

Pecyn Dogfennau



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

DYDD GWENER, 8 RHAGFYR 2017

AT: HOLL AELODAU'R PWYLLGOR ARCHWILIO

YR WYF DRWY HYN YN EICH GALW I FYNYCHU CYFARFOD O'R **PWYLLGOR ARCHWILIO** SYDD I'W GYNNAL YN **SIAMBR, NEUADD Y SIR, CAERFYRDDIN AM 10.30AM AR DYDD GWENER, 15^{FED} RHAGFYR, 2017**, ER MWYN CYFLAWNI'R MATERION A AMLINELLIR AR YR AGENDA SYDD ATODEDIG.

Mark James DYB

PRIF WEITHREDWR



AILGYLCHWCH OS GWELWCH YN DDA

Swyddog Democrataidd:	Janine Owen
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E-bost:	JanineOwen@sirgar.gov.uk
Cyf:	AD016-001

PWYLLGOR ARCHWILIO

AELODAETH:
8 AELOD O'R CYNGOR AC 1 AELOD ALLANOL Â PHLEIDLAIS

GRŴP PLAID CYMRU – 4 AELOD

1. Y Cyngorydd Hazel Evans
2. Y Cyngorydd Gareth John
3. Y Cyngorydd Carys Jones
4. Y Cyngorydd Elwyn Williams

GRŴP LLAFUR – 2 AELOD

1. Y Cyngorydd Tina Higgins [Cadeirydd]
2. Y Cyngorydd Bill Thomas

GRŴP ANNIBYNNOL – 2 AELOD

1. Y Cyngorydd Giles Morgan [Is-Gadeirydd]
2. Y Cyngorydd Edward Thomas

AELOD Â PHLEIDLAIS ALLANOL (1)

Mrs. Julie James

AGENDA

1. YMDDIHEURIADAU AM ABSENOLDEB
2. DATGANIADAU O FUDDIANNAU PERSONOL.
3. CYNLLUN ARCHWILIO MEWNOL 2017/18 5 - 20
4. BLAENRHAGLEN GWAITH 21 - 30
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 - 7.1 CYNGOR SIR GAERFYRDDIN DIWEDDARIAD PWYLLGOR ARCHWILIO RHAGFYR 2017; 51 - 58
 - 7.2 CYNGOR SIR GAERFYRDDIN - LLYTHYR ARCHWILIO BLYNYDDOL 2016/17; 59 - 66
 - 7.3 CYNGOR SIR GAERFYRDDIN - MEMO CYFRIFON TERFYNOL 2016/17; 67 - 82
 - 7.4 CAFFAEL CYHOEDDUS YNG NGHYMRU. 83 - 178
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Mae'r dudalen hon yn wag yn fwriadol

PWYLLGOR ARCHWYLIO

15^{FED} RHAGFYR 2017

CYNLLUN ARCHWILIO MEWNOL 2017/18

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

I dderbyn yr adroddiad

Y Rhesymau:

Cyflwynir adroddiad cynnydd yn rheolaidd bob tro mae'r Pwyllgor Archwilio yn cyfarfod.

Ymgynghorwyd â'r pwyllgor craffu perthnasol : AMHERTHNASOL**Angen i'r Bwrdd Gweithredol wneud penderfyniad : AMHERTHNASOL****Angen i'r Cyngor wneud penderfyniad : AMHERTHNASOL****YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-**

Cynghorydd David Jenkins

Y Gyfarwyddiaeth:

Gwasanathau Corfforaethol

Enw Pennaeth y Gwasanaeth:

Helen Pugh

Awdur yr Adroddiad:

Helen Pugh

Swyddi:Pennaeth Refeniw a
Chydymffurfio Ariannol**Rhif ffôn:** 01267 246223**Cyfeiriad E-bost:**

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EXECUTIVE SUMMARY

AUDIT COMMITTEE 15TH DECEMBER 2017

INTERNAL AUDIT PLAN 2017/18

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 2017/18 – Progress Report

REPORT A(ii) Internal Audit Plan 2017/18 – Recommendations Scoring Matrix

REPORT B Summary of Completed Final Reports 2017/18 Relating to Key Financial Systems (April 2017 to date)

A Summary of Final Reports for the Key Systems completed during the last Quarter.

1	NONE TO REPORT
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REPORT C – Priority 1 Recommendations Relating to Reviews of Other Systems and Establishment Audits

This Section includes Reviews completed since April 2017 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	Llanelli Leisure Centre
2	Departmental Contract Management

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: Helen Pugh Head of Revenues and Financial Compliance

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	ICT NONE	Risk Management Issues NONE	Staffing Implications NONE	Physical Assets NONE
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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: Helen Pugh Head of Revenues and Financial Compliance

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 2076-20	AC 28-03-16	Internal Audit Unit

