

# AUDIT COMMITTEE

Friday, 23 March 2018

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

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

Mrs J. James – External Voting Member

**In attendance from the Wales Audit Office:-**

Mr J. Garcia, Ms K. Havard, Ms A. Lewis.

**The following Officers were in attendance:**

R. Hemingway, Head of Financial Services;

I. Jones, Head of Leisure;

H. Pugh, Head of Revenues and Financial Compliance;

N. Thomas, Senior Outdoor Recreation Manager;

J. Owen, Democratic Services Officer.

**Chamber, County Hall, Carmarthen – 10:00am - 12:25pm**

## 1. APOLOGIES FOR ABSENCE.

Apologies for absence were received from Councillor G. Morgan.

## 2. DECLARATIONS OF PERSONAL INTERESTS.

Councillor	Minute Number	Nature of Interest
T. Higgins	6 – Coastal Facilities Action Plan Update	She holds a Pembrey Country Park season ticket.

## 3. INTERNAL AUDIT PLAN.

The Committee considered a report which provided a progress update on the implementation of the Internal Audit Plan 2017/18. It was noted that Part A(i) thereof provided a progress report on the Audit Plan 2017/18 and Part A(ii) provided 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) which included:-

- Payroll
- Teachers' Salaries
- Banking

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

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

A concern was raised regarding the arrangements with external partners and the possible impact on the daily workload of the internal audit team. The Head of Revenues and Financial Compliance reassured the Committee that whilst the collaboration with Ceredigion County Council was a shared agreement with Service Directors, the work with Swansea Council and Neath & Port Talbot County Borough Council was a one off arrangement. Furthermore, the Head of Revenues and Financial Compliance explained that there had been a slight delay in setting up the collaboration arrangements with the Mid and West Wales Fire and Rescue Service.

**UNANIMOUSLY RESOLVED that for monitoring purposes, the 2017/18 Internal Audit Plan update be received.**

#### **4. INTERNAL AUDIT PLAN 2018/19 & PLANNED COVERAGE FOR 2019-21.**

The Committee considered a report providing details of the Internal Audit Plan for 2018/19 and the planned coverage for 2019/21. The Audit Plan had been compiled using risk assessment principles, taking into account changes in services. The adoption of a three year rolling programme provided assurance of the adequacy of audit coverage and allowed the flexibility to deal with changes to systems within the Authority. The Plan assumed full staffing within the Section of 9.4 FTE staff.

The Head of Revenues and Financial Compliance explained to the Committee that this year it was intended to forward a comprehensive questionnaire to every school in Carmarthenshire seeking information on their current arrangements and to provide evidence. Whilst school visits would continue to take place, the information gathered would enable the Audit team to identify high risk schools and direct their resources accordingly providing a better quality audit. The Head of Revenues and Financial Compliance added that she would welcome the Committee's comments and feedback in relation to this new way of working.

In response to a query regarding support to schools, the Head of Revenues and Financial Compliance stated that the Audit team would be available to provide support to schools and links would be provided containing all necessary information.

**UNANIMOUSLY RESOLVED that:-**

**4.1 the Annual Internal Audit Plan for 2018/19 be approved;**

**4.2 the planned coverage for 2019/21 be confirmed.**

#### **5. FORWARD WORK PROGRAMME 2017/18**

The Committee considered the Forward Work Programme for 2017/18 which detailed the items to be presented to Committee at scheduled meetings during the forthcoming year.

The Head of Revenues and Financial Compliance stated that the Audit Development Day held last year was very informative and beneficial to Committee members.

**UNANIMOUSLY RESOLVED that the report be received.**

## 6. COASTAL FACILITIES ACTION PLAN UPDATE.

[Note: Councillor T. Higgins declared a personal interest in this item].

The Committee considered a report detailing action taken in implementing the Coastal Facilities Action Plan. The quarterly progress report summarised the work undertaken by the Coastal Facilities Team to continue to improve its processes.

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

In response to a query raised in relation to the new barrier system for Pembrey Country Park, the Senior Outdoor Recreation Manager reported that a new and more robust Wi-Fi system was needed to be in place prior to the barrier system being installed. The tender for the WI-FI has now been completed and is currently being installed. As a result of this, the new barrier system will be delayed until later in 2018.

In relation to Recommendation 7, reassurance was sought that unannounced visits to undertake cash ups and other audit functions would continue to take place. The Head of Leisure confirmed that the unannounced visits would continue and that the person handling cash would also be subject to the process.

In addition, the Head of Leisure stated that the contract for the barrier system had been drafted and it was anticipated that it would be signed off by the end of May 2018.

### **UNANIMOUSLY RESOLVED that:**

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

## 7. CORPORATE RISK REGISTER.

The Committee received for consideration the Corporate Risk Register, following the Corporate Assessment undertaken by the Wales Audit Office and the recommendation that the Register should be shared with the Audit Committee.

