

Document Pack



Mark James LLM, DPA, DCA
Prif Weithredwr,
Chief Executive,
Neuadd y Sir, Caerfyrddin. SA31 1JP
County Hall, Carmarthen. SA31 1JP

FRIDAY, 17 MARCH 2017

TO: ALL MEMBERS OF THE **AUDIT COMMITTEE**

I HEREBY SUMMON YOU TO ATTEND A MEETING OF THE **AUDIT COMMITTEE** WHICH WILL BE HELD IN THE **CHAMBER, 3 SPILMAN STREET, CARMARTHEN AT 10.00 AM ON FRIDAY, 24TH MARCH, 2017,** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA.

Mark James CBE

CHIEF EXECUTIVE



PLEASE RECYCLE

Democratic Officer:	Michelle Evans Thomas
Telephone (Direct Line):	01267 224470
E-Mail:	MEEvansThomas@carmarthenshire.gov.uk
Ref:	AD016-001

AUDIT COMMITTEE

**MEMBERSHIP:
8 COUNCIL MEMBERS AND 1 EXTERNAL VOTING MEMBER**

PLAID CYMRU GROUP – 3 MEMBERS

1. Councillor H.A.L. Evans
2. Councillor G.B. Thomas
3. Councillor D.E. Williams

LABOUR GROUP – 3 MEMBERS

1. Councillor C.P. Higgins (Chair)
2. Councillor J.D. James
3. Councillor W.G. Thomas

INDEPENDENT GROUP – 2 MEMBERS

1. Councillor A.G. Morgan (Vice-Chair)
2. Councillor E.G. Thomas

EXTERNAL VOTING MEMBER (1)

Mrs. Julie James

AGENDA

1. APOLOGIES FOR ABSENCE.
2. DECLARATIONS OF PERSONAL INTERESTS.
3. INTERNAL AUDIT PLAN UPDATE 2016/17 5 - 32
4. INTERNAL AUDIT PLAN 2017/18 & PLANNED COVERAGE FOR 2018/20 33 - 48
5. AUDIT COMMITTEE FORWARD WORK PROGRAMME 49 - 58
6. COASTAL FACILITIES ACTION PLAN UPDATE 59 - 78
7. AMENDMENTS TO CONTRACT PROCEDURE RULES 79 - 116
8. CORPORATE RISK REGISTER 117 - 132
9. TO CONSIDER THE FOLLOWING DOCUMENTS PREPARED BY THE WALES AUDIT OFFICE:-
 - 9.1 CARMARTHENSHIRE COUNTY COUNCIL AUDIT COMMITTEE UPDATE - MARCH 2017 133 - 140
 - 9.2 CERTIFICATION OF GRANTS AND RETURNS - CARMARTHENSHIRE COUNTY COUNCIL 2015-16 141 - 154
 - 9.3 2017 AUDIT PLAN - CARMARTHENSHIRE COUNTY COUNCIL 155 - 180
 - 9.4 2017 AUDIT PLAN - DYFED PENSION FUND 181 - 196
 - 9.5 STATEMENT OF RESPONSIBILITIES 197 - 228
 - 9.6 SAVINGS PLANNING - CARMARTHENSHIRE COUNTY COUNCIL 229 - 246
10. MINUTES OF RELEVANT GROUPS TO THE AUDIT COMMITTEE 247 - 262
11. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON THE 6TH JANUARY 2017 263 - 270

This page is intentionally left blank

Audit Committee 24th March 2017

Subject: Internal Audit Plan Update 2016/17
Purpose: Internal Audit Plan 2016/17 Update

Recommendations / key decisions required:

To receive the report

Reasons:

Regular progress report to be presented to each Audit Committee meeting

Relevant scrutiny committee to be consulted:

Not Applicable

Exec Board Decision Required

Not Applicable

Council Decision Required

Not Applicable

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr D Jenkins

Directorate:

Corporate Services

Name of Head of Service:

Phil Sexton

Report Author:

Helen Pugh

Designations:

Head of Audit, Risk &
Procurement

Audit & Risk Manager

Tel No.01267 246217

E Mail Address:

PSexton@carmarthenshire.gov.uk

Tel No. 01267 246223

E Mail Address:

HLPugh@carmarthenshire.gov.uk

EXECUTIVE SUMMARY
Audit Committee
24th March 2017

SUBJECT

INTERNAL AUDIT PLAN UPDATE 2016/17

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

To provide Members with progress of the Internal Audit Plan. The following Reports are attached:

REPORT A (i) Internal Audit Plan 2016/17 - Progress Report

REPORT A(ii) Internal Audit Plan 2016/17 - Recommendations Scoring Matrix

REPORT C - Priority 1 Recommendations Relating to Reviews of Other Systems and Establishment Audits

This Section includes Reviews completed since April 2016 where Systems have one or more Fundamental Control Weaknesses or involve Reviews which the Chair of Audit Committee and the Audit & Risk Manager have agreed should be brought to the Committee

1	Museums
---	---------

DETAILED REPORT ATTACHED ?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Phil Sexton Head of Audit, Risk & Procurement

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	ICT NONE	Risk Management Issues NONE	Staffing Implications NONE	Physical Assets NONE
---	---------------	----------------	-------------	--------------------------------	-------------------------------	-------------------------

Finance

Reviews carried out to ensure systems in place comply with the Authority's Financial Procedure Rules.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Phil Sexton Head of Audit, Risk & Procurement

1. **Scrutiny Committee** : Not Applicable
2. **Local Member(s)** : Not Applicable
3. **Community / Town Council** : Not Applicable
4. **Relevant Partners** : Not Applicable
5. **Staff Side Representatives and other Organisations** : Not Applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Strategic Audit Plan 2016-19	AC 28-03-16	Internal Audit Unit

This page is intentionally left blank

INTERNAL AUDIT PLAN 2016/17										
2016/17	% Plan Completion to Date	74%		% Target February 2017						85.0%
Job No	Departments	Days Planned	Pre. Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
	Chief Executive									
1116001	Corporate Strategy/Policy Making	8							0.0	
1116002	Partnership Arrangements (use time for Safeguarding)	8	*	N/A	*	*			6.0	Field Work Complete
1116003	Call Centre	5	*	*	*	*	*	*	5.0	Complete
1116004	Print Commissioning	5	*	*	*	*	*		4.5	Draft Report Issued
1116005	Annual Governance Statement	8	*	*	*	*	*	*	8.0	Complete
1116006	Coroners / other services	3	*	*	*	*	*	*	3.0	Complete
1116007	Registrars	8	*	*	*	*	*		7.2	Draft Report Issued
1216001	HR Function	10	*	*	*	*	N/A	N/A	10.0	Complete
1216002	Staffing Policies	8	*	*	*	*	*	*	8.0	Complete
1216003	Declaration of Interest	3	*	*	*	*	n/a	n/a	3.0	Complete
1216004	Democratic Advice and Support	5	*	*	*	*	*	*	5.0	Complete
1316001	Financial Management Other (Cars BID)	5	*	*	*	*	*	*	5.0	Complete
	Total Audit Days for Department	76							64.7	

INTERNAL AUDIT PLAN 2016/17										
2016/17	% Plan Completion to Date	74%		% Target February 2017						85.0%
Page 10										
Job No	Departments	Days Planned	Pre. Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
	Education & Children									
2116001	Community Learning	3	*	*	*	*	*	*	3.0	Complete
2116002	Youth Support Service	8	*	*	*	*	*	*	8.0	Complete
2216001	Information Management	6	*	*	*				0.0	Commenced
2216002	School Meals / Catering Services	10	*	*	*	*	*	*	10.0	Complete
2316001	Additional Learning Needs	8	*	*	*	*			6.0	Field Work Complete
2316002	School Improvement	5	*	*	*	*	*	*	5.0	Complete
2316003	Schools Organisation	5	*						0.0	Pre Audit Meeting
2316004	Teachers starters & leavers	6	*	*	*	*	*		5.4	Draft Report Issued
2416001	Child Support	6	*	*	*	*	*		5.4	Draft Report Issued
2416002	Family Support	6							0.0	
2416003	Partnering / Procurement	6	*	*	*				0.0	Commenced
2416004	Education Welfare	6	*						0.0	Pre Audit Meeting
2416005	Safeguarding	10	*	*	*				0.0	Commenced
2516001	Financial Management Other	5	*	*	*	*	*	*	5.0	Complete
	Total Audit Days for Department	90							47.8	

INTERNAL AUDIT PLAN 2016/17										
2016/17	% Plan Completion to Date	74%		% Target February 2017						85.0%
Job No	Departments	Days Planned	Pre. Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
	Grants									
3116001	Physical Regeneration	10							0.0	
3116002	Business Development	5							0.0	
3116003	Community Funding	8							0.0	
3216001	Departmental Grants	15	*	*	*	*	*	*	15.0	Complete
3216002	Foundation Stage	6	N/A	N/A	N/A	N/A	N/A	N/A	6.0	Complete
3216003	DCELLS Post 16	5	*	*	*	*	*	*	5.0	Complete
3216004	Bus operators Grant	5	*	*	*	*	*	*	0.0	Commenced
3216005	Supporting People	15	*	*	*	*	*	*	13.5	Draft Report Issued
3216006	Education - EIG - Q1 Audit	5	N/A	N/A	N/A	N/A	N/A	N/A	5.0	Complete
3216007	Education - EIG - Q2 Audit	5	*	*	*	*	*	*	5.0	Complete
3216008	Education - EIG - Q3 Audit	5	*	*	*	*	*	*	5.0	Complete
3216009	Education - EIG - Q4 Audit	5	*	*	*	*	*	*	5.0	Complete
3216010	Education - EIG - Final Annual Audit	5							0.0	
3216011	Education - PDG	15	*	*	*	*	*	*	15.0	Complete
3316001	Financial Management Other	5	*	*	*	*	*	*	4.5	Draft Report Issued
	Total Audit Days for Department	114							79	

INTERNAL AUDIT PLAN 2016/17										
2016/17	% Plan Completion to Date	74%		% Target February 2017						85.0%
Job No	Departments	Days Planned	Pre. Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
	Corporate Services									
4116001	Risk Management	10							0.0	
4216001	Main Accounting	15	*	*	*	*	*		13.5	Draft Report Issued
4216002	VAT	8	*	*	*	*	*		7.2	Draft Report Issued
4216003	Capital Accounting incl.Fixed Asset Register	15	*	*					0.0	Terms of Reference Issued
4216004	Treasury Management	7	*	*	*	*	*		6.3	Draft Report Issued
4216005	Investments	7	*	*	*	*	*		6.3	Draft Report Issued
4216006	Pensions Payroll System	8	*	*	*	*	*	*	8.0	Complete
4216007	Housing Benefits	10							0.0	
4216008	Council Tax	10	*	*	*	*			7.5	Field Work Complete
4216009	NNDR	10	*	*	*	*			7.5	Field Work Complete
4216010	Payroll System	22	*	*	*	*	*	*	22.0	Complete
4216011	Creditor Payments	20	*	*	*	*			15.0	Field Work Complete
4216012	Debtors System	20	*	*	*				0.0	Commenced
4216013	Cash Receipting	8	*	*	*	*	*		7.2	Draft Report Issued
4216014	Banking	8	*	*	*	*	*	*	8.0	Complete
4216015	Travel & Subsistence System	10	*	*	*				0.0	Commenced
4216016	Trust Funds	10	*	*	*	*	*	*	10.0	Complete
4316001	Financial Management Other	5							0.0	
	Total Audit Days for Department	203							118.5	
	Corporate Property									
	Property Management	8							0.0	
	Estate Management	8							0.0	
	Provision / livestock markets	8	*	*	*	*			6.0	Field Work Complete
	Total Audit Days for Department	24							6	

INTERNAL AUDIT PLAN 2016/17										
2016/17	% Plan Completion to Date	74%		% Target February 2017						85.0%
Job No	Departments	Days Planned	Pre. Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
	Communities									
5116001	Disability/Adaptations/Renewals/ARBED	10	*	*	*	*	*	*	10.0	Complete
5116002	Houses for Homes	8	*	*	*	*	*	*	8.0	Complete
5116003	Tenancy Mgt	8	*	*	*	*	*		7.2	Draft Report Issued
5116004	Voids	8	*	*	*	*	*		7.2	Draft Report Issued
5116005	Homelessness	8	*	*	*	*			6.0	Field Work Complete
5116006	Rents	8	*	*	*	*	*	*	8.0	Complete
5116007	HRA	8	*	*	*	*	*		7.2	Draft Report Issued
5216001	Contract Management/Partnerships	10	*						0.0	Pre Audit Meeting
5216002	Direct Payments	10	*	*	*	*	*	*	10.0	Complete
5216003	Home Care	10	*	*	*	*	*		9.0	Draft Report Issued
5216004	Residential Care Authority & Private Homes	10	*	*	*	*	*	*	10.0	Complete
5216005	Day Care	10	*	*	*	*	*	*	10.0	Complete
5216006	Learning Disabilities	7	*	*	*	*	*		6.3	Draft Report Issued
5216007	Transport	8	*	*	*	*	*	*	8.0	Complete
5216008	Safeguarding	10	*	*	*	*			7.5	Field Work Complete
5216009	Supporting People	8	*	*	*	*	*		7.2	Draft Report Issued
5316001	Public Health / Protection	6	*	*	*	*	*		5.4	Draft Report Issued
5416001	Arts Development	5	*	*	*	*	*		4.5	Draft Report Issued
5416002	Cultural: Oriel Myrddin	5	*	*	*	*	*	*	5.0	Complete
5416003	Heritage Services	6	*	*	*	*	*	*	6.0	Complete
5416004	Libraries	6	*	*	*	*	*		5.4	Draft Report Issued
5516001	Amman Valley	5	*	*	*	*	*		4.5	Draft Report Issued
5516002	Carmarthen	5	*	*	*	*	*	*	5.0	Complete
5516003	Llanelli	5	*	*	*	*			3.8	Field Work Complete
5516004	East Area Leisure / NERS / Marketing	20	*	*	*	*			15.0	Field Work Complete
5516005	Arrangements for Leisure Trust Status (changed to Deputyships)	5	N/A	N/A	N/A	N/A	N/A	N/A	5.0	Complete
5516006	Partnerships	5	*	*	*	*			3.8	Field Work Complete
5516007	Pembrey Country Park / MCP / Country Parks	15							0.0	
5516008	Ski Centre	5							0.0	

INTERNAL AUDIT PLAN 2016/17										
2016/17	% Plan Completion to Date	74%		% Target February 2017						85.0%
Job No	Departments	Days Planned	Pre. Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
5616001	Financial Management Other (Use for Deputyships)	5							0.0	
	Total Audit Days for Department	244							189.9	

INTERNAL AUDIT PLAN 2016/17										
2016/17	% Plan Completion to Date	74%		% Target February 2017						85.0%
Job No	Departments	Days Planned	Pre. Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
	Environmental Services									
6116001	Building Maintenance	10	*	*	*	*			7.5	Field Work Complete
6116002	Procurement	5	*	*	*	*	*		4.5	Draft Report Issued
6116003	Grounds Maintenance	8	*	*	*	*	*	*	8.0	Complete
6116004	Urban Parks	8	*	*	*	*	*	*	8.0	Complete
6216001	Highway Maintenance (incl. Trunk Roads)	8	*	*	*	N/A	N/A	N/A	8.0	Complete
6216002	Waste Services	8	*	*	*				0.0	Commenced
6216003	Trade Waste	5	*	*	*	*	N/A	N/A	5.0	Complete
6316001	Public transport	7	*	*	*	*	*		6.3	Draft Report Issued
6316002	School & College Transport	5	*	*	*	*	*	*	5.0	Complete
6316003	Fleet/Plant Management	7	*	*	*				0.0	Commenced
6316004	Traffic Management	7	*	*	*	*	*	*	7.0	Complete
6316005	Road Safety	7	*	*	*	*	*	*	7.0	Complete
6416001	Development Control	5	*	*	*	*	*	*	5.0	Complete
6416002	Building Control	5	*	*	*	*	*	*	5.0	Complete
6516001	Financial Management Other	5	*	*	*	*			3.8	Field Work Complete
	Total Audit Days for Department	100							80.05	
	Procurement / Contracts									
6616001	Departmental Procurement Revenue Contracts	7	*	*	*	*			5.3	Field Work Complete
6616002	Corporate Procurement	15	*	*	*	*	*		13.5	Draft Report Issued
6616003	Asset Management	15	*	*	*	*			11.3	Field Work Complete
6616004	Framework contracts	15	*	*	*	*			11.3	Field Work Complete
6616005	Specific Projects	18	*	*	*	*	*	*	18.0	Complete
6616006	Capital Maintenance	10	*	*	*	*	*		9.0	Draft Report Issued
6616007	MEP & sample of specific projects / post contracts	15	*	*	*	*	*		13.5	Draft Report Issued
6616008	Post Contract	10	*	*	*	*	*	*	10.0	Complete
6716001	Financial Management Other	5	*	*	*	*			3.8	Field Work Complete
	Total Audit Days for Department	110							95.5	

INTERNAL AUDIT PLAN 2016/17										
2016/17	% Plan Completion to Date	74%		% Target February 2017						85.0%
Page 16		Days Planned	Pre. Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
Job No	Departments									
	Computer Audit									
4416001	Security of Information	15	*	*	*	*	*	*	15.0	Complete
4416002	Operating Systems	15	*	*	*				0.0	Commenced
4416003	Social Media	5							0.0	
4416004	Internet Security	10	*	*	*	*	*	*	10.0	Complete
4416005	Licensing	10	*	*	*				0.0	Commenced
4416006	Communications	10	*	*	*	*	*		9.0	Draft Report Issued
4416007	Computer Assisted Audit Testing(CAATs)	25	*	*	*	*	*	*	25.0	Complete
4416008	- Agresso Developments	8	*	*	*	*	*		7.2	Draft Report Issued
4416009	- Resource Link	10	*	*	*	*	*	*	10.0	Complete
4416010	- Payment Cards	5	*	*	*	*	N/A	N/A	5.0	Complete
4416011	- Education & Children Services	12	*	*	*	*	*		10.8	Draft Report Issued
4416012	Social Care & Housing	12	*	*	*	*	*	*	12.0	Complete
4416013	Other Systems - Total Mobile	3							0.0	
4516001	Financial Management Other	5	*	*	*	*			3.8	Field Work Complete
	Total Audit Days for Department	145							107.75	

INTERNAL AUDIT PLAN 2016/17										
2016/17	% Plan Completion to Date	74%		% Target February 2017					85.0%	
Job No	Departments	Days Planned	Pre. Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
	School Audits									
	Primary Schools									
2616001	Meithryn Rhydaman	3	*	*	*	*	*	*	3.0	Complete
2616002	Cefneithin C.P.	3	*	*	*	*	*	*	3.0	Complete
2616003	Llechyfedach C.P. School	3	*	*	*	*	*	*	3.0	Complete
2616004	Ysgol Gynradd Gorslas	3	*	*	*	*	*	*	3.0	Complete
2616005	Ysgol Gynradd Ponthenri	3	*	*	*	*	*	*	3.0	Complete
2616006	Bancyfelin C.P. School	3	*	*	*	*	*	*	2.7	Draft Report Issued
2616007	Meidrim C.P. School	3	*	*	*	*	*	*	3.0	Complete
2616008	Ysgol Gynradd Llanedi	3	*	*	*	*	*	*	3.0	Complete
2616009	Ysgol Gynradd Ffairfach	3	*	*	*	*	*	*	2.7	Draft Report Issued
2616010	Ysgol Gynradd Llanwrda	3	*	*	*	*	*	*	3.0	Complete
2616011	Ysgol Gynradd Bro Brynach	3	*	*	*	*	*	*	2.7	Draft Report Issued
2616012	Ysgol G. Llanpumsaint	3	*	*	*	*	*	*	3.0	Complete
2616013	Ysgol G. Mynyddygarreg	3	*	*	*	*	*	*	3.0	Complete
2616014	Johnstown C.P. School	3	*	*	*	*	*	*	2.7	Draft Report Issued
2616015	Ysgol Gynradd Bynea	3	*	*	*	*	*	*	3.0	Complete
2616016	Dafen C.P. School	3	*	*	*	*	*	*	3.0	Complete
2616017	Llangennech Infants School	3							0.0	
2616018	Furnace C.P. School	3	*	*	*	*	*	*	3.0	Complete
2616019	Copperworks Infant & Nursery School	3	*	*	*	*	*	*	3.0	Complete
2616020	Maes y Morfa	3	*	*	*	*	*	*	3.0	Complete
2616021	Old Road C.P. Primary School	3	*	*	*	*	*	*	3.0	Complete
2616022	Ysgol Llanstephan	3	*	*	*	*	*	*	3.0	Complete
2616023	Ysgol Gynradd Llannon	3	*	*	*	*	*	*	3.0	Complete
2616024	Myrddin C.P. School	3	*	*	*	*	*	*	3.0	Complete
2616025	Swiss Valley C.P. School.	3	*	*	*	*	*	*	3.0	Complete
2616026	Ysgol Gymraeg Rhydaman	3	*	*	*	*	*	*	3.0	Complete

INTERNAL AUDIT PLAN 2016/17											
2016/17	% Plan Completion to Date	74%		% Target February 2017						85.0%	
Page 18	Job No	Departments	Days Planned	Pre. Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
	2616027	Llandybie C.P. School	3	*	*	*	*	*	*	3.0	Complete
	2616028	Ysgol Llanybydder	3	*	*	*	*	*	*	3.0	Complete
	2616029	Burry Port Community School	3	*	*	*	*	*	*	3.0	Complete
	2616030	Ysgol Wirfoddol Abergwili	3	*	*	*	*	*	*	3.0	Complete
	2616031	Tremoilet V.C.P.	3	*	*	*	*	*	*	3.0	Complete
	2616032	Laugharne V.C.P. School	3	*	*	*	*	*	*	3.0	Complete
	2616033	Ys Gynradd Wirfoddol Llanddarog	3	*	*	*	*	*	*	3.0	Complete
	2616034	Ysgol Gynradd Wirfoddol Llanllwni	3	*	*	*	*	*	*	3.0	Complete
	2616035	Ysgol Wirfoddol Penboyr	3	*	*	*	*	*	*	2.7	Draft Report Issued
		Primary Schools Totals	105							100.5	
		Secondary Schools									
	2716001	Glanymor	7	*	*	*	*	*	*	6.3	Draft Report Issued
	2716002	Strade	7	*	*	*	*	*	*	7.0	Complete
	2716003	Bryngwyn	7	*	*	*	*	*	*	6.3	Draft Report Issued
	2716004	Maesygwendraeth	7	*	*	*	*	*	*	6.3	Draft Report Issued
	2716005	QE High School	7	*	*	*	*	*	*	7.0	Complete
		Secondary Schools Totals	35							32.9	
		Special Schools									
	2816001	Rhydygors	7	*	*	*	*	*	*	7.0	deffered
	2816002	Heol Goffa	7	*	*	*	*	*	*	7.0	Complete
		Special Schools Totals	14							14	
		Total Audit Days for Department	154							147.4	

INTERNAL AUDIT PLAN 2016/17										
2016/17	% Plan Completion to Date	74%		% Target February 2017						85.0%
Job No	Departments	Days Planned	Pre. Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
	Total Approved Plan Days	1260							936.6	
	Additional Work Not Included in Original Plan									
2616036	Ysgol Y Fro	3	*	*	*	*	*	*	3.0	Complete
2616037	Ysgol Gymraeg Gwennlian	3	*	*	*	*	*		2.7	Draft Report Issued
2616038	Ferryside VC School	3	*	*	*	*	*		2.7	Draft Report Issued
	Total Additional Work	9							8.4	
	Total Audit Plan Time	1269					% Complete to Date	74%	945.0	
	Productivity of Total Audit Plan Days as a Percentage of Approved Plan Days							75.0%		

This page is intentionally left blank

INTERNAL AUDIT PLAN 2016/17	
Job No	Departments
	Chief Executive
1116001	Corporate Strategy/Policy Making
1116002	Partnership Arrangements
1116003	Call Centre
1116004	Print Commissioning
1116005	Annual Governance Statement
1116006	Coroners / other services
1116007	Registrars
1216001	HR Function
1216002	Staffing Policies
1216003	Declaration of Interest
1216004	Democratic Advice and Support
1316001	Financial Management Other
	Education & Children
2116001	Community Learning
2116002	Youth Support Service
2216001	Information Management
2216002	School Meals / Catering Services
2316001	Additional Learning Needs
2316002	School Improvement
2316003	Schools Organisation
2316004	Teachers starters & leavers
2416001	Child Support
2416002	Family Support
2416003	Partnering / Procurement
2416004	Education Welfare
2416005	Safeguarding
2516001	Financial Management Other
	Grants
3116001	Physical Regeneration
3116002	Business Development
3116003	Community Funding
3216001	Departmental Grants
3216002	Foundation Stage
3216003	DCELLS Post 16
3216004	Bus operators Grant
3216005	Supporting People
3216006	Education - EIG - Q1 Audit
3216007	Education - EIG - Q2 Audit
3216008	Education - EIG - Q3 Audit
3216009	Education - EIG - Q4 Audit
3216010	Education - EIG - Final Annual Audit
3216011	Education - PDG
3316001	Financial Management Other

REPORTING					
Issues					
No. of 3 *	No. of 2 *	No. of 1 *	Total No. Issues	Score	Assurance Level
			0	0	
			0	0	
0	0	0	0	0	High
			0	0	
0	3	1	4	10	Acceptable
0	2	0	2	6	Acceptable
			0	0	
0	0	0	0	0	N/A
0	0	0	0	0	High
0	0	0	0	0	N/A
0	0	0	0	0	Acceptable
0	0	0	0	0	N/A
0	0	2	2	2	High
0	1	0	1	3	Acceptable
0	2	3	5	9	Acceptable
			0	0	
			0	0	
0	0	2	2	0	High
			0	0	
			0	0	
			0	0	
			0	0	
			0	0	
			0	0	
0	0	0	0	0	High
			0	0	
			0	0	
			0	0	
0	3	1	4	10	Acceptable
0	0	0	0	0	N/A
0	1	0	1	3	Acceptable
			0	0	
			0	0	
0	0	0	0	0	N/A
0	0	0	0	0	High
0	0	0	0	0	High
0	0	0	0	0	High
			0	0	
0	0	0	0	0	High
			0	0	

INTERNAL AUDIT PLAN 2016/17		REPORTING					
Job No	Departments	Issues				Score	Assurance Level
		No. of 3 *	No. of 2 *	No. of 1 *	Total No. Issues		
	Corporate Services						
4116001	Risk Management				0	0	
4216001	Main Accounting				0	0	
4216002	VAT				0	0	
4216003	Capital Accounting incl.Fixed Asset Register				0	0	
4216004	Treasury Management				0	0	
4216005	Investments				0	0	
4216006	Pensions Payroll System	0	0	0	0	0	High
4216007	Housing Benefits				0	0	
4216008	Council Tax				0	0	
4216009	NNDR				0	0	
4216010	Payroll System	1	2	0	3	11	Low
4216011	Creditor Payments				0	0	
4216012	Debtors System				0	0	
4216013	Cash Receipting				0	0	
4216014	Banking				0	0	
4216015	Travel & Subsistence System				0	0	
4216016	Trust Funds	0	0	0	0	0	Acceptable
4316001	Financial Management Other				0	0	
	Corporate Property						
	Property Management				0	0	
	Estate Management				0	0	
	Provision / livestock markets				0	0	

INTERNAL AUDIT PLAN 2016/17	
Job No	Departments
	Communities
5116001	Disability/Adaptations/Renewals/ARBED
5116002	Houses for Homes
5116003	Tenancy Mgt
5116004	Voids
5116005	Homelessness
5116006	Rents
5116007	HRA
5216001	Contract Management/Partnerships
5216002	Direct Payments
5216003	Home Care
5216004	Residential Care Authority & Private Homes
5216005	Day Care
5216006	Learning Disabilities
5216007	Transport
5216008	Safeguarding
5216009	Supporting People
5316001	Public Health / Protection
5416001	Arts Development
5416002	Cultural: Oriel Myrddin
5416003	Heritage Services
5416004	Libraries
5516001	Amman Valley
5516002	Carmarthen
5516003	Llanelli
5516004	East Area Leisure / NERS / Marketing
5516005	Arrangements for Leisure Trust Status
5516006	Partnerships
5516007	Pembrey Country Park / MCP / Country Parks
5516008	Ski Centre
5516009	Burry Port Harbour
5616001	Financial Management Other

REPORTING					
Issues					
No. of 3 *	No. of 2 *	No. of 1 *	Total No. Issues	Score	Assurance Level
0	0	0	0	0	High
0	0	0	0	0	High
			0	0	
			0	0	
0	0	0	0	0	High
			0	0	
			0	0	
0	1	0	1	3	Acceptable
			0	0	
0	0	0	0	0	Acceptable
0	4	2	6	14	Low
			0	0	
0	0	0	0	0	N/A
			0	0	
			0	0	
0	2	2	4	8	Acceptable
0	5	0	5	15	Low
			0	0	
			0	0	
0	3	1	4	10	Acceptable
			0	0	
0	0	0	0	0	N/A
			0	0	
			0	0	
0	0	0	0	0	N/A
			0	0	

INTERNAL AUDIT PLAN 2016/17	
Job No	Departments
	Environmental Services
6116001	Building Maintenance
6116002	Procurement
6116003	Grounds Maintenance
6116004	Urban Parks
6216001	Highway Maintenance (incl. Trunk Roads)
6216002	Waste Services
6216003	Trade Waste
6316001	Public transport
6316002	School & College Transport
6316003	Fleet/Plant Management
6316004	Traffic Management
6316005	Road Safety
6416001	Development Control
6416002	Building Control
6516001	Financial Management Other
	Procurement / Contracts
6616001	Departmental Procurement Revenue
6616002	Contracts
6616003	Corporate Procurement
6616004	Asset Management
6616005	Framework contracts
6616006	Specific Projects
6616007	Capital Maintenance
6616008	MEP & sample of specific projects / post contracts
6716001	Post Contract
	Financial Management Other
	Computer Audit
4416001	Security of Information
4416002	Operating Systems
4416003	Social Media
4416004	Internet Security
4416005	Licensing
4416006	Communications
4416007	Computer Assisted Audit Testing(CAATs)
4416008	- Agresso Developments
4416009	- Resource Link
4416010	- Payment Cards
4416011	- Education & Children Services
4416012	Social Care & Housing
4416013	Other Systems - Total Mobile
4516001	Financial Management Other

REPORTING					
Issues					
No. of 3 *	No. of 2 *	No. of 1 *	Total No. Issues	Score	Assurance Level
			0	3	
			0	0	
0	1	0	1	3	Acceptable
0	1	0	1	0	Acceptable
0	0	0	0	0	N/A
			0	0	
0	0	0	0	0	N/A
			0	0	
0	0	0	0	0	High
			0	0	
0	3	0	3	9	Acceptable
0	0	1	1	1	Acceptable
0	0	0	0	0	High
0	0	0	0	0	High
			0	0	
			0	0	
			0	0	
			0	0	
			0	0	High
			0	0	
0	2	0	2	6	Acceptable
			0	0	
			0	0	
0	0	2	2	2	High
			0	0	
			0	0	
0	0	0	0	0	High
0	0	0	0	0	N/A
			0	0	
0	1	0	1	3	Acceptable
			0	0	
			0	0	

INTERNAL AUDIT PLAN 2016/17	
Job No	Departments
	School Audits
	Primary Schools
2616001	Meithryn Rhydaman
2616002	Cefneithin C.P.
2616003	Llechyfedach C.P. School
2616004	Ysgol Gynradd Gorslas
2616005	Ysgol Gynradd Ponthenri
2616006	Bancyfelin C.P. School
2616007	Meidrim C.P. School
2616008	Ysgol Gynradd Llanedi
2616009	Ysgol Gynradd Ffairfach
2616010	Ysgol Gynradd Llanwrda
2616011	Ysgol Gynradd Bro Brynach
2616012	Ysgol G. Llanpumsaint
2616013	Ysgol G. Mynyddgarreg
2616014	Johnstown C.P. School
2616015	Ysgol Gynradd Bynea
2616016	Dafen C.P. School
2616017	Llangennech Infants School
2616018	Furnace C.P. School
2616019	Copperworks Infant & Nursery School
2616020	Maes y Morfa
2616021	Old Road C.P. Primary School
2616022	Ysgol Llanstephan
2616023	Ysgol Gynradd Llannon
2616024	Myrddin C.P. School
2616025	Swiss Valley C.P. School.
2616026	Ysgol Gymraeg Rhydaman
2616027	Llandybie C.P. School
2616028	Ysgol Llanybydder
2616029	Burry Port Community School
2616030	Ysgol Wirfoddol Abergwili
2616031	Tremoilet V.C.P.
2616032	Laugharne V.C.P. School
2616033	Ys Gynradd Wirfoddol Llanddarog
2616034	Ysgol Gynradd Wirfoddol Llanllwni
2616035	Ysgol Wirfoddol Penboyr
	Secondary Schools
2716001	Glanymor
2716002	Strade
2716003	Bryngwyn
2716004	Maesygwendraeth
2716005	QE High School
	Special Schools
2816001	Rhydygors
2816002	Heol Goffa

REPORTING						
Issues				Total No. Issues	Score	Assurance Level
No. of 3*	No. of 2*	No. of 1*	Total No. Issues			
0	2	3	5	9	Acceptable	
0	2	1	3	7	Acceptable	
0	1	0	1	0	Acceptable	
0	2	0	2	6	Acceptable	
0	0	4	4	4	Acceptable	
			0	0		
0	2	2	4	8	Acceptable	
0	0	4	4	4	Acceptable	
			0	0		
0	0	0	0	0	High	
			0	0		
0	1	0	1	0	Acceptable	
0	0	1	1	0	High	
			0	0		
0	1	2	3	5	Acceptable	
0	1	3	4	5	Acceptable	
			0	0		
0	2	0	2	6	Acceptable	
0	1	3	4	6	Acceptable	
0	2	4	6	10	Acceptable	
0	2	0	2	6	Acceptable	
0	1	3	4	5	Acceptable	
0	1	0	1	3	Acceptable	
0	1	2	3	5	Acceptable	
0	0	1	1	1	High	
0	0	0	0	0	High	
0	3	3	6	12	Acceptable	
0	2	2	4	8	Acceptable	
0	0	0	0	0	High	
0	0	0	0	0	High	
	3	5	8	14	Low	
0	0	1	1	1	Acceptable	
0	1	4	5	7	Acceptable	
0	1	4	5	7	Acceptable	
			0	0		
			0	0		
			0	0		
	1	5	6	8	Acceptable	
			0	0		
			0	0		
	2	8	10	14	Low	
			0	0		
0	0	0	0	0	N/A	
0	2	2	4	8	Acceptable	

SCORING METHODOLOGY

Star Rating	Weighting
3* Issue	5 Points
2* Issue	3 Points
1* Issue	1 Point

ASSURANCE LEVEL - BASED ON NUMBER OF

Scores
0 to 2
3 to 10 with no 3* recommendations
11 & over or including 1 or more 3* recommendations

Assurance
High
Acceptable
Low

This page is intentionally left blank

DEPARTMENT Communities	AUDIT REVIEW Museums	AUDIT REF 5415002
PLANNED DAYS 8	ACTUAL DAYS 8	Frequency of Audit

Background

There are five Museums located around Carmarthenshire – Carmarthenshire County Museum, Carmarthen Town Museum, Parc Howard Museum, Kidwelly Industrial Museum and Pendine Museum of Speed, all of which display various artefacts from Carmarthenshire's varied past. The museums receive artefacts from public donations and also purchase specific items. The approved net budget for 2015/2016 for Museums was approximately £513k and for 2016/2017 approximately £554k.