Mae'r dudalen hon yn wag yn fwriadol

INTERNAL AUDIT PLAN 2017/18										
2017/18	% Plan Completion to Date	39.7%		% Target Nov 2017					55.0%	
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										
1117001	Corporate Strategy/Policy Making	8	*	*	*	*	*		7.2	Draft Report Issued
1117002	Partnership Arrangements	8							0.0	
1117003	Annual Governance Statement	8	*	*	*	*	*		7.2	Draft Report Issued
1117004	HR Function - Recruitment / Safer Recruitment DBS	8							0.0	
1117005	Health & Safety	8	*	*	*	*			6.0	Field Work Complete
1117006	Staffing Policies	5							0.0	
1117007	Declaration of Interest	8							0.0	
1117008	Community Safety	5	*						0.0	Pre Audit Meeting
1117009	Electoral Services	5	*	*	*	*	*	*	5.0	Complete
1117010	Markets	5							0.0	
1117011	Sponsorship /Tourism/Marketing	5							0.0	
1117012	Property Management	8	*	*	*	*			6.0	Field Work Complete
1117013	Estate Management	8	*	*	*	*			6.0	Field Work Complete
1117014	European Programme	8							0.0	
1117015	Economic Development	10							0.0	
1117016	City Deal - Governance Arrangements	8	*	*	*	*			6.0	Field Work Complete
1117017	Wellness Centre	8							0.0	
1117018	Community Regeneration	8							0.0	
1117019	RLP	5							0.0	
1117020	Performance/Governance/Improvement Plans	8							0.0	
1117021	Physical Regeneration	8	*						0.0	Pre Audit Meeting
1117022	Well Being of Future Generations Act	5							0.0	
1117023	Welsh Language Standards	5	*	*	*				0.0	Commenced
1117024	Information Governance / Retention of records / CFP	8							0.0	
1117025	Property & Major Projects	10							0.0	
1117026	Financial Management Other	5	*	*	*	*	*		4.5	Draft Report Issued
Grants										
1117027	Business Development	5	*						0.0	Pre Audit Meeting
1117028	Third Party Grants Monitoring	5							0.0	
1117029	Grants Data Base	5	*	N/A	N/A	N/A	N/A	N/A	5.0	Complete
Total Audit Days for Department		200							52.9	
Computer Audits										
2117001	Computer Assisted Audit Testing(CAATs)	25	*	*	*	*			18.8	Field Work Complete
2117002	- Agresso Developments	5							0.0	
2117003	- Resource Link	10	*	*	*	*	*	*	10.0	Complete
2117004	- Payment Cards	5							0.0	
2117005	- Education & Children Services	5							0.0	
2117006	National Fraud Initiative	35	*	N/A	*	*	n/a	n/a	35.0	Complete
2117007	Asset Management (Central/Other)	10	*	*	*				0.0	Commenced
2117008	Collaborative Working	10							0.0	
2117009	Networks inc WiFi	10	*	*	*				0.0	Commenced
2117010	Business Continuity Planning	10	*	*	*	*			7.5	Field Work Complete
2117011	Installations	10	*	*	*	*	*	*	10.0	Complete
2117012	Active Directory	10	*	*	*	*	*		9.0	Draft Report Issued
2117013	Schools	10	*	*	*	*			0.0	Commenced
2117014	Other Systems - (Not TASK)	10	*	*	*	*	*	*	10.0	Complete
2117015	Digital Transformation	10							0.0	
2117016	Agile Working	10							0.0	
Total Days Computer Audits		185							100.3	
Education & Children										
School Improvement										
3117001	School Effectiveness Support Services	8							0.0	
Education Services										
3117002	Special Educational Needs	8							0.0	
3117003	School Redundancy & EVR	8	*	*	*				0.0	Commenced
Strategic Development										
3117004	School Milk & Uniform Grants	5	*	*	*				0.0	Commenced
3117005	School Meals & Primary Free Breakfast Services	12	*	*	*	*	*	*	12.0	Complete
Curriculum & Well being										
3117006	Youth Service	8							0.0	
3117007	Youth Service short term grants	3							0.0	
3117008	Adult & Community Learning	5	*						0.0	Pre Audit Meeting
Children's Services										
3117009	Safeguarding	8	*	*	*				0.0	Commenced
3117010	Financial Management Other	5							0.0	

