

AUDIT COMMITTEE

29TH SEPTEMBER 2017

PRESENT: Councillor T.M. Higgins (Chair)

Councillors: S.M. Allen (in place of E.G. Thomas), K.V. Broom (in place of H.A.L. Evans), J. James, G.H. John, C. Jones, A.G. Morgan, B. Thomas and D.E. Williams

The following Officers were in attendance:

C. Moore, Director of Corporate Services;
H. Pugh, Head of Revenues and Financial Compliance;
I. Jones, Head of Leisure;
P. Evans, Senior Accountant;
S. Owens, Active Facilities Manager;
N. Thomas, Senior Outdoor Recreation Manager;
L. Walters, Senior Business Support Manager (Social Care);
J. Owen, Democratic Services Officer.

Democratic Services Committee Room, County Hall, Carmarthen – 10:00am - 11:55am

1. APOLOGIES FOR ABSENCE.

Apologies for absence were received from Councillors H.A.L Evans, E.G. Thomas and D. Jenkins [Executive Board Member – Resources] and Mr Richard Harries, Financial Audit Director - Wales Audit Office.

2. DECLARATIONS OF PERSONAL INTERESTS.

Councillor	Minute Number	Nature of Interest
Mrs J. James	6.1 – Carmarthenshire County Council Audit Committee Update – September 2017.	Mrs James is a Trustee of the National Botanical Gardens.
Cllr. E. Williams	6.3 – Dyfed Pension Fund Audit Financial Statements Report 2016/17.	Councillor Williams is the Chair of the Dyfed Pension Fund Committee.

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.

Reference was made to the Education and Children section of the report, it was asked if reports were provided to School Governors for accountability purposes? The Head of Revenues and Financial Compliance stated that in response to any issues identified an action plan would be developed, which would be signed off by Headteachers and Officers.

UNANIMOUSLY RESOLVED that the 2017/18 Internal Audit Plan update be received.

4. FORWARD WORK PLAN 2017/18

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

The Head of Revenue and Financial Compliance informed the Committee that it had been necessary to defer the museum progress report and that the Museums Manager would provide an update to the next Committee meeting in December.

In response to a further query regarding Audit Committee Training/Informal Sessions, the Head of Revenue and Financial Compliance confirmed that a date for the meeting with the Wales Audit Office would be circulated to Members of the Committee as soon as it had been arranged.

Reference was made to the absence of ticks against the 'Approval of Contract and Quotation Rules'. The Director of Corporate Services confirmed that the Council Procedure Rules was a live document and that the Committee would be updated of any changes. It was suggested that the tick boxes be merged and include 'as required' to avoid any confusion.

RESOLVED that the Forward Work Programme be received.

5. COASTAL FACILITIES ACTION PLAN UPDATE

The Committee considered the 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.

The following issues were raised on the reports:-

- In response to a query in relation to the entrance and exit plans at Pembrey Country Park, the Head of Leisure confirmed that a number plate recognition system would be introduced which aimed to reduce queuing on entry. Pay machines would be strategically located throughout the park which would allow customers to pay prior to leaving the park. Furthermore, an option of an advance payment up to 12 months would be made available.
- Following a query, the Senior Business Support Manager (Social Care) confirmed that Internal Audits would be carried out by personnel who were not involved with keeping and handling records on a daily basis.

- Clarification was sought with regard to the statement within Recommendation 2, '..... non-compliance in some areas still existed which was an Authority Wide issue.' The Head of Leisure assured the Committee that staff were instructed to use Corporate Frameworks where they were available and that quotes were sought in line with financial regulation where not. The Category Management Procedure was explained to the Committee, however, in order for the Committee to gain a greater understanding on the Category Management Procedure, the Head of Revenues and Financial Compliance offered to arrange an informal session for the Committee. The Committee agreed that this would be beneficial for Committee Members.
- The Head of Leisure, in response to a comment, reiterated that significant improvements had and were being made within Pembrey Country Park. This included the move towards cashless systems thus minimising the handling of money. In addition, the provision of CCTV had been placed into the pay booth at the Park entrance, which had been welcomed by staff.

It was proposed that the Coastal Facilities Action Plan Update be reviewed and returned to the Committee in 6 months.

UNANIMOUSLY RESOLVED:

- 5.1 that the report be received;**
- 5.2 to approve progress and the continued work objectives;**
- 5.3 that the Committee receive a further update in 6 months.**

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

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

6.1. AUDIT COMMITTEE UPDATE - SEPTEMBER 2017;

The Committee considered a report which provided an update on the both the financial and performance audit work at Carmarthenshire County Council by the Wales Audit Office as at September 2017.

