITTEE UPDATE - DECEMBER 2018

The Committee considered a report providing an update on both the financial and performance audit work undertaken/to be undertaken on the Authority by the WAO as at December 2018.

UNANIMOUSLY RESOLVED that the report be received.

9.2. CARMARTHENSHIRE COUNTY COUNCIL ANNUAL AUDIT LETTER

The Committee considered the Annual Audit Letter 2017/18 which had been prepared by the Auditor General 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 messages arising from the work carried out to discharge the Auditor General's responsibilities and which he considered should be brought to the Authority's attention.

UNANIMOUSLY RESOLVED that the report be received.

9.3. WALES AUDIT OFFICE NATIONAL REPORTS

The Committee considered the following Wales Audit Office national report:-

- Managing the Impact of Brexit on the Rural Development Programme in Wales

The Committee was also informed that the following national reports have been published recently and are available online:-

- Waste Management in Wales: Municipal Recycling
- Local Government Services to Rural Communities
- Provision of Local Government Services to Rural Communities: Community Asset Transfer
- National Fraud Initiative in Wales 2016-18
- Procuring Residual and Food Waste Treatment Capacity

UNANIMOUSLY RESOLVED that the national report on Managing the Impact of Brexit on the Rural Development Programme in Wales be received.

10. MINUTES OF RELEVANT GROUPS TO THE AUDIT COMMITTEE

UNANIMOUSLY RESOLVED that the minutes of the Grants Panel held on 19th September, 2018 and the Risk Management Steering Group held on 23rd November, 2018 be received.

11. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COMMITTEE HELD ON 28TH SEPTEMBER 2018

It was noted that the name of Caroline Powell, Principal Auditor, should have been included in the list of officers present at the last meeting.

Reference was made to minute 11 and the intention to hold an informal session for members of the Audit Committee on the finding of the WAO report on "Audit Committee Effectiveness" and it was noted that this session was held in October.

UNANIMOUSLY RESOLVED that the minutes of the meeting of the Audit Committee held on the 28th September, 2018 be signed as a correct record, subject to the inclusion of the above-mentioned amendment to the list of attendees.

CHAIR

DATE