INTERNAL AUDIT PLAN 2017/18										
2017/18	% Plan Completion to Date	39.7%		% Target Nov 2017					55.0%	
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
	Schools:									
3117011	Cross Hands C.P. School.	3	*	*	*	*	*		2.7	Draft Report Issued
3117012	Drefach C.P. School.	3	*	*	*	*	*		2.7	Draft Report Issued
3117013	Llangain C.P. School.	3	*	*	*	*	*	*	3.0	Complete
3117014	Bancffosfelin C.P. School.	3	*	*	*	*	*		2.7	Draft Report Issued
3117015	Pontyberem C.P. School.	3	*	*	*	*	*	*	3.0	Complete
3117016	Gwynfryn C.P. School.	3							0.0	
3117017	Carway C.P. School.	3							0.0	
3117018	Pontiets C.P. School	3							0.0	
3117019	Five Roads C.P. School	3							0.0	
3117020	Maesybont C.P. School.	3							0.0	
3117021	Blaenau C.P. School	3	*	*	*	*	*		2.7	Draft Report Issued
3117022	Ysgol G. Mynyddgarreg	3							0.0	
3117023	Trimsaran C.P. School	3	*	*	*	*	*		2.3	Field Work Complete
3117024	Copperworks Infant & Nursery School	3	*	*	*	*	*		2.7	Draft Report Issued
3117025	Lakefield C.P. School.	3	*	*	*	*	*		2.7	Draft Report Issued
3117026	Peniel C.P. School.	3	*	*	*	*	*	*	3.0	Complete
3117027	Bro Banw	3	*	*	*	*	*		2.7	Draft Report Issued
3117028	Saron C.P. School	3	*	*	*	*	*	*	3.0	Complete
3117029	Llangadog C.P. School	3							0.0	
3117030	Ysgol Y Dderwen, Carmarthen	3	*	*	*	*	*	*	3.0	Complete
3117031	Llanmiloe C.P. School	3							0.0	
3117032	Bryn C.P. School	3	*	*	*	*	*		2.7	Draft Report Issued
3117033	Y Felin (Felinfoel)	3	*	*	*	*	*	*	3.0	Complete
3117034	Ysgol Brynsierfel, Llanelli.	3	*	*	*	*	*	*	3.0	Complete
3117035	Llangunnor C.P. School.	3	*	*	*	*	*	*	3.0	Complete
3117036	Ysgol Gymraeg Teilo Sant, Llandeilo.	3							0.0	
3117037	Penygaer C.P. School.	3	*	*	*	*	*	*	3.0	Complete
3117038	Bigyn C.P. School.	3							0.0	
3117039	Richmond Park C.P. School.	3	*	*	*	*	*	*	3.0	Complete
3117040	Ysgol Griffith Jones	3	*	*	*	*	*	*	2.7	Draft Report Issued
3117041	St. Mary's R.C.P. School. Llanelli.	3	*	*	*	*	*	*	2.7	Draft Report Issued
3117042	St. Mary's R.C.P. School, Carmarthen.	3	*	*	*	*	*	*	2.7	Draft Report Issued
3117043	Model V.A.P. School.	3	*	*	*	*	*	*	3.0	Complete
3117044	Ysgol Bro Dinefwr	7							0.0	
3117045	Dyffryn Amman	7							0.0	
3117046	Dyffryn Taf	7	*	*	*	*	*	*	7.0	Complete
3117047	Ysgol Gyfun Emlyn	7							0.0	
3117048	Bro Myrddin	7	*	*	*	*	*	*	7.0	Complete
	Grants									
3117049	School Uniform	5	*	*	*	*	*	*	5.0	Complete
3117050	Post 16	5							0.0	
3117051	Education - EIG - Q1 Audit	5	*	*	*	*	*	*	5.0	Complete
3117052	Education - EIG - Q2 Audit	5	*	*	*	*	*	*	5.0	Complete
3117053	Education - EIG - Q3 Audit	5							0.0	
3117054	Education - EIG - Q4 Audit	5							0.0	
3117055	Education - EIG - Final Annual Audit	5							0.0	
3117056	Education - PDG	5	*	*	*	*	*	*	5.0	Complete
3117057	Education & Children Grants	5							0.0	
3117058	Youth Work Strategy Grant	5	*	*	*	*	*	*	5.0	Complete
	Total Audit Days for Department	254							115.95	
	Corporate Services									
4117001	Main Accounting	10							0.0	
4117002	Budget Setting	5	*	*	*	*	*	*	4.5	Draft Report Issued
4117003	Budget Monitoring / Budget Manual Compliance	5	*	*	*	*	*	*	4.5	Draft Report Issued
4117004	VAT	8							0.0	
4117005	Capital Accounting incl.Fixed Asset Register	8							0.0	
4117006	Treasury Management - Loans	5							0.0	
4117007	Investments - Carmarthenshire CC	5							0.0	
4117008	Investments - Dyfed Pension Fund	5							0.0	
4117009	Pensions Payroll System	10	*	*	*	*	*	*	10.0	Complete
4117010	Housing Benefits	10							0.0	
4117011	Council Tax	10							0.0	
4117012	NNDR	10							0.0	
4117013	Payroll System	20	*	*	*	*	*	*	18.0	Draft Report Issued
4117014	Creditor Payments	20							0.0	
4117015	Debtors System	20							0.0	