Scope

The review covered the controls and procedures in operation to assess the extent to which adequate arrangements exist for the safeguard of the Authority's assets.

General Opinion

The systems within the Museum Service have been assessed as being of medium risk to the Authority due to the value, both historic and monetary, of the artefacts in its possession.

The 2015 / 2016 Internal Audit review identified concerns in the way that assets were being managed and administered. It is acknowledged that many of the weaknesses could be attributed to the lack of resources and the poor facilities available for the safe storage of assets however, it was not possible to place assurance that appropriate arrangements were in place to safeguard the Authority's assets. The review was therefore reassessed as being of high risk to the Authority. The main areas of concern were as follows:

- a lack of a comprehensive up to date inventory of assets;
- delay in the full implementation of the computerised system CALM, currently there are three methods of recording items in use, none of which is complete and up to date;
- a lack of adequate documentation available to support loan items;
- a lack of adequate insurance arrangements.

During 2016 / 2017, 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 place that will ultimately ensure that the issues are addressed over time. In particular:

- a bid is to be submitted to Risk Management to fund a 9 month documentation Assistant post to complete the transfer of information onto the CALM system;
- progress is being made to appoint the vacant Conservation Officer post which will have shared responsibility for collections management and emergency planning;

- a formal expression of interest has been submitted to the Heritage Lottery Fund in order to address the museums' poor storage facilities;
- it is intended to submit a bid to Welsh Government for funding to commission a security survey. This information will be used to draw on internal and external expertise to provide valuations of items and identify risks to collections. This will ensure appropriate measures to manage risk and insurance cover are put in place;
- all loan documentation is currently being reviewed, investigated & addressed where needed and subsequently updated. The procedural manual will be updated with the full loan process. This Procedural Manual is currently being revised and will form part of the museum accreditation process undertaken by Welsh Government

RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	3	LOW
Priority 2 – Strengthen Existing Controls	2	
Priority 3 – Minor Issues		

Carmarthenshire Museums: Action Plan in response to Internal Audit (January 2016)

Proposed Action	Milestone Tasks <i>(Key tasks that need to be carried out to implement actions)</i>	Responsible Person	Partners to consult / engage	Target Date	Success Indicator <i>(How you can measure / demonstrate that an action is complete)</i>	Progress <i>(Details of progress to date, useful information, barriers encountered etc)</i>
1. Clarify acquisition procedures.	Documentation Procedural Manual due for revision by June 2017 for Museum Accreditation.	Morrigan Mason / Gavin Evans	Standards set by MALD (Welsh Government) and ACE (Arts Council England)	June 2017	Museum Accreditation.	Documentation Procedural Manual revision underway (although currently held by CCC Audit Office). Whole staff training set for 27 March 2017. Grant request made to MALD for £4500 to appoint consultant to advise on collections storage and rationalisation to inform future policy.
	Acquisition and Disposal Policy for revision for Museum Accreditation.	Morrigan Mason		June 2017	Museum Accreditation.	
	Communicate procedures through staff training.	Morrigan Mason / Gavin Evans		March 2017	Numbers of staff attending training.	
	Collections rationalisation.	Morrigan Mason / Consultant		June 2017	Rationalisation policy and plan completed.	
2. Collections documentation	Undertake a collections risk assessment to include 'disassociation' (the separation of object from museum record rendering it valueless).	Morrigan Mason / Gavin Evans / Sarah Paul ACR	Accredited conservator / MALD	March 2017	Risk assessment submitted as Appendix to Carmarthenshire Museums Strategic Plan 2017-2022.	<ul style="list-style-type: none"> • Risk assessment completed. • Strategic Plan ready for submission to DMT in April 2017.
	Digitise all museum object records on to CALM	Morrigan Mason		Funding May 2017. Digitisation	<ul style="list-style-type: none"> • Documentation Assistant post appointed. 	

Carmarthenshire Museums: Action Plan in response to Internal Audit (January 2016)

Page 30

	<p>database. Subject to funding for 9 month fixed term post.</p>	<p>Match-funding approval – Ian Jones.</p>		<p>complete by March 2018.</p>	<ul style="list-style-type: none"> • Backlog of paper records digitised. 	<ul style="list-style-type: none"> • Awaiting confirmation from JD/IJ to apply to risk management for post funding. • Awaiting confirmation of match-funding.
	<p>Photograph all objects and attach images to CALM database for identification.</p>	<p>Gavin Evans / Gwilym Dawe</p>	<p>IT / Cultural Services.</p>	<p>2020</p>	<ul style="list-style-type: none"> • Numbers of objects photographed. • Number of photographs attached CALM database. • Number of images shared on Stordy Digidol. 	<ul style="list-style-type: none"> • 2-day photography course attended by two staff. • Photographic equipment purchased. • Additional digital storage space secured.
	<p>Identify secure electronic back-up system to replace requirement for traditional Accession Register.</p>	<p>Gavin Evans</p>	<p>IT CCC Archives</p>	<p>Jan 2018</p>	<p>New documentation / digitisation procedures in place.</p>	<p>Links with Stordy Digidol development regarding electronic storage capacity.</p>
	<p>Ensure all objects are appropriately labelled.</p>	<p>Conservation Officer</p>			<p>Numbers of object labelled.</p>	<ul style="list-style-type: none"> • Conservation Officer JD & PS approved by Job Evaluation. • Awaiting approval to appoint to vacant post.
	<p>Identify a solution to the county's museum collections storage crisis so that locations can be accurately recorded.</p>	<p>Jane Davies / Morigan Mason</p>	<p>Heritage Lottery Fund EBM MALD</p>	<p>2022</p>	<ul style="list-style-type: none"> • Museum Accreditation. • Risk assessment. • Internal audit. 	<ul style="list-style-type: none"> • Grant request made to MALD for £4500 to appoint consultant to advise on collections storage and rationalisation to inform future policy.

Carmarthenshire Museums: Action Plan in response to Internal Audit (January 2016)

						<ul style="list-style-type: none"> • Collections risk assessment completed. • Carmarthenshire Museum Strategic Plan 2017-2022
3. Valuation and insurance	Comprehensive risk assessment to identify the particular risks presented by each collection group.	Conservation Officer		Subject to post appointment.		<ul style="list-style-type: none"> • Conservation Officer JD & PS approved by Job Evaluation. • Awaiting approval to appoint to vacant post.
	Put in place measures to manage risk (emergency planning).	Morrigan Mason / Gavin Evans	MALD CCC Archives Harwell	June 2017	Museum Accreditation	<ul style="list-style-type: none"> • Participating in South Wales Museums Emergency Planning Network.
	Commission security survey of all museum sites and other sites where collections are held, focusing on where there is a concentration of high value items and other identified risks.	Morrigan Mason / Consultant. Audit, Risk & Procurement	National Security Advisor.	April 2018	Report submitted to DMT.	Subject to project funding.
	Collections rationalisation programme.	Morrigan Mason	MALD	2020	<ul style="list-style-type: none"> • Rationalisation Policy and Plan implemented. • Collections better managed. • Numbers of items identified for disposal. 	Grant request made to MALD for £4500 to appoint consultant to advise on collections storage and rationalisation to inform future policy.
	With the information from the above steps draw on internal and external expertise to provide valuations of items of	Conservation Officer / Gavin Evans	Auctioneers. Other museums. Conservators.	April 2019	Numbers of items valued.	Existing known valuations added to CALM.

Carmarthenshire Museums: Action Plan in response to Internal Audit (January 2016)

Page 32

	<p>high commercial value. Some historical expertise is required because value is linked to provenance. In some cases conservation value is preferable.</p> <p>Agree on an approach to valuing the remainder of the collection.</p>	Morrigan Mason / Julie Standeven				Collections insured.
4. Loans inward and outward	<p>Documentation Procedural Manual due for revision by June 2017 as part of Museum Accreditation application process.</p> <p>Identify all active loans inward and outward.</p> <p>Confirm values of loans inward and outward.</p> <p>Contact institutions to confirm loan status, insurance cover and update paperwork.</p>	<p>Morrigan Mason / Gavin Evans</p> <p>Gavin Evans</p> <p>Gavin Evans</p> <p>Gavin Evans</p>	<p>Standards set by MALD (Welsh Government) and ACE (Arts Council England)</p> <p>Auctioneers</p> <p>Borrowing institutions.</p>	<p>June 2017</p> <p>June 2017</p> <p>Oct. 2017</p> <p>Oct. 2017</p>	Museum Accreditation	<p>Documentation Procedural Manual revision underway (although currently held by CCC Audit Office).</p> <p>All loans paperwork has been reviewed and recorded on a spreadsheet.</p>

AUDIT COMMITTEE MEETING

DATE 24TH March 2017

SUBJECT AND PURPOSE

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

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To approve the Annual Internal Audit Plan for 2017/18 and to confirm the planned coverage for 2018/20

REASONS:

It is essential that audits are planned using a structured risk based approach. A three year rolling programme provides assurance of adequate audit coverage and provides the flexibility to deal with changes to systems within the Authority.

Relevant Scrutiny Committee Consulted	NA
Exec Board Decision Required	NA
Council Decision Required	NA

Directorate
Resources
Name of Head of Service
Phil Sexton

Designation
Head of Audit, Risk & Procurement

Tel No.
(01267) 246217
E Mail Address:
Psexton@carmarthenshire.gov.uk



**EXECUTIVE SUMMARY
AUDIT COMMITTEE MEETING
DATE 24TH March 2017**

**SUBJECT
INTERNAL AUDIT PLAN UPDATE 2017/18
& PLANNED COVERAGE FOR 2018/20**

The Audit Plan was compiled using risk assessment principles and taking into account changes in services. The adoption of a three year rolling programme provides assurance of the adequacy of audit coverage and allows the flexibility to deal with changes to systems within the Authority. The Plan assumes full staffing within the Section of 9.4 FTE staff.

The following reports are attached for approval

REPORT A Internal Audit Plan 2017/18 – Summary of Resources Available

REPORT B Internal Audit Plan 2017/20 – Detailed Listing of Planned Reviews

DETAILED REPORT ATTACHED ?	YES
-----------------------------------	------------



INTEGRATION

I confirm that the Community Strategy Integration Tool has:

Not been used to appraise the subject of this report as it is not appropriate to do so.

Signed: Phil Sexton Head of Audit, Procurement & ICT

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Phil Sexton Head of Audit, Procurement & ICT

Policy and Crime & Disorder	Legal	Finance	ICT	Risk Management Issues	Organisational Development	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Phil Sexton Head of Audit, Procurement & ICT

1. Local Member(s) N/A
2. Community / Town Council N/A
3. Relevant Partners N/A
4. Staff Side Representatives and other Organisations N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Strategic Audit Plan 2014-17	AC 28-03-14	Internal Audit Unit



This page is intentionally left blank

INTERNAL AUDIT PLAN 2017/20 - SUMMARY

	2017/18 Planned (Days)	2018/19 Indicative (Days)	2019/20 Indicative (Days)
GENERAL AUDIT (see Internal Audit Plan Detailed Listing of General Audits)	813	800	800
PROCUREMENT/CONTRACT AUDIT (see Internal Audit Plan Detailed Listing of General Audits)	110	120	110
COMPUTER AUDIT (see Internal Audit Plan Detailed Listing of General Audits)	135	145	145
SCHOOLS Secondary Schools*7days*1 visit every 2 years Primary Schools*3 days*1 visit every 3 years 2 Special Schools*5 days*1 visit every 2 years (see Internal Audit Plan Detailed Listing of Audits)	134	135	135
TOTAL AUDIT DAYS	1192	1200	1190
EXTERNAL CONTRACTS			
Mid & West Wales Fire Rescue Service See Note 1	120	120	120
FRAUD / INVESTIGATIONS See Note 2 (Incorporating pro active work and investigation)	50	50	55
FOLLOW UP OF PREVIOUS AUDITS See Note 3	30	30	30
DEPARTMENTAL TRAINING See Note 4	20	20	20
MAINTENANCE OF RULES & PROCEDURES, POLICIES, STRATEGIES, AUDIT MANUAL REVIEW See Note 5	30	30	30
ANNUAL GOVERNANCE STATEMENT See Note 6	20	20	20
GENERAL CONTINGENCY See Note 7	58	50	55
TOTAL DAYS	1520	1520	1520

Note 1 – M&WW Fire Service	This is an external contract undertaken under a Service Level Agreement. Days and reviews are agreed annually with the Treasurer to Mid and West Wales Fire and Rescue.
Note 2 – Fraud	Financial Procedure Rules require that all suspicions of Fraud are referred to the Head of Audit, Procurement and IT. Proactive work is currently undertaken through Computer Assisted Audit Techniques, Analytical Review and National Fraud Initiative.
Note 3 – Follow Up	Recommendations made as part of a review are recorded in an Audit Recommendations Data Base. Each recommendation has a risk factor, a named officer and a date of implementation, these are periodically reviewed to ensure implementation.
Note 4 - Training	Staff from Internal Audit provide training for School Governors, Headteachers and School Improvement Officers on finance and control issues. Training is provided for School Meals staff and managers. Corporate training is also provided to Grant Project Managers as part of an awareness initiative linked issues flagged during the WAO report on Grant Claims and also a corporate course "Finance for non Financial Managers".
Note 5 – Rules & Procedures, Policies, Strategies, Audit Manual etc	These require updating periodically to reflect changes in legislation, systems etc. This year Financial Procedure Rules will be reviewed
Note 6 – Annual Governance Statement	The Annual Governance Statement is included in the Statement of Accounts and is a statutory requirement. The Authority has established a Corporate Governance Group which includes Members and Officers, which reviews the effectiveness of Governance within the Authority. This forum will agree the Annual Governance Statement and periodically review the Code of Corporate Governance. The Head of Audit, Risk & Procurement co-ordinates the preparation of the Annual Governance Statement.
Note 7 – General Contingency	Time is included for the "unexpected" which cannot be built into the plan e.g. Special Reviews following an incident or significant concern

This page is intentionally left blank

INTERNAL AUDIT PLAN 3 YEAR PLAN

Job Title	2017-18	2018-19	2019-20
Chief Executives			
Corporate Strategy/Policy Making	8		*
Partnership Arrangements	8		*
Call Centre			*
Print Commissioning			*
Annual Governance Statement	8	*	*
Coroners / other services			*
Registrars			*
HR Function - Recruitment / Safer Recruitment DBS	8	*	*
HR Function L&D		*	
Health & Safety	8		
Performance Management		*	
Staffing Policies	5		*
Declaration of Interest	8	*	*
Democratic Advice and Support			*
Financial Management Other	5	*	*
Customer Services		*	
Press Office / Communication		*	
Modern Records		*	
Community Safety	5		
Electoral Services	5		
Markets	5		
Sponsorship /Tourism/Marketing	5		
Property Management	8	*	*
Estate Management	8	*	*
European Programme	8		
Economic Development	10		
City Deal - Governance Arrangements	8		
Wellness Centre	8		
Community Regeneration	8		
RLP	5		
Performance/Governance/Improvement Plans	8		
Physical Regeneration	8		
Well Being of Future Generations Act	5		
Welsh Language Standards	5		
Complaints		*	
Data Protection/FOIA		*	
Information Governance / Retention of records / CFP	8		
TIC			*
Property & Major Projects	10		
Executive Support			*
Whistleblowing		*	
Legal			*
DSU		*	
Organisational Development		*	
Grants			
Physical Regeneration		*	*
Business Development	5	*	*
Community Funding		*	*
Third Party Grants Monitoring	5	*	
Communities 2.0		*	
Grants Data Base	5		
Chief Executive's Grants			*
Total - Chief Executive	200		

	Job Title	2017-18	2018-19	2019-20
Computer Audits				
	Security of Information			*
	Operating Systems			*
	Social Media			*
	Internet Security			*
	Licensing			*
	Communications			*
	Computer Assisted Audit Testing(CAATs)	25	*	*
	- Agresso Developments	5	*	*
	- Resource Link	10		*
	- Payment Cards	5	*	*
	- Education & Children Services	5		*
	Social Care & Housing			*
	Other Systems - Total Mobile			*
	Financial Management Other		*	*
	IT Procurement		*	
	Corporate File Plan		*	
	Cloud Computing		*	
	Data Protection		*	
	National Fraud Initiative	35	*	
	Pensions		*	
	-Revenues/ Benefits / DIPS		*	
	Resources / WWEC - Grants Matrix system		*	
	Other Systems - Total Mobile		*	
	Asset Management (Central/Other)	10		
	Collaborative Working	10		
	Networks inc WiFi	10		
	Business Continuity Planning	10		
	Installations	10		
	Active Directory	10		
	Schools	10		
	Other Systems - (Not TASK)	10		
	Digital Transformation	10		
	Agile Working	10		
Total - Computer Audits		185		

Job Title	2017-18	2018-19	2019-20
Education & Children Services			
School Improvement			
School Effectiveness Support Services	8		
ERW		♦	
Welsh Language Support		♦	
Education Services			
Special Educational Needs	8		
School Redundancy & EVR	8		
School Modernisation		♦	
Early Years Non-Maintained Provision		♦	
Sensory Impairment			♦
Educational Psychology			♦
Strategic Development			
School Milk & Uniform Grants	5		
Information & Improvement		♦	
Business Support		♦	
Participation			♦
School Meals & Primary Free Breakfast Services	12	♦	♦
Curriculum & Well being			
Education Welfare			♦
Education Other Than At School (EOTAS)		♦	
Post 16 Funding			♦
Music Services for Schools			♦
Youth Service	8		
Youth Service short term grants	3		
Families First Grant (Youth)		♦	
Youth Offending & Prevention Service			♦
Adult & Community Learning	5		
Cynnydd		♦	
Children's Services			
Adoption & Fostering			♦
Child Support			♦
Family Support		♦	
Partnering / Procurement			♦
Residential Care		♦	
Education Welfare			♦
Safeguarding	8	♦	
Financial Management Other	5	♦	
Schools:			
Llechyfedach C.P. School			♦
Ysgol Gynradd Y Tymbl			♦
Cross Hands C.P. School.	3		
Drefach C.P. School.	3		
Llangain C.P. School.	3		♦
Ysgol Llanstephan			♦
Bancyfelin C.P. School			♦
Banccfosfelin C.P. School.	3		
Pontyberem C.P. School.	3		
Gwynfryn C.P. School.	3		
Carway C.P. School.	3		

Job Title	2017-18	2018-19	2019-20
Ysgol Gynradd Ponthenri		♦	
Pontiets C.P. School	3		
Five Roads C.P. School	3		
Maesybont C.P. School.	3		
Blaenau C.P. School	3		
Llys Hywel Whitland		♦	
Ysgol Beca		♦	
Y.G. Cynwyl Elfed			♦
Ysgol G. Llanpumsaint			♦
Abernant			♦
Ysgol G. Mynyddygarreg	3		
Trimsaran C.P. School	3		
Dafen C.P. School			♦
Swiss Valley C.P. School.			♦
Llangennech Infants School		♦	
Llangennech Junior School		♦	
Ysgol Llanybydder			♦
Ysgol Gynradd Wirfoddol Llanllwni			♦
Copperworks Infant & Nursery School	3		
Lakefield C.P. School.	3		
Ysgol Gynradd Gorslas			♦
Cefneithin C.P.			♦
Meithryn Rhydaman			♦
Meidrim C.P. School			♦
Peniel C.P. School.	3		
Bro Banw	3		
Saron C.P. School	3		
Betws C.P. School		♦	
Ysgol Gynradd Tycroes		♦	
Ysgol Gynradd Parcyrhun		♦	
Ysgol Gynradd Llanedi			♦
Ysgol Gynradd Ffairfach			♦
Talley C.P School		♦	
Cwrt Henry		♦	
Llangadog C.P. School	3		
Ysgol Gynradd Brynsaron		♦	
Ysgol Gynradd Bro Brynach			♦
Ysgol Rhys Pritchard		♦	
Johnstown C.P. School			♦
Ysgol Y Dderwen, Carmarthen	3		
Llanmiloe C.P. School	3		
Bryn C.P. School	3		
Ysgol Gynradd Bynea			♦
Y Felin (Felinfoel)	3		
Hendy C.P. Mixed School		♦	
Furnace C.P. School			♦

Job Title	2017-18	2018-19	2019-20
Maes y Morfa			*
Old Road C.P. Primary School			*
Ysgol Gynradd Llannon			*
Ysgol Brynsierfel, Llanelli.	3		
Brynamman Primary School		*	
Myrddin C.P. School			*
Llangunnor C.P. School.	3		
Parc Y Tywyn School		*	
Pembrey		*	
Ysgol Gymraeg Rhydaman			*
Llandybie C.P. School			*
Ysgol Gynradd Hafodwenog		*	
Ysgol Gymraeg Teilo Sant, Llandeilo.	3		
Llandeilo C.P. School		*	
Halfway C.P. School.		*	
Pwll C.P. Mixed School		*	
Penygaer C.P. School.	3		
Ysgol Y Castell		*	
Penygroes C.P. School		*	
Ysgol Gynradd Nantgaredig		*	
Ysgol Gymraeg Gwenllian		*	
Ysgol Dewi Sant, Llanelli.		*	
Bigyn C.P. School.	3		
Stebonheath C.P. School		*	
Burry Port Community School			*
Ysgol Y Ddwylan		*	
Richmond Park C.P. School.	3		
Ysgol Griffith Jones	3		
Ysgol y Fro			*
Carreg Hirfaen Foundation School		*	
Ysgol Cae'r Felin		*	
Ysgol Y Bedol		*	
Ysgol Brynteg		*	
Ysgol Wirfoddol Abergwili			*
Tremoilet V.C.P.			*
Laugharne V.C.P. School			*
Ys Gynradd Wirfoddol Llanddarog			*
Ferryside V.C.P. School			*
St. Mary's R.C.P. School. Llanelli.	3		
St. Mary's R.C.P. School, Carmarthen.	3		
Ysgol Wirfoddol Penboyr			*
Pentip V.A. C.I.W. Primary			*
Model V.A.P. School.	3		
Glanymor		*	
Strade		*	
Bryngwyn		*	
Maesygwendraeth		*	
QE High School		*	
Ysgol Bro Dinefwr	7		*
Dyffryn Amman	7		*
Dyffryn Taf	7		*
Ysgol Gyfun Emlyn	7		*
Bro Myrddin	7		*
Coedcae		*	
St John Lloyd		*	
Rhydygors		*	
Hoel Goffa		*	

	Job Title	2017-18	2018-19	2019-20
Grants				
	School Uniform	5	*	
	Post 16	5	*	*
	Education - EIG - Q1 Audit	5		*
	Education - EIG - Q2 Audit	5		*
	Education - EIG - Q3 Audit	5		*
	Education - EIG - Q4 Audit	5		*
	Education - EIG - Final Annual Audit	5		*
	Education - PDG	5	*	*
	Education - Arrangements for EIG		*	
	14 to 19 Learning Pathways		*	
	Education & Children Grants	5		
	Youth Work Strategy Grant	5		
Total: Education & Children Services		244		

Job Title	2017-18	2018-19	2019-20
Corporate Services			
Risk Management			*
Main Accounting	10	*	*
Budget Setting	5	*	*
Budget Monitoring / Budget Manual Compliance	5	*	*
VAT	8	*	*
Capital Accounting incl.Fixed Asset Register	8	*	*
Treasury Management - Loans	5	*	*
Investments - Carmarthenshire CC	5	*	*
Investments - Dyfed Pension Fund	5	*	*
Pensions Payroll System	10	*	*
Housing Benefits	10	*	*
Council Tax	10	*	*
NNDR	10	*	*
Payroll System	20	*	*
Creditor Payments	20	*	*
Debtors System	20	*	*
Cash Receipting	5	*	*
Banking	5	*	*
Travel & Subsistence System	10	*	*
Trust Funds	8	*	*
Burry Port Harbour - Accounts Return for WAO	5	*	*
Financial Management Other	5	*	*
Teachers Salaries	8		
Asset Disposal / Acquisition	8	*	*
Grants			
Corporate Services		*	
Total: Corporate Services	205		

Job Title	2017-18	2018-19	2019-20
Communities			
Disability/Adaptations/Renewals/ARBED	8		*
Houses for Homes	8		*
Tenancy Management	8	*	*
Homelessness	8		*
Rents	8	*	*
HRA		*	*
Contract Management/Partnerships	10	*	*
Direct Payments	10		*
Home Care		*	*
Residential Care Authority & Private Homes	8	*	*
Day Care	8		*
Learning Disabilities	5	*	*
Transport			*
Safeguarding	10		*
Public Health / Protection			*
Tenant Involvement		*	
Travellers Sites		*	
Affordable Homes		*	
Meal provision		*	
Financial assessments and Collections		*	
Deputyship		*	
Care Line		*	
Licensing and other fees		*	
Service User Assets	8		
Care Plans	5		
Independent Living Fund	5		
Joint Equipment Store	5		
Arts Development			*
Cultural: Oriol Myrddin			*
Museums		*	*
Libraries		*	*
Amman Valley Leisure Centre	4	*	*
Carmarthen Leisure Centre	4	*	*
Llanelli Leisure Centre	4	*	*
Newcastle Emlyn Leisure Centre	4		
East Area Leisure / NERS / Marketing			*
Partnerships			*
Pembrey Country Park / MCP / Country Parks	12	*	*
Ski Centre	5	*	*
Burry Port Harbour			*
Theatres		*	
South Area Leisure / Education & Workforce		*	
Countryside Access	5	*	
St Clears Craft Centre	3		
Financial Management Other	5	*	*
West Area Leisure	5		
Pendine Outdoor Education Centre	8		
Grants			
Supporting People	15	*	*
Communities	10	*	
Total: Communities	198		

Job Title	2017-18	2018-19	2019-20
Environmental Services			
Property:			
Property Maintenance	8	♦	♦
Asset Transfer		♦	
Property Management	5		
Estate Management			♦
Property Maintenance		♦	
Tenancy Management / Housing Voids	8		
Provision / livestock markets	5	♦	♦
Energy Strategy		♦	
Cleaning Services			♦
Waste and Environment:			
Grounds Maintenance	5	♦	♦
Urban Parks			♦
Waste Services	8	♦	♦
Trade Waste			♦
Cleansing Services		♦	
Environmental Enforcement	5		
Public Conveniences			♦
Cemetery		♦	
Land Drainage			♦
Highways and Transport:			
Highway Maintenance (incl. Trunk Roads)	8	♦	♦
Other Streetwork		♦	
Street lighting		♦	
Public transport	5		♦
School & College Transport			♦
Community Transport		♦	
Parking Inc Enforcement		♦	
Fleet/Plant Management	5		♦
Traffic Management			♦
Road Safety			♦
Active Travel			♦
Public Rights of Way		♦	
Planning Services:			
Management Development Control			♦
Building Control	5		♦
Conservation			♦
106 Agreements	5		
Local Development Plan		♦	
Heritage	5		
Policy & Development Departmental:			
Management Systems - Total	5	♦	
Procurement	3	♦	
Financial Management Other	5	♦	♦
Grants			
Departmental Grants	10		♦
Total: Environmental Services	100		

Job Title	2017-18	2018-19	2019-20
Procurement / Contracts			
Departmental Procurement Revenue Contracts	10	*	*
Corporate Procurement	15	*	*
Framework contracts	15	*	*
Regional Framework contracts	10	*	*
Specific Projects	7	*	*
Capital Maintenance	5	*	*
21st Century Schools	5	*	*
Post Contract	7	*	*
Financial Management Other	10	*	*
Contract Partnering Selection	5	*	*
Capital Grant Management	5	*	*
Capital Programme		*	*
Departmental Contract Management	8	*	*
Cost Management	8	*	*
Total: Procurement	110		

TOTAL AUDIT DAYS	1242	1242
-------------------------	-------------	-------------

	Total
GENERAL AUDIT	848
PROCUREMENT/CONTRACT AUDIT	110
COMPUTER AUDIT	135
SCHOOLS	99
Fraud Work	50 NFI & CAATS
TOTAL AUDIT DAYS	1242

Audit Committee 24th March 2017

Subject: Audit Committee Forward Work Programme

Purpose: Identify Audit Committee Agenda Items

Recommendations / key decisions required:

To receive the report

Reasons:

Annual Forward Work Programme to inform Members of the expected Agenda Items for the 2017/18 Audit Committee Cycle

Relevant scrutiny committee to be consulted:

Not Applicable

Exec Board Decision Required

Not Applicable

Council Decision Required

Not Applicable

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr D Jenkins

Directorate:

Corporate Services

Name of Head of Service:

Phil Sexton

Designations:

Head of Audit, Risk & Procurement

Tel No.01267 246217

E Mail Address:

PSexton@carmarthenshire.gov.uk

Report Author:

Helen Pugh

Audit & Risk Manager

Tel No. 01267 246223

E Mail Address:

HLPugh@carmarthenshire.gov.uk

EXECUTIVE SUMMARY
Audit Committee
24th January 2017

SUBJECT INTERNAL ANNUAL REPORT 2017/18

To provide Members with a Forward Work Programme for the 2017/18 Audit Committee cycle to ensure that all appropriate committees have a published up to date programme owned by the Committee Members

The following Report is attached:

1. Forward Work Programme

DETAILED REPORT ATTACHED ?	YES
-----------------------------------	------------

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Phil Sexton Head of Audit, Risk & Procurement

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	ICT NONE	Risk Management Issues NONE	Staffing Implications NONE	Physical Assets NONE
---	---------------	----------------	-------------	--------------------------------	-------------------------------	-------------------------

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Phil Sexton Head of Audit, Risk & Procurement

1. **Scrutiny Committee** : Not Applicable
2. **Local Member(s)** : Not Applicable
3. **Community / Town Council** : Not Applicable
4. **Relevant Partners** : Not Applicable
5. **Staff Side Representatives and other Organisations** : Not Applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Strategic Audit Plan 2014-17	AC 28-03-14	Internal Audit Unit

This page is intentionally left blank

FORWARD WORK PROGRAMME

Audit Committee 2017/18

Subject area and brief description of nature of report	Lead Department	Responsible Officer	To Audit Committee:			
			March 2017	July 2017	Sept 2017	Dec 2017
Appointment of Audit Committee: <ul style="list-style-type: none"> Chair Vice Chair 	Corporate Services	Audit Committee		✓		
Annual Audit Report	Corporate Services	Head of Audit, Risk & Procurement		✓		
Forward Work Programme	Corporate Services	Head of Audit, Risk & Procurement	✓	✓	✓	✓
Internal Audit Plan Update <ul style="list-style-type: none"> To receive the progress report To receive the Scoring Matrix for finalised reviews 	Corporate Services	Head of Audit, Risk & Procurement	✓	✓	✓	✓
Internal Audit indicative three year plan	Corporate Services	Head of Audit, Risk & Procurement	✓			
Assurance Reviews: <ul style="list-style-type: none"> Fundamental financial systems 3* reports 	Corporate Services	Head of Audit, Risk & Procurement	As required			
Progress reports as requested by Audit Committee <ul style="list-style-type: none"> Supporting People 	Communities	Safeguarding & Commissioning Manager	✓	✓	✓	✓

Subject area and brief description of nature of report	Lead Department	Responsible Officer	To Audit Committee:			
			March 2017	July 2017	Sept 2017	Dec 2017
<ul style="list-style-type: none"> Coastal facilities 		Head of Leisure				
Approval of Audit Charter	Corporate Services	Head of Audit, Risk & Procurement				
Approval of Contract & Quotation Rules	Corporate Services	Head of Audit, Risk & Procurement	✓			
Approval of Audit Strategy	Corporate Services	Head of Audit, Risk & Procurement			✓	
Approval of Financial Procedure Rules	Corporate Services	Head of Audit, Risk & Procurement		✓		
Approval of Risk and Business Continuity Strategy	Corporate Services	Head of Audit, Risk & Procurement				✓
Approval of Anti-Fraud and Corruption Strategy	Corporate Services	Head of Audit, Risk & Procurement				✓
Receive the Corporate Risk Register N.B Work is underway with an External Risk Consultant to improve the format of the Corporate Risk Register	Corporate Services	Head of Audit, Risk & Procurement		✓		
Statement of Accounts including Annual Governance Statement for Carmarthenshire CC & Dyfed Pension Fund <ul style="list-style-type: none"> To be received 	Corporate Services	Head of Financial Services			✓	

Subject area and brief description of nature of report	Lead Department	Responsible Officer	To Audit Committee:			
			March 2017	July 2017	Sept 2017	Dec 2017
<ul style="list-style-type: none"> To be approved 						
Burry Port Harbour Accounting Statement 2015-16 <ul style="list-style-type: none"> To be received To be approved 	Corporate Services	Head of Financial Services			✓	
Audit enquiries to those charged with governance and management for: <ul style="list-style-type: none"> Carmarthenshire CC Dyfed Pension Fund 	Corporate Services	Head of Financial Services			✓	
Single Tender Action	Corporate Services	Director of Corporate Services	As required			
Minutes for noting: <ul style="list-style-type: none"> Grants Panel Corporate Governance Group Risk Management Steering Group 	Corporate Services	Head of Audit, Risk & Procurement Head of Financial Services	✓	✓	✓	✓
Wales Audit Office:	Corporate Services	Wales Audit Office				
<ul style="list-style-type: none"> Audit Plan Update 			✓	✓	✓	✓
<ul style="list-style-type: none"> Annual Improvement Report 				✓		

Subject area and brief description of nature of report	Lead Department	Responsible Officer	To Audit Committee:			
			March 2017	July 2017	Sept 2017	Dec 2017
<ul style="list-style-type: none"> • Financial Statements – ISA260 Report presented to those charged with Governance)in relation to the Statement of Accounts for <ul style="list-style-type: none"> ○ Carmarthenshire CC ○ Dyfed Pension Fund 					✓	☐
<ul style="list-style-type: none"> • Letter of Representation <ul style="list-style-type: none"> ○ Carmarthenshire CC ○ Dyfed Pension Fund 					✓	☐
<ul style="list-style-type: none"> • Annual Audit Letter: <ul style="list-style-type: none"> ○ Carmarthenshire CC ○ Dyfed Pension Fund 			✓			
<ul style="list-style-type: none"> • Certification of Grants and Returns <ul style="list-style-type: none"> ○ 2015-16 				✓		
<ul style="list-style-type: none"> • Review of the application of Equalities impact Assessment in relation to Council improvement priorities 						
<ul style="list-style-type: none"> • LG Improvement Study 1 – Council funding of third sector services 						
<ul style="list-style-type: none"> • LG Improvement Study 2 – The strategic approach to councils to income generation and charging for services 						

Subject area and brief description of nature of report	Lead Department	Responsible Officer	To Audit Committee:			
			March 2017	July 2017	Sept 2017	Dec 2017
<ul style="list-style-type: none"> • National Study – The effectiveness of local community safety partnerships 						
<ul style="list-style-type: none"> • Auditor General’s fees <ul style="list-style-type: none"> ○ Financial Audits: <ul style="list-style-type: none"> ▪ Carmarthenshire CC ▪ Dyfed Pension Fund ○ Performance Audit 				✓		

Audit Committee Training / Informal Sessions

Subject area and brief description of nature of report	Lead Department	Responsible Officer	Dates	
			Feb 2017	July 2017
Audit Committee Self-Assessment	Corporate Services	Director Corporate Services Head of Audit, Risk & Procurement	✓	
Risk Register	Corporate Services	Director Corporate Services Head of Audit, Risk & Procurement	✓	
Statement of Accounts	Corporate Services	Director Corporate Services Head of Financial Services		✓

AUDIT COMMITTEE 24TH MARCH 2017

SUBJECT: COASTAL FACILITIES ACTION PLAN UPDATE

Purpose:

To note the progress in implementing the Coastal Facilities Action Plan

Recommendations / key decisions required:

To approve progress and the continued work objectives.