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

Reference was made to two risks within the report which had missing information. In order to enable members of the Committee to make informed decisions in relation to risks the information was requested. The Head of Revenues and Financial Compliance agreed that the information was important and in order to enable the Committee to challenge relevant Officers it was suggested that an update on the risks in question be provided to a future meeting.

The Committee agreed that this would be beneficial and therefore requested to receive an update from Officers on the risks relating to 'Delivering Effective Safeguarding arrangements' and 'Effective management of demand for Social Care' be brought to the next Committee meeting.

In addition, the Committee requested that Officers provide updates on the risks relating to the 'Delivery of the Authority's Waste Management Strategy' and 'Ensuring that the Authority effectively manages its financial resources...' to the Committee in 6 months.

In response to a query regarding the reduction in the risk rating for 'ensuring effective people management', the Head of Revenues and Financial Compliance stated that the reduction was attributed to an improved reporting mechanism and that information was actively being pursued through Scrutiny Committee meetings. Furthermore, the Member and Officer Challenge Board which was established in 2017 had also contributed to the reduction in the risk rating.

**UNANIMOUSLY RESOLVED that:-**

**7.1 the report be received;**

**7.2 the Committee receive an update on the following risks at the next meeting:-**

- **CR20170010 – Deliver Effective Safeguarding Arrangements for both vulnerable adults and children;**
- **CR20170017 – Effective management of demand for Social care.**

**7.3 the Committee receive an update on the following risks in 6 months:-**

- **CR20170004 – Ensuring that the Authority effectively manages its financial resources and response to the challenges of reduced funding;**
- **CR20170016 – Delivery of the Authority's Waste Management Strategy.**

**7.4 the Committee receive a further report on the Corporate Risk Register in 6 months.**

**8. FINANCIAL SERVICES UPDATE.**

The Committee received for consideration the financial services update which sets out the changes to the timetable for local government bodies to prepare and publish their Statement of Accounts.

The Committee noted that the period of notice given for this change provided an opportunity to make advanced preparations to meet the deadlines. Although there was no obligation to do so, the council would be working towards completing the 2017/18 Statement of Accounts by 15<sup>th</sup> June, which was the regulatory deadline for 2018/19 prior to the further revision of 31<sup>st</sup> May for the 2020/21 accounts.

**UNANIMOUSLY RESOLVED that the report be received.**

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

**9.1 CARMARTHENSHIRE COUNTY COUNCIL AUDIT COMMITTEE UPDATE - MARCH 2018.**

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.**

**9.2 2018 AUDIT PLAN - CARMARTHENSHIRE COUNTY COUNCIL.**

The Committee considered the 2018 Audit Plan for Carmarthenshire County Council. The Auditor General, as the Council's external auditor, must discharge his statutory duties and obligations under the Public Audit (Wales) Act 2004 and the plan detailed the work to be carried out in order to discharge those responsibilities.

**UNANIMOUSLY RESOLVED that the 2018 Audit Plan for Carmarthenshire County Council be received.**

**9.3 2018 AUDIT PLAN - DYFED PENSION FUND.**

The Committee considered the 2018 Audit Plan for the Dyfed Pension Fund. The Auditor General, as the auditor for the Dyfed Pension Fund, must discharge his statutory duties and obligations under the Public Audit (Wales) Act 2004 and the plan detailed the work to be carried out in order to discharge those responsibilities.

**UNANIMOUSLY RESOLVED that the 2018 Audit Plan for the Dyfed Pension Fund be received.**

**9.4 WALES AUDIT OFFICE NATIONAL REPORTS.**

The Committee considered the Wales Audit Office National report which related to How Local Government Manage Demand – Homelessness and Housing Adaptations.

A query was raised on how the improvement progress on the recommendations identified were currently captured and monitored. The Head of Revenues and Financial Compliance confirmed that the performance department currently manage the recording of progress updates. Mr Garcia reassured the Committee that the monitoring of progress was standard practice and that Local Authorities were encouraged to track recommendations, particularly if a risk was identified.

It was suggested that progress on the recommendations for improvement be included on the Forward Work Programme.

**UNANIMOUSLY RESOLVED that:-**

- 9.4.1 the report on How Local Government manages demand – Homelessness be received;**
- 9.4.2 the report on Housing Adaptions be received;**
- 9.4.3 a progress update on the recommendations identified for improvement be included on the Audit Committee Forward Work Programme.**

**10. MINUTES OF RELEVANT GROUPS TO THE AUDIT COMMITTEE.**

**UNANIMOUSLY RESOLVED that the following minutes be received:-**

- 10.1 Risk Management Steering Group - 8<sup>th</sup> January, 2018;**
- 10.2 Grants Panel - 14<sup>th</sup> February, 2018;**
- 10.3 Corporate Governance Group held on 14<sup>th</sup> December, 2017.**

**11. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COMMITTEE HELD ON 15TH DECEMBER 2017.**

**UNANIMOUSLY RESOLVED that the minutes of the meeting of the Audit Committee held on the 15<sup>th</sup> December, 2017 be signed as a correct record.**

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**CHAIR**

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**DATE**