INTERNAL AUDIT PLAN 2017/18										
2017/18	% Plan Completion to Date	39.7%		% Target Nov 2017					55.0%	
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
4117016	Cash Receipting	5	*	*	*	*	*	*	4.5	Draft Report Issued
4117017	Banking	5	*	*	*	*	*	*	5.0	Complete
4117018	Travel & Subsistence System	10							0.0	
4117019	Trust Funds	8	*	*	*	*	*	*	8.0	Complete
4117020	Burry Port Harbour - Accounts Return for WAO	5	*	*	*	*	*	*	5.0	Complete
4117021	Teachers Salaries	8	*	*	*	*	*	*	7.2	Draft Report Issued
4117022	Asset Disposal / Acquisition	8							0.0	
4117023	Financial Management Other	5							0.0	
	Total Audit Days for Department	205							66.7	
	Communities									
5117001	Disability/Adaptations/Renewals/ARBED	8							0.0	
5117002	Houses for Homes	8							0.0	
5117003	Tenancy Management	8							0.0	
5117004	Homelessness	8							0.0	
5117005	Rents	8	*	*	*	*	*	*	8.0	Complete
5117006	Contract Management/Partnerships	10	*	*	*	*	*	*	0.0	Commenced
5117007	Direct Payments	10	*	*	*	*	*	*	10.0	Complete
5117008	Residential Care Authority & Private Homes	8							0.0	
5117009	Day Care	8							0.0	
5117010	Learning Disabilities	5	"	*	*	*	*	*	5.0	Complete
5117011	Safeguarding	10							0.0	
5117012	Service User Assets	8	*	*	*	*	*	*	7.2	Draft Report Issued
5117013	Care Plans	5							0.0	
5117014	Independent Living Fund	5	*	*	*	*	*	*	5.0	Complete
5117015	Joint Equipment Store	5	*	*	*	*	*	*	4.5	Draft Report Issued
5117016	Amman Valley Leisure Centre	4	*	*	*	*	*	*	0.0	Commenced
5117017	Carmarthen Leisure Centre	4	*	*	*	*	*	*	3.0	Field Work Complete
5117018	Llanelli Leisure Centre	4	*	*	*	*	*	*	0.0	Terms of Reference
5117019	Newcastle Emlyn Leisure Centre	4	*	*	*	*	*	*	3.0	Field Work Complete
5117020	Pembrey Country Park / MCP / Country Parks	12							0.0	
5117021	Ski Centre	5							0.0	
5117022	Countryside Access	5							0.0	
5117023	St Clears Craft Centre	3	*	*	*	*	*	*	2.7	Draft Report Issued
5117024	West Area Leisure	5	*	*	*	*	*	*	0.0	Pre Audit Meeting
5117025	Pendine Outdoor Education Centre	8	*	*	*	*	*	*	7.2	Draft Report Issued
5117026	Financial Management Other	5	*	*	*	*	*	*	5.0	Complete
	Grants									
5117027	Supporting People - Outcomes	5	*	N/A	*	*	*	*	5.0	Complete
5117028	Supporting People - Financials	10	*	*	*	*	*	*	10.0	Complete
5117029	Communities	10							0.0	
	Total Audit Days for Department	198							75.6	
	Environment									
	Property:									
6117001	Property Maintenance	8							0.0	
6117002	Property Management	5							0.0	
6117003	Tenancy Management / Housing Voids	8							0.0	
6117004	Provision / livestock markets	5							0.0	
6117005	Grounds Maintenance	5	*	*	*	*	*	*	5.0	Complete
6117006	Waste Services	8							0.0	
6117007	Environmental Enforcement	5	*	*	*	*	*	*	5.0	Complete
	Highways and Transport:									
6117008	Highway Maintenance (incl. Trunk Roads)	8	*	*	*	*	*	*	8.0	Complete
6117009	Public transport	5	*	*	*	*	*	*	0.0	Commenced
6117010	Fleet/Plant Management	5							0.0	
	Planning Services:									
6117011	Building Control	5	*	*	*	*	*	*	5.0	Complete
6117012	106 Agreements	5	*	*	*	*	*	*	5.0	Complete
6117013	Heritage	5	*	*	*	*	*	*	5.0	Complete
	Policy & Development Departmental:									
6117014	Management Systems - Total	5	*	*	*	*	*	*	0.0	Commenced
6117015	Procurement	3	*	*	*	*	*	*	3.0	Complete
6117016	Financial Management Other	5							0.0	
	Grants									
6117017	Departmental Grants	10	*	*	*	*	*	N/A	10.0	Complete

INTERNAL AUDIT PLAN 2017/18										
2017/18	% Plan Completion to Date	39.7%		% Target Nov 2017					55.0%	
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 Audit Days for Department		100							46	
Procurement / Contracts										
7117001	Departmental Procurement Revenue Contracts	10	*	*	*				0.0	Commenced
7117002	Corporate Procurement	15							0.0	
7117003	Framework contracts	15	*	*	*	*			11.3	Field Work Complete
7117004	Regional Framework contracts	10	*	*	*				0.0	Commenced
7117005	Specific Projects	7	*	*	*	*	*	*	7.0	Complete
7117006	Capital Maintenance	5							0.0	
7117007	21st Century Schools	5	*	*	*	*	*	*	5.0	Complete
7117008	Post Contract	7	*		*				0.0	Commenced
7117009	Contract Partnering Selection	5							0.0	
7117010	Capital Grant Management	5							0.0	
7117011	Departmental Contract Management	8	*	*	*	*	*	*	8.0	Complete
7117012	Cost Management	8	*	*	*	*	*	N/A	8.0	Complete
7117013	Financial Management Other	10							0.0	
Total Audit Days for Department		110							39.25	
Total Approved Plan Days		1252	% Complete to Date		39.7%				496.7	
Fire										
8117001	Network Security	5	*		*				0.0	Commenced
8117002	Internet Security	5	*		*				0.0	Commenced
8117003	Agresso	3			*				0.0	Commenced
8117004	Data Protection	5	*		*				0.0	Commenced
8117005	NFI	5							0.0	
8217001	Main Accounting	5							0.0	
8217002	VAT	5							0.0	
8217003	Capital Accounting incl.Fixed Asset Register	5							0.0	
8217004	Treasury Management - Loans	2							0.0	
8217005	Treasury Management - Investments	4							0.0	
8217006	Pensions Payroll System	5							0.0	
8217007	Payroll System	5							0.0	
8217008	Creditor Payments	5							0.0	
8217009	Debtors System	5							0.0	
8217010	Banking	4							0.0	
8217011	Travel & Subsistence System	5							0.0	
8217012	Procurement	5							0.0	
8217013	Asset Disposal / Acquisition / Asset Management	5							0.0	
8217014	3*grants	10							0.0	
Total Audit Days for Department		93							0.0	
Additional Work Not Included in Original Plan										
5117030	Pendine Investigation	25	*	*	*	*	*	*	25.0	Complete
4117024	Self Assessment	15	*	*	*	*	N/A	N/A	15.0	Complete
2117017	Ceredigion Payroll	14	*	*	*	*	*		12.6	Draft Report Issued
5117030	Pendine Investigation Phase II	5	*	*	*	*			0.0	Commenced
2217001	FOIA Whistleblowing Investigation	4	*	*	*	*	N/A	N/A	4.0	Complete
Total Additional Work		156	% Complete to Date		36.3%				56.6	
Total Audit Plan Time		1408	% Complete to Date		39.3%				553.3	
Productivity of Total Audit Plan Days as a Percentage of Approved Plan Days							44.2%			