Reasons:

A quarterly progress report was requested in the Audit Committee meeting on 22nd March 2016. The last update report was dated the 6th January 2017

Relevant scrutiny committee to be consulted: N/A

Exec Board Decision Required N/A

Council Decision Required N/A

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:-

Cllr. Meryl Gravelle (Regeneration & Leisure Portfolio Holder)

Directorate: Communities

Name of Head of Service:

Ian Jones

Report Author: Ian Jones

Designations:

Head of Leisure

Tel Nos. 01267 228309

E Mail Addresses:

IJones@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
AUDIT COMMITTEE
24TH MARCH 2017**

**SUBJECT
Coastal Facilities Action Plan Update**

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

The attached Action Plan summarises the agreed work and progress to date by the Coastal Facilities Team to improve its processes following the Internal Audit Summary Report presented to the Audit Committee meeting on 22nd March 2016. An update was also provided to Scrutiny committee on the 30th Sept 2016, and the 6th January 2017.

DETAILED REPORT ATTACHED ?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Ian Jones

Head of Leisure

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	YES	YES	YES	YES	YES	YES

1. Legal

Appropriate advice is now being sought from Legal, Property Management, Finance, Health & Safety, Internal Audit and Risk to ensure revised procedures are legally compliant.

2. Finance

Significant focus of review to ensure that Financial Procedure Rules are fully complied with.

3. ICT

New technology to be introduced where this improves control.

4. Risk Management

Increased focus on evaluating exposure to risk and addressing weaknesses identified.

5. Staffing Implications

Action Plan addresses concerns identified re recruitment and safety of staff.

6. Physical Assets

Leisure now working closely with Environment Department to ensure proper arrangements for maintenance and control of physical assets.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Ian Jones

Head of Leisure

1. Scrutiny Committee

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Internal Audit Summary Report re Coastal Facilities and Draft Action Plan		Audit Committee Meeting Agenda and Minutes - March 2016 and July 2016

Ian Jones, Head of Leisure

**Review of Coastal Facilities
Audit Committee Update**

24/03/17

*Gwneud gwell defnydd
o adnoddau*



*Making better use of
resources*

1. Summary of Issues and Recommendations
Rating

- *** - Fundamental control issues to be addressed as a high priority.
- ** - Control issues required to strengthen existing procedures.
- * - Minor issues.

	Summary Of Issues	Recommendations	Rating	Comments / Agreed Actions	Responsible Officer	Target Date
	Non-Compliance with Financial Procedure Rules		***			

R1	<p>Whilst previous Internal Audit reports and senior managers concerns have identified significant issues in the administration of facilities these issues have not been satisfactorily addressed or resolved.</p>	<p>Adequate management arrangements should be established and appropriate action taken where issues in the administration of facilities are identified in order to ensure they do not continue.</p>		<p>HOS meeting managers formally once a week to oversee improvement plan. Additional staffing resource and expertise brought into service: Senior Business Support Manager for the Communities Department seconded to Acting Senior Manager role for Countryside; and Business & Projects Manager assisting from Leisure division.</p> <p>New structure agreed and being implemented for PCP and wider Countryside service which will become the Outdoor Recreation unit. 3 new senior managerial posts created to bring vision, purpose and clarity to the unit.</p> <p>All business functions including income collection and adherence to financial regulations to be managed by Senior Business Support Manager for Communities Dept as part of new structure</p>	<p>Head of Service</p>	<p>In place</p> <p>In place</p> <p>In place</p> <p>Structure signed off and posts being filled. New Senior Outdoor Recreation Manager appointed. 2 other posts to be appointed by end March. Confirm in post initiated for relevant posts. Full</p>
----	--	---	--	---	------------------------	---

	Summary Of Issues	Recommendations	Rating	Comments / Agreed Actions	Responsible Officer	Target Date
				<p>Clear roles, responsibilities and accountabilities agreed throughout the structure.</p> <p>Temporary staffing appointments approved and recruited for additional cleaners, park attendants and wardens pending the implementation of the re-alignment to deal with demand over the busy Summer period</p>		<p>implementation by end March '17)</p> <p>In place</p> <p>Completed</p>

R2	<p>It was identified that the Authority's approved policies and procedures and in some instances statutory legislation were not being fully complied with. These include:</p> <ul style="list-style-type: none"> • Financial Procedure Rules, • Contract Procedure Rules, • Quotation Procedure Rules, • Transport & Engineering Unit Policy, • Health & Safety, • Building Regulations, • Control of Vibration at Work Regulations, • H.R. Policies. <p>Procedure manuals had been established to provide guidance to staff in performing their duties however these were not always available or up to date.</p>	<p>The Authority's approved policies and procedures and statutory legislation should be fully complied with.</p>		<p>As part of the re-alignment noted in R1 above, roles and responsibilities will be clarified with established departmental Business Support Team taking a lead role on all compliance matters, assisting new service managers with budget monitoring, procurement, income reconciliation, and HR management</p> <p>Procedural manuals and work instructions are being updated and signed off with assistance from central support services and departments. These will be made available through the Council File Plan for each service / site, with appropriate staff training provided where necessary.</p> <p>All property maintenance work and improvements now go through property Services. All equipment and machinery is now procured</p>	<p>Acting Senior Countryside Manager</p>	<p>Interim arrangements in place pending new appointments</p> <p>Most are now in place, but will be reviewed by new senior team. Aim to complete by end June '17</p> <p>In place</p>
----	--	--	--	---	--	--

	Summary Of Issues	Recommendations	Rating	Comments / Agreed Actions	Responsible Officer	Target Date
				<p>and serviced via the fleet management team in Environment Department.</p> <p>Health and safety advisors spent 6 months reviewing practices and updating policies, procedures and risk assessments with staff, including normal and emergency operating procedures.</p>		<p>In place</p> <p>In place and ongoing for review of risk assessments and operating procedures</p>

Page 70
R4

	Summary Of Issues	Recommendations	Rating	Comments / Agreed Actions	Responsible Officer	Target Date
	<p>It is not possible to place an assurance that all assets are fully accounted for.</p>	<p>A list of all assets should be maintained which uniquely identifies individual assets including their location. This should be subject to physical check by an independent person at least on an annual basis. In addition, there should be a record of the movement of all assets.</p>		<p>A full list of assets has been compiled for all sites, which will be updated annually for tools, machinery and fixed equipment etc, and tracked through a 'live' stock inventory for goods and materials. Lists will be kept on the Council file Plan. A nominated officer will be responsible for maintaining these records at each site, countersigned by a Senior Manager.</p>	<p>Rangers, countersigned by Acting Senior Countryside Manager</p>	<p>PCP inventory completed. All sites to be completed by 31st March '17</p>

	Summary Of Issues	Recommendations	Rating	Comments / Agreed Actions	Responsible Officer	Target Date
R5	The management, administration and monitoring of agreements / leases for private enterprises and for events held is poor.	Procedures should be established for the proper management, administration and monitoring of agreements / leases for private enterprises and for events held, in consultation with other relevant Sections of the Authority.		<p>Procurement / Corporate Property / Legal Services are now fully involved in all of these agreements.</p> <p>The catering tender for PCP has been reviewed with support from the procurement and property teams.</p> <p>All agreements are listed on a partnership matrix which defines lead responsibility between the service and corporate property.</p> <p>A new events registration process is being put in place with Licencing and H&S officers.</p>	<p>Acting Senior Countryside Manager</p> <p>Catering arrangements in place for Summer '17 pending re-furb of main restaurant building.</p>	<p>Apr 17' & Ongoing (Main agreements have all been re-tendered / or let.</p> <p>In place and being updated as each is reviewed</p> <p>Interim arrangement in place, formalise when new appointments made, from Spring '17</p>

Page 72
R6

Summary Of Issues	Recommendations	Rating	Comments / Agreed Actions	Responsible Officer	Target Date
<p>The current controls in place and the performance management information available for the management and administration of the ski slope and ski shop are weak and ineffective. In addition there were areas of non-compliance with the Authority's and locally set policies and procedures.</p>	<p>A review of the ski slope and shop should be undertaken to establish the appropriateness of the services being offered.</p> <p>Where services are accepted as appropriate then procedures should be improved to ensure there are strong and effective controls in place for the management and administration of the site.</p>		<p>The Ski Centre has been transferred over to the Sports and Leisure Unit.</p> <p>A review of the purpose of the facility and the shop has been completed and discussed with audit / and finance. This includes a procurement, sales and disposal policy for goods.</p> <p>Roles and responsibilities on site have been clarified with staff.</p> <p>A new Gladstone till system is being installed with accepted operating procedures consistent with Leisure Centres introduced on site.</p>	<p>Actif Facilities Manager (South).</p> <p>Head of Service</p>	<p>Completed</p> <p>Shop is being closed down – aim to sell / dispose of all stock by end March '17</p> <p>Completed</p> <p>Feb '17</p>

R7	<p>It was not possible to demonstrate an adequate control on the use of facilities. This includes</p> <ul style="list-style-type: none"> • Spot checks on the use of facilities to ensure all clients have paid the appropriate charges. • Unannounced cash ups undertaken in accordance with Financial Procedure Rules. • Use of internal departments with specialist knowledge. • Adequate control of items for resale. 	<p>Procedures should be put in place to ensure an adequate control on the use of facilities.</p>		<p>Departmental Business support team will provide an independent, internal review and monitoring role to ensure compliance with financial regulations</p> <p>Finance, H&S, property, legal, procurement, and transport divisions now fully engaged on all aspects of management within the service.</p> <p>Unannounced cash ups and reconciliations have already commenced at PCP by BSU.</p> <p>See R6 for new policy on procurement, sales, and disposal of goods at Ski Centre.</p> <p>Countryside framework being reviewed with procurement, with aim of aligning as much as possible under Environment dept frameworks</p> <p>Season ticket allocations reviewed, with many</p>	<p>Acting Senior Countryside Manager</p> <p>Head of Service</p> <p>Acting Senior Countryside Manager</p>	<p>In place (more work done on point of sale systems – tills)</p> <p>In place</p> <p>In place</p> <p>March '17</p> <p>Temporary extension report with Director of Resources for sign off</p>
----	---	--	--	---	--	--

	Summary Of Issues	Recommendations	Rating	Comments / Agreed Actions	Responsible Officer	Target Date
				previously allocated for franchise operators. New process introduced for issue and control of passes		In place
	Risk Management & Business Continuity Strategy		***			
R8	Arrangements for the storage of fuel at the PCP Depot are inadequate with safety and security issues being identified.	Adequate safety, security and monitoring arrangements should be implemented for fuel stored at the Park.		Officers from the Environmental Services Department have examined the depot site to identify any issues that needed to be addressed. As a result of which no immediate action was needed. New systems and procedures developed with H&S advisors for fuel storage and draw down.	Acting Senior Countryside Manager	Survey completed. Schedule of works being worked through In place

	Summary Of Issues	Recommendations	Rating	Comments / Agreed Actions	Responsible Officer	Target Date
R9	<p>There was no evidence that staff had been properly trained in the use of all plant and machinery that had been procured directly by the park.</p> <p>There were no records of regular maintenance checks undertaken by staff.</p> <p>Whilst vibration monitoring equipment is available this has not been fitted to all relevant machinery and did not appear to be in use on any piece of equipment.</p>	<p>All staff should be appropriately trained in the use of all machinery at the park.</p> <p>Evidence of regular maintenance checks should be maintained to demonstrate equipment is safe to use.</p> <p>Vibration monitoring equipment should be fitted to all relevant equipment.</p> <p>Records should be monitored to ensure equipment is used appropriately and staff and the Authority are protected</p>		<p>Many of the staff have had training and others require refresher training. Internal training is being sourced through the Environment department to ensure all staff are fully trained on the use of equipment and to ensure consistency of procedures adopted.</p> <p>All assets including machinery will be checked and repaired by the Transport & Engineering Unit (see R4 too).</p> <p>The H&S review (see R2) in July / Aug '16 will also ensure compliance with these procedures and practices</p>	<p>Acting Senior Countryside Manager</p> <p>(Nominated officer(s) to maintain training logs under new structure)</p>	<p>Completed</p> <p>In place</p> <p>In place</p>

	Summary Of Issues	Recommendations	Rating	Comments / Agreed Actions	Responsible Officer	Target Date
R10	<p>Certain functions at the coastal facilities have not been discussed with the Authority's Risk Management section and may present an insurance risk for the Authority.</p> <p>Insurance provision of customers and event holders at the coastal facilities are not always obtained. Without current insurance the Authority may suffer losses caused by or to users of facilities.</p>	All activities should be subject to a robust registration and checking procedure to protect the authority		<p>New event booking procedures are being developed in conjunction with Licensing and Health & Safety staff to safeguard the authority.</p> <p>New charges agreed as part of charging policy.</p> <p>Events / activities management protocol and procedures (relevant to scale of event / activity) to be finalised with input from H&S team.</p> <p>Proof of public liability insurance will be obtained and records held on CFP.</p> <p>New structure identifies 3 posts with varying levels of responsibility for event management within the service</p>	Acting Senior Countryside Manager	<p>New procedures in place. Will be reviewed throughout the season.</p> <p>Completed, as of budget setting process for Apr '17</p> <p>In hand</p> <p>In place (where required)</p> <p>Appoint by end Mar '17 (current staff given interim roles to lead)</p>

	Summary Of Issues	Recommendations	Rating	Comments / Agreed Actions	Responsible Officer	Target Date
	Employee issues		***			
R11	<p>Staff working hours including TOIL arrangements are not always being recorded and are not being managed at an appropriate level.</p> <p>In addition, the restrictions relating to the approval for the appointment of agency staff are not being complied with.</p>	<p>A review should be undertaken of staff working arrangements to ensure they are consistent with the needs of the facilities, comply with relevant policies, procedures and locally set restrictions, and are adequately managed at an appropriate level.</p>		<p>New structure will resolve this issue.</p> <p>All agency staff appointments are now signed off by the HOS, Director, and CEX.</p> <p>Staff rota's have all been updated and agreed to ensure compliance with working directives.</p> <p>Clocking in system to be introduced at all sites - tbc.</p>	<p>HoS Acting Senior Countryside Manager to oversee once structure is in place.</p>	<p>Mar '17</p> <p>In place & Ongoing</p> <p>In place</p> <p>March 2017 (timesheets in place for interim)</p>
R12	<p>Employee Declaration of Interests are not being completed when it would be appropriate to do so.</p>	<p>Employees should complete 'Declarations of Interest' where it would be appropriate to do so.</p>		<p>All staff will be reminded of their responsibilities to declare any interests and asked to complete formally on an annual basis with a log kept for all returns. Nil returns will be requested</p>	<p>BSU Officer</p>	<p>In place and annually (April) thereafter</p>

This page is intentionally left blank

Audit Committee 24th March 2017

Subject: Amendments to Contract Procedure Rules

Purpose: To approve amendments to the Contract Procedure Rules

Recommendations / key decisions required:

Approval of amendments to the Contract Procedure Rules

Reasons:

The practical application of the Contract Procedure Rules (as approved by Audit Committee on 30th September 2016) has resulted in the need for further amendments to clarify the Authority's approach when dealing with Single Tender Actions. Further amendments have also been proposed to tighten up the rules.

Relevant scrutiny committee to be consulted:

Not Applicable

Exec Board Decision Required	Not Applicable
-------------------------------------	----------------

Council Decision Required	Not Applicable
----------------------------------	----------------

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr David Jenkins

<p>Directorate: Corporate Services</p> <p>Name of Head of Service: Phil Sexton</p> <p>Report Author: Alan Aitken</p>	<p>Designations: Head of Audit, Risk & Procurement</p> <p>Procurement Manager</p>	<p>Tel No.01267 246217</p> <p>E Mail Address: PSexton@carmarthenshire.gov.uk</p> <p>Tel No. 01267 2462236</p> <p>E Mail Address: AAitken@carmarthenshire.gov.uk</p>
---	--	---

EXECUTIVE SUMMARY
Audit Committee
24th March 2017

<p>SUBJECT</p> <p>Amendments to Contract Procedure Rules</p>	
<p>BRIEF SUMMARY OF PURPOSE OF REPORT</p> <p>The Contract Procedure Rules were updated and approved by Audit Committee on 30th September 2016. These Rules have been applied to all procurement activity from this date onwards. In practice, some areas of the Rules have been open to interpretation (most notably in Clause 12 – Exceptions) which has resulted in these suggested amendments for clarity.</p> <p>Due to ever emerging changes in case law in public procurement these Rules will remain a live document and any proposed future amendments will be brought to the Audit Committee for approval.</p> <p>For further detail on the amendments and the rationale for the proposed changes please refer to the supporting document.</p>	
<p>DETAILED REPORT ATTACHED ?</p>	<p style="text-align: center;">YES</p>

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Phil Sexton Head of Audit, Risk & Procurement

Policy, Crime & Disorder and Equalities NONE	Legal YES	Finance Yes	ICT NONE	Risk Management Issues NONE	Staffing Implications NONE	Physical Assets NONE
---	------------------	--------------------	-----------------	------------------------------------	-----------------------------------	-----------------------------

1. Legal

New Procurement Regulations impose new duties on the Authority.

2. Finance

The most significant amendment from a financial standpoint is the inclusion of the requirement that normally tender evaluations will be based on a minimum of 70% Price. Exceptions must be approved by the Section 151 Officer and Monitoring Officer.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Phil Sexton Head of Audit, Risk & Procurement

1. Scrutiny Committee : Not Applicable

2. Local Member(s) : Not Applicable

3. Community / Town Council : Not Applicable

4. Relevant Partners : Not Applicable

5. Staff Side Representatives and other Organisations : Not Applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
N/A	N/A	N/A

This page is intentionally left blank

Contract Procedure Rules

Carmarthenshire County

Council

Contents

		Page
1.	<u>Introduction</u>	3
2.	<u>Definitions and Interpretation</u>	4
3.	<u>Openness and Transparency</u>	4
4.	<u>Lead officer Responsibilities</u>	5
5.	<u>Collaborative Arrangements and Frameworks</u>	7
6.	<u>Pre-Procurement Requirements</u>	9
7.	<u>Thresholds</u>	10
8.	<u>Preparation for Quotations (£25,000-£75,000) and Tenders (over £75,000)</u>	13
9.	<u>The Procurement Process</u>	15
10.	<u>Contract Award</u>	18
11.	<u>Contract Management</u>	21
12.	<u>Exceptions and Waivers to Requirements of Competition</u>	22
13.	<u>Review</u>	24
	<u>Appendix 1</u> <u>Definitions & Interpretations</u>	25
14.	<u>Appendix 2</u> <u>Exception Report Template</u>	29

1. Introduction

- 1.1.** The purpose of these Contract Procedure Rules is to set clear rules for the procurement of goods, services and works for the Authority so we obtain best value for money. This will ensure a system of openness, transparency and non-discrimination where the accountability and probity of the procurement process will be beyond reproach.
- 1.2.** Officers responsible for purchasing must comply with these Rules.
- 1.3.** These Contract Procedure Rules apply for the procurement of all goods, services and works for the Council.
- 1.4.** The Corporate Procurement Unit (CPU) must be contacted before any formal action is taken in respect of a goods or service activity exceeding £75,000 in total Contract value.
- 1.5.** The requirements for confidentiality in relation to information during the tender process are set out in the Officers Code of Conduct.
- 1.6.** Tenders over £25,000 in value must be advertised on www.Sell2Wales.gov.wales. In exceptional circumstances this requirement may be waived following prior approval from the Procurement Manager and the relevant Department's Head of Service. (See CPR 7.1.3.1 for further details).
- 1.7.** Schools are required to follow the procedures outlined in the Financial Procedure Rules for Schools.
- 1.8.** Evaluation criteria of all Authority led exercises over £25,000 must consist of at least 70% based on Price. Where this is inappropriate the agreement of the Director of Corporate Services must be sought. (See CPR 8.3.1 for further details).
- 1.9.** Every contract made by or on behalf of the Authority shall comply with the Public Contracts Regulations 2015, National Legislation, these Contract Procedure Rules and the Authority's Financial Procedure Rules. In the event of any apparent conflict arising in respect of the above requirements the matter is to be referred to the Monitoring Officer or their representative.
- 1.10.** The CPU shall retain and update the Authority's Contracts Register and must be advised of all contracts entered into.

1.11. All exceptions to these Rules must be reported to CPU for consideration prior to submission for approval, and will be recorded on the Contracts Register. (See CPR 12 for further detail).

1.12. For support on how to apply these Rules see “The Procurement Guidance” on the Intranet which sets out specific guidance on procurement procedures or contact the Corporate Procurement Unit (CPU) for advice and support in the interpretation and application of these Rules.

2. Definitions and Interpretations

2.1. For the purposes of these Contract Procedure Rules, please see **Appendix 1** for the definitions that shall apply.

2.2. These rules are currently based on the UK being a member of the European Union. As the UK withdraws from the EU, any rules implemented in their place by the UK Government will apply.

3. Openness and Transparency

3.1. In order that all potential suppliers are treated fairly, equally and in a manner that does not discriminate, officers should ensure that they abide by the EC Treaty principles which include openness, transparency, proportionality and non-discrimination.

3.2. It is recognised that procurement can be the target of fraudulent and corrupt activity. Officers with procurement responsibility should be aware of their obligations in this respect. Relevant Policies and Procedures are currently detailed in the following documents:-

3.2.1. Officers Code of Conduct

3.2.2. Financial Procedure Rules

3.2.3. The Chartered Institute of Purchasing & Supply
Corporate Code of Ethics

3.2.4. Anti Fraud and Anti Corruption Strategy

3.2.5. Whistleblowing Policy

3.3. The Lead Officer (and Tender Evaluation Panel Members) must carry out appropriate measures to prevent, identify and remedy conflicts of interest to avoid any distortion of competition and unequal treatment of bidders. Such measures should address situations where officers or bidders who are involved in the procurement process have, directly or indirectly, any financial or personal interest which might be perceived to compromise their impartiality. All officers involved in a Tender Evaluation Panel must complete a Conflict of Interests Declaration Form (Provided by CPU).

4. Lead Officers Responsibilities

4.1. The Lead Officer for the purposes of these Contract Procedure Rules shall be any person designated as such in respect of:-

4.1.1. Any specified contract

4.1.2. Any category or categories of contracts, or

4.1.3. Any specified values or amounts in respect of that category or those categories

4.2. The Lead Officer shall be the primary link between the Authority and the relevant supplier, and shall be responsible for the management of that contractual arrangement and ensuring that the price(s) paid is/are in accordance with the terms of the contract.

4.3. The Corporate Procurement Unit must be advised of any proposed Tender exercise (over £75,000) by the Lead Officer before the tender exercise is commenced.

4.4. Prior to undertaking any tendering exercise the Lead Officer shall ensure that:-

4.4.1. The requirement cannot be obtained from existing corporate contracts, frameworks or other arrangements. Where corporate contracts, frameworks or other established procurement arrangements (e.g. National Procurement Service (NPS)) are in place, these **must** be used to satisfy that requirement. The Procurement section of the Intranet contains details of such arrangements. Further advice and guidance is available from CPU and;

4.4.2. All necessary Authority approvals have been obtained in accordance with the Authority's Constitution together with budgetary provision, any necessary consents, permissions or other approvals (including loans or other financial approvals) and;

4.4.3. All other relevant corporate policies (including the Project Management Policy and Methodology, the Handling Personal Information Policy & Procedure, Data Protection Guide, Welsh Language Standards and Strategic Equality Plan) have been complied with.

Lots

4.5. The Lead Officer must give consideration to split any proposed contract into separate Lots, with a clear and documented rationale as to how the Lots will be awarded, and must clearly define the size and subject matter of the Lots. For above EU Threshold tenders, where the use of Lots is deemed inappropriate this must be registered in the Tender documents and logged in the Tender Evaluation Report. (See CPR 10.1 for more detail).

External Funding

4.6. Where part or full funding for any proposed contract is to be provided by external Funders, the Lead Officer shall procure the contract in accordance with these Contract Procedure Rules.

Where there is a condition in the Funder's terms that are in conflict with these CPR's this issue must be referred to the Monitoring Officer and Section 151 Officer for determination, unless this has been previously agreed in the funding agreement.

Risk

4.7. The Lead Officer must assess the risks associated with the purchase and how to manage any risks identified prior to the tender exercise commencing.

Second Hand Purchasing

4.8. For the supply of used or second-hand goods or materials the Lead Officer needs to be satisfied that the market for such goods or materials is such that it would be unreasonable to tender or where the time required to complete the tender process is likely to lead to the loss of opportunity to purchase a used or second-hand item. Prior approval from Head of Service must be sought to ensure the value of the used/second hand goods to be supplied is at an appropriate level and does not contravene procurement processes. Any procurement valued over £5,000 needs to be referred to the Section 151 Officer and the Monitoring Officer.

4.9. The Lead Officer can access guidance on the different tendering procedures available (e.g. Open, Restricted, Competitive Dialogue) in the Authority's Procurement Guidance. Different Procedures can be selected depending on the value of the goods, works or services being procured. The Guidance is available on the Intranet or contact the Corporate Procurement Unit (CPU) for advice.

4.10. The Lead Officer may undertake the Procurement exercise by using a Dynamic Purchasing System or an Electronic Auction. The Lead Officer must contact CPU for further advice and guidance.

5. Collaborative Arrangements and Frameworks

All Collaborative Arrangements shall be deemed to be contracts for the purpose of these Contract Procedure Rules and Lead Officers shall have regard to the Procurement Guidance when developing such arrangements/agreements.

5.1. Framework Agreements – Carmarthenshire Lead

In line with the Public Contracts Regulations 2015, the term of a Framework Agreement must not exceed four years, unless in exceptional circumstances and with prior approval from the Section 151 Officer and the Monitoring Officer.

5.1.1. Contracts based on Framework Agreements may be awarded by either:-

5.1.1.1. Applying the terms laid down in the framework agreement (where such terms are sufficiently precise to cover the particular call-off) without reopening competition or;

5.1.1.2. Where the terms laid down in the framework agreement are not specific enough or complete for the particular call-off, by holding a mini-competition in accordance with the following:-

- Inviting all the suppliers within the Framework Agreement that are capable of executing the subject of the contract to submit written tenders;
- Fixing a time limit which is sufficiently long to allow tenders for each specific contract to be submitted, taking into

- account the complexity of the subject of the contract,
- Awarding each contract to the tenderer on the basis of the Award Criteria set out in the specification of the Framework Agreement.

5.1.2. Above the EU Threshold the Lead Officer must contact CPU prior to any mini-competition undertaken to agree the approach.

5.1.3. The requirements of these Contract Procedure Rules are deemed to have been satisfied when the framework is established, and for subsequent call-offs.

5.2. Joint Procurement

5.2.1. When undertaking a joint procurement arrangement on behalf of the Authority and other public bodies, the Lead officer must ensure the other public bodies that are to be included in that arrangement are listed in the advertisement and contract documents.

5.2.2. The estimated value given must include the potential usage of that joint arrangement by those public bodies listed.

5.2.3. The requirements of these Contract Procedure Rules are deemed to have been satisfied when the framework is established, and for subsequent call-offs.

5.3. Centralised Purchasing Activities / Bodies

5.3.1. Any contract/framework entered into through collaboration with other local authorities or other public bodies, where a competitive process has been followed, that comply with the contract procedure rules of the leading organisation, will be deemed to comply with these Contract Procedure Rules.

5.4. National Procurement Service

5.4.1. In the event of the NPS setting up an arrangement to meet a particular requirement, Carmarthenshire County Council must consider calling off that arrangement. Where there are exceptional circumstances, the Lead Officer, in liaison with the Procurement Manager must submit a report to the Section 151 Officer and Monitoring Officer for approval.

5.5. Membership of other Procurement Arrangements

5.5.1. Any new formal membership of joint procurement arrangements with other local Authorities and/or public sector bodies, including membership or initial use of any Consortia or public sector trading organisation must be approved by the Monitoring Officer and Section 151 Officer.

6. Pre-Procurement Requirements

6.1. Estimating the Value

6.1.1. The value of a contract must be based upon the higher of:-

6.1.1.1. The amount or estimated amount to be paid by the Authority over the period of the contract (to include any extension period); or

6.1.1.2. The amount or estimated amount of gross income to be generated by the contractor through the goods or services provided, including the provision of goods or services to third parties

6.1.2. A contract which is one of a series of contracts with similar characteristics, and for services of the same type is deemed to have the value of the series as a whole.

6.1.3. Where the Lead Officer is unable to determine the value of a proposed contract an estimate shall be made on the basis of a 48 month contract period.

6.1.4. In estimating relevant contract values, officers shall have regard to the principle of aggregation. Repeat purchases of the same set of goods/services/works over a sustained period may exceed the Authority's or EU's threshold, and must be treated as one contract.

(e.g. 48 monthly purchases at £4,000 per month equals £192,000 total contract value) and the appropriate Tender/EU procurement process must therefore be adhered to.

7. Thresholds

7.1. Quotations

7.1.1. Up to £5000

The Lead Officer should be satisfied that best value for money has been obtained, and that reasonable care has been taken to obtain goods, works or services of adequate quality at a competitive price. Confirmation of value for money should be retained on file by the Lead Officer.

7.1.2. £5,000 - £25,000

A minimum of 3 quotations should be sought from competitive sources and confirmed in writing, by letter, fax or e-mail. A documented record of the evaluation and decision to award must be recorded.

7.1.3. £25,000 - £75,000

7.1.3.1. All quotations above the value of £25,000 must be advertised on the Sell2wales website; (www.sell2wales.gov.wales) based on the same specification, evaluation criteria and closing date. CPU will place the advert, unless otherwise agreed. In exceptional circumstances this requirement may be waived following prior approval from the Procurement Manager and the relevant Department's Head of Service.

7.1.3.2. Quotations undertaken in accordance with 7.1.3.1 shall be submitted in line with the requirements set out in the Invitation to Quote, and returned electronically via a secure email facility or an appropriate e-tender solution. Alternatively a hard copy must be addressed to the Lead Officer in a plain sealed envelope endorsed only with the word "Quotation", followed by the subject to which it relates and the closing date.

7.1.3.3. The Lead Officer will be responsible for maintaining adequate documented records of all quotations undertaken (including the evaluation process) (See 9.7 for further details).

7.1.3.4. A quotation received in accordance with the procedures may be accepted by means of issuing either an official order or letter signed by the appropriate officer, or by a contract or agreement signed in accordance with these Rules.

7.1.3.5. Where, following issue of Invitations to Quote only one quotation is received the decision to proceed to purchase must be approved by the relevant Department's Head of Service.

7.2. Tenders

7.2.1. Over £75,000

7.2.1.1. For all procurements valued at and above £75,000 the Contract Lead Officer must advise the Corporate Procurement Unit before the tender exercise is commenced.

7.2.1.2. A Tender Record Form must be completed and signed off by the Procurement Manager (or delegated Officer) prior to tender advertisement which includes the requirement to confirm a complaint process.

7.2.1.3. In addition to any requirements under the Public Contracts Regulations 2015 a minimum 21 days public notice shall be given in www.Sell2Wales.gov.wales and, if considered appropriate by the Tender Evaluation Panel, in one or more appropriate local, regional and/or national newspapers, publications and/or trade journals, or other media that targets the relevant market for the particular contract.

7.2.1.4. The public notice shall express the nature and purposes of the contract, invite tenders for its execution, state the latest date and time for delivery of tenders and the address to which such tenders are to be sent/or portal to be received via. The Invitation to Tender shall include all information necessary to ensure compliance with the provisions of these Contract Procedure Rules including the evaluation criteria.

