

AUDIT COMMITTEE

Friday, 30 September 2016

PRESENT: Councillor C.P. Higgins (Chair)

Councillors:

J.S. Edmunds (In place of W.G. Thomas), H.A.L. Evans, J. James, J.D. James, E.G. Thomas and D.E. Williams

The following Officers were in attendance:

C. Moore, Director of Corporate Services
I. Jones, Head of Leisure
P. Sexton, Head of Audit, Risk and Procurement
C. Daniels, Senior Sports and Leisure Manager
J. Gravelle, Revenue Services Manager
H. Pugh, Audit & Risk Manager
O Bowen, Chief Accountant
C. Daniels, Senior Sports and Leisure Manager
S. Murphy, Senior Solicitor
L. Walters, Senior Business Support Manager (Social Care)
C. Jones, Principal Procurement Officer;
M.S. Davies, Democratic Services Officer

Chamber, County Hall, Carmarthen - 10.00 am - 12.20 pm.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors A.G. Morgan, G.B. Thomas and W.G. Thomas.

2. DECLARATIONS OF PERSONAL INTERESTS

There were no declarations of personal interest.

3. INTERNAL AUDIT PLAN 2016/17 UPDATE

The Committee considered a report providing an update on progress made on the implementation of the Internal Audit Plan 2016/17. Part A of the report provided a progress report on the Audit Plan 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).

RESOLVED that, for monitoring purposes, the 2016/17 Internal Audit Plan update be received.

4. INTERNAL AUDIT CHARTER 2016/19 UPDATE

The Committee considered an Internal Audit Charter 2016/19 which had been developed by the Internal Audit Unit and which detailed the framework within which the Unit operated.

RESOLVED to approve the Internal Audit Charter 2016/2019.

5. REVIEW OF AUDIT COMMITTEE

The Committee considered a report which summarised the outcomes of a recent review session for members of the Audit Committee which had convened to 'review the remit of Audit Committee to make sure it is delivering what is expected of it' in line with the Welsh Audit Office's 'Proposal for Improvement' arising from its last Corporate Assessment. [It was noted that Mrs. Julie James, External Voting Member, had also attended the session.

RESOLVED to note the agreed outcomes.

6. AUDIT COMMITTEE FORWARD WORK PROGRAMME

The Committee considered the Annual Forward Work Programme which detailed expected Agenda Items for the 2016/17 Audit Committee Cycle.

RESOLVED that the Forward Work Programme be received.

7. COASTAL FACILITIES ACTION PLAN UPDATE

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:-

- The Head of Leisure, in response to a query, stated that the need to invest in the Park was well recognised and the Masterplan had been supported by the Executive Board;
- The Head of Leisure outlined the measures being taken to resolve the catering issues at the Park which included an extended café at the ski shop for an interim period whilst refurbishment work was being undertaken;
- The Committee was reassured that appropriate measures and procedures were being put in place to address the increased cash flow at the park since the establishment of the caravan site

RESOLVED that progress on the Coastal Facilities Action Plan be noted and that the Committee be kept apprised of developments.

8. REVISED CONTRACT PROCEDURE RULES

The Committee considered revised Contract Procedure Rules which took into account a number of changes in procurement regulations and procurement arrangements. The revisions followed detailed consultations with key stakeholders, including legal and audit, to bring them up to date and to reflect changes introduced by the Public Contracts Regulations, transposed into UK Law in February 2015.

The Director of Corporate Services commented that there would be a move towards electronic tendering accessed via the central procurement unit which would ensure increased monitoring.

Members welcomed the strengthening of the contract procedures.

RESOLVED to approve the revised Contract Procedure Rules and thank all staff involved.

9. WALES AUDIT OFFICE REPORTS

The Chair welcomed to the meeting Messrs. Richard Harries and Jason Garcia of the Wales Audit Office (WAO).

9.1. CARMARTHENSHIRE COUNTY COUNCIL AUDIT OF FINANCIAL STATEMENTS REPORT

The Committee was reminded that at its meeting held on the 8th July, 2016 members had received the Authority's Statement of Accounts for 2015/16. Subsequent thereto the Wales Audit Office was required to undertake an audit and to give an opinion as to the accuracy and fairness of the Statement.

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. The report detailed the more significant issues arising from the audit which had already been discussed with the Director of Corporate Services. As a result the Wales Audit Office intended to issue an unqualified audit report which would be issued as soon as the Letter of Representation had been received.