INTERNAL AUDIT PLAN 2017/18			REPORTING								
2017/18			Issues				3*=5	2*=3	1*=1	Score	Assurance Level
Job No	Departments	Status	No. of 3 * Issues	No. of 2 * Issues	No. of 1 * Issues	Total No. Issues					
	Chief Executive										
1117001	Corporate Strategy/Policy Making	Draft Report Issued				0	0	0	0	0	
1117002	Partnership Arrangements					0	0	0	0	0	
1117003	Annual Governance Statement	Draft Report Issued				0	0	0	0	0	
1117004	HR Function - Recruitment / Safer Recruitment DBS					0	0	0	0	0	
1117005	Health & Safety	Field Work Complete				0	0	0	0	0	
1117006	Staffing Policies					0	0	0	0	0	
1117007	Declaration of Interest					0	0	0	0	0	
1117008	Community Safety	Pre Audit Meeting				0	0	0	0	0	
1117009	Electoral Services	Complete	0	3	0	3	0	9	0	9	Acceptable
1117010	Markets					0	0	0	0	0	
1117011	Sponsorship /Tourism/Marketing					0	0	0	0	0	
1117012	Property Management	Field Work Complete				0	0	0	0	0	
1117013	Estate Management	Field Work Complete				0	0	0	0	0	
1117014	European Programme					0	0	0	0	0	
1117015	Economic Development					0	0	0	0	0	
1117016	City Deal - Governance Arrangements	Field Work Complete				0	0	0	0	0	
1117017	Wellness Centre					0	0	0	0	0	
1117018	Community Regeneration					0	0	0	0	0	
1117019	RLP					0	0	0	0	0	
1117020	Performance/Governance/Improvement Plans					0	0	0	0	0	
1117021	Physical Regeneration	Pre Audit Meeting				0	0	0	0	0	
1117022	Well Being of Future Generations Act					0	0	0	0	0	
1117023	Welsh Language Standards	Commenced				0	0	0	0	0	
1117024	Information Governance / Retention of records / CFP					0	0	0	0	0	
1117025	Property & Major Projects					0	0	0	0	0	
1117026	Financial Management Other	Draft Report Issued				0	0	0	0	0	
	Grants										
1117027	Business Development	Pre Audit Meeting				0	0	0	0	0	
1117028	Third Party Grants Monitoring					0	0	0	0	0	
1117029	Grants Data Base	Complete	0	0	0	0	0	0	0	0	N/A
						0	0	0	0	0	
	Computer Audits										
2117001	Computer Assisted Audit Testing(CAATs)	Field Work Complete				0	0	0	0	0	
2117002	- Agresso Developments					0	0	0	0	0	
2117003	- Resource Link	Complete	0	0	0	0	0	0	0	0	High
2117004	- Payment Cards					0	0	0	0	0	
2117005	- Education & Children Services					0	0	0	0	0	
2117006	National Fraud Initiative	Complete	0	0	0	0	0	0	0	0	N/A
2117007	Asset Management (Central/Other)	Commenced				0	0	0	0	0	
2117008	Collaborative Working					0	0	0	0	0	
2117009	Networks inc WiFi	Commenced				0	0	0	0	0	
2117010	Business Continuity Planning	Field Work Complete				0	0	0	0	0	
2117011	Installations	Complete	0	2	1	3	0	6	1	7	Acceptable
2117012	Active Directory	Draft Report Issued				0	0	0	0	0	
2117013	Schools	Commenced				0	0	0	0	0	
2117014	Other Systems - (Not TASK)	Complete	0	2	0	2	0	6	0	6	Acceptable
2117015	Digital Transformation					0	0	0	0	0	
2117016	Agile Working					0	0	0	0	0	
	Education & Children										
	School Improvement										
3117001	School Effectiveness Support Services					0	0	0	0	0	
	Education Services										
3117002	Special Educational Needs					0	0	0	0	0	
3117003	School Redundancy & EVR	Commenced				0	0	0	0	0	
	Strategic Development										
3117004	School Milk & Uniform Grants	Commenced				0	0	0	0	0	
3117005	School Meals & Primary Free Breakfast Services	Complete	0	2	2	4	0	6	2	8	Acceptable
	Curriculum & Well being										
3117006	Youth Service					0	0	0	0	0	
3117007	Youth Service short term grants					0	0	0	0	0	
3117008	Adult & Community Learning	Pre Audit Meeting				0	0	0	0	0	
	Children's Services										
3117009	Safeguarding	Commenced				0	0	0	0	0	
3117010	Financial Management Other					0	0	0	0	0	
	Schools:										
3117011	Cross Hands C.P. School.	Draft Report Issued				0	0	0	0	0	
3117012	Drefach C.P. School.	Draft Report Issued				0	0	0	0	0	
3117013	Llangain C.P. School.	Complete	0	1	2	3	0	3	2	5	Acceptable
3117014	Bancffosfelin C.P. School.	Draft Report Issued				0	0	0	0	0	
3117015	Pontyberem C.P. School.	Complete	0	0	0	0	0	0	0	0	High
3117016	Gwynfryn C.P. School.					0	0	0	0	0	
3117017	Carway C.P. School.					0	0	0	0	0	
3117018	Pontiets C.P. School					0	0	0	0	0	
3117019	Five Roads C.P. School					0	0	0	0	0	
3117020	Maesybont C.P. School.					0	0	0	0	0	
3117021	Blaenau C.P. School	Draft Report Issued				0	0	0	0	0	
3117022	Ysgol G. Mynyddygarreg					0	0	0	0	0	
3117023	Trimsaran C.P. School	Field Work Complete				0	0	0	0	0	
3117024	Copperworks Infant & Nursery School	Draft Report Issued				0	0	0	0	0	
3117025	Lakefield C.P. School.	Draft Report Issued				0	0	0	0	0	
3117026	Peniel C.P. School.	Complete	0	1	0	1	0	3	0	3	Acceptable
3117027	Bro Banw	Draft Report Issued				0	0	0	0	0	
3117028	Saron C.P. School	Complete	0	1	0	1	0	3	0	3	Acceptable
3117029	Llangadog C.P. School					0	0	0	0	0	