7.3. EU Tenders

Contracts above the EU Threshold and Subject to the Public Contract Regulations 2015.

7.3.1. Where the estimated value of a contract exceeds the current EU threshold, then the contract must be tendered in accordance with the UK's Public Contracts Regulations (2015) and these CPR's. In all such circumstances appropriate advice must be sought from the Corporate Procurement Unit.

7.3.2. The EU Thresholds change every two years. The current EU Threshold for goods, services and works can be found on the Procurement pages of the Intranet.

7.4. Social and Other Specific Services

7.4.1. Where contracts exceed the EU Threshold for Social and other Specific Services Contracts (as set out in Schedule 3 of the Public Contracts Regulations 2015) the full extent of the Regulations will not apply and a "Light Touch" regime shall be adopted. The Lead Officer must contact CPU before proceeding with this type of tender.

8. Preparation for Quotations (£25,000-£75,000) and Tenders (over £75,000)

8.1. Before undertaking any Tendering Procedure (or Quotation above £25,000) a Lead Officer shall:-

8.1.1. ensure that a Specification, which will form the basis of the Contract, has been prepared,

8.1.2. establish the Evaluation Criteria to be used to select the successful bidder(s) from among those who tendered or submitted a quote.

8.1.3. establish an Evaluation Panel,

8.2. A statement setting out the Evaluation Criteria to be used shall be included in the tender/quotation documentation together with the relevant weightings. These criteria must at all times be open, transparent, non-discriminatory and proportionate.

8.3. Contracts must be awarded on the basis of “Most Economically Advantageous Tender” (MEAT) with the option of assessing the best price-quality ratio, or lowest price only. The award criteria must be linked to the subject matter of the contract and may include life-cycle costing, qualitative, environmental and/or social aspects.

8.3.1. Evaluation criteria of all Authority led exercises above £25,000 needs to ensure that at least 70% is based on Price. Where this is inappropriate then the agreement of the Director of Corporate Services must be sought in writing. Arrangements involving Specialist Education and Social Care commissioning will be at the discretion of the responsible Director.

8.4. The Lead Officer shall establish a group of Officers to undertake the evaluation exercise which shall normally remain constant throughout the process and shall possess the necessary qualifications and/or expertise to advise the Lead Officer on all appropriate issues.

Insurances

8.5. The Authority's Head of Audit, Risk and Procurement shall be consulted to determine the appropriate type and level of Insurance Protection (e.g. Employers' Liability, Public Liability, Professional Indemnity) to cover the Authority's potential liability which must be maintained for the duration of the Contract / Framework.

8.6. The Lead Officer shall consider whether a Bond is appropriate for any contract.

Specification

8.7. Procurements should be based upon a definite specification; and the Lead Officer should ensure that any quotation or tender exercise is undertaken in accordance with all relevant corporate policies.

Quality factors should as far as possible be built in to the specification, which must be proportionate and appropriate for the goods, works or services to be purchased and clearly sets out the minimum standards that the Authority will require.

Sustainability

8.8. In any tender/quotation valued over £25,000 the Lead Officer must consider taking social, economic and environmental issues into account using a Sustainable Risk Assessment Template (SRA). CPU shall be consulted prior to any tender/quotation/call-off to agree the approach.

Community Benefits

8.9. The Lead Officer must apply a Community Benefits approach to all appropriate procurements. In any tender valued over £1million the Lead Officer must, as a minimum, apply, capture and record Community Benefits utilising the Welsh Government's Community Benefits Measurement Tool. CPU shall be consulted prior to any tender/quotation/call-off to agree the approach.

Pre-Market Consultation

8.10. The Lead Officer may conduct market consultations before starting a procurement exercise with a view to preparing the procurement and informing prospective tenderers of the procurement plans and requirements. CPU must be notified prior to any pre-market consultations whereby support is available.

Market Briefing

8.11. The Lead Officer may conduct market briefings once a Tender advert has been placed to inform prospective tenderers of the content and approach for the forthcoming tender. This engagement is intended for information purposes only and Lead Officers/Procurement Officers are not in a position to be able to answer any questions relating to the tender at the event. CPU must be notified prior to any market briefings whereby support is available.

9. The Procurement Process

9.1. Submission of Tenders (above £75,000)

(For Quotations below £75,000 please refer to 7.1).

The Authority's preferred method of tendering is by electronic means.

9.1.1. Electronic Tendering (e-Tender)

Requests for invitations to tender should be transmitted by electronic means using the e-Tender portal. This will ensure that:

(a) the e- Tender portal will only be available for the submission of tenders up to the stated deadline time and date. The date and time of each Tender received within the e-Tender portal will be recorded electronically.

(b) e-Tenders submitted are kept secure in the portal which is not opened until the deadline has passed for receipt of Tenders or Quotations.

Any tender which is received after the date and time appointed for receipt of tenders shall not be considered but shall be retained unopened on the portal until after a tender has been accepted, however any such tender may be opened and considered:-

- if no other tender has been received, or
- where no other tender is acceptable, provided it has been received before other tenders have been opened.

9.1.2. In exceptional circumstances the Lead Officer may decide to accept hard copy tendering as an alternative. The Leads Officer must contact CPU for further guidance.

9.2. Opening of Tenders

All tenders submitted in pursuance of these Contract Procedure Rules shall be opened only after the expiration of the time limit for their delivery.

Tender submissions will be accessed once the tender deadline has passed by an officer of the Corporate Procurement Unit or an officer from within a department who has been granted access to the portal.

9.2.1. No adjustment or qualification to any tender(s) is permitted. Errors found during the examination of tenders shall be dealt with in one of the following ways :-

9.2.1.1. If an arithmetical error is found the tenderer shall be given the opportunity to correct the error(s) save that, other than genuine arithmetic error(s), no other adjustment revision or qualification is permitted.

9.2.1.2. If the error is not arithmetical the tenderer shall be given details of the error(s) and shall be given the opportunity of confirming without amendment or withdrawing the tender.

9.3. Where in the opinion of the Lead Officer the tender appears to be abnormally low in value, the Lead Officer is required to request the tenderer(s) to explain the price or costs proposed in a tender where it appears to be abnormally low. CPU must be consulted for guidance.

9.4. Evaluation and Acceptance of Tenders

9.4.1. Where tenders have been received and opened in accordance with these Contract Procedure Rules the Lead Officer shall, in conjunction with the tender evaluation panel, examine the tenders received in accordance with the pre-determined evaluation criteria and shall identify the tender or tenders which represents best value for money, ie the most economically advantageous offer(s) (in terms of quality and price) to the Authority, except where lowest price was pre-determined to be the appropriate criteria.

9.4.2. The Lead Officer must give due regard to abide by the principle of the Authority's Constitution which only allows officers employed by the Authority to score in Tender evaluations.

9.4.3. Provided that the appropriate budgetary provision is available the Lead Officer may accept a tender, more than one tender, or part(s) of a tender.

**Post Tender
Negotiations**

- 9.5.** No negotiations on fundamental aspects of contracts which might materially affect the tender specification, and which are likely to distort competition shall be carried out.

Discussions can only be carried out with tenderers for the purpose of clarifying their bids and must not involve discrimination against any tenderer.

Standstill

- 9.6.** For Contracts above the EU Threshold and subject to the Public Contract Regulations 2015 any award must be subject to a minimum standstill period of 10 calendar days between communication of intention to award decision and the start of the contract. CPU can offer guidance and templates.

**Document
Retention**

- 9.7.** The Lead Officer shall retain all records and documents relating to a quotation or tender exercise in accordance with the Public Contracts Regulations 2015, the Authority's Document Retention Schedule (on the Intranet) and any other requirements imposed by or agreed with external funding bodies.

Consultants

9.8. Use of Consultants

9.8.1. Where the Authority uses consultants to act on its behalf to conduct any procurement, the Lead Officer must contact CPU to agree the approach. The consultant(s) must carry out the tender exercise in accordance with these Contract Procedure Rules and the decision to award is the responsibility of the Lead Officer.

9.8.2. All contracts for external consultants and advisors shall explicitly require that the consultants or advisors provide without delay any or all documents and records maintained by them relating to the services provided on request of the Lead Officer, and lodge all such documents and records with the Lead Officer at the end of the contract.

9.8.3. The Lead Officer shall ensure that any consultant working for the Council has appropriate indemnity insurance for the duration of the contract.

10. Contract Award

10.1. In line with the Public Contracts Regulations 2015, the Lead Officer must prepare a Tender Evaluation Report for every contract, framework agreement and mini-competition awarded above the EU Threshold. The written report must document all key decisions throughout the tendering process. A standard Evaluation Report template is available from CPU.

10.2. CPU must be advised of all contracts entered into for inclusion onto the Contracts Register.

10.3. Contract Terms and Conditions

10.3.1. Contracts shall be entered into on the Authority's terms and conditions which shall be included with each Invitation to Tender. Exceptions to this Rule must be approved in writing by the Monitoring Officer.

10.3.2. A contract on the contractor's own standard terms and conditions, or terms which are significantly different to those included or referred to at tender stage is not permitted under these rules unless approved in writing by the Monitoring Officer.

10.3.3. The rules relating to technical specifications mean that any reference to a technical standard, make or type shall be prefaced with the words "or EU equivalent".

10.3.4. Every contract the value or amount of which exceeds £75,000, shall be in writing and signed by at least two officers, or (at the discretion of the Monitoring Officer) have affixed the common seal of the Authority and shall detail:-

- the goods services or works to be supplied or carried out;
- the price to be paid together with a statement as to the amount of any discount or other deduction;
- the period within which the contract is to be completed and
- such other conditions and terms as may be agreed between the parties.

10.3.5. The contract will contain a clause requiring the contractor to obtain the written permission of the Lead Officer before assigning or sub-letting the contract or any part of it, other than as specifically allowed under the terms of the contract.

10.3.6. Where relevant International, European or British Standard specifications or standard codes of practice are available and current at the date of tender, the contract will require all goods, services or works used or supplied to be at least in accordance with that standard.

10.3.7. In every written contract a clause shall be inserted requiring the contractor to comply with any relevant directives or regulations of the European Commission for the time being in force in the United Kingdom.

10.3.8. Every contract must state that if the contractor fails to comply with its contractual obligations in whole or in part, the Authority may:-

- cancel all or part of the contract;
- complete the contract;
- recover from the contractor any additional costs in completing the contract;
- take other legal action against the contractor.

and to this end the Lead Officer shall ensure that the obligations of the contract are monitored.

10.3.9. Every written contract must contain an anti-corruption clause. The following clause must be used except where the Monitoring Officer has agreed to the use of an alternative clause:-

“The Authority shall be entitled to cancel the contract and to recover from the contractor the amount of any loss or damage resulting from such cancellation if:

(a) the contractor shall have offered, or given, or agreed to give to any person any gift, consideration, inducement or reward of any kind, for doing or not doing any action in relation to the contract or any other contract with the Authority, or

(b) the acts referred to in paragraph (a) above shall have been done by any person employed by the contractor or acting on its behalf (whether with or without the knowledge of the contractor), or

(c) in relation to any contract with the Authority, the contractor or person employed by it or acting on its behalf shall:-

- have committed any offence under the Prevention of Corruption Acts 1889 to 1916, or

- have given any fee or reward the receipt of which is an offence under Section 117(2) of the Local Government Act 1972.

- any clause limiting the Contractor's liability does not apply to this Clause"

10.3.10. The contractor shall be required to indemnify the Authority against:-

10.3.10.1. any claim in respect of employers' liability against the Authority or the contractor by any employees of the contractor or any sub-contractor; and

10.3.10.2. any claim for bodily injury to, or damage to property of, third parties, and

10.3.10.3. The contractor shall maintain appropriate insurance to a level to be agreed (see CPR 8.5) and when requested shall produce satisfactory evidence of the maintenance of such insurance.

11. Contract Management

11.1. After the Contract has been awarded a Contract Manager (if different to the Lead Officer) must be identified who will manage the day to day aspects of the contract for its term.

11.2. When contracts are modified at any time during the contract term a new tender process will be required unless specific conditions as set on in the Public Contracts Regulations (2015) are met. Advice must be sought from CPU before proceeding under these conditions.

11.3. Contract Extensions

11.3.1. A contract may be extended subject to the following conditions;

- where the original tender document and subsequent contract included provision for an extension to the contract and;
- specified the duration or the maximum duration of the potential extension then the contract may be extended and;
- if the Lead Officer is satisfied that the current provider offers best value for money and a quality service/goods/works.

11.3.2. A Contract Extension form must be signed off by Head of Service prior to any extension being taken up. Contact CPU for the template.

12. Exceptions and Waivers to Requirements of Competition

12.1. Lead Officer Decision (Up to OJEU Threshold Value)

12.1.1. Provided that a proposed contract complies with all other relevant Contract Procedure Rules, Procurement Guidance or Financial Procedure Rules, the tendering procedures need not apply to the following :-

12.1.1.1. any advice or service provided by Counsel.

12.1.1.2. purchases made by the Authority in conjunction with another public body in accordance with the terms of any Contracts or Framework Agreements entered into by or on behalf of any consortium association (including All Wales Public Sector arrangements) or similar body provided that the procedures followed are in accordance with a method prescribed or adopted by the consortium, association or similar body (see CPR 5.5.1).

12.1.1.3. purchases, works and services required by the Lead Officer for the following purposes:-

- to prevent danger or injury to Authority staff or members of the public;
- to prevent damage or serious deterioration to land buildings or plant;
- to maintain essential services;
- to avoid enforcement action against the authority for non-compliance with some statutory provision;
- to make land or property secure against unauthorised access or use;

- for any other purpose where the Authority or the public will be seriously prejudiced if such purchases works or services are not arranged urgently;

provided that the requirement for goods, works or services is strictly necessary for reasons of extreme urgency brought about by unforeseeable events where the time limits for a procurement exercise cannot be complied with. A procurement in accordance with these Contract Procedure Rules should be instigated at the earliest opportunity thereafter.

12.1.1.4. works or services to statutory undertakers apparatus where affected by major works where legislation provides that such works must be carried out by the statutory undertaker.

12.2. Monitoring Officer and Section 151 Officer Decision (Up to OJEU Threshold Value)

12.2.1. The Lead Officer shall seek approval from the Monitoring Officer and Section 151 Officer for any exception proposed under this CPR 12.2 prior to embarking upon the alternative procedure or, if this is not possible, as soon as possible thereafter :-

12.2.1.1. the purchase of proprietary or patented goods, services or works are obtainable only from one firm and where no reasonably satisfactory alternative is available;

12.2.1.2. the purchase of named goods, services or works required to be compatible with an existing installation as authorised by the Lead Officer;

12.2.1.3. the execution of works or provision of goods, services or works of a specialised nature which in the opinion of the Lead Officer are carried out by only one provider and where no reasonably satisfactory alternative is available;

12.2.1.4. the purchase of a work of art or museum specimen as authorised by the Lead Officer;

For Exercises
above the OJEU
Threshold Value

Single Tender
Action Reporting

CPU Reporting

12.2.1.5. Contracts entered into by the Authority as agents for a Department of State, Welsh Government or any other local or public authority provided that the Authority follows the procedures of such department or authority;

12.2.1.6. any other exceptions and waivers to these Rules shall only be given in exceptional circumstances and will be authorised by the Monitoring Officer and Section 151 Officer following submission of a written justification by the relevant Lead Officer.

12.3. Monitoring Officer and Section 151 Officer Decision (Above OJEU Threshold Value)

12.3.1. Where a Negotiated Procedure without Prior Publication is proposed (OJEU Procedure) the Lead Officer will be required to seek approval from the Monitoring Officer and Section 151 Officer.

12.3.2. any exceptions and waivers to these Rules above the OJEU Threshold shall only be given in exceptional circumstances and will be authorised by the Monitoring Officer and Section 151 Officer following submission of a written justification by the relevant Lead Officer.

12.4. Single Tender Action Reporting (Above £75,000)

12.4.1. The Section 151 Officer will prepare a retrospective report to the Authority's Audit Committee for all Single Tender Actions (exceptions granted above £75,000 under clauses 12.2 or 12.3 above) and the subsequent procurement activity undertaken.

12.5. Exception Reporting

12.5.1. All exceptions must be reported to CPU for consideration prior to submission for approval (using the template in Appendix 2), and will be recorded on the Contracts Register.

13. Review

- 13.1 The Corporate Procurement Unit shall continually review these Contract Procedure Rules and shall undertake a formal review every three years. Any amendments shall be subject to approval by the Authority's Audit Committee.

APPENDIX 1

Definitions & Interpretations

Abnormally Low Tender	For the purposes of these rules abnormally low shall be taken to mean a Tender whose price is considered significantly lower than most of, or the average of all tenders in the same Tender exercise.
Aggregation	Adding together the value of separate contracts for the same supply, service and works.
Approved List	An approved/select list presents a significant risk to the Authority and is not recommended as an acceptable procurement practice. Prior approval from Monitoring Officer and Section 151 Officer must be sought prior to the set up or adoption of an approved/select tender list.
Authority	All references to the Authority in these Contract Procedure Rules shall include the Governing Body of each school falling under the jurisdiction of the Authority as the Local Education Authority if relevant.
Bond	A bond is intended to protect the Council against a level of cost arising from a contractor's failure.
Community Benefits	Through the Tender exercise, seeking to promote additional opportunities which will benefit the wider community. This might include training and employment opportunities, improved supply-chain opportunities, increased educational contributions and/or community initiatives.
Contract	Any agreement (whether or not in writing) between the Authority and one or more other parties for:- <ul style="list-style-type: none">• the sale of goods or materials;• the supply of goods or materials;• the execution of works• the provision of services (including accommodation and facilities).
Contract Management	Ensuring that the right contractual agreement for an organisation is established and managed in the most effective manner, enabling both parties to fully meet their obligations providing the right quality of service/product, on time, within budget and compliant with specification requirements.
Contract Modification	The Public Contracts Regulations (PCR) 2015 provide clarity about the extent to which a contract can be amended after award without the need to re-advertise in OJEU. See PCR (2015) Regulation 72 which outlines the detail.

Contract Register	A register of awarded contracts and frameworks within the Authority, held by CPU.
Corporate Contract	Contracts for Goods/Works or Services that are in place for use by all departments of the Council. These contracts enable Officers to acquire products/services efficiently and effectively.
Corporate Procurement Unit (CPU)	The Authority's Corporate Procurement Unit (CPU) provides advice, support and guidance on Procurement.
Dynamic Purchasing System	A procurement tool which is completely electronic and used for making commonly used purchases allowing new suppliers to join at any time.
e-Auction	An e-Auction (electronic auction) is an electronic marketplace between buyers and bidders, utilised as part of the costing criteria of the tender evaluation.
EU Threshold	The contract value at which the EU Public Contracts Directive applies. These change in January every two years.
Framework Agreement	An agreement between one or more authorities / public bodies and one or more economic operators, to establish the terms governing contracts to be awarded during a given period (call-offs).
Lead Body	Any Body which the Authority is legally allowed to procure with or through, including Central Government Departments, other Local Authorities and other public sector bodies e.g. NPS.
Lead Officer	The Lead Officer (LO) shall be responsible for the procurement process and following award will be the primary link between the Authority and the relevant supplier. The LO shall be responsible for the management of that contractual arrangement and ensuring that the price(s) paid is/are in accordance with the terms of the contract
Light Touch Regime	The new light-touch regime (LTR) is a specific set of rules for certain service contracts that tend to be of lower interest to cross-border competition. Those service contracts include certain social, health and education services, defined by Common Procurement Vocabulary (CPV) codes as outlined in Schedule 3 of the public Contracts Regulations (2015).
Mini Competition /Call-off	A mini competition is the process followed to place a call-off contract under a framework agreement where the best value supplier has not been specified in the original terms of the framework agreement. All

	suppliers within the original framework agreement are invited to submit bids against the original terms.
Monitoring Officer	The Monitoring Officer is the officer designated by the Authority in accordance with the provisions of Section 5 of the Local Government and Housing Act 1989. This role is currently undertaken by the Head of Administration and Law.
Most Economically Advantageous Tender (MEAT)	The tender that will bring the greatest benefit to the Authority having taken a number of factors into consideration, including quality and price
National procurement Service (NPS)	The National Procurement Service (NPS) for Wales, hosted by the Welsh Government, works collaboratively with public sector member organisations to set up collaborative arrangements in common and repetitive spend areas.
Quotation	A quotation based on price and any other relevant matter, without the issue of a formal tender.
Section 151 Officer	The officer designated by the Authority under Section 151 of the Local Government Act 1972. This role is currently undertaken by the Director of Corporate Services.
Single Tender Action	Single Tender Action is only to be used in rare and exceptional circumstances and is broadly defined as procurement for which no competition is sought or where competition is not available in the marketplace. This definition applies to all single tender actions above the Tender Threshold.
Standstill	The minimum period which must elapse between notification of an award decision and the start of the contract. In the UK the standstill period is 10 days.
Tender	An economic operator's proposal submitted in response to an invitation to Tender.
Tender Evaluation Panels	A group of Officers appointed by the Lead Officer to undertake the tender evaluation exercise for a contract or Framework. The group of officers in question shall normally remain constant throughout the process and shall possess the necessary qualifications and/or expertise to advise the Lead Officer on technical, procurement, legal, financial, policy and staffing issues.
Tender	Open - All eligible applicants are invited to tender in a

<p>Procedures</p>	<p>one-stage procurement process.</p> <p>Restricted - Only eligible applicants who meet the client authority's criteria are invited to tender in a two-stage procurement process.</p> <p>Competitive Procedure with negotiation - This allows the contracting authority flexibility around whether to negotiate - it is possible to reserve the right (by stating this in the OJEU advertisement) not to negotiate and to simply award the contract based on initial tenders submitted.</p> <p>Competitive Dialogue - Permits discussion of different options before choosing a particular solution. It can be used in complex contracts where technical solutions are difficult to define or where development of the best solution is wanted. This procedure contains more flexibility around negotiation with the winning bidder (provided this does not modify the essential aspects of the contract or procurement or amount to a distortion of competition).</p> <p>Innovative Partnership – This process allows for the R&D and purchase of a product or service within the same single procurement process (with transparency and other safeguards built in to it).</p> <p>Negotiated Procedure without Prior Publication – This procedure can only be used in narrowly defined circumstances, e.g. where no tenders, no suitable tenders or no suitable requests to participate were submitted in response to an open or restricted procedure, or where for technical or artistic reasons, or the protection or exclusive rights, the contract can only be carried out by a particular supplier. This process should only be used in exceptional cases.</p> <p>Further detail on all the Procedures above is available in the Procurement Guidance (available on the Intranet) or by contacting CPU.</p>
--------------------------	--

APPENDIX 2

EXCEPTION REPORT TEMPLATE

This is a Request for an Exception and Waiver to the Requirement of Competition - Contract Procedure Rules (include appropriate exception clause from CPR's) in relation to:-

1. Background

1.1.1. Include brief details

2. Description of Goods/Service

2.1.1. Include details of Goods/Service – description, reasons for requirement, delivery, source, etc.

2.1.2. Include reasons/outcomes of Goods/Service

3. Reasons

3.1.1. Collaboration, market research, legislation, grant funded (implications of), etc.

4. Alternative Contract/Frameworks

4.1.1. Include reasons for using/ not using any Contracts/Frameworks already in place, etc.

5. Future Provision

5.1.1. For a continuous provision of goods, works or services include details of future tender exercise and timescales

6. Legal Requirements

6.1.1. Include any standards that are required in particular any legislative reasons/standards required for the Goods/Service.

7. Costs

7.1.1. Include costs of the service– usually indicative costs for the period the exception will cover.

8. Efficiencies

8.1.1. *Include any efficiencies identified*

9. TUPE

9.1.1. *Include any TUPE Implications*

10. Request to Proceed

I therefore, seek approval to proceed with the (include summary of the exception you require – include the duration of the exception) and request an Exception and Waiver to the Requirements of Competition under Contract Procedure Rules (include appropriate exception clause from CPR's) as follows:-

Include the wording from the Appropriate CPR Clause

Lead officer requesting the Exception			
Name	_____		
Position	_____		
Date	_____		
This report must be considered by CPU prior to sending to the Section 151 and Monitoring Officers			
Please confirm this has been sent to CPU Yes / No			
Approval to Proceed			
Section 151 Officer	Yes / No	Monitoring Officer	Yes / No
Date	_____	Date	_____
Once approval has been granted the Lead Officer must inform CPU to be recorded on the Contracts Register.			
NB: For exceptions appertaining to clause 12.2.2 (Single Tender Action &/or Negotiated Procedure without Prior Publication) these MUST be reported to the Audit & Risk Manager.			

This page is intentionally left blank

Suggested Amended Wording for Contract Procedure Rules

Current Wording in Revised CPR's as approved 30 th September 2016	Suggested amended wording	Explanation of Proposed Amendments /Rationale for changes
<p>Section 5.4. National Procurement Service</p> <p>5.4.1. In the event of the NPS setting up an arrangement to meet a particular requirement, Carmarthenshire County Council must consider calling off that arrangement. Where there are exceptional circumstances, the Lead Officer, in liaison with the Procurement Manager must submit a report to the Section 151 Officer for Executive Board Member for Resources approval.</p>	<p>5.4. National Procurement Service</p> <p>5.4.1. In the event of the NPS setting up an arrangement to meet a particular requirement, Carmarthenshire County Council must consider calling off that arrangement. Where there are exceptional circumstances, the Lead Officer, in liaison with the Procurement Manager must submit a report to the Section 151 Officer and Monitoring Officer for approval.</p>	<p>Changed approval for opting out of NPS frameworks from Executive Board Member to Monitoring Officer – this brings all approvals in the CPR's into line.</p>
<p>Section 7 - Thresholds</p>	<p>Removal of the following wording from end of Section 7.2</p> <p>NB: Schools are required to follow the procedures outlined in the Financial Procedure Rules for Schools.</p>	<p>The current wording caused confusion as schools are required to comply with the Contract Procedure Rules for all purchases above £75,000.</p>
<p>Section 12.2.1.6 – Exceptions and Waivers to requirements of competition</p> <p>Tender exercises where the Tender Evaluation Panel considers that it is inappropriate to issue an advertisement as detailed in the Tendering Procedures in the Procurement Guidance.</p>	<p>Clause to be removed.</p>	<p>We cannot envisage any circumstances where we would use this clause as it appeared in the version approved on 30th September 2016. Sufficiently covered by the rest of the clauses in 12.2.1 as approved in September 2016.</p>

<p>12.2.2 Where a Single Tender Action (above £75,000, including a Negotiated Procedure without Prior Publication) is used the Lead Officer will be required to seek approval from the Monitoring Officer and Section 151 Officer. The Section 151 Officer will prepare a retrospective report to the Authority's Audit Committee with the reasons for the use of this procedure and the subsequent procurement activity undertaken</p>	<p>12.3.1. Where a Negotiated Procedure without Prior Publication is proposed (OJEU Procedure) the Lead Officer will be required to seek approval from the Monitoring Officer and Section 151 Officer.</p> <p>12.4.1 Single Tender Action Reporting The Section 151 Officer will prepare a retrospective report to the Authority's Audit Committee for all Single Tender Actions (exceptions granted above £75,000 under clauses 12.2 or 12.3 above) and the subsequent procurement activity undertaken.</p>	<p>No substantive change. Following feedback, the amendment is proposed to split the decision process (see 12.3) from the reporting requirement (see 12.4).</p>
<p>12.3 – Monitoring Officer and Section 151 Officer Decision (Above OJEU Threshold Value)</p>	<p>12.3.2. any exceptions and waivers to these Rules above the OJEU Threshold shall only be given in exceptional circumstances and will be authorised by the Monitoring Officer and Section 151 Officer following submission of a written justification by the relevant Lead Officer.</p>	<p>This is new wording added (along with the wording previously shown in 12.2.1.6). Request for exceptions below OJEU = 12.2.1.6 Request for exceptions above OJEU = 12.3.2</p>

Audit Committee 24th March 2017

Subject : Corporate Risk Register

Purpose: To receive the Corporate Risk Register

Recommendations / key decisions required:

- To receive the Corporate Risk Register.
- To ensure that the Corporate Risk Register continues to be submitted to Audit Committee at 6 monthly intervals.

Reasons:

To ensure that the Audit Committee are fully apprised of the Corporate Risks.

Relevant scrutiny committee to be consulted:

Not Applicable – Review and monitoring of the Corporate Risk Register is delegated to Audit Committee in line with the Terms of Reference of the Audit Committee.

Exec Board Decision Required

Not Applicable – Function of Audit Committee

Council Decision Required

Not Applicable – Function of Audit Committee

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Councillor David Jenkins

Directorate

Name of Head of Service:

Phil Sexton

Report Author: Phil Sexton

Designations:

Head of Audit, Risk & Procurement

Tel Nos.

01267 246217

E Mail Addresses:

Psexton@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
AUDIT COMMITTEE
24TH MARCH 2017**

SUBJECT

CORPORATE RISK REGISTER

The Council has a mature approach to Risk Management and has maintained a Corporate Risk Register for some years. The Corporate Assessment undertaken by Wales Audit Office concluded that a clear framework is in place to manage corporate and project risks with dedicated senior political and officer leadership and risk champions at departmental level. Risks are overseen by a Risk Management Steering Group which includes political representation from the Council's Executive.

The Corporate Assessment recommended that the Corporate Risk Register as approved by CMT should be shared with the Audit Committee. The Register will be reviewed by the Audit Committee at its March 2017 meeting and at 6 monthly intervals thereafter.

Arrangements will be put in place to ensure that the Corporate Risk Register is also taken to Preliminary Executive Board at 6 month intervals.

The Authority have utilised the Services of an External Risk Consultant (Zurich Risk Consulting) to provide external challenge. The services were provided at no additional cost to the Authority given Zurich Municipal provide the Authority's Insurance Liability Cover. The external challenge proved useful to ensure that the risks were strategic in nature and the scoring was sound and evidenced.

The Authority operate a 5x5 Scoring System with a maximum potential score of 25 (i.e. 5x5). The scoring methodology for both Impact and Likelihood is attached.

DETAILED REPORT ATTACHED ?

YES (Corporate Risk Register and Scoring Matrix)

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Phil Sexton

Head of Audit, Risk & Procurement

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	YES	NONE	NONE

1. Risk Management Issues

The Authority maintains a Corporate Risk Register to evaluate its exposure to key strategic risks. The Corporate Assessment recommended that the Corporate Risk Register should be shared with the Audit Committee. The Register will be reviewed by the Audit Committee at its March 2017 meeting and at 6 monthly intervals thereafter.

