

# AUDIT COMMITTEE

**WEDNESDAY**, 30 September 2015

**PRESENT:** Councillor C.P. Higgins (Chair)

**Councillors:**

H.A.L. Evans, J.D. James, Sir D.Lewis, A.G. Morgan, E.G. Thomas, G.B. Thomas,  
W.G. Thomas and D.E. Williams  
Sir David Lewis – External Voting Member

**In attendance to present the Wales Audit Office reports:-**

Mr G. Norman, Mr. R. Stradling and Mr J. Evans.

**Also Present:-**

Councillor D.M. Jenkins – Deputy Leader (Resources)

**The following Officers were in attendance:**

C. Moore, Director of Corporate Services  
R. Staines, Head of Housing and Public Protection  
O Bowen, Chief Accountant  
M.S. Davies, Democratic Services Officer  
A Jones, Procurement & Contracting Officer  
C. Moore, Director of Corporate Services  
H. Pugh, Audit & Risk Manager  
P. Sexton, Head of Audit, Procurement & ICT  
R. Staines, Head of Housing and Public Protection **Chamber**, County Hall,  
Carmarthen - **10.00** - 11.45 am

**1. APOLOGIES FOR ABSENCE.**

There were no apologies for absence.

**2. DECLARATIONS OF PERSONAL INTERESTS.**

Councillor	Minute Number	Nature of Interest
H.A.L. Evans	10 – Statement Of Accounts 2014/15	Former Treasurer of Menter Gorllewin Sir Gar

**3. INTERNAL AUDIT PLAN UPDATE 2015/16.**

The Committee considered a report providing an update on progress made on the implementation of the Internal Audit Plan 2015/16.

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

**4. SUPPORTING PEOPLE GRANT - PROGRESS REPORT.**

Further to minute 5 of the meeting held on the 10<sup>th</sup> July 2015 the Committee considered a report which summarised the work done to date by the Supporting People Team to improve its grant and contract management processes as identified in the Audit & Risk Manager's Report referred to in the aforementioned minute. It was considered that good progress was being made and it would be monitored by the Supporting People Planning Group chaired by the Director for Communities.

In response to a question it was stated that the frequency of contract review / monitoring meetings would be detailed in contracts and ideally held on a quarterly or 6-monthly basis. The Head of Housing and Public Protection commented that there was a need to ensure that there was performance management of reviews and he emphasised that that culture had been instilled in the Supporting People Team.

**UNANIMOUSLY RESOLVED to approve progress and the continued work objectives.**

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

The Chair welcomed to the meeting Mr. Geraint Norman, Mr. Richard Stradling and Mr Jeremy Evans of the Wales Audit Office.

**5.1. AUDIT COMMITTEE UPDATE - SEPTEMBER 2015;**

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

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

**5.2. ASSESSMENT OF INTERNAL AUDIT.**

The Committee considered the Wales Audit Office (WAO) report on its assessment of the Internal Audit Division within Carmarthenshire County Council. It noted that the WAO had concluded that the Council had suitable Internal Audit arrangements and an effective service was provided. The assessment had resulted in 4 recommendations:-

- (i) The Internal Audit Manual should be updated to ensure that it remains relevant and up to date. This update should include the new procedures for the storage of confidential information on the Council's File Plan;
- (ii) Arrangements for an independent external assessment of IA every five years should be kept in view and set up as soon as possible;
- (iii) To fully support the Head of IA Annual Report, IA should perform a

follow up at year end to check that there have been no changes to the system and controls tested in the year particularly for fundamental systems or for other key systems that were tested early in the financial year;

- (iv) To further strengthen the information provided to the Audit Committee, in particular for their approval of the AGS, the Head of IA Annual Report should include the three-star recommendations reported in the year and a summary of the common themes arising from the two-star recommendations.

The following issues were raised on the report:-

- In response to a question on recommendation 2 it was stated that the external assessments, which would apply to all Welsh Authorities, should ideally take the form of a peer review, with the view of keeping the cost to a minimum, undertaken by another Welsh local authority according to a standard format but that no two local authorities should assess each other;
- Concern was expressed over the pressure of work in the Audit section and the Director of Corporate Services commented that an additional post was due to be created.

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

### **5.3. CARMARTHENSHIRE COUNTY COUNCIL ISA 260.**

**The Committee was reminded that at its meeting held on the 10<sup>th</sup> July, 2015 members had received the Authority's Statement of Accounts for 2014/15. Subsequent thereto the Wales Audit Office was required to undertake an audit and to give an opinion as to the accuracy and fairness of the Statement.**

The Committee's attention was drawn to the detailed report where the Wales Audit Office found that there were no misstatements identified in the financial statements which remained uncorrected. As a result the Wales Audit Office intended to issue an unqualified audit report on the financial statements but this would include an Emphasis of Matter paragraph in respect of the previous year's comparative figures. The audit report would be issued as soon as the Letter of Representation had been received. In connection with the latter, a draft of which was appended to the report, a slight rewording of two sentences was suggested to safeguard the signatories.

The Director of Corporate Services confirmed that the issue raised by the WAO regarding the Deferred Capital Receipts Reserve balance would be addressed as would the payments made in advance to external IT support contractors for contracts lasting 4 or 5 years.

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

**UNANIMOUSLY RESOLVED THAT THE REPORT BE RECEIVED AND THAT THE DRAFT LETTER OF REPRESENTATION BE REWORDED AS SUGGESTED.**

#### **5.4. DYFED PENSION FUND ISA 260.**

The Committee received for consideration the report of the Wales Audit Office on the audit undertaken of the Dyfed Pension Fund Accounts which considered whether the financial statement gave a true and fair view of the financial position of the Dyfed Pension Fund at 31<sup>st</sup> March, 2015 and its income and expenditure during that year. The Committee's attention was drawn to the detailed report where the Wales Audit Office found that there were no misstatements identified in the financial statements which remained uncorrected. A number of minor misstatements had been corrected by management. As a result the Wales Audit Office intended to issue an unqualified audit report on the Dyfed Pension Fund financial statements as soon as the Letter of Representation [amended as per minute 5.3 above] had been received.