INTERNAL AUDIT PLAN 2017/18			REPORTING								
2017/18			Issues				3*=5	2*=3	1*=1	Score	Assurance Level
Job No	Departments	Status	No. of 3 * Issues	No. of 2 * Issues	No. of 1 * Issues	Total No. Issues					
3117030	Ysgol Y Dderwen, Carmarthen	Complete	0	0	1	1	0	0	1	1	High
3117031	Llanmiloe C.P. School					0	0	0	0	0	
3117032	Bryn C.P. School	Draft Report Issued				0	0	0	0	0	
3117033	Y Felin (Felinfoel)	Complete	0	2	0	2	0	6	0	6	Acceptable
3117034	Ysgol Brynsierfel, Llanelli.	Complete	0	2	1	3	0	6	1	7	Acceptable
3117035	Llangunor C.P. School.	Complete	0	3	0	3	0	9	0	9	Acceptable
3117036	Ysgol Gymraeg Teilo Sant, Llandeilo.					0	0	0	0	0	
3117037	Penygaer C.P. School.	Complete	0	4	2	6	0	12	2	14	Low
3117038	Bigyn C.P. School.					0	0	0	0	0	
3117039	Richmond Park C.P. School.	Complete	0	1	4	5	0	3	4	7	Acceptable
3117040	Ysgol Griffith Jones	Draft Report Issued				0	0	0	0	0	
3117041	St. Mary's R.C.P. School. Llanelli.	Draft Report Issued				0	0	0	0	0	
3117042	St. Mary's R.C.P. School, Carmarthen.	Draft Report Issued				0	0	0	0	0	
3117043	Model V.A.P. School.	Complete	0	4	3	7	0	12	3	15	Low
3117044	Ysgol Bro Dinefwr					0	0	0	0	0	
3117045	Dyffryn Amman					0	0	0	0	0	
3117046	Dyffryn Taf	Complete	0	1	3	4	0	3	3	6	Acceptable
3117047	Ysgol Gyfun Emlyn					0	0	0	0	0	
3117048	Bro Myrddin	Complete	0	3	2	5	0	9	2	11	Low
Grants											
3117049	School Uniform	Complete	0	3	1	4	0	9	1	10	Acceptable
3117050	Post 16					0	0	0	0	0	
3117051	Education - EIG - Q1 Audit	Complete	0	0	0	0	0	0	0	0	N/A
3117052	Education - EIG - Q2 Audit	Complete	0	0	0	0	0	0	0	0	N/A
3117053	Education - EIG - Q3 Audit					0	0	0	0	0	
3117054	Education - EIG - Q4 Audit					0	0	0	0	0	
3117055	Education - EIG - Final Annual Audit					0	0	0	0	0	
3117056	Education - PDG	Complete	0	0	0	0	0	0	0	0	N/A
3117057	Education & Children Grants					0	0	0	0	0	
3117058	Youth Work Strategy Grant	Complete	0	0	1	1	0	0	1	1	N/A
Corporate Services											
4117001	Main Accounting					0	0	0	0	0	
4117002	Budget Setting	Draft Report Issued				0	0	0	0	0	
4117003	Budget Monitoring / Budget Manual Compliance	Draft Report Issued				0	0	0	0	0	
4117004	VAT					0	0	0	0	0	
4117005	Capital Accounting incl.Fixed Asset Register					0	0	0	0	0	
4117006	Treasury Management - Loans					0	0	0	0	0	
4117007	Investments - Carmarthenshire CC					0	0	0	0	0	
4117008	Investments - Dyfed Pension Fund					0	0	0	0	0	
4117009	Pensions Payroll System	Complete	0	0	0	0	0	0	0	0	High
4117010	Housing Benefits					0	0	0	0	0	
4117011	Council Tax					0	0	0	0	0	
4117012	NNDR					0	0	0	0	0	
4117013	Payroll System	Draft Report Issued				0	0	0	0	0	
4117014	Creditor Payments					0	0	0	0	0	
4117015	Debtors System					0	0	0	0	0	
4117016	Cash Receipting	Draft Report Issued				0	0	0	0	0	
4117017	Banking	Complete	0	0	2	2	0	0	2	2	High
4117018	Travel & Subsistence System					0	0	0	0	0	
4117019	Trust Funds	Complete	0	1	2	3	0	3	2	5	Acceptable
4117020	Burry Port Harbour - Accounts Return for WAO	Complete	0	6	1	7	0	18	1	19	Low
4117021	Teachers Salaries	Draft Report Issued				0	0	0	0	0	
4117022	Asset Disposal / Acquisition					0	0	0	0	0	
4117023	Financial Management Other					0	0	0	0	0	
Communities											
5117001	Disability/Adaptations/Renewals/ARBED					0	0	0	0	0	
5117002	Houses for Homes					0	0	0	0	0	
5117003	Tenancy Management					0	0	0	0	0	
5117004	Homelessness					0	0	0	0	0	
5117005	Rents	Complete	0	0	0	0	0	0	0	0	High
5117006	Contract Management/Partnerships	Commenced				0	0	0	0	0	
5117007	Direct Payments	Complete	0	0	2	2	0	0	2	2	High
5117008	Residential Care Authority & Private Homes					0	0	0	0	0	
5117009	Day Care					0	0	0	0	0	
5117010	Learning Disabilities	Complete	0	0	0	0	0	0	0	0	High
5117011	Safeguarding					0	0	0	0	0	
5117012	Service User Assets	Draft Report Issued				0	0	0	0	0	
5117013	Care Plans					0	0	0	0	0	
5117014	Independent Living Fund	Complete	0	1	0	1	0	3	0	3	Acceptable
5117015	Joint Equipment Store	Draft Report Issued				0	0	0	0	0	
5117016	Amman Valley Leisure Centre	Commenced				0	0	0	0	0	
5117017	Carmarthen Leisure Centre	Field Work Complete				0	0	0	0	0	
5117018	Llanelli Leisure Centre	Terms of Reference				0	0	0	0	0	
5117019	Newcastle Emlyn Leisure Centre	Field Work Complete				0	0	0	0	0	
5117020	Pembrey Country Park / MCP / Country Parks					0	0	0	0	0	
5117021	Ski Centre					0	0	0	0	0	
5117022	Countryside Access					0	0	0	0	0	
5117023	St Clears Craft Centre	Draft Report Issued				0	0	0	0	0	
5117024	West Area Leisure	Pre Audit Meeting				0	0	0	0	0	
5117025	Pendine Outdoor Education Centre	Draft Report Issued				0	0	0	0	0	
5117026	Financial Management Other	Complete	0	0	0	0	0	0	0	0	N/A
5117027	Supporting People - Outcomes	Complete	0	0	0	0	0	0	0	0	N/A

