

# AUDIT COMMITTEE

Friday, 22 March 2019

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

**Councillors:**

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

**Also present as an observer:**

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

**The following Officers were in attendance:**

C. Moore, Director of Corporate Services

G. Morgans, Director of Education & Children's Services

H. Pugh, Head of Revenues and Financial Compliance

C. Powell, Principal Auditor

R James, Performance Planning & Business Officer

C. Daniels, Senior Sports and Leisure Manager

S Burford, Project Manager

J.G. Buck, Performance & Information Manager

M.S. Davies, Democratic Services Officer

E. Bryer, Democratic Services Officer

**Chamber, - County Hall, Carmarthen. SA31 1JP. - 10.00 am - 12.00 pm**

**1. APOLOGIES FOR ABSENCE.**

Apologies for absence were received from Councillors D. Cundy, E Schiavone and Mrs J James.

**2. DECLARATIONS OF PERSONAL INTERESTS.**

There were no declarations of personal interest.

**3. INTERNAL AUDIT PLAN**

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 on key systems relating to:-

- Treasury Management
- Creditors
- Payroll
- School Recruitment and Teachers Salaries

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

A concern was raised regarding the low assurance level against the Annual Governance Statement. The Head of Revenues & Financial Compliance stated that recommendations had been agreed. It was also stated that the scoring did not reasonably reflect the audit and that the scoring method was being reviewed.

It was asked how much the figures for duplicate payments amounted to. The Head of Revenues & Financial Compliance advised that she did not have the figures to hand but would circulate them to members.

A question was asked if the Audit Committee would receive and update on the implementation of recommendations. The Head of Revenues & Financial Compliance stated that there was a system in place to monitor progress via PIMS and that a new report would provide details on outstanding issues.

It was also stated that a summary of the reports would be useful. The Head of Revenues & Financial Compliance advised that summaries could be provided with future reports.

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

#### **4. INTERNAL AUDIT PLAN 2019/20 & PLANNED COVERAGE FOR 2020-22**

The Committee considered a report providing details of the Internal Audit Plan for 2019/20 and the planned coverage for 2020/22. The Audit Plan had been compiled using risk assessment principles and 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 10 FTE staff.

It was advised that Llesiant Delta Wellbeing Ltd and Housing Company formed part of the audit plan to provide assurance that robust controls were in place.

**UNANIMOUSLY RESOLVED**

**4.1 that the Annual Internal Audit Plan for 2019/20 be approved;**

**4.2 that the plan coverage for 20020-22 be confirmed.**

#### **5. AUDIT COMMITTEE FORWARD WORK PROGRAMME**

The Committee considered the Forward Work Programme for 2019/20 which detailed the items to be presented to Committee at scheduled meetings during the forthcoming year.

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

## 6. LLANELLI WELLNESS AND LIFE SCIENCE VILLAGE

The Committee received the findings from the WAO and Independent Reviews on the Llanelli Wellness and Life Science Village. The reports included:

- the findings from the independent legal review which had assessed robustness and compliance around the procurement and governance processes;
- the findings of the Wales Audit Office Review which had assessed the Authority's management of process, risk and governance and the protection of public money;

The Committee was advised that the UK and Welsh Government response to the Swansea Bay City Deal Independent Review had been received together with the Swansea Bay City Deal Internal Review of Governance Arrangements Report March 2019. Both were due to be considered by the Executive Board and the Swansea Bay City Deal Joint Committee following which they would be formally reported to Council.

Amongst the issues / observations raised on the report were the following:

- The Performance Audit Manager confirmed that the review covered the period from when the Council entered an Exclusivity Agreement in May 2016 up to 2019 and the end of the agreement.
- Members welcomed the findings of the independent legal review and Wales Audit Office Review.
- Members expressed disappointment and concern that the Swansea Bay City Deal Internal Review of Governance Arrangements Report had been reported by the press prior to the Joint Committee having had an opportunity to consider it.
- Concerns were expressed over staffing capacity and the amount of Carmarthenshire County Council officers' time taken up by the City Deal as a whole. It was acknowledged by the Director of Corporate Services that staff were under pressure and working over and above their day job; and that it would be difficult to recruit until funding had been received.
- Concern was raised regarding the pressure on the communications section of having to deal with issues of no confidence due to inaccurate press reports
- The question was asked as to when the Authority would be likely to receive the funding from Welsh Government now that the Egin was complete. The Director of Corporate Services advised that the funding structure was complex and that the phases were viewed as one project. Phase 1 funding was at risk until Phase 2 Business Case was complete.

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

## **7. CORPORATE RISK REGISTER**

The Committee received for consideration the Corporate Risk Register which was maintained to evaluate the Council's exposure to key strategic risks.

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

- In response to a query regarding the fact that there was only one mitigation assigned to the housing risk, the Head of Revenues & Financial Compliance advised that she would take this back to the relevant service manager to review.

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

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

### **8.1. 2019 AUDIT PLAN - CARMARTHENSHIRE COUNTY COUNCIL**

The Committee considered the 2019 Audit Plan for Carmarthenshire County Council. It was noted that 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 2019 Audit Plan for Carmarthenshire County Council be received.**

### **8.2. 2019 AUDIT PLAN - DYFED PENSION FUND**

The Committee considered the 2019/20 Audit Plan for the Dyfed Pension Fund. It was noted that 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 2019/20 Audit Plan for the Dyfed Pension Fund be received.**

### **8.3. WALES AUDIT OFFICE LOCAL REPORTS**

The Committee considered the Wales Audit Office Local Report produced following its evaluation undertaken on the Council's approach in relation to Well-being of Future Generations Act: An examination of "Start Well – Help children to live healthy lifestyles". The findings had noted that the Council had acted in accordance with the sustainable development principle in setting the 'step' and had effectively taken account of the five ways of working in the actions it was taking to deliver it i.e.:-

- "Long Term – The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs;
- Prevention – How acting to prevent problems occurring or getting worse may help public bodies meet their objectives;

- Integration – Considering how the public body’s well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies;
- Collaboration – Acting collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives;
- Involvement – The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves”.

The following questions/issues were raised on the report:

It was asked what role the Audit Committee had in monitoring the actions. The Head of Revenue and Financial Compliance advised that the actions are allocated within the PIMS system and would be reported to the Committee annually.

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

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

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

**9.1 Grants Panel held on the 14<sup>th</sup> November, 2018;**

**9.2 Corporate Governance Group held on 21<sup>st</sup> January, 2019.**

**10. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COMMITTEE HELD ON 14TH DECEMBER 2018**

**UNANIMOUSLY RESOLVED that the minutes of the meeting of the Audit Committee held on the 14<sup>th</sup> December, 2018 be signed as a correct record.**

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**CHAIR**

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**DATE**