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

#### **5.5. CERTIFICATE OF COMPLIANCE - IMPROVEMENT PLAN AUDIT 2015/16 AND ASSESSMENT OF PERFORMANCE 2014/15.**

**UNANIMOUSLY RESOLVED to note the Certificate of Compliance issued by the Auditor General for Wales following the Audit of the Council's Combined 2015-16 Improvement Plan and Assessment of 2014-15 Performance.**

## **5.6. CORPORATE ASSESSMENT - PROJECT BRIEF.**

The Committee had been circulated with a Wales Audit Office report detailing proposed arrangements for the undertaking of an improvement assessment to determine whether the Authority was likely to comply with requirements to make arrangements to secure continuous improvement.

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

## **6. LETTER OF REPRESENTATION 2014/15 TO WALES AUDIT OFFICE - CARMARTHENSHIRE COUNTY COUNCIL.**

The Committee was advised that in accordance with the Statement of Auditing Standards (SAS440 – Management Representations), the Wales Audit Office required a Letter of Representation to be prepared on an annual basis by the Authority's Section 151 Officer and signed by the aforesaid Officer and the Chair of the Audit Committee. In addition, the Wales Audit Office required the Committee responsible for approving the accounts under Regulation 8 of the Accounts and Audit Regulations to formally acknowledge the response of the Section 151 Officer.

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

## **7. AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT - CARMARTHENSHIRE COUNTY COUNCIL.**

The Committee had been circulated with a report detailing responses to requests made by the Wales Audit Office [WAO] of both management and the Audit Committee in order for the WAO to meet the requirements set out in International Standards on Auditing (ISAs) to formally seek the Authority's documented consideration and understanding on a number of governance areas that impact on the audit of the financial statements. These considerations were relevant to both the Council's management and 'those charged with governance' (the Audit Committee).

The information provided informed the WAO's understanding of the Council and its business processes and supported the WAO's work in providing an audit opinion on the 2014-15 financial statements.

**UNANIMOUSLY RESOLVED to approve the responses to the requests made by the Wales Audit Office of both management and the Audit Committee as detailed in the report.**

## **8. LETTER OF REPRESENTATION 2014/15 TO WALES AUDIT OFFICE - DYFED**

## **PENSION FUND.**

The Committee was advised that in accordance with the Statement of Auditing Standards (SAS440 – Management Representations) the Wales Audit Office required a Letter of Representation to be prepared on an annual basis by the Authority's Section 151 officer and signed by the by the aforesaid Officer and the Chair of the Audit Committee In addition, the Wales Audit Office required the Committee responsible for approving the accounts under Regulation 8 of the Accounts and Audit Regulations to formally acknowledge the response.

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

### **9. AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT - DYFED PENSION FUND.**

The Committee had been circulated with the Authority's responses to the Welsh Audit Office on a number of governance areas that impacted on the audit of the financial statements. These considerations were relevant to both the Dyfed Pension Fund's management and 'those charged with governance' (the Audit Committee). The information provided informed the WAO's understanding of the Dyfed Pension Fund and its business processes and supported its work in providing an audit opinion on the 2014-15 financial statements.

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

### **10. CARMARTHENSHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS 2014/15.**

(NOTE: Councillor H.A.L. Evans had declared an interest in this item as she was a former Treasurer of Menter Gorllewin Sir Gar).

In accordance with the provisions of the Accounts and Audit (Wales) Regulations 2014, the Committee received for approval the post-audit Statement of Accounts 2014/15 in respect of Carmarthenshire County Council and the Dyfed Pension Fund. The Statement brought together all the financial transactions of the Authority and the Pension Fund for the year, and also detailed both the Authority's and its Pension Fund's assets and liabilities as at 31<sup>st</sup> March, 2015.

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

**UNANIMOUSLY RESOLVED that the Statement of Accounts for 2014/15 (Carmarthenshire County Council and the Dyfed Pension Fund) post audit be approved.**

### **11. BURRY PORT HARBOUR FINANCIAL STATEMENT 2014/15.**

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

2014/15 in respect of Burry Port Harbour.  
UNANIMOUSLY RESOLVED THAT THE ACCOUNTING STATEMENT FOR  
BURRY PORT HARBOUR FOR 2014-15 POST AUDIT BE APPROVED.

**12. MINUTES OF THE CORPORATE GOVERNANCE GROUP.**

**UNANIMOUSLY RESOLVED** that the minutes of the meeting of the Corporate Governance Group held on the 1<sup>ST</sup> May, 2015 be received.

**13. MINUTES OF THE RISK MANAGEMENT STEERING GROUP.**

**UNANIMOUSLY RESOLVED** that the minutes of the meeting of the Risk Management Steering Group held on the 2<sup>nd</sup> July, 2015 be received.

**14. MINUTES OF THE GRANTS PANEL.**

unanimously resolved **THAT THE MINUTES OF THE GRANTS PANEL HELD ON 4<sup>TH</sup> SEPTEMBER, 2015 BE RECEIVED.**

**15. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 10TH JULY, 2015.**

**UNANIMOUSLY RESOLVED** that the minutes of the meeting of the Audit Committee held on the 10<sup>th</sup> July, 2015 be signed as a correct record.

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**CHAIR**

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**DATE**