INTERNAL AUDIT PLAN 2017/18			REPORTING								
2017/18			Issues							Score	Assurance Level
Job No	Departments	Status	No. of 3 * Issues	No. of 2 * Issues	No. of 1 * Issues	Total No. Issues	3*=5	2*=3	1*=1		
5117028	Supporting People - Financials	Complete				0	0	0	0	0	
5117029	Communities					0	0	0	0	0	
	Environment										
	Property:										
6117001	Property Maintenance					0	0	0	0	0	
6117002	Property Management					0	0	0	0	0	
6117003	Tenancy Management / Housing Voids					0	0	0	0	0	
6117004	Provision / livestock markets					0	0	0	0	0	
6117005	Grounds Maintenance	Complete	0	4	0	4	0	12	0	12	Low
6117006	Waste Services					0	0	0	0	0	
6117007	Environmental Enforcement	Complete	0	0	0	0	0	0	0	0	High
	Highways and Transport:										
6117008	Highway Maintenance (incl. Trunk Roads)	Complete	0	3	0	3	0	9	0	9	Acceptable
6117009	Public transport	Commenced				0	0	0	0	0	
6117010	Fleet/Plant Management					0	0	0	0	0	
	Planning Services:										
6117011	Building Control	Complete	0	0	0	0	0	0	0	0	High
6117012	106 Agreements	Complete	0	0	0	0	0	0	0	0	High
6117013	Heritage	Complete	0	0	0	0	0	0	0	0	High
	Policy & Development Departmental:										
6117014	Management Systems - Total	Commenced				0	0	0	0	0	
6117015	Procurement	Complete	0	4	0	4	0	12	0	12	Low
6117016	Financial Management Other					0	0	0	0	0	
	Grants										
6117017	Departmental Grants	Complete	0	3	0	3	0	9	0	9	Acceptable
	Procurement / Contracts										
7117001	Departmental Procurement Revenue Contracts	Commenced				0	0	0	0	0	
7117002	Corporate Procurement					0	0	0	0	0	
7117003	Framework contracts	Field Work Complete				0	0	0	0	0	
7117004	Regional Framework contracts	Commenced				0	0	0	0	0	
7117005	Specific Projects	Complete	0	0	0	0	0	0	0	0	High
7117006	Capital Maintenance					0	0	0	0	0	
7117007	21st Century Schools	Complete	0	0	0	0	0	0	0	0	High
7117008	Post Contract	Commenced				0	0	0	0	0	
7117009	Contract Partnering Selection					0	0	0	0	0	
7117010	Capital Grant Management					0	0	0	0	0	
7117011	Departmental Contract Management	Complete	1	0	0	1	5	0	0	5	Low
7117012	Cost Management	Complete	0	3	0	3	0	9	0	9	Acceptable
7117013	Financial Management Other					0	0	0	0	0	
	Additional Work Not Included in Original Plan										
5117030	Pendine Investigation	Complete	0	0	0	0	0	0	0	0	N/A
4117024	Self Assessment	Complete	0	0	0	0	0	0	0	0	N/A
2117017	Ceredigion Payroll	Draft Report Issued				0	0	0	0	0	
5117030	Pendine Investigation Phase II	Commenced				0	0	0	0	0	
2217001	FOIA Whistleblowing Investigation	Complete	0	0	0	0	0	0	0	0	N/A

Mae'r dudalen hon yn wag yn fwriadol

DEPARTMENT Communities	AUDIT REVIEW Llanelli Leisure Centre	AUDIT REF 5516003
PLANNED DAYS 5	ACTUAL DAYS 8	Frequency of Audit Annual

Background

Carmarthenshire County Council provides a wide range of leisure facilities including Llanelli Leisure Centre. The Centre generates significant levels of income from a range of activities, including swimming, badminton, basketball, football, fitness suite and general room hire and is therefore considered high risk to the Authority.