Arrangements will be put in place to ensure that the Corporate Risk Register is also brought to Preliminary Executive Board at 6 month intervals.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Phil Sexton

Head of Audit, Risk & Procurement

1. Scrutiny Committee:

Not Applicable

2. Local Member(s)

Not Applicable

3. Community / Town Council

Not Applicable

4. Relevant Partners

Not Applicable

5. Staff Side Representatives and other Organisations

Not Applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection

2017 Corporate Risk Register

Risk (Threat to achievement of business objective)	Risk Control Measures	Assigned To	Assessment of Current Risk (Assume CURRENT controls in place)		
			Impact	Probability	Risk Rating
CR20170001 - Compliance with the Wellbeing of Future Generations (Wales) Act 2015	• Public Service Board established	Wendy Walters	Substantial 4	Possible 3	High 12
	• Well-being Assessment nearing completion	Wendy Walters			
	• Council Service Planning adapted to address the requirements of the Act	Wendy Walters			
	• Draft Well-being objectives being prepared for publication by the 31st March 2017 deadline	Wendy Walters			
	• Regular meetings with Wales Audit Office	Wendy Walters			
	• Members Seminars and Information Sheets	Wendy Walters			
	• Integrated into Budget Planning process and Revenue Report	Wendy Walters			
	• Adapting at Corporate processes Committee cover sheets, Equality Impact Assessments, Financial Planning, Risk	Wendy Walters			

CR20170002 - Managing and Developing the Welsh Language and meeting the Welsh Language Standards

- Monitor the Compliance Strategy received from the Welsh Language Commissioner
- Recruitment procedures and guidance updated and monitored
- Learning and development for staff
- Prepare an Annual Report on implementation of the Standards, for discussion with the Corporate Management Team and the Members Advisory Panel
- Work closely with Departments to advise on the Standards and offer practical support with any challenges that may arise

Wendy Walters Substantial 4 Unlikely 2 Medium 8

Paul R Thomas

Paul R Thomas

Wendy Walters

Wendy Walters

CR20170003 - Responding to New Legislation / Policy from Welsh Government

- Development and updating of current CCC policies
- Learning and development of staff

Gwyneth Ayers Substantial 4 Unlikely 2 Medium 8

Wendy Walters

CR20170004 - Ensuring that the Authority effectively manages its financial resources and responds to the challenges of reduced funding

			Catastrophic	Possible	High
<ul style="list-style-type: none"> • Medium Term Financial Strategy - 5 Year Plan (including efficiency targets) 	Chris Moore / Owen Bowen		5	3	15
<ul style="list-style-type: none"> • Full County Council Elected Member Engagement on an annual basis to set priorities and allocate the Budget 	Chris Moore / Owen Bowen				
<ul style="list-style-type: none"> • Challenge from Scrutiny Committees 	Linda Rees Jones				
<ul style="list-style-type: none"> • Public Consultation regarding budget priorities on an Annual Basis 	Chris Moore / Owen Bowen				
<ul style="list-style-type: none"> • Engagement with Welsh Government via WLGA to ensure Carmarthenshire County Council receives fair funding from Welsh Government 	Chris Moore / Owen Bowen				
<ul style="list-style-type: none"> • TIC Programme to identify efficiencies and promote alternative methods of service delivery 	Robin Staines				
<ul style="list-style-type: none"> • Workforce Planning to ensure staff resources are planned to match demand 	Paul R Thomas				
<ul style="list-style-type: none"> • Wales Audit Office external challenge and assessment 	Chris Moore / Owen Bowen				

CR20170005 - Ensuring effective management of Grant Funding (including accessing Grant Funding) Threat of having to repay significant Grant monies. Although improvements have been made, some problems still exist which could result in claw backs of funding.	• Project Management Training	Chris Moore	Substantial 4	Possible 3	High 12
	• Grant Funding Bodies Guidance Briefings and Training	Chris Moore			
	• Grants Panel	Chris Moore			
	• Grants Manual	Chris Moore			
CR20170006 - Ensuring effective People Management (including capacity and compliance with Employment Law and Health & Safety Legislation)	• Competence based recruitment, assessment centres for recruitment of key roles, induction training, coaching and mentoring, appraisals and supervision, probationary policy	Paul R Thomas	Substantial 4	Possible 3	High 12
	• Development of Employment Policies and briefings and training, audit and monitoring	Paul R Thomas			
CR20170007 - Ensuring effective management of Procurement / Contract Management and Partnership arrangements	• Welsh Government Procurement Fitness Checks - Implementation of Areas for Improvement	Helen Pugh	Substantial 4	Unlikely 2	Medium 8
	• Participation in the National Procurement Service	Helen Pugh			
	• Development of New Procurement Strategy (involving Policy & Resources Members Focus Group)	Helen Pugh			

CR20170008 - Transforming business operations through effective Digital Transformation	• Implementation of Digital Transformation Strategy	Noelwyn Daniel	Substantial 4	Possible 3	High 12
	• Members and staffing workshops	Noelwyn Daniel			
<hr/>					
CR20170009 - Maintaining high standards of governance in relation to Information Management	• Dedicated Senior Information Risk Owner on Corporate Management Team	Wendy Walters	Substantial 4	Possible 3	High 12
	• IT Security Officer	Noelwyn Daniel			
	• Annual Information Management & Governance Report to Corporate Governance Group and Audit Committee	Wendy Walters			

Carmarthenshire CC

CR20170010 - Deliver Effective Safeguarding Arrangements for both Children and Vulnerable Adults

(Detail in separate Safeguarding Risk Register)

Page 126

			Catastrophic 5	Unlikely 2	High 10
• Continue to improve the quality of Care Plans ensuring a multi-agency assessment	Stefan Smith				
• Ensure Sexual Exploitation Risk Assessments (SERAF's) and Missing Persons Risk Assessments are completed as required	Stefan Smith				
• Review our assessments in light of the implementation of the Social Services and Well-being Act 2014	Stefan Smith				
• Implement the "Signs of Safety" model within Carmarthenshire and incorporate into practice	Stefan Smith				
• Continue to work with partners to improve appropriate accommodation options and housing support for all vulnerable young people (aged 16-25).	Stefan Smith				
• Implement new arrangements for our leaving care services in accordance with the Social Services and Well-being Act 2014	Stefan Smith				
• Ensure that all councillors are equipped to act as corporate parents to looked after children	Stefan Smith				
• Ensure the Independent Reviewing Service (IRO) becomes more outcome focused	Stefan Smith				
• Carmarthenshire's Multi Agency Adult Safeguarding Board	Jake Morgan				
• Duty Safeguarding Service operating within normal working hours	Jake Morgan				
• Trained Standby Officers for out of hours emergencies during evenings and weekends	Jake Morgan				
• Clear point of access has been provided to the public and professionals for accepting Adult Protection referrals	Jake Morgan				

Carmarthenshire CC

CR20170011 - Develop and Deliver the Improvement Plan / Corporate Performance Plans	• Undertake detailed analysis of all lower quartile Performance Indicators to develop action plans.	Wendy Walters	Substantial 4	Unlikely 2	Medium 8
	• Address underperformance via Business Planning process	Wendy Walters			
	• Monitoring progress via Performance and Improvement Monitoring System (PIMS) and dashboards	Wendy Walters			
CR20170012 - Failure to adhere to an effective Corporate Governance Framework	• Corporate Governance Group	Helen Pugh	Substantial 4	Unlikely 2	Medium 8
	• Wales Audit Office Corporate Assessment Action Plan monitored via Dashboard	Wendy Walters			
	• Implementation of the WLGA Review of Governance	Wendy Walters			
	• Annual Governance Statement	Helen Pugh			
CR20170013 - Delivery of the City Deal (Outcomes / Budget)	• Establishment of Swansea Bay City Region Board	Wendy Walters	Substantial 4	Possible 3	High 12
	• Development of Regional Joint Committees	Wendy Walters			
	• An agreement between the UK and Welsh Governments and 4 local authorities (Carmarthenshire, Swansea, Neath & Port Talbot and Pembrokeshire) and successful private and public collaboration will address the economic underperformance of the region, with emphasis on uplifting productivity, skills, employment and prosperity.	Wendy Walters			
	• Financial Planning	Chris Moore			

CR20170014 - Delivery of the Wellness Project (Outcomes / Budget)	• Membership of Project Board	Wendy Walters	Substantial 4	Possible 3	High 12
	• Memorandum of Understanding	Wendy Walters			
	• Development of Life Science and Well-being network of campuses and villages, consisting of primary / community care facility, an Institute of Life Science and an educational and skill development capability.	Wendy Walters			
	• Financial Planning	Chris Moore			
<hr/>					
CR20170015 - Delivery of the Approved Capital Programme (Outcomes / Budget)	• Strategic Asset Steering Group	Jonathan Fearn	Substantial 4	Unlikely 2	Medium 8
	• Project Management Tool Kit	Wendy Walters			
	• Project Management Training	Paul R Thomas			
<hr/>					
CR20170016 - Delivery of the Authority's Waste Management Strategy (including meeting Landfill Targets)	• Maintain current provision and infrastructure for recycling	Ainsley Williams	Substantial 4	Possible 3	High 12
	• Continue education and awareness activity to improve participation.	Ainsley Williams			
<hr/>					

CR20170017 - Effective Management of demand for Social Care (Adult & Children)	<ul style="list-style-type: none"> Establish effective systems to ensure thresholds for access and eligibility criteria are understood and consistently applied by staff and partners 	Stefan Smith/Avril Bracey/Rhian Dawson	Significant 3	Possible 3	Medium 9
	<ul style="list-style-type: none"> Deliver implementation plan for Social Services and Wellbeing Act 	Stefan Smith/Avril Bracey/Rhian Dawson			
	<ul style="list-style-type: none"> Collaborate with partners to deliver information, advice, assistance and preventive services 	Stefan Smith/Avril Bracey/Rhian Dawson			
	<ul style="list-style-type: none"> Recommission Families First and Flying Start programmes to deliver early intervention with children and families 	Stefan Smith			
	<ul style="list-style-type: none"> Work with partners, local community action groups and local people to build resilient communities and community models of support 	Avril Bracey / Rhian Dawson			
	<ul style="list-style-type: none"> Promote and develop social enterprises and cooperatives to provide preventative services, care and support 	Avril Bracey / Rhian Dawson			
CR20170018 - Delivery of quality Education Service. Ensuring that Schools effectively manage their financial resources and respond to the challenges of reduced funding.	<ul style="list-style-type: none"> Implement the actions detailed in the Modernising Education Programme for 2016/17 	Gareth Morgans	Substantial 4	Possible 3	High 12
	<ul style="list-style-type: none"> Steering Group monitors work on an ongoing basis 	Gareth Morgans			

CR20170019 - Ensure quality and adequate supply of Housing within the County

- Implement Carmarthenshire Homes Standard project plan
- Continue work of Affordable Housing Partnership Group
- Continue work of review of access Social Housing

Robin Staines
Robin Staines
Robin Staines

Substantial	Improbable	Low
4	1	4

CR20170020 - Maintain and develop effective Planning Policies (including delivering effective enforcement)

- Rural Development Plan (RDP)
- Local Development Plan (LDP)
- Local Enforcement

Llinos Quelch
Llinos Quelch
Llinos Quelch



Substantial	Unlikely	Medium
4	2	8

CARMARTHENSHIRE COUNTY COUNCIL

STRATEGIC RISK REGISTER IMPACT GRID

Risk classes / Impact	Minor 1	Moderate 2	Significant 3	Substantial 4	Catastrophic 5
Reputation Adverse / critical comment Ombudsman Investigation	<i>Ward / village</i>	<i>Local media</i>	<i>Welsh media</i>	<i>National media</i>	<i>Welsh Government Intervention</i>
Service Delivery Health / Education / Leisure Facility Support / Admin Facility	<i>Internal disruption only – no loss of service</i>	<i>Short Term disruption to service</i>	<i>Action required to overcome short-term difficulties</i>	<i>Key targets missed; Some services compromised</i>	<i>Prolonged interruption to core services</i>
Environmental impairment Recovery / remediation time	<i>No lasting detrimental effect on the environment or the community</i>	<i>Short-term, local environmental or social impact</i>	<i>Medium-term environmental or social impact</i>	<i>Major public health / environmental incident or loss of significant community facility</i>	<i>Recovery impossible or extremely long term</i>
People / Casualty Employee accidents	<i>Minor injuries</i>	<i>Ill health</i>	<i>Multiple ill health Disabling injury</i>	<i>Serious disabling injuries</i>	<i>Fatalities</i>
Financial Implication	<i>Less than £5k</i>	<i>£5k - £50k</i>	<i>£50k - £500k</i>	<i>£500k - £2m</i>	<i>More than £2m</i>

STRATEGIC RISK REGISTER PROBABILITY GRID

Improbable Lowest Probability 1	Unlikely 2	Possible Median Probability 3	Likely 4	Probable Highest Probability 5
<i>Circumstances rarely encountered / Unlikely to occur</i>		<i>Circumstances occasionally encountered / medium likelihood of occurrence</i>		<i>Very likely to occur</i>

Audit Committee 24th March 2017

Subject: Carmarthenshire County Council Audit Committee Update – March 2017

Recommendations / key decisions required:

To receive the Wales Audit Office report noted above.

Reasons: The Wales Audit Office carries out both financial audit and performance audit work at the Council. This report summarises the progress on their audit work as at March 2017.

Relevant scrutiny committee to be consulted: n/a

Exec Board Decision Required No

Council Decision Required No

Executive Board Member Portfolio Holder: Cllr. David Jenkins (Resources)

Wales Audit Office Report

Richard Harries

Designations:

Engagement Director and
Engagement Lead – Financial
Audit

Tel Nos. / E-Mail Addresses:

[02920 320500](tel:02920320500)

Richard.harries@audit.wales

EXECUTIVE SUMMARY
Audit Committee
24th March 2017

SUBJECT

Carmarthenshire County Council Audit Committee Update – March 2017

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

The Wales Audit Office carries out both financial audit and performance audit work at the Council. This report summarises the progress on their audit work as at March 2017.

DETAILED REPORT ATTACHED ?

YES

IMPLICATIONS

The report is a Wales Audit Office Report and any implications are detailed within the report

I confirm that other than those implications listed below there are no implications for the Authority arising from this report. If necessary, the Authority will need to respond to implications arising from the report where applicable.

Signed: Owen Bowen Head of Financial Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: Owen Bowen Head of Financial Services

1. Scrutiny Committee – N/A
2. Local Member(s) – N/A
3. Community / Town Council – N/A
4. Relevant Partners – N/A
5. Staff Side Representatives and other Organisations – N/A

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No. / Locations that the papers are available for public inspection

Carmarthenshire County Council

Wales Audit Office Work Programme: Audit Committee Update, March 2017

Financial audit work 2015-16 – Dyfed Pension Fund

Activity	Scope	Status
Financial Statements/Annual Audit Letter	Audit of the Pension Fund's 2015-16 financial statements and Annual Audit Letter.	Work completed and report presented to Audit Committee September 2016.

Financial audit work 2015-16 – Carmarthenshire County Council

Activity	Scope	Status
Certification of Grants and Returns 2014-15	Summary of grants and returns certification work 2014-15.	Audit Committee July 2016.
Financial Statements 2015-16	Audit of the Council's 2015-16 financial statements.	Audit Committee September 2016.
Annual Audit Letter	Report summarising our 2015-16 financial audit work.	Audit Committee January 2017
Agreed Action Plan For 2016-17 Accounts Preparation and Audit Process	Summary of agreed actions for making improvements to the 2016-17 accounts preparation and audit processes.	Audit Committee January 2017

Financial audit work 2016-17 – Dyfed Pension Fund

Activity	Scope	Status
Audit Plan	Plan of financial audit work for 2016-17.	Report is to be presented to the Audit Committee March 2017.
Financial Statements/Annual Audit Letter	Audit of the Pension Fund's 2016-17 financial statements and Annual Audit Letter.	Report is to be presented to the Audit Committee September 2017.

Financial audit work 2016-17 – Carmarthenshire County Council

Activity	Scope	Status
Audit Plan 2017	Plan of financial audit work for 2016-17.	Report is to be presented to the Audit Committee March 2017.
Certification of Grants and Returns 2015-16	Summary of grants and returns certification work 2015-16.	Report is to be presented to the Audit Committee March 2017.
Financial Statements 2016-17	Audit of the Council's 2016-17 financial statements.	Report is to be presented to the Audit Committee September 2017.
Annual Audit Letter	Report summarising our 2016-17 financial audit work.	Report is to be presented to the Audit Committee January 2018.

Performance work 2016-2017 - Carmarthenshire County Council

Activity	Scope	Status
Audit Plan	Plan of performance audit work for 2016-17.	Complete - Audit Committee March 2016
Improvement Plan Audit	Audit of the discharge of the Council's duty to publish an improvement plan.	Complete - Review of ARIP complete. Certificate issued Presented to Audit Committee September 2016
Assessment of performance	Audit of the discharge of the Council's duty to publish an assessment of performance.	Complete – see above
Annual Improvement Report	Report from AGW reviewing the Council's performance and arrangements	To be published May 2017
Thematic Study: Financial Resilience (3)	Focus: Savings Plans	Local report issued March 2017
Thematic Study: Governance	Focus: Governance of significant changes	Draft local report – to be issued in March 2017
Thematic Study: Transformation	The approach will gather the views of Chief Executives and managers about the key issues they face in dealing with change/transformation and the skills required to tackle them.	Projected timescale: April 2017 – June 2017
Local Project	Review of ICT arrangements – follow up of Corporate Assessment PFI	Site work (intermittent) - July to December 2016. Reporting within Annual Improvement Report 2016-17

Local Project	Review of progress of Corporate Assessment PFIs	Reporting within Annual Improvement Report 2016-17
Local Government Improvement Study – Improving well-being through housing adaptations	Underway – Carmarthenshire Council will participate in the survey only	Fieldwork stage
Local Government Improvement Study – Strategic commissioning of learning disability services by local authorities.	Underway – Carmarthenshire Council will participate in the survey only	Fieldwork stage
Local Government Improvement Study – How local government manages demand – Homelessness services	Underway – Carmarthenshire Council is one of five sample local authorities participating in this study – involving fieldwork.	Fieldwork/interviews undertaken

Last updated: 10.03.17

Audit Committee 24th March 2017

Subject: Certification of Grants and Returns – Carmarthenshire County Council 2015-16		
Recommendations / key decisions required: To receive the Wales Audit Office report noted above.		
Reasons: The Wales Audit Office provide certificates on a number of grant claim audits during the year. This report summarises their work on grant claims for 2015-16		
Relevant scrutiny committee to be consulted: n/a		
Exec Board Decision Required		No
Council Decision Required		No
Executive Board Member Portfolio Holder: Cllr. David Jenkins (Resources)		
Wales Audit Office Report Richard Harries	Designations: Engagement Director and Engagement Lead – Financial Audit	Tel Nos. / E-Mail Addresses: 02920 320500 Richard.harries@audit.wales

EXECUTIVE SUMMARY
Audit Committee
24th March 2017

SUBJECT

Certification of Grants and Returns – Carmarthenshire County Council 2015-16

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

The Wales Audit Office provide certificates on a number of grant claim audits during the year. This report summarises their work on grant claims for 2015-16

DETAILED REPORT ATTACHED ?

YES

IMPLICATIONS

The report is a Wales Audit Office Report and any implications are detailed within the report

I confirm that other than those implications listed below there are no implications for the Authority arising from this report. If necessary, the Authority will need to respond to implications arising from the report where applicable.

Signed: Owen Bowen Head of Financial Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: Owen Bowen Head of Financial Services

1. Scrutiny Committee – N/A
2. Local Member(s) – N/A
3. Community / Town Council – N/A
4. Relevant Partners – N/A
5. Staff Side Representatives and other Organisations – N/A

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No. / Locations that the papers are available for public inspection



EICH CYNGOR arleinamdani
www.sirgar.llyw.cymru

YOUR COUNCIL doonline
www.carmarthenshire.gov.wales



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Certification of Grants and Returns 2015-16 – Carmarthenshire County Council

Audit year: 2015-16

Date issued: March 2017

Document reference: 229A2017

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

The team who delivered the work comprised Richard Harries, Jason Garcia, Julie Owens, Ian Griffiths, Rhian Phipps and Mandy Williams.

Contents

There have been improvements in the Council's arrangements for the production and submission of grant claims in 2015-16 although there are some areas where further work is required.

Summary report 4

Appendix

Appendix 1 – Detailed issues and audit fees 7

Summary report

- 1 Carmarthenshire County Council (the Council) is responsible for submitting the claims and returns to which it is entitled and for ensuring that they are:
 - completed accurately and in accordance with schemes' terms and conditions;
 - completed in a timely fashion so that deadlines are met;
 - supported by systems of internal control, including systems of internal financial control and internal audit;
 - supported by adequate working papers; and
 - subject to proper supervision and review.
- 2 For the 2015-16 financial year, we certified 13 grant claims and returns with an aggregate value of £141 million. In auditing these grant claims we have reached one of the following conclusions:
 - provided an unqualified certificate;
 - provided an unqualified certificate following agreed amendments to the claim;
 - provided a certificate which is accompanied by a qualification letter; or
 - provided a certificate following agreed adjustments to the claim which is accompanied by a qualification letter.
- 3 We have completed our work and conclude that there have been improvements in the Council's arrangements for the production and submission of grant claims in 2015-16 compared to previous years, although there are some areas where further improvements can be made.
- 4 Our conclusion is based on the following overall findings:
 - all of the claims were submitted to us on time;
 - there were no significant amendments made to any of the claims;
 - there has been a reduction in the proportion of claims requiring qualification in 2015-16 (31% this year compared with 50% qualified last year); and

- given these improvements, our fee for certification of returns comparing comparable returns (ie, excluding those for which certification was required in 2014-15 but not in 2015-16) has decreased from £75,388 in 2014-15 to £72,397 in 2015-16.
- 5 The Council has taken a number of steps to improve grants management over recent years and these actions are now delivering improvements. Those areas where the Council needs to continue to improve its grant certification arrangements are shown in [Exhibit 1](#) below.
- 6 These issues were not encountered on every grant claim audited but have been seen on some grant claim audits in previous years. Where we have encountered these issues we have a duty to report the facts to the relevant paying department.
- 7 These letters highlight any identified issue concerning the Council's compliance with a scheme's requirements. In these circumstances, it is possible that the relevant grant-paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate. There is a risk that a grant-paying body could reclaim funding from the Council.
- 8 The issues we have encountered that have either resulted in an amendment or have been reported in some qualification letters during 2015-16, are detailed on an individual scheme basis in [Appendix 1](#) but can be summarised as follows:

[Exhibit 1: issues that required qualification letters](#)

Issues that required qualification letters to be issued on individual grant claims

- Non-compliance with the Council's own procurement rules (one claim).
- Supporting evidence to confirm eligible expenditure items in the claim (one claim).
- Processes not following scheme regulations (one claim).
- Claim form did not agree to original approval letter/memorandum of agreement (one claim).

- 9 These matters have been discussed and agreed with management and we will follow up action taken as part of our 2016-17 audit of grant claims and returns.
- 10 Detailed below is a summary of the key outcomes from our certification work on the Council's 2015-16 grants and returns.

Exhibit 2: key outcomes

Summary Certification work outcomes

Overall we certified 13 grants and returns:

- four were unqualified with no amendment;
- five were amended for minor issues; and
- four required a qualification to our audit certificate which referred to some of the issues referred to in **Exhibit 1** and **Appendix 1**.

- 11 **Appendix 1** also outlines the fees charged for these grant claims in 2015-16. This appendix also shows the cost for each comparable claim for 2014-15.

Appendix 1

Detailed issues and audit fees

Exhibit 3: audit fees and issues

Scheme	Amount of return / grant claimed (£)	Audit fee 2015-16 (£)	Audit fee 2014-15 (£)	Issues identified
BEN01 – Housing and Council Tax Benefits Scheme	50,348,646	14,599	11,543	Sample testing of rent allowances cases highlighted one case where a rent officer referral eligible amount had been incorrectly entered onto the system. We extended our testing to ensure this was a one-off error and no further issues were identified.
EDU18 – Transitional School Building Improvements Grant (two claims)	13,119,086	5,359	5,270	Minor amendment to the claim form to remove brackets from the amount payable figure.
EYC01 – Flying Start Revenue	3,754,709	4,417	6,158	No issues identified.
EYC02 – Flying Start Capital	1,309,897	2,877	2,734	Minor amendment to the claim form to correct a transposition error.
EYC14 – Families First	2,200,799	2,778	4,463	The claim was qualified because Council procedures had not been followed for the procurement of an education contract. The contract was awarded using a single tender action, but without the required S.151 officer approval.
PHLG01 – Section 33 NHS (Wales) Act 2006 Pooled Budgets	515,919	1,295	3,457	The return was amended to increase the amount payable to the scheme for previously unidentified expenditure of £690.

Scheme	Amount of return / grant claimed (£)	Audit fee 2015-16 (£)	Audit fee 2014-15 (£)	Issues identified
HLG03 – Section 34/194 NHS (Wales) Act 2006 Money Transfers	700,000	2,755	2,356	The return was qualified as a number of issues reported in the previous year had not been addressed. In addition, the amount awarded by the paying body - £700,000 did not agree to the original signed memorandum of agreement, which stated £800,000. An updated and signed agreement was not in place to evidence this subsequent amendment.
LA01 – NNDR Final Contribution	47,147,969	7,205	5,847	The claim was amended to correct a misclassification between the organisations granting relief. This did not have any effect on the amount payable.
PEN05 – Teachers Pensions	15,536,507	2,937	1,976	The claim was qualified as our sample testing of contributions identified one case where a variable employee's contribution rate had been incorrectly applied during the year. In addition, we found one case where an employee who had not formally opted out of the scheme had not made any pensions contributions.
RG03 – Communities First	580,087	5,951	4,928	No issues identified.
SOC07 – Social Care Workforce Development Programme	416,965	2,320	2,810	No issues identified.
TRA15 – Transport Grant	3,209,473	2,812	3,530	The claim was qualified as we identified one transaction of £125,000, which had not been defrayed during the period, and we could not confirm eligibility in accordance with scheme guidelines and our certification instruction. We accept that the Council had received informal correspondence from a Welsh Government official agreeing to the funding for this transaction but, in line with our agreed certification instruction, we needed to report this formally to Welsh Government.

Scheme	Amount of return / grant claimed (£)	Audit fee 2015-16 (£)	Audit fee 2014-15 (£)	Issues identified
TRA23 – Free Concessionary Travel	2,047,991	3,287	2,687	No issues identified.
Grants supervision, control and reporting	0	13,805	17,629	
Total	140,888,048	72,397	75,388	

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone.: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru

Audit Committee 24th March 2017

Subject: 2017 Audit Plan – Carmarthenshire County Council		
Recommendations / key decisions required: To receive the Wales Audit Office report noted above.		
Reasons: The Auditor General is the auditor for Carmarthenshire County Council and this plan summarises the work to be carried out to discharge his statutory responsibilities under the Public Audit (Wales) Act 2004.		
Relevant scrutiny committee to be consulted: n/a		
Exec Board Decision Required	No	
Council Decision Required	No	
Executive Board Member Portfolio Holder: Cllr. David Jenkins (Resources)		
Wales Audit Office Report Richard Harries	Designations: Engagement Director and Engagement Lead – Financial Audit	Tel Nos. / E-Mail Addresses: 02920 320500 Richard.harries@audit.wales

EXECUTIVE SUMMARY
Audit Committee
24th March 2017

SUBJECT

2017 Audit Plan – Carmarthenshire County Council

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

The Auditor General is the auditor for Carmarthenshire County Council and this plan summarises the work to be carried out to discharge his statutory responsibilities under the Public Audit (Wales) Act 2004.

DETAILED REPORT ATTACHED ?

YES

IMPLICATIONS

The report is a Wales Audit Office Report and any implications are detailed within the report

I confirm that other than those implications listed below there are no implications for the Authority arising from this report. If necessary, the Authority will need to respond to implications arising from the report where applicable.

Signed: Owen Bowen Head of Financial Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: Owen Bowen Head of Financial Services

1. Scrutiny Committee – N/A
2. Local Member(s) – N/A
3. Community / Town Council – N/A
4. Relevant Partners – N/A
5. Staff Side Representatives and other Organisations – N/A

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No. / Locations that the papers are available for public inspection



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2017 Audit Plan – Carmarthenshire County Council

Audit year: 2016-17

Date issued: March 2017

Document reference: 233A2017

This document has been prepared for the internal use of Carmarthenshire County Council as part of work performed/to be performed in accordance with statutory functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties.

Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

This document was produced by Richard Harries, Jason Garcia, Jeremy Evans, Julie Owens and Alison Lewis

Contents

2017 Audit Plan

Summary	4
Audit of accounts	4
Certification of grant claims and returns	7
Other work undertaken	7
Performance audit	8
Fee, audit team and timetable	11
Future developments to my audit work	13

Appendices

Appendix 1 – respective responsibilities	14
Appendix 2 – performance work in last year’s audit outline still in progress	16
Appendix 3 – national value-for-money studies	17
Appendix 4 – other future developments	19

2017 Audit Plan

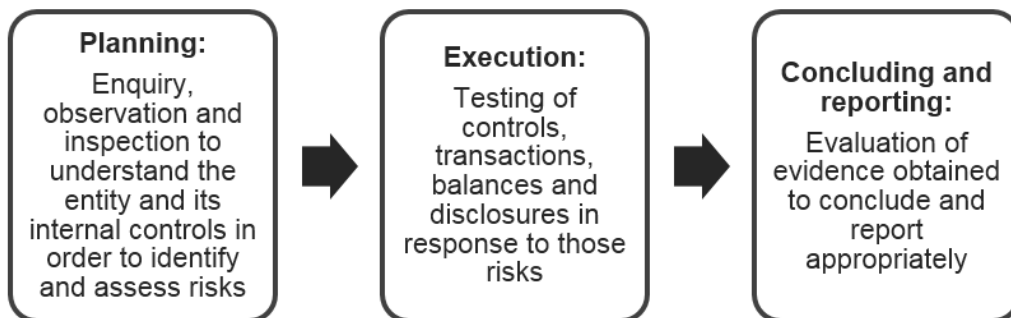
Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are ‘true and fair’;
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their ‘truth and fairness’.
- 6 I also consider whether or not Carmarthenshire County Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



9 The risks identified from my initial audit planning work that will impact on my financial statements audit, are set out in [Exhibit 2](#), along with the work I intend to undertake to address them.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
<p>Management override</p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>Revenue recognition</p> <p>There is also a potential risk across all public sector entities of misstatement due to fraud or error in revenue recognition and, as such, is treated as a significant risk.</p>	<p>My audit team will evaluate which types of revenue give rise to such risks, obtain an understanding of the Council’s related controls relevant to such risks and focus its testing on the timing and value of revenue where appropriate.</p>

Financial audit risk	Proposed audit response
<p>Financial Statements Production</p> <p>The timetable for producing the financial statements remains demanding. Management will need to ensure that appropriate arrangements are in place for the preparation and oversight of robust financial statements that comply with International Financial Reporting Standards (IFRS) and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code'). In addition, ensuring good quality working papers are provided on the commencement of the audit, with both these and the statements having been subject to appropriate senior management review. For Whole of Government Accounts purposes, Management must prepare a consolidation pack to support the consolidation of public sector resource accounts and there is a risk this may be inconsistent with the audited financial statements.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • provide support and advice wherever possible without compromising our independence; • provide an audit deliverables report to assist in the preparation of relevant working papers in support of the financial statements; • review closedown plans to assess that arrangements are in place to produce robust financial statements within the prescribed timetable; • agree a timetable for the audit and certification of the financial statements; • assess whether the financial statements comply with the Code; and • review the consolidation pack to ensure that it accurately reflects the audited financial statements.
<p>Valuation of property, plant and equipment</p> <p>Weaknesses in the processes in place to value property assets resulted in some material amendments in the 2014-15 and 2015-16 financial statements. There is a risk that these weaknesses are not fully addressed and assets are materially misstated in the 2016-17 accounts.</p>	<p>My audit team will meet with Council officers early to discuss the intended revised procedures to the valuation processes for 2016-17. We will also review the assumptions and bases used in the valuations, and test the accounting for movements in carrying values of assets to confirm compliance with the LG Code.</p>
<p>Minimum Revenue Provision</p> <p>Management has indicated an intention to amend its policy in how it calculates the provision for redemption of debt charged to revenue.</p>	<p>We will review the basis of the revised change and consider the Council's justification for doing so to ensure it meets its statutory duties and the requirements of the relevant legislation.</p>
<p>Capital Projects</p> <p>There are a number of material capital projects ongoing in 2016-17, with some slippage expected into 2017-18. There is an inherent risk that the financial statements will not reflect all work completed up to 31 March 2017.</p>	<p>My audit team will undertake tests to gain assurance that asset valuations, financing and capital commitments are correctly reflected in the financial statements.</p>

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
- 11 For reporting purposes, I will treat any misstatements below a 'trivial' level (5% of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 13 In addition to my responsibilities in respect of the audit of Carmarthenshire County Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts.

Certification of grant claims and returns

- 14 I have been requested to undertake certification work on Carmarthenshire County Council's grant claims and returns.
- 15 My audit fee for this work is set out in [Exhibit 6](#).

Other work undertaken

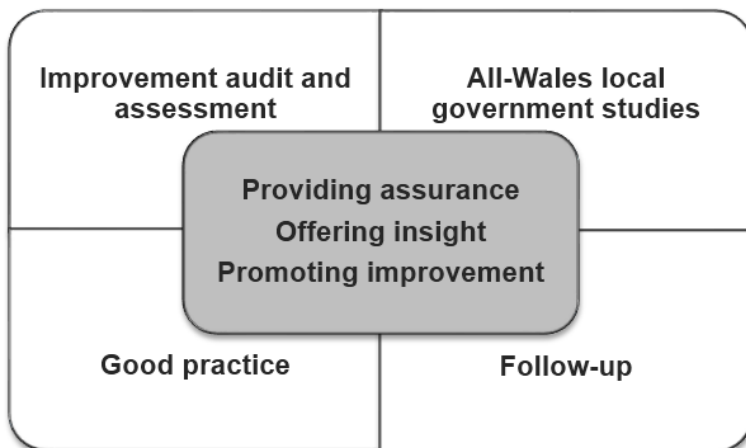
- 16 I am also responsible for the independent examination of Burry Port Harbour Authority's 2015-16 financial statements.
- 17 My audit fee for this work is set out in [Exhibit 6](#).
- 18 You will be aware that the CIPFA/LASAAC Local Authority Accounting Code Board (Code Board) has deferred the planned move to measuring the local authority highways network asset at depreciated replacement cost. The Code Board will consider whether the central GRC rates and central assurance processes will be delivered in a timely manner to enable successful implementation in 2017-18 at its meeting in March 2017. The requirements will be introduced in the 2017-18 Code.

- 19 Any required additional audit work in relation to the highways network asset cannot be contained within existing fees. The additional audit cost will be agreed based on the quality of the council's systems and records and the availability of central assurances. I anticipate that the additional fees related to the highways network asset will be reflected in the audit fee for 2017-18.
- 20 It will, however be important for authorities to maintain their momentum in preparing for this significant change and may wish to engage with their external auditor as they make progress. I will discuss with you the scope of any additional preparatory work required in 2017 and any additional audit fee for such work.

Performance audit

- 21 The components of my performance audit work are shown in [Exhibit 3](#).

Exhibit 3: components of my performance audit work



- 22 Local government in Wales is going through an unprecedented period of change. Austerity continues to bite, audited bodies will be required to adopt the principle of sustainable development from April 2016, and local government reform remains under consideration.
- 23 For 2017-18 the Measure will still be in place, and I will still need to examine whether authorities will meet their duty to make arrangements for continuous improvement. The challenge for me in these uncertain times is to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments.

- 24 During 2016 I consulted with public service bodies on how I can best discharge my various duties whilst striking the most appropriate balance and adding value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people’s needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 25 In addition to the annual programme of audit and assessment work, the Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. **Exhibit 4** summarises the present position on the current programme of studies. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.

Exhibit 4: local government studies

Study	Status
2015-16 studies	
Community safety	Published October 2016
Income generation and charging	Published November 2016
Council funding of third sector services	Published January 2017
2016-17 studies	
How local government manages demand	Fieldwork
Strategic commissioning	Fieldwork
Improving well-being through housing adaptations	Fieldwork

- 26 Taking all these factors into consideration, my 2017-18 programme of work will comprise:

Exhibit 5: performance audit programme

Performance audit programme	Brief description
<p>Improvement audit and assessment work including:</p> <ul style="list-style-type: none"> • improvement planning and reporting audit; • follow-up of local and national proposals for improvement/recommendations; • local risk-based projects – TBC; and • Annual Improvement Report. 	<ul style="list-style-type: none"> • basic certification of improvement plan and annual report; • follow-up review of a sample of local and national proposals for improvement/recommendations; • project briefs will be shared prior to commencement of project work; and • summary of performance audit work undertaken in the year.
WFG baseline assessment	<p>The Year One Commentary: We will gather evidence on how the 44 bodies are beginning to respond to the requirements of the WFG Act and identify examples of notable emerging practice. The work will be designed to support improvement and inform future audit work under the Act.</p>
WFG Scrutiny review	<p>This review will examine the impact of the WFG Act on the work of scrutiny committees, including PSB scrutiny, facilitating improvement and the sharing of good practice.</p>
Service User Perspective review	<p>This project will test the service-user interface at all authorities. The review will evaluate what it feels like (as a member of the public) to deal with council services, involving a selection of services and scenarios.</p>

27 The performance audit projects included in last year’s Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

Fee, audit team and timetable

Fee

- 28 The Wales Audit Office does not generate profits on fees. Legislation requires that the fees charged may not exceed the full cost of exercising the function to which the fee relates. The fee rates are set at a level to recover that full cost. My fee rates have been held static for 2017 and my audit teams will continue to look for efficiencies in their audits and welcome working with you constructively on this.
- 29 Your estimated fee for 2017 is set out in [Exhibit 6](#). This figure represents a 4.5% decrease compared to the fee set out in the 2016 audit plan.

