

AUDIT COMMITTEE

FRIDAY, 8TH JULY, 2016

PRESENT: Councillor C.P. Higgins [Chair]

Councillors:

J.D. James, D. Price (in place of H.A.L. Evans), E.G. Thomas, G.B. Thomas, W.G. 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 R. Harries

The following Officers were in attendance:

Mr C. Moore	-	Director of Corporate Services
Mr O. Bowen	-	Head of Financial Services
Mr I. Jones	-	Head of Leisure
Mr P. Sexton	-	Head of Audit, Risk & Procurement
Miss H. Pugh	-	Audit & Risk Manager
Mr N. Edwards	-	Safeguarding & Commissioning Manager
Mr A. Jones	-	Procurement & Contracting Officer
Mrs M. Evans Thomas	-	Principal Democratic Services Officer

Chamber, County Hall, Carmarthen : 10.00 a.m. - 12.50 p.m.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors H.A.L. Evans and A.G. Morgan.

2. DECLARATIONS OF PERSONAL INTERESTS

Name	Minute Number	Nature of Interest
Mrs J. James	12 – Statement Of Accounts 2015/16	She is a Trustee of the National Botanic Garden of Wales

3. APPOINTMENT OF CHAIR FOR THE 2016/17 MUNICIPAL YEAR

UNANIMOUSLY RESOLVED that Councillor C.P. Higgins be appointed Chair of the Committee for the 2016/17 municipal year

4. APPOINTMENT OF VICE CHAIR FOR THE 2016/17 MUNICIPAL YEAR

UNANIMOUSLY RESOLVED that Councillor A.G. Morgan be appointed Vice-Chair of the Committee for the 2016/17 municipal year.

5. INTERNAL AUDIT PLAN PROGRESS

The Committee considered a report providing an update on progress made on the implementation of the Internal Audit Plan. Part A of the report provided a progress report on the Audit Plan 2015/16 and 2016/17 and a recommendations scoring matrix whilst Part B provided a summary of completed final reports for 2015/16 relating to key financial systems (April 2015 to date).

The following issue was raised on the report:-

- Officers were asked how issues where progress is not being made are brought back to Committee under the new Performance Information Management System (PIMS). The Audit & Risk Manager explained that a computer generated e-mail reminder is sent to the responsible officers and if progress is still not being made then the issue is escalated up to the Head of Service and then to the Director.

RESOLVED that, for monitoring purposes, the 2015/16 Internal Audit Plan update be received.

6. INTERNAL AUDIT ANNUAL REPORT 2015/16

The Committee received for consideration the Annual Report of the Audit & Risk Manager (the Authority's designated Head of Internal Audit). The report provided an opinion of the adequacy and effectiveness of the Council's control environment for the year April 2015 to March 2016, based on the work undertaken in the 2015/16 Internal Audit Plan as agreed by the Audit Committee.

The Committee noted that the report had been produced in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS)

It was the overall opinion of the Audit and Risk Manager that the Authority had an adequate and effective control environment in operation. There were clear governance arrangements with defined management responsibilities and committee structures in place, suitable arrangements for risk management and the control framework was generally sound and operated reasonably consistently. The Authority had an established Constitution, had developed policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members. The Audit and Risk Manager was satisfied that sufficient assurance work had been carried out to allow her to form a reasonable conclusion on the adequacy and effectiveness of the Authority's internal control environment.

UNANIMOUSLY RESOLVED that, in line with statutory requirements, the report be received.

7. AUDIT COMMITTEE FORWARD WORK PROGRAMME

The Committee considered its Forward Work Programme for the 2016/17 municipal year.

RESOLVED that the Forward Work Programme for 2016/7 be endorsed

8. SUPPORTING PEOPLE

The Committee received for consideration a progress report on the operation of the Supporting People Action Plan. The report summarised the work undertaken to date by the Supporting People team to continue to improve its grant and contract management processes, as identified by the Audit and Risk Manager at the meeting held on 10th July, 2015.

