

# AUDIT COMMITTEE

FRIDAY, 24<sup>TH</sup> MARCH, 2017

**PRESENT:** Councillor C.P. Higgins [Chair]

**Councillors:**

H.A.L. Evans, J.D. James, A.G. Morgan, E.G. 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 J. Garcia

**The following Officers were in attendance:**

Mr C. Moore	-	Director of Corporate Services
Mr P. Sexton	-	Head of Audit, Risk & Procurement
Miss H. Pugh	-	Audit & Risk Manager
Ms J. Davies	-	Senior Cultural Services Manager
Mr L. Walters	-	Senior Business Support Manager
Ms M. Mason	-	Museum Development Manager
Ms C. Jones	-	Principal Procurement Officer
Mrs M. Evans Thomas	-	Principal Democratic Services Officer

**Chamber, 3 Spilman Street, Carmarthen : 10.00 a.m. - 12.40 p.m.**

## 1. APOLOGIES AND OTHER MATTERS

An apology for absence was received from Councillor G.B. Thomas. Apologies were also received from Mr Richard Harries and Mr Jeremy Evans of the Wales Audit Office.

Reference was made to the fact that Mr Phil Sexton, the Head of Audit, Risk and Procurement, would be retiring on 31<sup>st</sup> March and thanks were extended to Mr Sexton for his invaluable guidance and advice over the years and he was wished a long and happy retirement.

Councillors Calum Higgins and Bill Thomas would not be returning after the elections and they were both wished well for the future.

## 2. DECLARATIONS OF PERSONAL INTERESTS

There were no declarations of personal interest.

## 3. INTERNAL AUDIT PLAN UPDATE 2016/17

The Committee considered a report providing an update on progress made on the implementation of the Internal Audit Plan 2016/17. Part A(i) of the report provided a progress report and Part A(ii) detailed the recommendations scoring

matrix.

Part C detailed Priority 1 recommendations relating to reviews of other systems and establishment audits and included reviews completed since April 2016 where systems had one or more fundamental control weaknesses or involved reviews which the Chair of Audit Committee and the Audit & Risk Manager had agreed should be brought to Committee. This section included details of a review undertaken of the Museums service. A review undertaken by Internal Audit in 2015/16 identified concerns in the way that assets were being managed and administered. During 2016/17 a follow-up review was undertaken and whilst it was identified that many of the issues remained outstanding, it was noted that a significant amount of work had been undertaken to put actions in places that will ultimately ensure that the issues are addressed over time.

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

- With regard to safeguarding inspections and audits, reference was made to problems experienced at a particular school where, following a break-in, repairs and improvements including the installation of a swipe card door entry system which would aid security at the school, have still not been carried out 18 months later. The Audit & Risk Manager advised the Committee that whilst safeguarding is included in the plan it is more to do with looking at the processes for looking after children and vulnerable adults. They do not look at physical assets at the moment, however, Estyn do that and the Authority's Health & Safety Officers act on any recommendations;
- In view of the imminent retirement of the Head of Audit, Risk & Procurement, officers were asked whether they were confident that they will be able to deliver the Forward Work Programme and whether there were any contingencies in place. The Director of Resources explained that arrangements have been put in place with regard to staff and officers were also looking at proposals for joint working with Pembrokeshire County Council in terms of procurement;

## **UNANIMOUSLY RESOLVED**

- 3.1 that, for monitoring purposes, the 2016/17 Internal Audit Plan update be received;**
- 3.2 that the Committee receive an update at the next meeting on the new staffing structure following the retirement of the Head of Audit, Risk & Procurement and the procurement joint working arrangements;**
- 3.3 that the Committee receive a progress report on the Museums Action Plan at the September meeting.**

#### **4. INTERNAL AUDIT PLAN 2017/18 & PLANNED COVERAGE FOR 2018/20**

The Committee considered a report providing details of the Internal Audit Plan for 2017/18 and outlining the planned coverage for 2018/20. 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.

##### **UNANIMOUSLY RESOLVED**

**4.1 that the Annual Internal Audit Plan for 2017/18 be approved;**

**4.2 that the planned coverage for 2018/20 be confirmed.**

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

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.

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

#### **6. COASTAL FACILITIES ACTION PLAN UPDATE**

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:-

- Asked whether a new system for the allocation of season tickets would be introduced, the Committee was advised that season tickets are now controlled by the Central Business Support unit and all tickets allocated to the park are recorded so that all sales can be reconciled. It was also proposed to introduce an A.N.P.R. system at the park whereby visitors pay to leave, thereby facilitating no cash handling at the park and obviating the need to queue to enter;
- With regard to staffing and the payment of overtime, officers were asked whether seasonal workers are employed at the park. The Committee was advised that staff are given time off in lieu rather than paid overtime. Seasonal staff are used for some jobs at the park, but the overtime is accrued by more specialist roles like the rangers.