Exhibit 6: audit fee

Audit area	Proposed fee (£)	Actual fee last year (£)
Audit of accounts	183,946	184,167
Performance audit work	100,261	116,382
Grant certification work	72,000	72,709
Burry Port Harbour independent examination	750	758
Total fee	356,957	374,016

- 30 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 31 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

Audit team

- 32 The main members of my team, together with their contact details, are summarised in [Exhibit 7](#).

Exhibit 7: my team

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Director and Engagement Lead – Financial Audit	02920 320500	Richard.harries@audit.wales
Huw Rees	Engagement Lead – Performance Audit	02920 320599	Huw.Rees@audit.wales

Name	Role	Contact number	E-mail address
Jason Garcia	Financial Audit Manager	07854 022649	Jason.garcia@audit.wales
Julie Owens	Financial Audit Team Leader	01267 224489	Julie.owens@audit.wales
Jeremy Evans	Performance Audit Manager	07825 052861	jeremy.evans@audit.wales
Alison Lewis	Performance Audit Lead	07773 193217	alison.lewis@audit.wales

- 33 I can confirm that my team members are all independent of Carmarthenshire County Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

- 34 I will provide reports, or other outputs as agreed, to Carmarthenshire County Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 8](#).

Exhibit 8: timetable

Planned output	Work undertaken	Report finalised
2017 Audit Plan	January to March 2017	March 2017
Financial accounts work: <ul style="list-style-type: none"> Audit of Financial Statements Report Opinion on Financial Statements Financial Accounts Memorandum 	January to September 2017	September 2017 September 2017 October 2017
Performance work: <ul style="list-style-type: none"> See Exhibit 5 	To be arranged	To be arranged
Annual Improvement Report	Throughout the year	June 2018
2018 Audit Plan	January to March 2018	March 2018
WFG: year one commentary	To be arranged	N/A

Future developments to my audit work

Well-being of Future Generations (Wales) Act 2015

35 The Well-being of Future Generations (Wales) Act 2015 (the Act) became law in April 2015. The Act requires me to report before the next National Assembly election on how public bodies are acting in accordance with the sustainable development principle when setting their well-being objectives and taking steps to meet them. In 2017 I will conduct my first work under the Act – the Year One Commentary – to understand how bodies are beginning to respond to the requirements. I will also work collaboratively with a small number of public bodies, including the central government sector, to develop an audit approach that is meaningful and proportionate and can be adopted in subsequent years.

Other

- 36 Details of other future developments including changes to key IFRS and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 4](#).
- 37 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates. Forthcoming events include:
- the challenges posed by indirectly provided, publicly funded services in Wales;
 - how you manage risk around organisation change, service transformation and innovation; and
 - measuring outcomes: who's doing it and how (linked to Well-Being of Future Generations Act).

Appendix 1

Respective responsibilities

Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure;
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether Carmarthenshire County Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- Carmarthenshire County Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect Carmarthenshire County Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter, which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities, which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within Carmarthenshire County Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. The Auditor General must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Appendix 2

Performance work in last year's audit outline still in progress

Exhibit 9: performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
Transformation theme	Not started	Expected to commence in March 2017 and conclude by June 2017
Local projects	Fieldwork underway	To be reported in the Annual Improvement Report – May 2017
Good governance when determining significant service changes	Report drafting	Draft report expected to be issued in March/April 2017

Appendix 3

National value-for-money studies

Carmarthenshire County Council may also be interested in the national value-for-money examinations which I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are supported by funds approved by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

Exhibit 10 covers all of the value-for-money studies work currently programmed.

The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work or based on the findings of reactive examinations.

I am also currently consulting with the Public Accounts Committee and other stakeholders about the inclusion in my programme of a number of new value-for-money studies to be rolled out during 2017-18. For example, I have already indicated to the committee that, following my July 2016 report on the Welsh Government's funding of Kancoat Ltd, I am considering a broader examination of the Welsh Government's support for business.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Exhibit 10: national value-for-money studies

Topic	Anticipated publication (as at 3 January 2017)
Outpatient follow-up appointments	February 2017
Governance and oversight of arms-length bodies (discussion paper)	February 2017
Welsh Government oversight of further education institutions' finances and delivery	March 2017
Circuit of Wales	February 2017
Emergency ambulance services commissioning	February 2017
21st century schools and education programme	March 2017
Public procurement landscape review	April to July 2017
Waste management (waste prevention)	April to July 2017
Waste management (municipal recycling) ¹	April to July 2017

¹ In addition to the work on waste prevention and municipal recycling, I will be taking forward a review of waste treatment infrastructure in early 2017.

Topic	Anticipated publication (as at 3 January 2017)
Implementation of the NHS Finances (Wales) Act 2014 (integrated medium-term planning)	April to July 2017
Supporting People programme	April to July 2017
NHS Wales informatics services	April to July 2017
Access to public services with the support of specialist interpretation and translation	August to October 2017
Preparations for the implementation of fiscal devolution in Wales (follow-on report)	August to October 2017
Early intervention and behaviour change	TBC2

² My programme of good practice work has included a project exploring behaviour change work across Welsh public services and opportunities to improve practice, deliver better outcomes for citizens, and achieve better value for money. I still anticipate that the information and evidence gathered through this work will support the production of a report on this topic, although this is unlikely to be a traditional audit report and plans for its production are still to be confirmed.

Appendix 4

Other future developments

Forthcoming key IFRS changes

Exhibit 11: forthcoming key IFRS changes

Standard	Effective date	Further details
IFRS 9 Financial instruments	2018-19	IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on an expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.
IFRS 15 Revenue from contracts with customers	2018-19	IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.
IFRS 16 Leases	2019-20	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face-to-face and resources shared online.

The focus of GPX events include financial management, public sector staff and governance.

Further information, including details of forthcoming GPX events and outputs from past seminars, can be found on the [GPX section of the Wales Audit Office website](#).

Registration for all events will open two months prior to the event.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone : 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru

Audit Committee 24th March 2017

Subject: 2017 Audit Plan – Dyfed Pension Fund

Recommendations / key decisions required:

To receive the Wales Audit Office report noted above.

Reasons: The Auditor General is the auditor for Dyfed Pension Fund and this plan summarises the work to be carried out to discharge his statutory responsibilities under the Public Audit (Wales) Act 2004.

Relevant scrutiny committee to be consulted: n/a

Exec Board Decision Required No

Council Decision Required No

Executive Board Member Portfolio Holder: Cllr. David Jenkins (Resources)

Wales Audit Office Report

Richard Harries

Designations:

Engagement Director and
Engagement Lead – Financial
Audit

Tel Nos. / E-Mail Addresses:

[02920 320500](tel:02920320500)

Richard.harries@audit.wales

EXECUTIVE SUMMARY
Audit Committee
24th March 2017

SUBJECT

2017 Audit Plan – Dyfed Pension Fund

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

The Auditor General is the auditor for Dyfed Pension Fund and this plan summarises the work to be carried out to discharge his statutory responsibilities under the Public Audit (Wales) Act 2004.

DETAILED REPORT ATTACHED ?

YES

IMPLICATIONS

The report is a Wales Audit Office Report and any implications are detailed within the report

I confirm that other than those implications listed below there are no implications for the Authority arising from this report. If necessary, the Authority will need to respond to implications arising from the report where applicable.

Signed: Owen Bowen Head of Financial Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: Owen Bowen Head of Financial Services

1. Scrutiny Committee – N/A
2. Local Member(s) – N/A
3. Community / Town Council – N/A
4. Relevant Partners – N/A
5. Staff Side Representatives and other Organisations – N/A

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No. / Locations that the papers are available for public inspection



EICH CYNGOR arleinamdani
www.sirgar.llyw.cymru

YOUR COUNCIL doonline
www.carmarthenshire.gov.wales



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2017 Audit Plan – Dyfed Pension Fund

Audit year: 2016-17

Date issued: February 2017

Document reference: 196A2017

This document has been prepared for the internal use of Dyfed Pension Fund as part of work performed/to be performed in accordance with statutory functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties.

Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document was produced by Richard Harries, Jason Garcia and Julie Owens

Contents

2017 Audit Plan

Summary	4
Audit of Pension Fund accounts	4
Pension Fund annual report	8
Fee, audit team and timetable	8
Appendices	
Appendix 1 – respective responsibilities	10

2017 Audit Plan

Summary

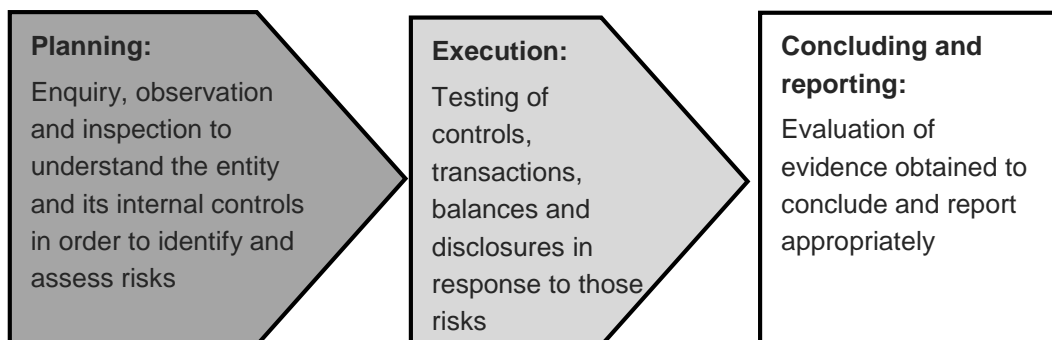
- 1 As your external auditor my objective is to carry out an audit, which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice to examine and certify whether Dyfed Pension Fund (the Pension Fund) accounting statements are 'true and fair'.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of Pension Fund accounts

- 5 It is my responsibility to issue a report on the accounting statements, which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.

[Appendix 1](#) sets out my responsibilities in full.
- 6 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach, which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



- 7 **Exhibit 2** sets out the risks of material misstatement I have considered in planning my audit of your financial statements, along with the work I intend to undertake to address them.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
<p>Management override</p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>Investment Management</p> <p>The systems and records of the investment managers generate account entries made to the Pension Fund Account and Net Assets Statement.</p> <p>The investment managers provide internal controls reports on the investments held on behalf of the Pension Fund. These are independently audited and provide the Pension Fund with assurance on a wide range of controls, eg valuation of the investment portfolio held.</p> <p>There is a risk that the internal controls' reports will not be available in the necessary timescales and, when received, highlight specific control weaknesses.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • assess the investment managers as a service organisation; • check that investments have been made in accordance with the Statement of Investment principles; • obtain direct confirmation from the investment managers and custodian of year-end investment balances and holdings; and • assess whether the investment manager's internal control reports for all investment managers provide assurance over a wide range of relevant controls, including valuation of investments held.
<p>Cash at Bank</p> <p>Administering authorities are required to maintain a separate bank account for the pension fund.</p> <p>However, it is acceptable for an authority to enter into bank pooling arrangements with the pension fund provided there is a clear and comprehensive agreement between the two parties regarding the matter and where it is in the pension fund's best interests to do so.</p> <p>There is a risk that the Council does not have appropriate arrangements in place regarding pooled investments with Dyfed Pension Fund.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • ensure the existing protocol is compliant with the LGPS (Management and Investment of Funds) Regulations 2009; the pooling agreement must be clear in terms of making joint money market investments with external third parties and that the risks and rewards of the pooled investments are equitably shared between the Authority and the Pension Fund; and • undertake a programme of substantive audit testing procedures for the year-end cash balance.

Financial audit risk	Proposed audit response
<p>Unquoted investment assets</p> <p>Year-end valuations of unquoted property investments are provided by investment managers which are based upon forward looking estimates and judgements and industry guidelines. As there is no quoted market price, there is a greater risk for the reasonableness of valuation bases of these investments.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • confirm the investment valuations to audited financial statements; and • seek additional assurance over the valuation basis from controls assurance reports where available.
<p>Financial Statements Production</p> <p>The timetable for producing the financial statements remains demanding.</p> <p>Management will need to ensure that appropriate arrangements are in place for the preparation and oversight of robust financial statements that comply with CIPFA's Code of Practice on Local Authority Accounting ('the Code'). In addition, ensuring good quality working papers are provided on the commencement of the audit, with both these and the statements having been subject to appropriate senior management review.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • provide support and advice wherever possible without compromising our independence; • provide an audit deliverables report to assist in the preparation of relevant working papers in support of the financial statements; • review closedown plans to assess that arrangements are in place to produce robust financial statements within the prescribed timetable; • agree a timetable for the audit and certification of the financial statements; and • assess whether the financial statements comply with the Code.
<p>Benefits payable</p> <p>The LGPS has been subject to significant reform over recent years leading to changes in the benefit structure of the scheme, with transitional arrangements in place for those within ten years of retirement at the dates of these reforms. These changes, along with the complexity of the benefit structure, increase the risk that benefits may be inaccurately calculated which could lead to many years of incorrect payments.</p>	<p>My audit team will assess the risks of inaccurate calculation of pension entitlements and undertake further testing as appropriate.</p>
<p>Triennial actuarial valuation</p> <p>The Pension Fund has been subject to a full actuarial valuation as at 31 March 2016. Although this will not affect contribution rates and funding levels for 2016-17 (as any new rates come into effect 1 April 2017) - additional disclosures may be required in the accounts if significant issues arise.</p>	<p>My audit team will review the final actuarial valuation report and consider if there is an impact on the accounts for 2016-17 and whether any additional disclosures are required.</p>

Financial audit risk	Proposed audit response
<p>Pooling of investments</p> <p>All Wales pension funds are in the process of creating a pooled investment vehicle which will be overseen and reported on by a joint governance committee. An inter-authority agreement is in the process of being finalised and it is likely that this agreement and the joint governance committee will be formally approved by the Council by 31 March 2017.</p> <p>There is a risk that any issues arising from these new arrangements will not be fairly reflected in the 2016-17 financial statements.</p>	<p>My audit team will review progress on this arrangement and consider if there is an impact on the 2016-17 financial statements and whether any additional disclosures are required.</p>

- 8 I do not seek to obtain absolute assurance that the Pension Fund accounting statements are true and fair, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Pension Panel and to the Audit Committee as those charged with governance for Carmarthenshire County Council (the Council), as the administering authority of the Pension Fund as a whole, prior to completion of the audit.
- 9 For reporting purposes, I will treat any misstatements below a trivial level set at 5% of materiality as not requiring consideration by those charged with governance and therefore I will not report them.
- 10 My fees are based on the following assumptions :
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver my audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

Pension Fund annual report

- 11 In addition to including the Pension Fund accounts in their main accounting statements, administering authorities are required to publish a pension fund annual report, which must include the pension fund accounts.
- 12 I am required to read the Pension Fund annual report and consider whether the information it contains is consistent with the audited Pension Fund accounts included in the Council's main accounting statements.
- 13 I also issue an audit statement confirming the consistency of the accounts included in the annual report with the audited Pension Fund accounts.

Fee, audit team and timetable

Fee

- 14 The Wales Audit Office does not generate profits on fees. Legislation requires that the fees charged may not exceed the full cost of exercising the function to which the fee relates. The fee rates are set at a level to recover that full cost. My fee rates have been held static for 2017 and my audit teams will continue to look for efficiencies in their audits and welcome working with you constructively on this
- 15 Your estimated fee for 2017 is set out in [Exhibit 3](#).

Exhibit 3: audit fee

Audit area	Proposed fee for 2017 (£)	Actual fee for 2016 (£)
Audit of pension fund accounts	28,322	28,858

- 16 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Director of Corporate Services.
- 17 Further information on my fee scales and fee setting can be found on the Wales Audit Office website at: www.audit.wales/about-us/fee-scales-and-fee-setting.

Audit team

18 The main members of my team, together with their contact details, are summarised in [Exhibit 4](#).

Exhibit 4: my team

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Lead – Financial Audit	02920 320460 / 07789 397018	richard.harries@audit.wales
Jason Garcia	Financial Audit Manager	01267 224489 / 07854 022649	jason.garcia@audit.wales
Julie Owens	Financial Audit Team Leader	01267 224489 / 07581 499092	julie.owens@audit.wales

19 I can confirm that my team members are all independent of the Pension Fund and its officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

20 I will provide reports, or other outputs as agreed, to the Pension Panel and Audit Committee, covering the areas of work identified in this document. My key milestones are set out in [Exhibit 5](#).

Exhibit 5: timetable

Planned output	Work undertaken	Report finalised
2017 Audit Plan	January – March 2017	March 2017
Financial accounts work: <ul style="list-style-type: none">Audit of Financial Statements Report/Opinion on Financial Statements	June – September 2017	September 2017

Appendix 1

Respective responsibilities

The Council is the administering authority of the Pension Fund. This Audit Plan has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the Pension Fund accounts.

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the Pension Fund accounting statements which includes an opinion on their 'truth and fairness', providing assurance that they:

- are free from material misstatement, whether caused by fraud or error;
- comply with the statutory and other applicable requirements; and
- comply with all relevant requirements for accounting presentation and disclosure.

My audit work does not relieve management and those charged with governance of their responsibilities, which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone : 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru

Audit Committee 24th March 2017

Subject: Statement of Responsibilities		
Recommendations / key decisions required: To receive the Wales Audit Office report noted above.		
Reasons: For information		
Relevant scrutiny committee to be consulted: n/a		
Exec Board Decision Required		No
Council Decision Required		No
Executive Board Member Portfolio Holder: Cllr. David Jenkins (Resources)		
Wales Audit Office Report	Designations:	Tel Nos. / E-Mail Addresses:
Richard Harries	Engagement Director and Engagement Lead – Financial Audit	02920 320500 Richard.harries@audit.wales

EXECUTIVE SUMMARY
Audit Committee
24th March 2017

SUBJECT Statements of Responsibility	
1. BRIEF SUMMARY OF PURPOSE OF REPORT. To receive the Wales Audit Office publication.	
DETAILED REPORT ATTACHED ?	YES - 2 reports - Statement of Accounts - Grants

IMPLICATIONS

The report is a Wales Audit Office Report and any implications are detailed within the report

I confirm that other than those implications listed below there are no implications for the Authority arising from this report. If necessary, the Authority will need to respond to implications arising from the report where applicable.

Signed: Owen Bowen Head of Financial Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: Owen Bowen Head of Financial Services

1. Scrutiny Committee – N/A
2. Local Member(s) – N/A
3. Community / Town Council – N/A
4. Relevant Partners – N/A
5. Staff Side Representatives and other Organisations – N/A

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No. / Locations that the papers are available for public inspection

This page is intentionally left blank



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Statement of Responsibilities of the Auditor General for Wales and of the Bodies he Audits in Relation to Financial Statements – **Wales Audit Office**

Audit year:

Date issued: December 2016

Document reference: 364A0216

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

The person who delivered the work was Anthony Barrett.

Contents

This Statement sets out the respective responsibilities of the Auditor General and the bodies he audits in relation to the audit of financial statements.

Statement of Responsibilities

Introduction	4
Overall responsibilities	4
Audit of financial statements	6
Reporting the results of audit work	9
Grant claims and returns – certification	10

Statement of Responsibilities

Introduction

- 1 The Auditor General is the statutory external auditor of the financial statements prepared by:
 - Local government bodies as defined by the Public Audit (Wales) Act 2004
 - Local NHS Wales bodies
 - The National Assembly for Wales Commission
 - The Welsh Government (including the summarised accounts of NHS Wales)
 - A wide range of other public bodies that are either sponsored by, or related to, the Welsh Government
- 2 There are also certain accounts for which the Auditor General is the external auditor by agreement, rather than by statute.
- 3 The Auditor General is responsible for preparing a Code of Audit Practice (the Code), which prescribes the way in which auditors are to carry out their functions.
- 4 This Statement supports the Code and assists audited bodies by summarising the respective responsibilities of the Auditor General and of the audited body.
- 5 Throughout this document, the terms **auditor** and **auditors** apply collectively to:
 - The Auditor General
 - Employees of the Wales Audit Office
 - Any other person who provides audit services on behalf of the Wales Audit Office

Overall responsibilities

The Auditor General's responsibilities

- 6 The functions of the Auditor General are defined in legislation covering individual audits. The way in which auditors are to exercise those functions is set out in the Code, which prescribes the way in which the Auditor General's audit functions (alongside certain other functions) are to be carried out, and embodies what appears to the Auditor General to be best professional practice. Nothing in this Statement is intended to limit or extend those responsibilities. In particular because the Auditor General must not prejudice his independence, the audit role does not include providing financial or legal advice, or consultancy to audited bodies.

Ad hoc requests for auditors' views

- 7 There may be occasions when audited bodies will seek the views of auditors on the legality, accounting treatment or value for money of a transaction before embarking upon it. In such cases, auditors will be as helpful as possible, but are precluded from giving a definite view in any case because auditors:

- must not prejudice the Auditor General's independence by being involved in the decision-making processes of the audited body; and
 - are not financial or legal advisers to the audited body.
- 8 In response to such requests, auditors can be expected to offer only an indication as to whether anything in the information available to them at the time of forming a view is likely to cause them to consider recommending to the Auditor General a particular course of action. Any response from auditors to such a request should not be taken as suggesting that the proposed transaction or course of action will be exempt from challenge in future, whether by auditors or others entitled to raise objection to it. It is the responsibility of the audited body to decide whether to embark on any particular course of action.
- 9 The Auditor General or his representatives may participate as observers in the various working, project and task groups established by audited bodies to assist in deliberations as far as they are able to do so: for example by drawing attention to good practice elsewhere; by identifying possible omissions in approach; and, more generally, by acting as 'critical friends'. However, they will not take part in the determination of policy or decision making and will not seek to play a part in the direct implementation of policy.

The responsibilities of management and those charged with governance

- 10 Those who are responsible for the conduct of public business and for spending public money are accountable for ensuring both that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 11 In discharging these responsibilities, public bodies and their management (both members and officers) are responsible for putting in place proper arrangements for the governance of their affairs and the stewardship of the resources at their disposal. They are also required to report on these arrangements in any annual published statement relating to their review of the effectiveness of the system of internal control (eg an annual governance statement).

Access to information

- 12 The body's management is responsible for providing auditors with:
- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that the auditor may request from management for the purpose of the audit; and
 - unrestricted access to persons within the audited body from whom the auditor determines it necessary to obtain audit evidence.

- 13 The Auditor General has wide-ranging rights of access to documents and information in relation to his audit functions. Such rights apply not only to documents and information held by the body and its members and staff, but also to the body's partners and contractors, whether in the public, private or voluntary sectors. These are accompanied by statutory restrictions on the disclosure of information obtained in the course of the audit or inspection, subject only to certain exemptions. A summary of the [Auditor General's access rights](#) is on the Wales Audit Office website.

Audit of financial statements

Objective and scope of the audit

- 14 The Auditor General will conduct his audit in accordance with the Code and auditing and other standards issued or adopted by the Financial Reporting Council.
- 15 In carrying out the audit, the Auditor General will have regard to the concept of materiality. Subject to this concept, the Auditor General provides reasonable assurance that the financial statements:
- are free from material misstatement, whether caused by fraud or other irregularity or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 16 With the exception of local government bodies and charities the audit also includes work on:
- The regularity of income and expenditure
 - The remuneration report
- 17 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures undertaken will depend on auditor judgement about the risks of material misstatement of the financial statements, whether due to fraud or error, and the most effective means of obtaining assurance over those risks.
- 18 The auditor will evaluate significant financial systems and the associated internal financial controls, and will draw any weaknesses identified to the attention of the audited body, but cannot be expected to identify all weaknesses that may exist.
- 19 The auditor will examine selected controls, transactions and balances on a test basis and will also evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and judgements made by management as well as evaluating the overall presentation of the financial statements.
- 20 The inherent limitations of an audit, together with the inherent limitations of internal control, result in an unavoidable risk that some material misstatements may not be

detected, even though the audit is properly planned and performed in accordance with auditing standards.

- 21 Taking into account the knowledge of the audited body gained through financial statements work, the auditor will also review whether the governance statement has been presented in accordance with relevant requirements and report if it does not meet these requirements or if it is misleading or inconsistent with other information of which the auditor is aware. The auditor is not required to consider whether the governance statement covers all risks and controls, nor required to form an opinion on the effectiveness of the body's corporate governance arrangements or risk and control procedures.
- 22 In carrying out work on the financial statements, auditors will:
- plan to complete work and meet agreed deadlines;
 - maintain close liaison with the audited body; and
 - provide appropriate and adequate resources, and assign responsibilities to staff with the relevant expertise and experience.

The responsibilities of management and those charge with governance

- 23 The financial statements, which comprise the published accounts of the body, are an essential means by which it accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. The Auditor General's audit work does not relieve management and those charged with governance of their responsibilities which include:
- the preparation of the financial statements and annual report in accordance with applicable accounting standards and guidance;
 - the keeping of proper accounting records;
 - ensuring the regularity and lawfulness of financial transactions; and
 - securing value for money in the use of resources.
- 24 The body's management will provide the Auditor General with written representations to confirm:
- that it has fulfilled its responsibilities for the preparation of the financial statements;
 - that all transactions have been recorded and are reflected in the financial statements;
 - the completeness of the information provided for the purposes of the audit; and
 - other audit evidence relevant to the financial statements or specific assertions in the financial statements if the auditor deems it necessary or if required by auditing standards.

- 25 Where applicable, the body is also responsible for preparing and publishing in accordance with the relevant guidance/regulations a governance statement.
- 26 In preparing their financial statements, bodies are responsible for:
- preparing realistic plans for the preparation of the statements that include clear targets and achievable timetables;
 - assigning responsibilities clearly to staff with the appropriate expertise and experience;
 - providing necessary resource to enable delivery of the plan;
 - maintaining adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements;
 - ensuring that senior management monitors, supervises and reviews work to meet agreed standards and deadlines; and
 - ensuring that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor.
- 27 If draft financial statements and working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may not be able to commence the audit as planned and, consequently, may be unable to meet the agreed audit timetable. The audit fee is calculated on the basis that the draft financial statements and detailed working papers are provided to an agreed timetable and are of an acceptable standard. If information is not provided to this timetable, or is provided to an unacceptable standard, the auditor will charge additional fees for any extra work that is necessary.
- 28 Where the audited body wishes to publish its financial statements electronically, it is responsible for ensuring that the publication accurately presents the financial statements and the auditor's report on those financial statements. This responsibility also applies to the presentation of any financial information published in respect of prior periods. If the audited body wishes to distribute electronic copies of the financial statements and the auditor's report on those financial statements to its stakeholders, it must ensure that these are presented accurately. The auditor's report on the financial statements should not be reproduced or referred to electronically without the auditor's written consent. The examination of the controls over the electronic publication of audited financial statements is beyond the scope of the audit of the financial statements. The auditor cannot be held responsible for changes made to the financial statements and the auditor's report after the initial publication.

Reporting the results of audit work

Audit certificate and report

29 The Auditor General provides:

- an audit report including his opinion on the truth and fairness and proper preparation of the financial statements; and
- for local government bodies, a certificate that the audit of the accounts has been completed in accordance with statutory requirements.

30 The auditor will consider, in preparing the audit report, whether:

- proper accounting records have been kept by the audited body, and proper returns adequate for the audit have been received from any third parties;
- the audited body's financial statements are in agreement with the accounting records and returns;
- the auditor has obtained all the information and explanations which they consider necessary for the purposes of their audit; and
- the information given in a report of which the financial statements form a part is consistent with the financial statements.

31 The audit report will, where applicable, include reporting on, or make reference to any report by the auditor on:

- the governance statement; and
- the exercise of any statutory reporting requirements of the Auditor General including the regularity of income and expenditure and the proper preparation of the remuneration report.

32 The auditor also has a responsibility to report if the financial statements do not comply in any material respect with the relevant financial reporting framework insofar as it is relevant to the circumstances of the audited body, unless, in the auditor's opinion, non-compliance is justified.

33 In determining whether or not a departure is justified, the auditor considers:

- whether a departure is required in order for the financial statements to present fairly or give a true and fair view; and
- whether any departure made has been adequately disclosed in the accounting statements.

Reports in the public interest

34 The Auditor General must consider whether or not any matter has been brought to his attention during the course of the audit that should be reported in a report in the public interest. The need for such reports may arise at any point during the audit process.

Reports to management and those charged with governance

- 35 The auditor also provides:
- a planning document;
 - oral and/or written reports or memoranda to officers and, where appropriate, members, on the results of, or matters arising from, specific aspects of audit work; and
 - an annual audit letter (or equivalent).
- 36 When considering the action to be taken on audit reports, audited bodies should bear in mind the scope of the audit and the responsibilities of auditors, as set out in the Code and as further explained in this Statement. Matters raised by auditors will be drawn from those that come to their attention during the audit.
- 37 The audit cannot be relied upon to detect all errors, weaknesses or opportunities for improvements in management arrangements that might exist. Audited bodies should assess auditors' conclusions and recommendations for their wider implications before deciding whether to accept or implement them.
- 38 Annual audit letters and reports are addressed to members of the audited body and are prepared for the sole use of the body. Auditors do not have responsibilities to officers or members in their individual capacities (other than in the exercise of auditors' specific powers and duties in relation to matters relating to electors' rights in local government) or to third parties who choose to place reliance upon the reports from auditors.

Grant claims and returns – certification

- 39 The Auditor General makes certification arrangements in accordance with the framework set out in the separate **Statement of Responsibilities of grant-paying bodies, authorities, the Auditor General and appointed auditors in relation to claims and returns**. The responsibility for ensuring the completion, accuracy and completeness of grant claims and returns lies with the audited body.
- 40 Grant-paying bodies may require independent examination as a condition of their acceptance of claims and returns, and may ask the Auditor General to make arrangements for auditor certification of claims and returns. While the Auditor General has a statutory duty to make certification arrangements if a relevant audited body requests him to do so, he will have regard to what it is appropriate, practically and professionally, to expect the certification process and auditors to do before making certification arrangements. The Auditor General will encourage grant-paying bodies to agree appropriate certification arrangements before certification is made a condition of grant.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone : 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Statement of responsibilities for grants certification – **Wales Audit Office**

Date issued: December 2016

Document reference: 707A2016

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding

disclosure or re-use of this document should be sent to the Wales Audit Office at

info.officer@audit.wales.

Contents

This Statement sets out the respective responsibilities of the Auditor General, the auditors who work under his arrangements for certifying grant claims and returns and the bodies which award or receive the grants requiring certification.

Statement of responsibilities

Introduction	4
The Auditor General's responsibilities	4
Responsibilities of auditors working under the Auditor General's arrangements	7
Responsibilities of grant-paying bodies	8
Responsibilities of grant-receiving bodies	10

Appendices

Appendix 1 – Normal form of the Auditor General's Certificate	12
Appendix 2 –Glossary	13

Statement of responsibilities

Introduction

- 1 The statement of responsibilities (the statement) highlights the responsibilities of grant-paying bodies, grant-receiving bodies, the Auditor General for Wales and the auditors who work under his arrangements for certifying grant claims and returns.
- 2 Grant-paying bodies may require certification by an appropriately qualified and independent accountant of grant-receiving bodies' ('receiving bodies') claims for grant or subsidy, and of other returns of financial information. Certification is one option for providing assurance as to the basis of entitlement to grant or subsidy or, in the case of a return, as to the information provided.
- 3 The statement has two purposes. Firstly, to summarise the framework under which the Auditor General will make certification arrangements and, secondly, to assist grant-paying and receiving bodies and the auditors who work under the Auditor General's arrangements by summarising their respective responsibilities.
- 4 The Auditor General audits the Welsh Government and its related public bodies, including NHS bodies and local government bodies. When requested to do so by a relevant body, the Auditor General also has responsibility for making certification arrangements for claims and returns. The grants work of the Auditor General is performed by staff of the Wales Audit Office (WAO) or of the firms of accountants contracted to it.
- 5 **Please note that this statement does not apply to the certification of grant claims in respect of European structural funds, as the requirements for that work are prescribed by the Welsh European Funding Office.**
- 6 **Please refer to the [Good Practice Exchange](#) on the Wales Audit Office website for further information about good practice in grants management and administration.**

The Auditor General's responsibilities

- 7 Under paragraph 20 of Schedule 8 of the Government of Wales Act 2006, the Auditor General must, if required by a relevant body, make arrangements for certifying claims and returns. These claims or returns may be in respect of grants or subsidies made or paid by the Welsh Ministers, any Minister of the Crown or public authority to anybody subject to audit by the Auditor General under the Government of Wales Act 2006 or any other Act.
- 8 The Auditor General considers that he is entitled to exercise reasonable discretion in meeting his statutory obligations. Accordingly, he can make a judgement on the form of arrangements will be most appropriate to make in the particular circumstances of each case.

9 In making arrangements, the Auditor General will have regard to what is appropriate to expect from auditors' work under the certification process. The Auditor General:

- will make arrangements only if required by a relevant body; and
- will negotiate these arrangements having regard as to what is appropriate, both practically and professionally.

The Wales Audit Office is required to charge a fee covering the full cost of any certification work done under the Auditor General's arrangements. Normally, this fee is payable by the receiving body although a grant-paying body can opt to pay the auditor's fee directly, or provide specific funding to the receiving body to meet the costs of certification. In some cases, and at the discretion of the paying-body, the costs of certification incurred by the receiving body may be an allowable cost within the terms and conditions of the grant scheme itself.

10 The Auditor General requires grant-paying bodies to secure his formal agreement via the Wales Audit Office's Financial Audit Technical Group at scheme or programme level that he will make certification arrangements, **before** certification by the Auditor General or an auditor working under his arrangements is made a condition of grant. To this end, the appropriate senior finance manager, or equivalent, of the grant-paying body should contact the Financial Audit Technical Group at the Wales Audit Office at an early stage, requesting auditor certification. The Technical Group requires a period of **no less than twenty working days to respond to the grant-paying body**. The Auditor General reserves the right to make deferred or limited certification arrangements when grant-paying bodies have not secured the Technical Group's early agreement on the certification arrangements, or given insufficient notice.

