

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 CARMARTHENSHIRE 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. CARMARTHENSHIRE 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. CARMARTHENSHIRE 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: _____