It was considered that good progress was being made and would be monitored by the Supporting People Planning Group which was chaired by the Director of Community Services.

The following issue was raised on the report:-

- the importance was stressed of ensuring that some form of tracking system was in place to monitor new procedures to ensure that they are being followed and officers were asked if it would be possible to receive a progress report at a future meeting.

RESOLVED

- 8.1 that progress on the Supporting People Action Plan be noted;**
8.2 that the Committee receive a progress report at its December meeting.

9. COASTAL FACILITIES

The Committee received for consideration a progress report on the operation of the Coastal Facilities Action Plan. The report summarised the work undertaken to date by the Coastal Facilities team to continue to improve its processes as identified by the Audit and Risk Manager at the meeting held on 22nd March, 2016.

The following issues were raised on the report:-

- Reference was made to the serious failings which had come to light at Pembrey Country Park and an assurance was sought that lessons have been learned and taken on board. The Head of Leisure pointed out that the rate of change in the service over the past 4/5 years had been substantial. He added that the challenge was to deliver services whilst deriving income at the same time. The lesson they had learned was the importance of having the correct structure in place. He assured the Committee that processes and procedures are being put in place and progress was being made;
- Concern was expressed over the use of the word “should” instead of “shall” in the recommendations suggesting that implementation of the recommendations was possibly optional. The Director of Corporate Services explained that the word “should” was used in the Summary of Issues and Recommendations as these were recommendations proposed by Internal Audit. It was a matter for the department to consider each recommendation, agree specific actions with Internal Audit and implement them. Internal Audit have a responsibility to follow up and report on any recommendations including the extent to which they have been implemented. The Head of Audit, Risk and Procurement added that it was generally accepted that when Internal Audit say that something should be done then it needs to be done, however, he took on board the concerns expressed and agreed to review the wording

when finalising the Action Plan;

- Asked if the audit had placed any financial constraints on the Park, the Head of Leisure explained that they do not have a profit target, however, they do have to deliver efficiencies. He pointed out that the stark reality was that they either have to raise income or close facilities and he reiterated the importance of getting the right structure in place. The Director of Corporate Services added that whilst the park was a significant income generator, an improved infrastructure was needed in order to generate more income

RESOLVED that progress on the Coastal Facilities Action Plan be noted.

[NOTE: In accordance with Council Procedure Rule 16.5, Councillor W.G. Thomas wished to have it recorded in the minutes that he voted against the motion to note this item.]

10. WALES AUDIT OFFICE REPORTS

The Chair welcomed to the meeting Mr Richard Harries of the Wales Audit Office (WAO).

10.1. CARMARTHENSHIRE COUNTY COUNCIL AUDIT COMMITTEE UPDATE - JULY 2016

The Committee considered a report providing an update on the audit work undertaken/to be undertaken on the Authority by the WAO since the last meeting.

UNANIMOUSLY RESOLVED that the report be received.

10.2. CERTIFICATION OF GRANTS AND RETURNS - CARMARTHENSHIRE COUNTY COUNCIL 2014-15

The Committee considered a report prepared by the WAO detailing its certification of Grants and Returns made by Carmarthenshire County Council for the period 2014-15.

The Committee was advised that the WAO had certified 26 grant claims during 2014-15 and had also reviewed the grants management arrangements within the Council by documenting and walking through the system and key controls as part of its financial audit work.

The WAO concluded that, whilst there have been improvements in the Council's arrangements for the production and submission of grant claims in 2014-15, there were some areas where further improvements could still be made. The Committee noted that the conclusion was based on the following overall findings:-

- the majority of claims were submitted on time;
- there were no significant amendments made to any of the claims (28% amended last year);
- almost half of the claims audited were amended;
- there has been a reduction in the proportion of claims requiring qualification in 2014-15 (50% this year, compared with 61% qualified

last year);

- given these improvements, the WAO fee for certification of non EU funding grants and returns for 2014-15 had decreased from £97,200 in 2013-14 to £81,700 in 2014-15;

RESOLVED that the report be received.