11 The certification arrangements that the Auditor General will usually make are detailed below, although these can vary from scheme to scheme by agreement with the grant-paying body. For annual schemes, the financial limits are by reference to the total amount claimed, rather than the grant allocation or the total eligible expenditure. In the case of projects, the financial limit is by reference to the total amount claimable over the lifetime of the project:

- For claims and returns below a de-minimis amount set by the Auditor General, certification arrangements will not normally be made (notwithstanding any statutory certification requirement or any certification requirement set out in grant terms and conditions). The current normal de-minimis is £100,000, although this will be reviewed annually by the Auditor General and can vary from scheme to scheme. In exceptional circumstances, and at the express request of the grant-paying body, the de-minimis may not be applied at all. Reference should be made to the individual Certification Instruction for further details.
- For claims and returns over the de-minimis (as relevant to the scheme), auditors will assess the risks associated with the preparation of the claim or return, use their assessment of these risks to inform decisions on the level of

testing (sample sizes) required and undertake all of the tests in the certification instruction.

- 12 The Auditor General provides general guidance on the certification of claims and returns to auditors who work under his arrangements in his CI A01 'General Certification Instructions' (available from the Financial Audit Technical Group by e-mailing waogrants@audit.wales). The normal form of auditor's certificate is set out in **Appendix 1** to this statement. Where a different form of certificate is required, auditors will be made aware of this in the scheme specific CI and will be provided with the relevant certificate accordingly.
- 13 The certification arrangements made by the Auditor General comprise a series of CIs which his designated auditors must follow. The certificate included on each claim or return requires the auditor to apply all of the tests in the relevant CI. The relevant CI is specific to each scheme and is agreed at the outset with the relevant grant-paying body, but it needs to be read in conjunction with CI A01, which provides background information and explains the general approach and procedures to be adopted.
- 14 Unlike an external audit of annual accounts, certification work using certification instructions is a different form of assurance engagement designed to provide a 'negative assurance' conclusion. This conclusion will normally state that 'nothing has come to the auditor's attention to indicate that claims and returns are not fairly stated and are not in accordance with specified terms and conditions'. International Standards on Auditing (ISAs) and the Public Audit Forum's Practice Note 10 **do not apply** to certification work although the Auditor General's new Code of Audit Practice (issued in March 2014) does. The negative assurance approach is the normal approach to be applied under the Auditor General's arrangements. If different arrangements are required, the Wales Audit Office Financial Audit Technical Group will discuss this with the Grant Paying body. For schemes that are UK-wide (eg Housing Benefits Subsidy), auditors will adopt an approach common with the other Public Audit Forum bodies and not apply a Wales-specific form of assurance'.
- 15 The purpose of CIs is to set out the procedures to be applied in the examination of a claim or return and to leave grant-paying bodies and their auditors in no doubt as to the nature of work undertaken by auditors before giving their certificate. They also convey much of the background information which would otherwise have to be sought by auditors, thereby reducing the overall costs to auditors and receiving bodies.
- 16 The WAO's Financial Audit Technical Group is responsible for drafting CIs, agreeing drafts of scheme-specific CIs with grant-paying bodies, undertaking appropriate consultation on CIs for new schemes, issuing CIs and responding to queries from auditors when applying CIs. The Wales Audit Office consults with auditors working under the Auditor General's arrangements where there are significant changes to general certification requirements eg the type of assurance given (although not changes to individual schemes). The Wales Audit Office will

also deal with queries from grant-paying bodies that arise after auditor certification where further reference to the auditor may be called for. CIs are prepared by the Technical Group for the auditors who work under the Auditor General's arrangements who may use their discretion on whether to share them (in full or only in part with details of the testing schedule removed) with receiving-bodies. However, CIs are not available to other independent accountants appointed by receiving bodies and neither the Auditor General nor the Wales Audit Office accept any responsibility for their use other than by auditors working under the Auditor General's arrangements.

Responsibilities of auditors working under the Auditor General's arrangements

17 All auditors are required:

- to review the information contained within the claim or return and to express a negative assurance conclusion on the claim or return. (Auditors conclude that nothing has come to their attention to indicate that the claim or return is not fairly stated and not in accordance with the relevant terms and conditions);
- to examine the claim or return and related accounts and records of the receiving body in accordance with CI A01 and the CI specific to the claim or return. In carrying out this work, the auditor will obtain such evidence and explanations from the receiving body as the auditor considers necessary to form a negative assurance conclusion. The level of testing undertaken is a matter of professional judgment according to the particular circumstances of the receiving body and the claim or return as well as the auditor's assessment of risk. Where a minimum sample size is specified in the relevant CI, the auditor must use professional judgment to determine whether testing over and above that specified minimum is required in the particular circumstances;
- subject to compliance with CI requirements, to direct work to those matters that, in the auditor's view, significantly affect the claim or return. In assessing the extent to which amounts included in a claim or return are in accordance with the conditions under which it is made, the auditor acts as a professional accountant and not a legal expert;
- to plan and complete their work in a timely fashion so that, where possible, deadlines are met; and
- to complete the auditor's certificate, qualified as necessary, in accordance with the general guidance in CI A01 and to provide receiving bodies and the Wales Audit Office's Financial Audit Technical Group with copies of certified claims and returns, and any certification feedback notes or qualification letters for information. The auditor's certificate and qualification letter are provided for the use of the grant-paying body and the receiving body.

Auditors should not disclose certificates and qualification letters, in whole or in part, to third parties other than those with statutory rights of access to them. The Auditor General, the National Audit Office, or other auditor of a grant-paying body, may use the auditor's certificate and qualification letter in connection with the audit of the grant-paying body; and

- provide unitary authorities with an annual feedback report on the results of their certification work.
- 18 Because of the inherent limitations of any control structure, errors or irregularities, including fraud, may occur and not be detected. Accordingly, the auditor's responsibility in respect of claims or returns is to express a negative assurance conclusion, on the basis of appropriate and sufficient evidence in relation to the tests contained in certification instructions, that evidence being persuasive rather than conclusive.
- 19 In particular, these arrangements do not therefore place on auditors a responsibility to either identify every error in a claim or return; or maximise the receiving body's entitlement to income under it. Therefore, auditors do not perform detailed tests to the extent that would be necessary to disclose all errors and failures to maximise entitlement, and the certification process should not be relied upon to disclose all such matters (hence a negative assurance conclusion being given).
- 20 Auditors will usually give a certificate in the form as prescribed in [Appendix 1](#) to this statement (and in CI A01) where no other form of certificate is prescribed. Auditors will only give a different form in exceptional circumstances and where the relevant CI requires it.

Responsibilities of grant-paying bodies

- 21 The Grant Paying Body has five responsibilities:
- specifying robust and practicable terms and conditions for grant which
 - are available on a timely basis;
 - have clear scheme aims and objectives;
 - provide clear definitions;
 - have clearly defined roles and responsibilities; and
 - include any sanctions to be applied in the event of non-compliance.
 - providing claim forms and returns which:
 - are available on a timely basis;
 - are appropriately designed to capture relevant information;
 - have appropriate completion notes;
 - are based on proper accounting practices (other than in exceptional circumstances);

- contain appropriate certificates for both the receiving body (which must be completed prior to being passed to auditors) and auditors (where appropriate); and
 - have a prescribed timetable for completion and certification.
- specifying appropriate receiving body and auditor certification requirements including:
 - who may give the receiving body's certificate on the claim or return; and
 - which auditor may certify it (normally either any appropriately qualified independent accountant, the Auditor General or an auditor working under his arrangements).
 - ensuring appropriate assurance is taken from certificates given by Chief Finance Officers; and
 - considering carefully whether auditor certification of a particular scheme is required having regard to the risks, nature and amounts involved relative to the value of the assurance sought and the likely cost of certification. Auditor certification should not be required in certain circumstances eg for small claims; expenditure that is regular or predictable over time or has few conditional provisions and no complex terms; or where other information or data about outcomes is available to provide assurance as to the appropriate use of grant monies (this list is not exhaustive).

- 22 When external auditor certification is proposed, the Grant Paying Body must contact the Financial Audit Technical Group at the WAO's Cardiff office to discuss these arrangements before making them a condition of grant. If certification under the Auditor General's arrangements is then required, the Grant-Paying Body must secure his formal agreement. It should engage in timely consultation with the WAO's Financial Audit Technical Group to enable the most appropriate arrangement to be agreed (see para 13, earlier, which explains that at least twenty working days should be allowed for the Technical Group to respond to a request for certification). Lastly, it should familiarise itself with the general guidance that the Auditor General provides to the auditors who work under his arrangements in CI A01 'General Certification Instructions' (available from the Technical Group by e-mail: waogrants@audit.wales).
- 23 Grant-paying bodies must deal promptly with qualified certificates on claims or returns to ensure that matters are resolved and do not recur year after year. The Financial Audit Technical Group at the Wales Audit Office will monitor qualifications and look to obtain evidence of this review process which will be considered as part of the decision to keep a scheme in the work programme.

Responsibilities of grant-receiving bodies

- 24 Acceptance of grant funding comes with an obligation to comply with all of a grant's conditions. It is therefore important that receiving bodies have a full understanding of the terms and conditions, including any requirements set for reporting and certification. In general, receiving bodies are responsible for:
- the proper and accurate preparation of claims and returns and for the establishment of effective administrative and financial systems, including proper arrangements to prevent and detect fraud or error. This means that claims and returns;
 - are completed accurately and in accordance with terms and conditions;
 - are supported by systems of internal control, which are both adequate and effective in practice;
 - are completed in a timely fashion so that deadlines are met;
 - are supported by adequate working papers, which:
 - satisfy the requirement on the Accounting Officer/Accountable Officer/Chief Finance Officer to maintain adequate records in relation to claims;
 - document the basis of the claim or return and the derivation of the information it contains;
 - are kept in a form that will help the auditor and reduce certification time and, therefore, the cost to the receiving body; and
 - are subject to proper supervision and review prior to completion of its certificate.
 - satisfying themselves that they will be able to comply with the terms and conditions of a grant, including auditor certification requirements; and
 - exercising proper degrees of supervision and review of completed claims or returns before completing their certificates.
- 25 Specifically, the Accounting Officer/Accountable Officer/Chief Finance Officer of the receiving body is responsible for ensuring that supporting accounting records are:
- sufficient to show its transactions;
 - maintained in accordance with proper practices and kept up to date; and
 - include a record of income and expenditure in relation to claims.
- 26 The receiving body's certificate is to be given by an appropriate senior officer, typically the Director of Finance/Chief Finance Officer, or an officer authorised by written delegated powers. **The receiving body's certificate should be given only when the certifying officer is satisfied with the entries made. Auditors**

will not certify claims or returns where the receiving body's certificate has not been completed.

- 27 Where claims or returns require auditor certification, receiving bodies are responsible for ensuring that they are certified only by an auditor acceptable to the grant-paying body. Grant-paying bodies may restrict certification to the Auditor General or an auditor working under his arrangements in accordance with the arrangements set out in this statement, or to any other accountant who is both independent and appropriately qualified.
- 28 Where terms and conditions include a requirement for certification by the Auditor General or an auditor working under his arrangements, the receiving body should – before it accepts the grant terms and conditions – confirm with the grant-paying body that the grant-paying body has secured the AGW's formal agreement to make certification arrangements. Receiving bodies should not assume that the Auditor General will automatically make certification arrangements and/or provide certificates in the manner required by the grant-paying body.
- 29 Where a receiving body makes arrangements for claims or returns to be certified other than under the Auditor General's arrangements, it needs to be able to demonstrate to the grant-paying body, if required, that the accountant is independent and holds any qualifications specified by the grant-paying body.

Appendix 1

Normal form of the Auditor General's Certificate

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Certificate of the Auditor General for Wales

The Statement of Responsibilities of grant-paying and receiving bodies, the Auditor General for Wales and the auditors who work under his arrangements for certifying claims and returns sets out the respective responsibilities of these parties. It also sets out the limitations of the responsibilities of the Auditor General for Wales and the auditors working under his arrangements.

I / We have examined the entries in this form (which replaces or amends the original submitted to me / us by the receiving body dated _____)* and the related accounts and records of the receiving body in accordance with Certification Instruction A01, and have carried out the tests in Certification Instruction number _____ and obtained such evidence and explanations as I / we consider necessary.

(Except for the matters raised in the attached qualification letter dated _____)*

I / we have concluded that nothing has come to our attention to indicate that the claim or return:

- is not fairly stated; and
- is not in accordance with the relevant terms and conditions.

Signature _____

Name (block capitals) _____

(on behalf of the Auditor General for Wales)

Date _____

**Delete as necessary*

CF1 (5/16)

Appendix 2

Glossary

Auditor – for the purpose of certifying claims and returns under schedule 8 of the Government of Wales Act 2006, the auditor acts as an agent of the Auditor General for Wales. In this capacity, whilst qualified to act as an independent external auditor, the auditor acts as a professional accountant undertaking an assurance engagement governed by the Auditor General’s certification instruction arrangements. The term refers to the Auditor General’s designated ‘Engagement Lead’ who is the auditor responsible for the certification work.

Assurance engagement is an engagement performed by a professional accountant in which a subject matter that is the responsibility of another party is evaluated or measured against identified suitable criteria. Its objective is to express a conclusion that will provide the intended user with a degree of assurance about that subject matter.

Certification instructions (CIs) are a series of written instructions from the Auditor General for the auditors working under his arrangements for certifying claims and returns.

Certify means the completion of the certificate on a claim or return by the Auditor General for Wales or an auditor working under his arrangements. The normal form of certificate is included in Appendix 1 of this statement.

Claims includes claims for grant or subsidies and for contractual payments due under agency agreements, co-financing schemes or otherwise.

Grant-paying bodies includes government departments and agencies, the Welsh Government and other public authorities requiring the completion of claims and returns;

Negative assurance is where auditors perform such procedures (as required by the scheme CI) as to obtain information and explanations which provide sufficient appropriate evidence for the auditor to give a negative assurance conclusion. This conclusion would state that “nothing has come to the auditors’ attention to indicate that claims and returns are not fairly stated and are not in accordance with specified terms and conditions”. This is the normal form of assurance given under the Auditor General’s arrangements. However, there may be instances where alternative forms of assurance and certificates are appropriate. In such instances all parties will be made aware of the alternative arrangements agreed.

Qualification arises when there is either a matter of disagreement between the auditor and the receiving body – or an uncertainty - as to the entries in the claim or return which

determine entitlement. In these circumstances, the auditor's certificate will refer to an accompanying qualification letter which sets out the facts – as agreed by the auditor and the authority – so that the grant-paying body may then determine actual entitlement.

Receiving bodies means:

- a local government body in Wales, within the meaning given in section 12(1) of the Public Audit (Wales) Act 2004;
- a local authority in Wales;
- a committee of a local authority in Wales (including a joint committee of two or more local authorities in Wales);
- a port health authority for a port health district wholly in Wales;
- a National Park authority for a National Park in Wales;
- a conservation board established by order of the Assembly under section 86 of the Countryside and Rights of Way Act 2000;
- a police authority for a police area in Wales;
- a fire and rescue authority in Wales constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies;
- an internal drainage board for an internal drainage district wholly in Wales;
- a local probation board established under section 4 of the Criminal Justice and Court Services Act 2000 for an area in Wales);
- a Welsh probation trust (as defined by paragraph 13(6) of Schedule 1 of the Offer; or
- a body whose accounts, or statements of accounts, are 'auditable accounts' falling to be examined by the Auditor General (in accordance with any provision made by virtue of the Government of Wales Act 2006 or any other Act) which have requested the certification of claims and returns under paragraph 20 of schedule 8 of the Government of Wales Act 2006. These are a '**Relevant body**' as defined in paragraph 20 of Schedule 8 of the Government of Wales Act 2006, '**Returns**' are either:
 - returns in respect of a grant which do not constitute a claim, for example, statements of expenditure from which the grant-paying body may determine grant entitlement; or
 - returns other than those in respect of grant, which must or may be certified by the receiving body's auditor, or under arrangements made by the Auditor General.
- **Underlying records** are the accounts, data and other working papers supporting entries on a claim or return.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone : 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Audit Committee 24th March 2017

Subject: Savings Planning – Carmarthenshire County Council		
Recommendations / key decisions required: To receive the Wales Audit Office report noted above.		
Reasons: To receive the Wales Audit Office report related to Savings Planning undertaken as part of the 2016-17 audit programme.		
Relevant scrutiny committee to be consulted: n/a		
Exec Board Decision Required		No
Council Decision Required		No
Executive Board Member Portfolio Holder: Cllr. David Jenkins (Resources)		
Wales Audit Office Report	Designations:	Tel Nos. / E-Mail Addresses:
Richard Harries	Engagement Director and Engagement Lead – Financial Audit	02920 320500 Richard.harries@audit.wales

EXECUTIVE SUMMARY
Audit Committee
24th March 2017

SUBJECT

Savings Planning – Carmarthenshire County Council

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

To receive the Wales Audit Office report related to Savings Planning undertaken as part of the 2016-17 audit programme.

DETAILED REPORT ATTACHED ?

YES

IMPLICATIONS

The report is a Wales Audit Office Report and any implications are detailed within the report

I confirm that other than those implications listed below there are no implications for the Authority arising from this report. If necessary, the Authority will need to respond to implications arising from the report where applicable.

Signed: Owen Bowen Head of Financial Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: Owen Bowen Head of Financial Services

1. Scrutiny Committee – N/A
2. Local Member(s) – N/A
3. Community / Town Council – N/A
4. Relevant Partners – N/A
5. Staff Side Representatives and other Organisations – N/A

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No. / Locations that the papers are available for public inspection



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Savings Planning – Carmarthenshire County Council

Audit year: 2016-17

Date issued: March 2017

Document reference: 662A2016

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding

disclosure or re-use of this document should be sent to the Wales Audit Office at

info.officer@audit.wales.

The team who delivered the work comprised Sian Clark, Janet Smith and Jeremy Evans, under the direction of Alan Morris

Contents

Whilst the Council has sound savings planning arrangements, which support future financial resilience, some lack of transparency in financial reporting remains.

Summary report

Summary	4
Proposals for improvement	6

Detailed report

Whilst the Council has sound savings planning arrangements, which support future financial resilience, some lack of transparency in financial reporting remains 7

Context 7

Savings achievement 2015-16 9

The Council has reported achievement of 82% of its planned 2015-16 savings in-year and is able to demonstrate that individual savings have been achieved 9

Financial planning arrangements 10

The Council has a sound financial planning framework but links between corporate and financial planning processes and reporting to Members are limited 10

Savings Plan 2016-17

The Council is forecasting that 86% of its 2016-17 savings plans will be achieved but savings plans lack detail and realistic delivery timescales 12

Summary report

Summary

- 1 Good financial management is essential for the effective stewardship of public money and the continual delivery of efficient public services. The current financial climate and the reduced settlements for local government mean that good financial planning, with well-considered savings plans, is critical to financial resilience.
- 2 This review focuses on answering the following question: **Do the council's financial savings planning arrangements support financial resilience?**
- 3 Good financial planning:
 - helps councils take the right decisions for the short, medium and long term;
 - helps councils deliver services to meet statutory obligations and the needs of local communities;
 - is essential for good corporate governance;
 - is about managing performance and achieving strategic objectives as much as it is about managing money;
 - underpins service quality and improvement;
 - is the basis of accountability to stakeholders for the stewardship and use of resources; and
 - is a key management discipline.
- 4 Financial planning for the medium to long term involves understanding future demand, assessing the impact of probable changes, reviewing the gaps between funding needs and possible income and, where necessary, developing appropriate savings strategies.
- 5 A council's strategic priorities and its financial health should be the basis for deciding what is practicable. Well-considered and detailed long-term financial strategies and Medium-Term Financial Plans can ensure the delivery of strategic priorities by enabling appropriate financial choices. Conversely, short-term annual budget planning encourages an incremental and process-driven approach that is too inflexible in a period of rapid external change.
- 6 Councils receive about 80% of their net income from Welsh Government, the exact amount is only known 4-5 months before the start of the financial year. Whilst this has an impact on financial planning councils can use a range of information to anticipate changing circumstances, set priorities, make choices and manage service delivery. They can calculate how much they would need to deliver services (at current or future prices) and review alternative income and spending scenarios to identify gaps and prepare for the future by investigating different approaches.

- 7 During 2015-16 the Wales Audit Office undertook work at all councils to assess the adequacy of their financial planning, control and governance arrangements. Local reports were issued and a national summary report published in August 2016. The national summary report concluded that **strategic planning arrangements are improving but councils have difficulty in developing and delivering the savings and changes to services at the pace required to ensure future financial resilience.**
- 8 In this assessment, undertaken during the period June to September 2016, we have focused on work to identify, plan for and deliver savings. We examined the extent to which Carmarthenshire County Council (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.
- 9 We sampled three savings proposals for 2016-17 and looked at the underlying assumptions and whether there are adequate mechanisms to ensure they can be delivered in the planned timescale.
- 10 We followed up our 2015-16 work to determine what the Council did as a consequence of what it learnt and how it has responded to our proposals for improvement in relation to financial planning if we made any.
- 11 In this report we have described some key characteristics of effective financial planning – **What good looks like**. Auditors have used these and other factors to reach a balanced view on the effectiveness of a council's financial planning arrangements and to evaluate the ability of a council to deliver its Medium-Term Financial Plan (MTFP) and planned savings.
- 12 In our 2015-16 review we concluded **that the Council's medium-term financial planning could be improved, but management arrangements are sound and financial governance is good.**
- 13 In this review we concluded that **whilst the Council has sound savings planning arrangements, which support future financial resilience, some lack of transparency in financial reporting remains.**

- 14 The Council plans to align its service, financial and improvement planning in its 2017-18 budget process, it also has a draft reserves strategy which is not yet approved and is developing an income generation/charging policy.

Proposals for improvement

Exhibit 1: proposals for improvement

It would be unusual if we did not find things that can be improved and, where we do, The Auditor General can take a variety of steps. In this case a proposal for improvement has been made and we would expect the Council to do something about it.

Proposals for improvement

- P1 Strengthen financial planning arrangements by:
- developing explicit links between the MTFP and the Council's corporate planning processes;
 - including savings plans monitoring reports with the publicly available quarterly financial monitoring reports;
 - ensuring that delivery timescales in business cases are robust;
 - finalise and approve the income generation/charging policy; and
 - approving the developed reserves strategy.

Detailed report

Whilst the Council has sound savings planning arrangements, which support future financial resilience, some lack of transparency in financial reporting remains

Context

- 15 Since 2010, the UK government has reduced spending on public services as part of its plan to reduce the deficit. With cuts to its budget, the Welsh Government has had to make difficult choices as to how to allocate those funding cuts across devolved public services. As a result, the amount of core funding made available by the Welsh Government to local councils has reduced each year. So far, most local councils have managed to reduce expenditure and balance budgets, but the scale of annual reductions is likely to continue. Our analysis shows that between 2013-14 and 2016-17, there is a real-terms reduction of £483 million (10.9%) in this core funding¹.
- 16 The impact of the decision to leave the European Union may represent a threat to local councils and the wider public sector in Wales. In the immediate aftermath of the decision there was reaction across financial markets resulting in volatility in, for example, share prices, currency exchange rates, oil prices and bond yields, and the UK continues to face a great deal of uncertainty on top of significant questions regarding future economic and trading relationships with Europe. The Welsh Local Government Association (WLGA) has expressed concerns over the implications of the European Union referendum outcome, calling it a 'seismic change in UK public policy'² especially as local councils are collectively the largest employer in Wales and the deliverer of many important public services.

¹ Comparing core funding (Aggregate External Finance (AEF)) across the period 2013-14 to 2016-17 is complicated for two main reasons. Firstly, the Welsh Government has incorporated into core funding grants that were previously provided separately. While this 'de-hypothecation' of grants results in an increase in core funding, it is not necessarily a net increase in funding. The net value of grants incorporated into core funding since 2013-14 is around £76 million in real terms (adjusted for inflation).

² Welsh Local Government Association, **Councils voice concern over service impacts of EU referendum**, 24 June 2016

Savings achievement 2015-16

The Council has reported achievement of 82% of its planned 2015-16 savings in year and is able to demonstrate that individual savings have been achieved

What good looks like

- 19 Councils that have a good track record of delivering the majority of planned in-year savings should have well developed savings and delivery plans in place which are underpinned by robust monitoring processes. These councils do not have to continually bridge the gap year on year, by identifying alternative savings, using unplanned one-off funding from earmarked reserves, general reserves, contingency funds or fortuitous unplanned income received during the year.

What we found

- 20 The Council identified savings proposals of £12.640 million to meet its 2015-16 budget gap and achieved 82% of its planned savings. The Council divides its savings into managerial savings (£7.552 million) and policy savings (£5.088 million). Unachieved savings have to be met from elsewhere in the department's budget or from departmental earmarked reserves. The Council carries forward unachieved savings to future years and it is the department's responsibility to ensure they are achieved.
- 21 Savings plans are embedded in the base budget. The Council reviews progress on its savings plans on a monthly basis and reports progress on a bi-monthly basis to its Programme Executive Board (PEB) and Corporate Management Team (CMT). However, the quarterly budget monitoring reports to Executive Board do not include a comprehensive report on progress on savings plans or efficiency savings. Consequently, Members do not have sufficient detailed information to challenge unachieved savings plans. A proposal for improvement in our 2015-16 review was to improve the transparency of reporting for individual savings plans. Whilst the Council has taken action to address this for internal monitoring purposes, published Executive Board reports on savings achievements still lack transparency.
- 22 The Council achieved an overall surplus on its 2015-16 revenue budget of £1.366 million. There was a collective net overspend on departmental budgets, mainly relating to the Education and Environment departments. Overspends on department budgets were mainly met from departmental reserves. There was underspend on the capital financing budget of £1.399 million. The Council prudently transferred the majority of the surplus to its major development reserve which is used to support the implementation of service changes. The balance of £280,000 was transferred to its general reserve.

Financial planning arrangements

The Council has a sound financial planning framework but links between corporate and financial planning processes and reporting to Members is limited

What good looks like

- 23 The MTFP is a key component of an effective, integrated corporate planning framework. Good medium-term financial planning and annual budgeting should reflect the council's strategic objectives and priorities for the year, and over the longer term. MTFPs typically span a three-to-five year period and should identify how resources will be allocated to both the delivery of services and the council's priorities. The impact on citizens and other stakeholders should also be considered.
- 24 Good MTFPs include consideration of key financial risks together with their mitigation. Councils have to make assumptions around inflation, income levels, demographics, future demand for services and the costs of delivering services, and these need to be based on reasonable predictions. The council should also use financial modelling to assess the likely impacts on financial plans and required savings for a range of different scenarios and risks. The MTFP should be frequently reviewed and updated to reflect changes in assumptions and risks.
- 25 Councils should operate within a level of reserves and balances (including earmarked reserves and the general fund balance), approved by Members, and appropriate to the strategic, operational and financial risks it faces. Councils should include details on how reserves will be used over the period of the MTFP.
- 26 The council must demonstrate that it understands its sources of income and the risks arising from these, and that it has reviewed its approach to fees and charges, for its services, to achieve value for money.

What we found

- 27 In our 2015-16 review we found that the Council's ability to respond to future financial challenges could be hampered as service and financial planning and performance are not clearly linked. We proposed that the Council should develop more explicit links, between the MTFP and the Council's improvement planning, and set out the impact that financial constraints are having on outcomes for citizens.
- 28 In our 2016-17 review we found that the links between the MTFP and the Council's key plans remain limited. The 2016-17 budget report states that 'the budget has been prepared having regard for the Council's Corporate Strategy 2015-20'. But, the report does not explain how the budget is linked to the Council's key plans or how resources are being allocated to support Council priorities. Nor does it explain the impact on services. The Council has told us that it plans to strengthen these

links in its 2017-18 planning process. The intention is to align the publication of performance, business and budget plans so scrutiny committees and Council can consider them simultaneously.

- 29 The Council carries out extensive budget consultation with citizens, partners and other stakeholders. It conducts Equality Impact Assessments for policy type savings plans.
- 30 The Council has a Medium Term Financial Plan (MTFP). Medium term financial planning assumptions are kept under review. A formal update rolling the budget forecast forward is provided to Members in July and again following the announcement of the provisional settlement. Internal updates on MTFP assumptions taking account of changes in key variables and any other emerging issues are provided to the Corporate Management Team on a more frequent basis.
- 31 The MTFP forecasts cover a three year period. The MTFP forecasts are comprehensive and include sensitivity analysis and are modelled on most optimistic, less favourable and more pessimistic scenarios. The MTFP 2017-18 to 2019-20 identifies a budget gap of £30 million. The Council has identified indicative savings over the period of £21 million, leaving a budget gap of £9 million. At the time of our review the majority of this £9 million was in 2019-20 and work was on-going to identify further savings. The MTFP includes the planned use of £200,000 from earmarked reserves to support the base budget for 2016-17 and 2017-18, but no planned use of the general reserve beyond this.
- 32 The MTFP is also underpinned by reasonable and appropriate assumptions for key variables such as pay awards, price inflation, and funding and council tax levels. The impact of demographic changes, changes in demand and inescapable pressures is also assessed.
- 33 The Council holds approximately £8 million as a working balance in its general reserve and a further £98 million in earmarked reserves. The Council does not have a reserves policy but the general fund reserve level is reviewed when finalising the annual budget and statement of accounts and the annual budget report includes a high level forecast of the change in use of earmarked reserves over the term of the MTFP. For example, the Council reviewed its earmarked reserves when setting its 2016-17 budget and identified that around £20.5 million could be released over the MTFP period for investment in the Council's capital programme. However, a weakness is that the annual review is not sufficiently detailed to enable Members to fully understand the purpose of the earmarked reserves. Whilst a full appraisal of the purpose of all reserves is also provided annually within the Statement of Accounts Members do not have this level of detail available when agreeing the annual budget and MTFP. The Council has developed a draft Reserves Strategy but at the time of our review had not approved it.
- 34 The Council does not have a current corporate policy on income generation/charging but it does have a fees digest. The level of fees and charges is determined in the annual budget in line with the Council's budget strategy and agreed annually by Council. The risk arising from the dated policy is partly mitigated by departments keeping individual registers of fees and charges and there is some evidence that income generation opportunities have been

considered in the MTFP indicative savings proposals. Changes are also debated by scrutiny committees. However, the lack of a corporate approach to income generation potentially weakens the financial arrangements and means that opportunities could be missed. The Council has told us that it is developing an Income Generation/Charging policy.

Savings Plan 2016-17

The Council is forecasting that 86% of its 2016-17 savings plans will be achieved but savings plans lack detail and realistic delivery timescales

What good looks like

- 35 Councils that deliver savings effectively have well-considered savings plans that sit within longer-term savings strategies which are underpinned by well-developed fully costed individual savings and delivery plans aligned with the MTFP. Savings proposals should be specific and risk assessed in terms of likelihood of achievement.

What we found

- 36 In our 2015-16 review, we found that current year savings plans were specific but financial monitoring reports did not report on the achievement of specific savings plans, although non delivery of savings plans was referred to in routine budget monitoring reports
- 37 In our 2016-17 review we found that that the Council has identified savings plans of £12.9 million to meet the 2016-17 savings requirement. The MTFP includes specific indicative savings to meet the majority of the budget gap for 2017-18 and 2018-19. At the point of our review departments had been asked to identify indicative savings proposals to meet the forecast budget gap for 2019-20. The Council's quarter one financial monitoring report forecasts that 86% of savings planned for 2016-17 will be achieved.
- 38 The Council has classified its savings plans into managerial savings and policy savings. Managerial savings have no perceivable impact on the overall level of service delivery or Council policy whilst policy savings relate to efficiency or service rationalisation which will directly affect service delivery. These savings are further divided into sub strands one of which is transform services. The Council estimates that its transformational savings plans amount to 82% of planned savings.
- 39 The Council does not risk assess the achievability of its savings plan when setting the annual budget, but the robustness of savings proposals is challenged internally and at Member seminar sessions before inclusion in the budget. As a consequence, when setting the annual budget, departments anticipate that they will achieve all their savings plans. If savings are not achieved the service is

required to meet the shortfall from elsewhere in its budget. The Council does have departmental reserves which, subject to approval, could be drawn on if necessary. This Council routinely monitors progress of all its savings plans internally during the year.

- 40 The Council carries out extensive consultation on its annual budget, which includes seminars, budget roadshows, online surveys, social media and stakeholder meetings with town and community councils, youth council and unions. Scrutiny committees challenge the proposed budget. The Council considers consultation responses about savings plans before the budget is approved.
- 41 The Council's savings plans are specific. A schedule of all savings plans for 2016-17 and indicative savings plans for future years is included with the annual budget setting report and MTFP. The proposals are categorised between managerial and policy type savings plans and itemised on a line by line basis.
- 42 Managerial type savings are considered to have no direct impact on citizens or stakeholders and do not usually require Equality Impact Assessments. However, Equality Impact Assessments are carried out for all policy type savings proposals.
- 43 The Council monitors savings proposals on a line by line basis internally and reports progress to PEB. However, the financial monitoring reports to Executive Board do not include a savings monitoring report and do not make it clear to Members if savings are being achieved. In our 2015-16 review we proposed 'Monitoring and reporting on individual savings targets to ensure that areas of over and under achievement are explicitly identified enabling effective challenge and remedial action'. The Council has still not responded to this proposal for improvement. It is our view that the lack of transparency in reporting arrangements weakens accountability.
- 44 The Council's quarter one financial monitoring report forecasts a net overspend on its revenue budget of £1.898 million. The internal savings monitoring report forecasts that £1.865 million (14%) of savings plans savings will not be achieved, of which £1.625 million are managerial type savings.
- 45 The three savings proposals for 2016-17 we sampled, to test the underlying assumptions and whether there are adequate mechanisms to ensure they can be delivered in the planned timescale, were:
- Community Services: Local Authority Residential homes for older people (£200,000);
 - Community Services: Mobile Libraries (£92,000); and
 - Environment: Highways Lighting (£196,000 in 2016-17).
- 46 Our review of this sample of savings plans showed that that not all business cases were sufficiently well developed when the annual budget was agreed and whilst the assumptions underpinning the costings were reasonable, delivery within the planned timescales was variable.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone : 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru

Audit Committee 24th March 2017

Subject: Minutes of relevant groups to the Audit Committee

Purpose: Inform Audit Committee

Recommendations / key decisions required:

Minutes to be received

Reasons:

Terms of Reference for the Audit Committee stipulate that minutes of Risk Management Steering Group to be received by the Audit Committee along with information regarding arrangements on Corporate Governance and Financial arrangements

Relevant scrutiny committee to be consulted:

Not Applicable

Exec Board Decision Required Not Applicable

Council Decision Required Not Applicable

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr D Jenkins

Directorate:
Corporate Services

Name of Head of Service:
Phil Sexton

Report Author:
Helen Pugh

Designations:
Head of Audit, Risk &
Procurement

Audit & Risk Manager

Tel No.01267 246217

E Mail Address:
PSexton@carmarthenshire.gov.uk

Tel No. 01267 246223

E Mail Address:
HLPugh@carmarthenshire.gov.uk

EXECUTIVE SUMMARY
Audit Committee
6th January 2017

SUBJECT
Minutes

To provide Members with minutes form supporting Governance Groups for information

The following Minutes are attached:

1. Risk Management Steering Group – 4th January 2017
2. Grants Panel – 16th November 2016 & 20th January 2017

DETAILED REPORT ATTACHED ?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Phil Sexton Head of Audit, Risk & Procurement

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	ICT NONE	Risk Management Issues NONE	Staffing Implications NONE	Physical Assets NONE
---	---------------	----------------	-------------	--------------------------------	-------------------------------	-------------------------

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Phil Sexton Head of Audit, Risk & Procurement

1. **Scrutiny Committee** : Not Applicable
2. **Local Member(s)** : Not Applicable
3. **Community / Town Council** : Not Applicable
4. **Relevant Partners** : Not Applicable
5. **Staff Side Representatives and other Organisations** : Not Applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Strategic Audit Plan 2014-17	AC 28-03-14	Internal Audit Unit

This page is intentionally left blank

RISK MANAGEMENT STEERING GROUP

Minutes of Meeting held at Conservatory East, Building 8, Parc Dewi Sant Wednesday, 4th January 2017.