In terms of previously raised concerns over the need to introduce improved internal quality assurance checks in the Authority's valuation processes the Director of Corporate Services commented that revised procedures were now in place.

The Committee expressed its thanks to the Director of Corporate Services and his staff for their hard work and commitment in the preparation of the County Council's accounts.

UNANIMOUSLY RESOLVED that the report be received.

9.2. DYFED PENSION FUND AUDIT OF FINANCIAL STATEMENTS REPORT

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, 2016 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 had been received.

UNANIMOUSLY RESOLVED that the report be received.

9.3. AUDIT COMMITTEE UPDATE - SEPTEMBER 2016

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

UNANIMOUSLY RESOLVED, that the report be received.

9.4. BURRY PORT HARBOUR - LIMITED ASSURANCE REVIEW CONCLUSIONS

The Committee considered a letter from the Auditor General for Wales which stated that he had completed his responsibilities in respect of the annual statement of accounts relating to harbour activities for Burry Port Harbour Authority for the year ending 31 March 2016 under the requirements of Harbours Act 1964 and the Public Audit (Wales) Act 2004.

UNANIMOUSLY RESOLVED that the letter be received.

9.5. CERTIFICATE OF COMPLIANCE - AUDIT OF CARMARTHENSHIRE COUNTY COUNCIL'S COMBINED 2016-17 IMPROVEMENT PLAN AND ASSESSMENT OF 2015-16 PERFORMANCE

UNANIMOUSLY RESOLVED to note the Certificate of Compliance issued by the Auditor General for Wales following the Audit of the Council's Combined 2016-17 Improvement Plan and Assessment of 2015-16 Performance.

9.6. NATIONAL FRAUD INITIATIVE 2014-15

The Committee had been circulated with the above report produced by the Auditor General for Wales for presentation to the National Assembly under the Public Audit (Wales) Act 2004.

It was suggested that it might be beneficial for the Committee to receive a biannual report on any fraud investigations conducted in Carmarthenshire linked to the services it provided.

UNANIMOUSLY RESOLVED that the report be noted.

10. LETTER OF REPRESENTATION 2015/16 TO WALES AUDIT OFFICE - 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.

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

11. AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT - 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 2015-16 financial statements.

UNANIMOUSLY RESOLVED 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.

12. LETTER OF REPRESENTATION 2015/16 TO WALES AUDIT OFFICE - 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.

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

13. AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT - 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 2015-16 financial statements.

UNANIMOUSLY RESOLVED to approve the responses to the requests made of both management and the Audit Committee.

14. CARMARTHENSHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS 2015/16

In accordance with the provisions of the Accounts and Audit (Wales) Regulations 2014, the Committee received for approval the post-audit Statement of Accounts 2015/16 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, 2016.

The Committee again expressed its appreciation to all the officers involved in the production of an excellent set of accounts.

UNANIMOUSLY RESOLVED that the Statement of Accounts for 2015/16 (Carmarthenshire County Council and the Dyfed Pension Fund) post audit be approved.

15. BURRY PORT HARBOUR FINANCIAL STATEMENT 2015/16

In accordance with the provisions of the Accounts and Audit (Wales) Regulations 2014, the Committee received for approval the post-audit Statement of Accounts 2015/16 in respect of Burry Port Harbour.

UNANIMOUSLY RESOLVED that the accounting statement for burry port harbour for 2015-16 post audit be approved.

16. SUMMARY REPORT ON THE COMPLETION OF EU FUNDED SCHEMES UNDER THE CONVERGENCE PROGRAMME (2007-2013)

The Committee considered a report which provided a summary of completed externally funded schemes within Carmarthenshire funded by Wales European Funding Office (WEFO) under the European Convergence Funding Programme (2007-2013), together with the results of audits and any amendments during 2014-15 and 2015-16.

RESOLVED that the report be received.

17. MINUTES OF RELEVANT GROUPS TO THE AUDIT COMMITTEE

17.1. CORPORATE GOVERNANCE GROUP - 10TH JUNE 2016

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

17.2. GRANTS PANEL - 27th JULY 2016

RESOLVED that the minutes of the meeting of the Grants Panel held on the 27th July, 2016 be received.

18. MINUTES

RESOLVED that the minutes of the Audit Committee held on the 8th July, 2016 be signed as a correct record.

CHAIR

DATE