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

#### **7. AMENDMENTS TO CONTRACT PROCEDURE RULES**

The Committee was reminded that at its meeting held on 30<sup>th</sup> September, 2016 (minute 8 refers) the Contract Procedure Rules were updated and approved.

Since that date, the updated Procedure Rules had been applied to all procurement activity. However, the practical application of the Procedure Rules revealed that some areas were open to interpretation and further amendments had been proposed, as detailed in the report.

**UNANIMOUSLY RESOLVED that the amendments to the Contract Procedure Rules, as detailed in the report, be approved.**

## **8. 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.

Following consideration at today's meeting, the Register would be reviewed by the Committee at 6 monthly intervals.

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

- Concern was expressed that further information was needed so that to enable members of the Committee to make informed decisions in relation to risks. The Committee was advised that officers would be looking at the format of the report over the next couple of months and would take the comments on board. The Director of Corporate Services advised the Committee that, should they have any specific queries, he could arrange for them to meet with the relevant Risk Manager;
- It was pointed out that a colour report with colour coded risks would assist the Committee greatly in evaluating risks;

**UNANIMOUSLY RESOLVED**

**8.1 that the report be received;**

**8.2 that a session on Risk Management be included in any forthcoming training programmes.**

## **9. WALES AUDIT OFFICE REPORTS**

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

### **9.1. CARMARTHENSHIRE COUNTY COUNCIL AUDIT COMMITTEE UPDATE - MARCH 2017**

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. CERTIFICATION OF GRANTS AND RETURNS - CARMARTHENSHIRE COUNTY COUNCIL 2015-16**

The Committee considered a report detailing the work undertaken by the WAO on grant claim certification for the period 2015-16.

The Committee was advised that the WAO had certified 13 grant claims and returns during the 2015-16 financial year.

The WAO concluded that there had been improvements in the Council's arrangements for the production and submission of grant claims in 2015-16 compared to previous years, although there were some areas where further improvements could be made. The Committee noted that the conclusion was based on the following overall findings:-

- All of the claims were submitted on time;
- there were no significant amendments made to any of the claims;
- there had been a reduction in the proportion of claims requiring qualification in 2015-16 (31% this year compared with 50% qualified last year);
- given these improvements, the WAO fee for certification of returns had decreased from £75,388 in 2014-15 to £72,397 in 2015-16.

**RESOLVED that the report be received.**

### **9.3. 2017 AUDIT PLAN - CARMARTHESHIRE COUNTY COUNCIL**

The Committee considered the 2017 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.

**RESOLVED that the 2017 Audit Plan for Carmarthenshire County Council be received.**

### **9.4. 2017 AUDIT PLAN - DYFED PENSION FUND**

The Committee considered the 2017 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.

**RESOLVED that the 2017 Audit Plan for the Dyfed Pension Fund be received.**

### **9.5. STATEMENT OF RESPONSIBILITIES**

The Committee considered the Statement of Responsibilities report which detailed the respective responsibilities of the Auditor General and the bodies he audits in relation to the audit of financial statements.

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

### **9.6. SAVINGS PLANNING - CARMARTHESHIRE COUNTY COUNCIL**

The Committee was advised that during 2015-16 the WAO undertook work at all councils to assess the adequacy of their financial planning, control and governance arrangements. The assessment of Carmarthenshire County Council, undertaken during the period June to September 2016, the WAO examined the extent to which the Council achieved its 2015-16 savings plans, the quality of its medium term financial plans and the robustness of its 2016-17 savings plans.

The WAO concluded that the Council's medium-term financial planning could be improved, but management arrangements are sound and financial governance is good. It also concluded that whilst the Council has sound savings planning arrangements, which support future financial resilience, some lack of transparency in financial reporting remained. The report included proposals for improvement to strengthen the Authority's financial planning arrangements.

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

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

**UNANIMOUSLY RESOLVED that the minutes of the Risk Management Steering Group held on 4<sup>th</sup> January, 2017 and the Grants Panel held on 16<sup>th</sup> November, 2016 and 20<sup>th</sup> January, 2017 be received.**

**11. MINUTES - 6TH JANUARY 2017**

Reference was made to minute 5 (Coastal Facilities Action Plan Update) and specifically the second paragraph of the issues discussed and it was pointed out that the second sentence should read "The Director of Corporate Services stated that there was no need for such a report to be prepared and that there were no criminal cases either pending or currently in court."

**RESOLVED that, subject to the inclusion of the above-mentioned amendment, the minutes of the Audit Committee held on the 6<sup>th</sup> January, 2017 be signed as a correct record.**

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**CHAIR**

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**DATE**