Members Present:			
Phil Sexton (Chair)	Corporate Services	Head of Audit, Risk & Procurement	PS
Cllr David Jenkins	Executive Board Member (Corporate Services)	Executive Board Risk Champion	DJ
Jonathan Fearn	Environment	Chair of Property & Liability Risks Working Group	JF
Stephen Pilliner	Environment	Chair of Transport Risks Working Group	SP
Helen Pugh	Corporate Services	Risk Champion	HLP
Alan Howells	Environment	Risk Champion	AH
Mark Stephens	Marsh UK Ltd	External Risk Partner	JS
Julie Standeven	Corporate Services	Principal Risk Officer	EJS
Adryan Jones	Chief Executive's	Strategic Advisor (H&S)	AJ

Item No	Subject	Action
1.	Apologies Lyn Walters – Communities Risk Champion Richard Stradling – Communities (Leisure) Risk Champion Richard Davies – Principal Officer, Communities Heidi Font – Chief Executive's Risk Champion Stephanie R Williams – Education & Children Risk Champion	
2.	Minutes of Last Meeting The Minutes of the Risk Management Steering Group Meeting held at Parc Dewi Sant on Wednesday, 14th September 2016, were confirmed as a true record.	
3.	Matters arising from Risk Management Steering Group Minutes.	
3.1	Risk Healthcheck / Corporate Risk Register PS advised that the Corporate Management Team meeting scheduled for 17 th January 2017 will include a workshop which will be facilitated by Zurich Risk Engineering UK. The purpose of the workshop is to review and challenge the content of the Corporate Risk Register to ensure that it properly reflects the key Strategic Risks facing the Authority. Update to be provided at next meeting.	PS/HLP

3.2	<p>MV Statistics – Claims & Complaints</p> <p>SP advised that the new refuse vehicles had been operative since 31st October 2016. The vehicles incorporate high specification safety features and feedback from drivers has been positive.</p> <p>As at 31st October 2016 the annualised accident rate was 24%.</p> <p>SP advised that this compares very favourably for a commercial fleet and links to the pro-active work of the Transport Division working with Departments over the years to introduce a range of Risk Management initiatives. PS highlighted that the accident rate was 43.8% prior to the various interventions and initiatives (circa 2000).</p>	
4.	<p>Minutes of Property & Liability Risks Working Group Meeting – 7th December 2016</p> <p>The Minutes were noted.</p>	
4.1	<p>Matters arising from Property & Liability Risks Working Group Minutes</p>	
4.1.1	<p>Security & Fire Alarms</p> <p>JF advised that a risk matrix exercise is ongoing to establish the current status of alarms at County Premises.</p> <p>Representatives of the Property & Liability Risks Working Group to meet with the Authority’s Property Insurers to discuss the minimum standards required to achieve Alarm Receiving Centre status.</p>	
5	<p>Minutes of Transport Risks Working Group Meeting – 13th December 2016</p> <p>The minutes were noted.</p>	
5.1	<p>Matters arising from Transport Risks Working Group Minutes</p>	
5.1.1	<p>Bump Cards</p> <p>SP advised that bump cards are being placed in Corporate vehicles as part of the vehicle maintenance cycle. The bump cards provide all the relevant details which need to be provided to a third party in the event of an accident, to ensure an efficient and cost effective repair and management of any claims arising.</p>	
5.1.2	<p>Claims & Underwriting Exchange (CUE)</p> <p>CUE is a central database of motor, home and personal injury incidents reported to insurance companies which may or may not have given rise to a claim. SP advised that the Authority’s Motor Insurers and/or Brokers had been approached to provide a presentation to staff to explain the purpose and implications of CUE.</p>	

6.	Bids for Financial Assistance	
6.1	E&C – St John Lloyd School This bid related to the provision of fencing at St John Lloyd School. It was noted by the Group that this was a retrospective bid and did not comply with the procedures of the Risk Management Steering Group. It was agreed that the bid could not be supported and the bid was rejected.	
6.2	E&C – Dafen Primary School This bid related to the provision of fencing and gate access at Dafen Primary School. It was agreed that the Departmental Bid for £2,330 (50% of the estimated gross cost of £4,659) be approved.	
6.3	E&C – Bryngwyn School This bid related to the installation of a Magna Locks access control system. It was agreed that the Group were unable to approve or reject this bid based on the information provided to date. The Council’s Health & Safety Officer to investigate and report back to the Group.	
6.4	E&C – Glan Y Mor School This bid related to the replacement of windows in the Sports Hall at Glan Y Mor School. The Group considered that this was a maintenance issue and did not fall within the remit of the Risk Management Steering Group. It was agreed that the bid could not be supported and the bid was rejected.	
6.5	ENV – School Catering Service This bid related to the replacement of ventilation canopies in school kitchens. The Group considered that this was a maintenance issue and did not fall within the remit of the Risk Management Steering Group. It was agreed that the bid could not be supported and the bid was rejected.	
6.6	CEX – Welsh Language – Learning & Development This bid related to the funding of a fixed term post for a Welsh Language Learning & Development Advisor to meet the needs of the Authority under the Welsh Language Standard. It was agreed that the Corporate Bid for the estimated gross cost of £98,696 be approved, subject to confirmation that all efforts are properly co-ordinated to make best use of other Welsh Language resources available via the Translation Unit, Community Education and the Welsh Language Policy Unit.	

6.7	<p>E&C – Ysgol Y Strade – Traffic Management Improvements This bid related to the improvement of the Traffic Management on the School site. It was agreed that the Group were unable to approve or reject this bid based on the information provided to date. The Council’s Health & Safety Officer to investigate and report back to the Group.</p>	
7.	<p>Any Other Business None</p>	
8.	<p>Next Meeting Date to be advised</p>	

**MINUTES OF THE GRANTS PANEL MEETING HELD ON
16th NOVEMBER 2016 IN THE RESOURCES CONFERENCE ROOM,
COUNTY HALL**

DATE: 17th November 2016

PRESENT: Owen Bowen, Head of Financial Services
Helen Pugh, Audit & Risk Manager
Delyth Thomas, Grants Compliance Officer (GCO)
Stuart Walters, Economic Development Manager
Simon Davies, Chair of PWG, Education & Children's Services
Les James, Chair of PWG, Community Services
Alan Howells, Chair of PWG, Environment
Julie Owens, Financial Audit Team Leader, Wales Audit Office (WAO)

APOLOGIES: Helen Morgan, Economic Development Manager

	SUBJECT	ACTION
1.0	<u>Minutes of the last meeting</u>	
	<ul style="list-style-type: none"> The minutes were agreed. 	
2.0	<u>Matters Arising</u>	
	<ul style="list-style-type: none"> Responses are still outstanding from the chairpersons of the PWGs to the detailed report provided by WAO for the Certification of Grants & Returns 2014/15. Action: all to ensure that outstanding responses are now provided 	All
	<ul style="list-style-type: none"> Revised Joint Protocol for the Certification of Grant Claims and Returns has been submitted by WAO for review. 	OB/JO
	<ul style="list-style-type: none"> A report is being presented, for consideration, to next CMT on the approval process for the award of grants to Third Parties. 	
	<ul style="list-style-type: none"> Meeting to be arranged with WEFO in respect of the final grant payment by WEFO for the Property Development Fund Project. The Authority has calculated an underpayment of £11k. 	SW
	<ul style="list-style-type: none"> An action plan following the report on the lessons learnt exercise undertaken for the Carmarthenshire Local Service Board (LSB) funded projects is to be presented in the next meeting. 	HM
3.0	<u>Wales Audit Office - Update</u>	
	<ul style="list-style-type: none"> An update was received from WAO on the audits of grants/returns for the financial year 2015/2016: 	

	SUBJECT	ACTION
	<ul style="list-style-type: none"> ○ All claims/returns have been received and audits are underway. No major issues identified to date. ○ The audit of the Pooled Budgets Return is due to be signed off by 18th November 2016. ○ Audit work for the Housing Benefits Return, NNDR Return, Teachers Pension Return and Communities First Grant due to be completed by the end of November. ● No further audit guidance has been received on the audit of Article 55 Statements in respect of Revenue Generation Projects that have received European Funding. ● There is an expectation that future audits will move towards more output/outcomes auditing. No further information available on how this will be progressed in the future. 	
4.0	<p><u>Internal Audit (IA) - Update</u></p> <ul style="list-style-type: none"> ● The Authority is waiting for confirmation from Pembrokeshire County Council (PCC), as the lead Authority on ERW, on the audit arrangements for the Education Improvement Grant (EIG) for 2016/2017. ● The Authority is also waiting for testing instruction from PCC, being the lead Authority on ERW on the audit of the Pupil Deprivation Grant for 2015/16. ● The final audit reports for the following grants to be presented at the next Grants Panel meeting: <ul style="list-style-type: none"> ○ Pooled Budgets ○ Major Repairs Allowance ○ NRW Grants – Wales Coastal Path, Rights of Way Improvement Programme & Joint Working Programme ○ Building our Heritage ● As part of the Internal Audit Annual Plan, there is a requirement to review a number of grants for 2016/17 as agreed by Grants Panel. Decision on which grants will be subject to this review will be made in the next Grants Panel meeting 	HP

	SUBJECT	ACTION
5.0	<p><u>Project Working Groups – Update</u></p> <ul style="list-style-type: none"> • Minutes of PWG meeting were circulated to Grants Panel members for : <ul style="list-style-type: none"> ○ Community Services – 26/9/16 ○ Chief Executives & Corporate Services – 25/7/16 ○ Environment – 29/9/16 ○ Education & Children’s Services (Revenue)– 21/6/16 & 11/10/16 • A meeting has been held with the Chair of SASG, PWGs & Grants Panel to discuss roles and responsibilities of the PWGs. • Chairs of the PWGs have requested that a standard agenda be set up for use in future meeting to ensure that key areas relating to grant funded projects are covered, together with the use of a standard template listing all grant funded schemes in that PWG’s remit. 	
6.0	<p><u>Update re projects under New Funding Programmes</u></p> <ul style="list-style-type: none"> • Work is being undertaken on 2 bids for the Heritage Lottery Fund:- <ul style="list-style-type: none"> ○ Carmarthen Museum ○ Pendine Visitor Attractor Project • Bids are also progressing for Rural Communities Development Fund (RCDF):- <ul style="list-style-type: none"> ○ Carmarthen Wetlands & Western Gateway ○ Jackson’s Lane Square Development ○ Towy Valley Cycle Way (1st bid withdrawn and work is being carried out on 2nd bid) • Approval has been received from RCDF for The Piloting Innovation & Collaboration in Rural Transport Project (LINC). Total project costs of £2.3m and a grant of £1.8m and involves both Pembrokeshire & Ceredigion Local Authorities. • A number of expressions of interest have been received for funding from the Authority’s Leader Project funded via the Rural Development Fund. 	<p style="text-align: right;">Page 257</p>

	SUBJECT	ACTION
	<ul style="list-style-type: none"> • The Authority is currently assessing applications that have been made for funding from the Authority's Carmarthenshire Rural Enterprise Fund (CREF) and Property Development Fund. As a result of the number of application due to be approved for both schemes it is acknowledged the amount of due diligence work that needs to be carried out will be significant. • For the Llanelli Town Centre Loan Scheme, one application has been progressed to stage 2 and if approved will fully utilise the funding of £700k. 	
7.0	<ul style="list-style-type: none"> • Date of next meeting – 20th January 2017 10am in the Resources Conference Room, County Hall 	

**MINUTES OF THE GRANTS PANEL MEETING HELD ON
20th JANUARY 2017 IN THE RESOURCES CONFERENCE ROOM,
COUNTY HALL**

DATE: 23rd January 2017

PRESENT: Owen Bowen, Head of Financial Services
Helen Pugh, Audit & Risk Manager
Delyth Thomas, Grants Compliance Officer (GCO)
Stuart Walters, Economic Development Manager
Simon Davies, Chair of PWG, Education & Children’s Services
Alan Howells, Chair of PWG, Environment
Julie Owens, Financial Audit Team Leader, Wales Audit Office (WAO)

APOLOGIES: Helen Morgan, Economic Development Manager
Les James, Chair of PWG, Community Services

	SUBJECT	ACTION
1.0	<p><u>Minutes of the last meeting</u></p> <ul style="list-style-type: none"> The minutes were agreed. 	
2.0	<p><u>Matters Arising</u></p> <ul style="list-style-type: none"> Responses have been received from all the chairpersons of the PWGs to the detailed report provided by WAO for the Certification of Grants & Returns 2014/15. Revised Joint Protocol for the Certification of Grant Claims and Returns agreed and presented to Audit Committee in January 2017. A report on the approval process for the award of grants to third parties is being presented for consideration to the CMT meeting on 21st March 2017. It was agreed that the Authority would not pursue WEFO for any further adjustment to the final grant payment in relation to the Property Development Fund Project as it has been paid at the approved intervention rate. An action plan following the report on the lessons learnt exercise undertaken for the Carmarthenshire Local Service Board (LSB) funded projects is to be completed as soon as possible. 	HM
3.0	<p><u>Wales Audit Office - Update</u></p> <ul style="list-style-type: none"> An update was received from WAO on the audits of 	

	SUBJECT	ACTION
	<p>grants/returns for the financial year 2015/2016:</p> <ul style="list-style-type: none"> ○ Of the 13 claims/returns subject to audit, 11 have been signed off and returned to the respective authority/funder. ○ The audit for the Families First project has been completed and the claim is ready for sign off. ○ Local Transport Grant is yet to be signed off by WAO. The Authority is waiting for a response from Welsh Government (WG) in relation to a payment made as part of the planning condition for Crosshands East. ○ The WAO report on the Certification of Grants & Returns 2015/2016 is due be drafted shortly. No major issues identified. ○ A review to be undertaken on the financial reconciliation/working papers that is presented to WAO for the Local Transport Grant. <ul style="list-style-type: none"> ● The WEFO Article 55 - Revenue generating project statement for Y Ffwrnes is due to be submitted to WAO. WAO is still waiting for guidance on the audit of the statement from WAO Central Team. ● WG and WAO are currently reviewing the output/outcomes auditing that have been undertaken on four pilot projects within other local authorities for 2015/2016. The audit of 2016/17 grants to be undertaken by WAO will still be financially based. ● WAO has been requested by Pembrokeshire County Council (PCC), as the lead Authority on ERW, to undertake transaction testing for the Pupil Deprivation Grant for 2015/2016. The Certification Instructions for the audit of the grant is due to be issued shortly. ● Arrangements to be put in place for the 2016/17 audit of grants and returns to ensure that the Corporate File Plan is fully utilised when providing information to WAO. 	<p></p> <p>OB</p> <p>DT</p>

	SUBJECT	ACTION
4.0	<p><u>Internal Audit (IA) - Update</u></p> <ul style="list-style-type: none"> • The final audit reports for the following grants were received by Grants Panel: <ul style="list-style-type: none"> ○ Pooled Budgets ○ NRW Grants – Wales Coastal Path, Rights of Way Improvement Programme & Joint Working Programme ○ Building our Heritage ○ Disability Sport Wales Grant – Welsh Hockey Union Grant Action agreed as follows: <ul style="list-style-type: none"> ○ Provide one to one training for the managers of the above grants ○ Liaise with Learning & Development to set up E-module training for grants management ○ Review training requirements via the PWGs on an annual basis • The Chairperson of each of the PWGs to advise Internal Audit as to which grants they wish to be reviewed as part of the Internal Audit Annual Plan for 2016/2017. 	DT DT
5.0	<p><u>Project Working Groups – Update</u></p> <ul style="list-style-type: none"> • Minutes of PWG meetings were circulated to Grants Panel members for : <ul style="list-style-type: none"> ○ Community Services – 21/11/16 ○ Chief Executives & Corporate Services – 26/9/16 ○ Environment – 22/11/16 ○ Education & Children’s Services – Revenue: 6/12/16 Capital: 27/9/16 & 22/11/16 • Standard templates for use in recording the details of all grant funded schemes within the PWG’s remit to be circulated to the Chairperson of the PWGs for consideration for use within their service area. 	
6.0	<p><u>Update re Projects under New Funding Programmes</u></p> <p>Expression of Interest has approved from the Rural Communities Development Fund (RCDF) for the</p>	Page 261

	SUBJECT	ACTION
	<p>Towy Valley Path.</p> <ul style="list-style-type: none"> • The Authority is still waiting for WG to invite claims in relation to the Rural Development Programme LEADER project. This issue has been referred to the WLGA. Grant income outstanding to be identified. • The Authority is also waiting for WG to invite claims in relation to the RCDF project - The Piloting Innovation & Collaboration in Rural Transport Project (LINC). Approval was received in October 2016. 	DT
8.0	<p><u>AOB</u></p> <ul style="list-style-type: none"> • Applications for the new Property Development Fund for both Crosshands and Ammanford are due to be received in February 2017. Due to the deadline being set late in the financial year, it is anticipated the majority of the monies will be carried forward into 2017/2018. 	
7.0	<p>Date of next meeting – 9:30am on 12th May 2017 Resources Conference Room County Hall</p>	

AUDIT COMMITTEE

6th JANUARY 2017

Present: Councillor C.P. Higgins (Chair)

Councillors: J.D. James, A.G. Morgan, E.G. Thomas, G.B. Thomas, W.G. Thomas, D.E. Williams

Mrs. J. James – External Voting Member

Also in attendance:

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

The following officers were in attendance:

Mr. C. Moore – Director of Corporate Services
Mr. I. Jones – Head of Leisure
Mr. P. Sexton – Head of Audit, Risk & Procurement
Mr. N. Edwards – Safeguarding & Commissioning Manager
Mr. A. Jones – Procurement & Contracting Officer
Mr. L. Jones – Area Sports & Leisure Manager
Ms. H. Morgan – Economic Development Manager
Ms. H. Pugh – Audit & Risk Manager
Mr. R. Stradling – Business & Projects Manager
Mr. L. Walters – Acting Countryside & Coast Manager
Mr. M. Hughes – Democratic Services Officer

Also in attendance for Item 7:

Mr. J. Evans – Performance Audit Manager (Wales Audit Office)
Mr. J. Garcia – Audit Manager (Wales Audit Office)

Venue: Democratic Services Committee Room, County Hall, Carmarthen
(10:00am – 12:15pm)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor H.A.L. Evans.

In response to a query regarding the venue of the meeting, the Chair and the Director of Corporate Services reminded members that the trialling an alternative venue had been discussed at the previous development session.

2. DECLARATIONS OF PERSONAL INTERESTS

There were no declarations of personal interest.

3. INTERNAL AUDIT PLAN 2016/17 UPDATE

The Committee considered an update on progress made in relation to 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 2016/17 relating to key financial systems (April 2016 to date).

The following issues were discussed during consideration of this item:

References were made to discrepancies in respect of assurance levels awarded to different services and status of school audits. The Audit & Risk Manager agreed to clarify the discrepancies and notify Committee members accordingly.

It was noted that the layout of the report made the information difficult to read due to the size of the text. The Director of Corporate Services and Audit & Risk Manager acknowledged the concerns and agreed to review the format of future reports.

Reference was made to discussions at previous meetings regarding the staffing levels of the Audit & Risk Unit and reassurance sought that this team would be maintained at this level, rather than expected to undertake more work with less resources. The Director of Corporate Services acknowledged the Committee's concerns noting that the demands on the service were well recognised and would continue to be monitored.

Disappointment was expressed that the ResourceLink Self-Service system's 'unpaid leave' element did not automatically feed into the back-office application of the payroll system and that staff had been overpaid because of this. The review of this and other paper-based systems within the payroll system was welcomed and assurances sought that all the relevant officers would be involved in, and would be permitted to contribute to the review. The Audit & Risk Manager reassured the Committee that this was the case and that the Audit & Risk Unit was also providing support to the review as a 'critical friend'.

In response to a question about the scope of the review, the Audit & Risk Manager confirmed that travelling and subsistence had been reviewed separately.

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

4. AUDIT COMMITTEE FORWARD WORK PROGRAMME 2016/17

The Committee considered its updated Forward Work Programme which outlined the proposed agenda items for the 2016/17 Audit Committee meeting cycle.

The following issues were discussed during consideration of this item:

In response to a query regarding the work to improve the format of the Corporate Risk Register, the Audit & Risk Manager confirmed that this was being carried out with external challenge from the Authority's insurers, as part of its insurance agreement.

Clarification was sought as to why there was only one annual letter for both the Statement of Accounts and Annual Governance Statement for Carmarthenshire County Council and the Dyfed Pension Fund, included in Item 7.2. The Director of Corporate Services confirmed that whilst a separate audit was carried out on both the Council's accounts and the Pension Fund, these were combined as one audit opinion in the annual letter.

UNANIMOUSLY RESOLVED that the updated Forward Work Programme be received.

5. COASTAL FACILITIES ACTION PLAN UPDATE

The Committee considered an update on the action plan summarising Leisure Services' progress to date in improving its processes, following the Internal Audit Summary presented to the Committee at its meeting on the 22nd March 2016. The Committee was also informed of the latest developments in relation to the work on the Pembrey Country Park Masterplan and staffing matters.

The following issues were discussed during consideration of this report:

Whilst progress was welcomed, it was suggested that the report could imply that assets and money might be missing and assurance was sought that this was not the case. It was also asked whether any large events held at Pembrey County Park in recent years had been susceptible to fraud or loss and whether there had been any evidence of the misappropriation of funds or stock from the ski shop. The Head of Leisure informed the Committee that whilst procedural issues had been identified, the investigation had not found any evidence of fraud or the loss of money or stock.

It was asked whether there were any issues relating to on-going investigations that members needed to be aware of and whether there were any court cases in light of the investigation. It was also asked whether a 151 Report was required to be presented to Council on the investigations. The Director of Corporate Services stated that there was no need for such a report to be prepared and that there were no criminal or civil cases either pending or currently in court. A separate Police investigation involving an individual once employed in this Service area had recently been to court. He added that an external investigator had found substantial failings within the service but the Authority had been advised by the Police that there was not sufficient evidence that deliberate criminal activity had actually taken place.

The progress made by the Service was welcomed but it was stressed that the Authority needed to learn lessons moving forward and with new procedures in place, it was asked whether officers were confident that such problems would be prevented in future. The Head of Leisure stated that officers were confident that the new procedures and staffing structure now in place would ensure that similar

problems would be prevented. The Acting Countryside & Coast Manager added that the staff clearly understood the corporate model and operating procedures which needed to be adhered to. The service was also looking at new methods of working in order to remove links in existing operating procedures which would be considered as 'weak' by auditors. One example of this would be the introduction of a pay and display parking system to replace payment at the park entrance, thus reducing the amount of money handled manually.

In response to a further question as to the robustness of the new staffing structure to cope with issues such as long-term sickness, the Acting Countryside & Coast Manager stated that officers were confident that the departmental staffing resources were adequate to cover any sickness or seasonal requirements placed upon the Park's staff. He added that the Communities Department was already providing administrative and business support for the Park's activities as and when necessary.

It was also asked whether there were any issues that the Committee should be aware of in order to provide support for officers in overcoming difficulties and making further progress. The Acting Countryside & Coast Manager stated that there were a number of tasks outstanding which needed to be completed by the 1st March 2017, namely legal agreements and documentation relating to beach access arrangements (including for the installation of physical control mechanisms) and land use agreements with various organisations who leased land within the park (e.g. model railway club, sports clubs). However, the majority of this work needed to be completed by Legal Services, in conjunction with the Leisure Division. He also informed the Committee that the online caravan booking system had been redeveloped to reflect the new pitches which had been established within the Park.

It was asked how much use the Authority would make of the private sector in relation to Pembrey Country Park. The Head of Leisure stated that the level of private sector involvement within the Park would ultimately be a decision for elected members. Whilst he was of the opinion that the management of the Park should remain with the Local Authority, there was a case for a shared approach as the Authority was unable to provide every service possible. For instance, the seasonal nature of activities and unpredictability of the weather meant that the Authority was better placed in managing staff for certain services (e.g. catering). However, there were other services that might be better suited to a private sector operator.

In response to a question as to whether other departments had learnt from the Authority's experience with Pembrey Country Park, the Director of Corporate Services stated that officers were confident that departments recognised the importance of contractual and financial procedures. The Head of Leisure stated that one of the most important lessons learnt was the importance of having the correct staffing structures in place to deliver a service efficiently and effectively.

Reference was made to the ski shop and it was asked whether the stock should be written-off or disposed of en bloc. The Head of Leisure informed the Committee that there was a mixture of stock held by the shop although the purchase of new equipment had since stopped. Some stock was six to seven years old whilst other equipment was a year old. It was officers' intention to dispose of the stock but unlike a private business where there would be opportunity to barter, the Authority

would need to dispose of the stock in an open and transparent manner in order to ensure an audit trail for each item.

The Chair proposed that members continued to receive quarterly updates on progress relating to the Coastal Facilities Action Plan. The Committee endorsed the proposal.

UNANIMOUSLY RESOLVED that:

5.1. The report be received.

5.2 The Committee continue to receive the action plan updates on a quarterly basis.

6. SUPPORTING PEOPLE UPDATE

The Committee considered an update on the progress relating to the Supporting People Service action plan. The Committee noted that the report contained the main findings of the Internal Audit Review of the 2015/16 Grant Review and a summary of the progress made to date by the Supporting People Team to address each issue, with the proposed work and timeline to continue to address the issues identified.

The following issues were discussed during consideration of this report:

Reference was made to discussions in the previous meeting regarding the appointment of an additional staff member and clarification was sought as to the current position. The Safeguarding & Commissioning Manager stated that following the loss of one member of staff in September 2016, the option of a joint appointment with Pembrokeshire had been explored but not pursued. It was envisaged that recruitment for the vacant position would commence in the coming days.

Disappointment was expressed at the Welsh Government's continued changes in relation to its requirements for the recording of monthly returns and outcomes and its subsequent effect on the workload of the Supporting People Team. It was suggested that elected members should be notified of such changes in the Welsh Government's policies or requirements and that the Council should be afforded the opportunity to respond to them accordingly. The Safeguarding & Commissioning Manager acknowledged the comments and agreed to share the concerns with the Director and colleagues on the Departmental Management Team. He also reminded the Committee that when outsourcing services to the independent sector, there was a subsequent knock-on effect to staff workload in relation to commissioning and contract monitoring work. This was an on-going issue which the Director and Heads of Service were aware of. The Director of Corporate Services acknowledged that it was frustrating when the Welsh Government made sudden changes to its requirements or invited bids for significant amounts of funding without allowing local authorities sufficient time to respond in line with the correct procedures. However, he cautioned against proposing to lobby or criticise the Welsh Government on this as it might be counter-productive to the Council in the longer term.

The Chair proposed that members continue to receive six-monthly updates on progress relating to the Supporting People Action Plan. The Committee endorsed the proposal.

UNANIMOUSLY RESOLVED that:

6.1. The report be received.

6.2 The Committee continue to receive the action plan updates on a 6-monthly basis.

7. TO CONSIDER THE FOLLOWING DOCUMENTS PREPARED BY THE WALES AUDIT OFFICE:

The Chair welcomed Mr. J. Evans (Performance Audit Manager) and Mr. J. Garcia (Audit Manager) of the Wales Audit Office, to the meeting.

7.1. WALES AUDIT OFFICE UPDATE TO CARMARTHESHIRE COUNTY COUNCIL'S AUDIT COMMITTEE - DECEMBER 2016

The Committee considered the Wales Audit Office report which summarised its financial audit and performance audit work at the Council, as at December 2016.

UNANIMOUSLY RESOLVED that the update be received.

7.2. CARMARTHESHIRE COUNTY COUNCIL'S ANNUAL AUDIT LETTER 2015/16

The Committee considered the Auditor General's letter annual letter which summarised the key messages arising from the Audit Office's work carried out to discharge his statutory responsibilities under the Public Audit (Wales) Act 2004.

UNANIMOUSLY RESOLVED that the Wales Audit Office's Annual Audit Letter for Carmarthenshire County Council for 2015/16, be received.

7.3. CARMARTHESHIRE COUNTY COUNCIL - AGREED ACTIONS ARISING FROM THE 2015/16 AUDIT

The Committee considered a report summarising the agreed actions that would be carried out by both the Council and the Wales Audit Office in completing the 2016/17 accounts and audit process.

UNANIMOUSLY RESOLVED that the report be received.

7.4. JOINT PROTOCOL FOR THE CERTIFICATION OF GRANT CLAIMS AND RETURNS

The Committee considered an updated version of the joint protocol for the certification of grant claims and returns, between Carmarthenshire County Council and the Wales Audit Office.

UNANIMOUSLY RESOLVED that the joint protocol be received.

7.5. BRIEFING NOTE ON PROPOSALS FOR IMPROVEMENT - FOLLOW UP WORK AS AT DECEMBER 2016

The Committee considered a report which provided information on the purpose and progress of the Wales Audit Office's follow-up work undertaken to assess what actions had been taken by the Council to address current Proposals for Improvement, as at December 2016.

The following issues were discussed during consideration of this report:

It was asked when a further update on these areas could be expected and clarification was also sought as to how other areas for improvement, not covered by this update, were progressing. The Performance Audit Manager (Wales Audit Office) informed the Committee that a further update would be available in March 2017 and the Council's Improvement Plan would also provide a summary of progress and would be reported to County Council and the Audit Committee later in the year. The Audit & Risk Manager reminded the Committee that the Corporate Governance Group was monitoring the areas for improvement not covered by this update and its minutes were presented to this Committee for information.

Reference was made to the proposal for improvement under 'Governance' which suggested that a register of delegated decisions be published and it was asked whether this was a statutory responsibility. The Performance Audit Manager (Wales Audit Office) stated that he could not confirm whether this was a statutory requirement or not but some local authorities did publish these decisions and that the Wales Audit Office encouraged all authorities to do so. The Director of Corporate Services reminded the Committee that all delegated decision records made by Executive Board Members were published.

Reference was made to good practice and it was asked whether the Audit Office, in suggesting areas for improvement, could provide local authorities with examples. The Performance Audit Manager (Wales Audit Office) stated that the Wales Audit Office did have a 'good practice exchange' on its website where local authorities could share examples of their good practice but stressed that much work went on behind the scenes with officers from different authorities sharing best practice in various fields on a regular basis. He also reminded the Committee that best practice in one local authority area might not be suitable or relevant in another area (e.g. rural and urban areas).

UNANIMOUSLY RESOLVED that the report be received.

7.6. WALES AUDIT OFFICE LOCAL GOVERNMENT STUDY: CHARGING FOR SERVICES AND GENERATING INCOME BY LOCAL AUTHORITIES

The Committee considered a report by the Auditor General on a study undertaken in 2015/16 to examine how local authorities used their powers to introduce and increase charges on services. The Committee noted that based on the findings of this study, the Auditor General had concluded that despite raising more money from charging, authorities were not pursuing all options to generate income because of weaknesses in their policies and in how they used data and information to support decision-making.

The following issues were discussed during consideration of this report:

In response to a question as to why the Wales Audit Office had undertaken such a study, the Performance Audit Manager (Wales Audit Office) stated that it was within the Auditor General's remit to undertake such studies into a broad range of subjects. The difference between the Office's national and local studies was that such studies also focused on the role of the Welsh Government too. The Director of Corporate Services noted that the Authority had been anticipating this report and that the internal Income Generation & Charging Officer Group had been working with the TIC Team on this particular matter. The Group had also been working on a new charging policy which was due to be presented to the relevant committees in the Spring. The Auditor General's report would also be considered by the Office Group in order to ascertain whether there were proposals or different methods that could be adopted in Carmarthenshire.

In response to a question about the Income Generation & Charging Officer Group's deliberations, the Director of Corporate Services stated that the Group's conclusions could be shared with the Audit Committee in due course, alongside the new charging policy.

UNANIMOUSLY RESOLVED that the report be noted.

8. MINUTES OF WORKING GROUPS RELEVANT TO THE AUDIT COMMITTEE

UNANIMOUSLY RESOLVED that the minutes of the Risk Management Steering Group's meeting held on the 14th September 2016 and the minutes of the Grants Panel's meeting held on the 13th September 2016, be received.

9. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 30TH SEPTEMBER 2016

In response to a query by the External Voting Member regarding the way in which Committee members were listed in the minutes, the Chair requested that future minutes list the councillors and External Voting Member separately.

UNANIMOUSLY RESOLVED that subject to the amendment noted above, the minutes of the Committee's meeting, held on the 30th September 2016, be signed as a correct record.

SIGNED: _____ (Chair)

DATE: _____