11. STATEMENT OF ACCOUNTS 2015/16

The Committee considered the Authority's Statement of Accounts for 2015/16 which included the Dyfed Pension Fund, in accordance with the Accounts and Audit (Wales) Regulations 2014.

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, 2016.

It was reported that the Authority had maintained the overall Council Fund net expenditure within budget during 2015/16 and the following results were reported within the Movement in Reserves Statement:-

- Council Fund (generally available for new expenditure) – transfer to balance £279k;
- Balances held by schools under local management schemes – transfer from balances £264k;
- Housing Revenue Account – decrease in balance £1,542k

Whilst a number of service areas across the Authority experienced demand led pressures during the year, these had been offset by under-spends in other service areas, specifically on capital financing costs and a higher than estimated collection level on Council Tax.

The resultant outturn meant that the Authority transferred £279k to its general reserves, against a budgeted transfer of £138k from the reserves.

The Committee's attention was drawn to the following movements to and from earmarked reserves:-

The Major Development Fund – transfer of £2.793m to support major developments in the future;

MEP Capital Funding - £3.689m set aside in the 2015-2016 budget to meet the cost of prudential borrowing to finance the Modernising Education Provision programme. This will now be utilised in 2016-2017.

The Committee was asked to retrospectively approve these movements.

It was noted that the Committee had attended a briefing session on the Statement of Accounts during the week which had provided them with the opportunity of seeking clarification etc. on all aspects of the Statement of Accounts.

UNANIMOUSLY RESOLVED

11.1 that the Statement of Accounts 2015/16 (Carmarthenshire County

Council and Dyfed Pension Fund) be received;

11.2 to retrospectively approve the movements to and from the Earmarked Reserves, in particular transfers to:-

- **The Major Development Fund;**
- **MEP Capital Fund.**

12. BURRY PORT HARBOUR FINANCIAL STATEMENT 2015/16

The Committee considered the Burry Port Harbour Financial Statement 2015-16 which had been prepared in accordance with the Harbours Act 1964 which required statutory harbour authorities to prepare an annual statement of accounts relating to the harbour activities.

In compliance with the Account and Audit (Wales) Regulations 2014, these accounts were in the form of a separate annual income and expenditure account and statement of balances. The net cost of the harbour activities in 2015-16 was £230k and all activities were fully funded by Carmarthenshire County Council. Fixed assets held a 31st March, 2015 totalled £3,960k.

It was noted that Carmarthenshire County Council had been given a range of statutory powers and duties for the purposes of improving, maintaining and managing the Burry Port harbour through the Burry Port Harbour Revision Order 2000.

UNANIMOUSLY RESOLVED that the Accounting Statement for Burry Port Harbour Authority for 2015-16 be received.

13. MINUTES OF RELEVANT GROUPS TO THE AUDIT COMMITTEE

13.1. CORPORATE GOVERNANCE GROUP - 10TH MARCH 2016

RESOLVED that the minutes of the meeting of the Corporate Governance Group held on the 10th March, 2016 be received.

13.2. RISK MANAGEMENT STEERING GROUP - 13TH APRIL 2016

RESOLVED that the minutes of the meeting of the Risk Management Steering Group held on the 13th April, 2016 be received.

13.3. GRANTS PANEL - 10TH MARCH 2016

RESOLVED that the minutes of the meeting of the Grants Panel held on the 10th March, 2016 be received.

13.4. GRANTS PANEL - 12TH MAY 2016

RESOLVED that the minutes of the meeting of the Grants Panel held on the 12th May, 2016 be received.

14. MINUTES

15.1. 22ND MARCH, 2016

RESOLVED that the minutes of the Audit Committee held on the 22nd March, 2016 be signed as a correct record.

15.2. 16TH MAY, 2016

RESOLVED that the minutes of the Audit Committee held on the 16th May, 2016 be signed as a correct record.

CHAIR

DATE