RESOLVED, that the report be received.

6.2. CARMARTHENSHIRE COUNTY COUNCIL AUDIT OF FINANCIAL STATEMENTS REPORT 2016/17

The Committee received the Audit of Financial Statements for Carmarthenshire County Council for 2016-17 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 2017 and its income and expenditure for the year then ended. 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 following issues were raised on the report:-

Reference was made to Appendix 3-‘Summary of corrections made to the draft financial statements’. The Committee sought clarity on the current position of the National Botanical Garden loan.

[At this point Mrs J. James having previously declared an interest in this item, vacated the Council Chamber and therefore was not present during any discussions relating to the National Botanic Gardens].

The Director of Corporate Services explained that the Council disclosed the loan to the National Botanic Gardens as a long-term debtor. However, the terms of the loan currently required the loan to be repaid by 31st March 2018. The Committee noted that it was unlikely that the loan would be paid off by this date and that it may be necessary to present a further report seeking a decision on whether to extend the loan.

The Director of Corporate Services, in response to a query, confirmed that the loan was an interest free loan.

[At this point the Chair, called upon Mrs J. James to return to the Chamber.]

Reference was made to an error on page 12 of the report in which the words ‘Note 6.34’ should read ‘Note 6.35’.

RESOLVED that the report be received.

6.3. DYFED PENSION FUND AUDIT FINANCIAL STATEMENTS REPORT 2016/17

[Councillor E. Williams declared an interest in this item].

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, 2017 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 Committee noted that the Dyfed Pension Fund had won two awards at the recent LAPF Investments Awards:-

- Scheme Administration Award
- LGPS Fund of the Year

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

RESOLVED that the report be received.

6.4. BURRY PORT HARBOUR 2016-17 ANNUAL RETURN EXTERNAL AUDIT REPORT

The Committee considered a report on the Burry Port Harbour 2016/17 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.

It was noted that an increase in mooring charges had not been applied since 2013/14, however, the increase in charges had been used as a baseline and was subsequently reflected as an underspend in the 2016/17 accounts.

In response to a query, the Head of Leisure stated that due to the ongoing maintenance work which included the dredging of sand and silt, it was intended to increase the charges in the future, which would be consulted upon and considered at the relevant Scrutiny Committee.

UNANIMOUSLY RESOLVED that the accounting statement for Burry Port Harbour for 2016-17 be received.

7. LETTER OF REPRESENTATION

7.1. 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.

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

7.2. 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.

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

8. AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT

8.1. 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 2016-17 financial statements.

Reference was made to Appendix A of the report. It was noted there was an omission of text contained within the column '2016/17 Responses' of question 2 - 'Enquiries of those charged with governance' the text should be amended to mirror the text within the 2015/16 responses.

RESOLVED subject to the amendments noted, 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.

8.2. 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 2016-17 financial statements.

Reference was made to Appendix A of the report. It was noted there was an omission of text contained within the column '2016/17 Responses' of question 2 - 'Enquiries of those charged with governance' the text should be amended to mirror the text within the 2015/16 responses.

RESOLVED subject to the amendments noted, to approve the responses to the requests made of both management and the Audit Committee as detailed in the report.

9. STATEMENT OF ACCOUNTS 2016/2017

In accordance with the provisions of the Accounts and Audit (Wales) Regulations 2014, the Committee received for approval the post-audit Statement of Accounts 2016/17 in respect of Carmarthenshire County Council and the Dyfed Pension Fund. The Statement brought together all the financial transactions of the Authority and the Pension Fund for the year, and also detailed both the Authority's and its Pension Fund's 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.

RESOLVED that the Statement of Accounts for 2016/17 (Carmarthenshire County Council and the Dyfed Pension Fund) post audit be approved.

10. BURRY PORT HARBOUR FINANCIAL STATEMENT 2016-17

In accordance with the provisions of the Accounts and Audit (Wales) Regulations 2014, the Committee received for approval the post-audit Statement of Accounts 2016/17 in respect of Burry Port Harbour.

RESOLVED that the accounting statement for Burry Port Harbour for 2016-17 post audit be approved.

11. MINUTES OF RELEVANT GROUPS TO THE AUDIT COMMITTEE

11.1. MINUTES OF THE GRANTS PANEL MEETING - 18TH AUGUST 2017

RESOLVED that the minutes of the meeting of the Grants Panel held on the 18th August, 2017 be received.

12. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COMMITTEE HELD ON 14TH JULY 2017

RESOLVED that the minutes of the Audit Committee held on the 14th July, 2017 be signed as a correct record.

CHAIR

DATE