The net approved budget for 2016 / 2017 was approximately £553k which includes expected income of approximately £959k.

Scope

The review covered the controls and procedures in operation at Llanelli Leisure Centre to assess the extent to which:

- The recommendations in the previous report have been actioned;
- All income is properly accounted for;
- Adequate arrangements exist for the safeguard of the Authority's assets;
- Adequate controls exist over staffing resources.

General Opinion

The systems and procedures operated by Llanelli Leisure Centre have been assessed as being of High risk to the Authority due to the level of cash income being collected from users of the facility. Based on the results of the current Internal Audit review the risk rating will remain as high.

In relation to the areas that were reviewed during in previous years and again during this year, some improvements have been made. In particular, it was noted that improvements had been made relating to the fill income procedures and it is pleasing that management are taking a pro-active approach to ensure that procedures are operating as expected by undertaking income reconciliation monitoring.

In addition, it is acknowledged that Llanelli Leisure Centre no longer rely on the BSU Section to undertake the unannounced cash ups due to the lack of the Section's resources and have now commenced conducting their own unannounced cash ups to address this issue.

It is noted that many of the improvements have been implemented over recent months, therefore management should ensure that the current arrangements continue to a good standard by implementing overall management monitoring of procedures operating at the centre. In addition, it is important that progress

continues to be made to ensure that recommendations not yet fully actioned are addressed.

However, the current Internal Audit visit was expanded to include the review of staffing related matters which has resulted in a number of fundamental weaknesses being identified which need to be addressed as a priority.

This together with some issues that had been previously reported that continue to remain outstanding has resulted in the overall assessment of the management and administration at Llanelli Leisure Centre being considered to be operating to a low standard.

The Improvements required in order to demonstrate a better standard of control over the centre's facilities in particular relate to:

- Improved procedures for the rotas and payment of staff;
- Improved booking procedures;
- Improved stock recording and reconciliation procedures;
- Compliance with the requirements of Financial Procedure Rules;
- Further improvements procedures for income collection and recording.

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

DEPARTMENT Environment	AUDIT REVIEW Departmental Contract Management	AUDIT REF 7117011
PLANNED DAYS 8	ACTUAL DAYS 8	Frequency of Audit
<p>Background The Authority has a contract in place with an external provider to collect and bank monies from various locations (including Car Parks) across the county. The audit sought to ensure that systems and procedures in place for contract management were robust.</p> <p>Scope The scope of this audit reviewed the systems and procedures in operation to ensure that the contract is operating as intended.</p> <p>General Opinion Departmental Contract Management is assessed as high risk in the Internal Audit Plan for 2017/18. The only issue identified during audit testing was that the current arrangements in place for the collection and banking of monies from car-parks-are not fully compliant with the Authority's Contract Procedure Rules. It was recommended that measures are put in place to ensure that arrangements for the collection and banking of car park income fully comply with the Authority's Contract Procedure Rules.</p>		
RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	1	LOW
Priority 2 – Strengthen Existing Controls		
Priority 3 – Minor Issues		

Mae'r dudalen hon yn wag yn fwriadol

PWYLLGOR ARCHWYLIO

15^{FED} RHAGFYR 2017

BLAENRHAGLEN GWAITH

Y Pwrpas:

Adroddiad Blynyddol Archwylid Mewnol 2017/18 ir Pwyllgor.

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

I dderbyn yr adroddiad.

Y Rhesymau:

Blaenrhaglen Blynyddol i hysbysu'r Aelodau or Pwyllgor Archwylid am yr eitemau agenda yw trafod am y flwyddyn 2017/18.

Ymgynghorwyd â'r pwyllgor craffu perthnasol : AMHERTHNASOL**Angen i'r Bwrdd Gweithredol wneud penderfyniad : AMHERTHNASOL****Angen i'r Cyngor wneud penderfyniad : AMHERTHNASOL****YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-**

Cynghorydd David Jenkins - Adnoddau

Y Gyfarwyddiaeth:

Gwasanathau Corfforaethol

Enw Pennaeth y**Gwasanaeth:**

Helen Pugh

Awdur yr Adroddiad:

Helen Pugh

Swyddi:Pennaeth Refeniw a
Chydymffurfio Ariannol

Rhif ffôn: 01267 246223

Cyfeiriad E-bost:HLPugh@sirgar.gov.uk

EXECUTIVE SUMMARY

AUDIT COMMITTEE

15TH DECEMBER 2017

AUDIT COMMITTEE FORWARD WORK PROGRAMME

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:

Forward Work Programme

DETAILED REPORT ATTACHED?

Forward Work Programme

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: Helen Pugh Head of Revenues and Financial Compliance

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

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

Signed: Helen Pugh Head of Revenues and Financial Compliance

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 2017-20	AC 28-03-14	Internal Audit Unit

Mae'r dudalen hon yn wag yn fwriadol

FORWARD WORK PROGRAMME - Audit Committee

Audit Committee 2017/18

Subject area and brief description of nature of report	Lead Department	Responsible Officer				Sep-18
			Dec-17	Mar-18	Jul-18	
Appointment of Audit Committee: <ul style="list-style-type: none"> Chair Vice Chair 	Corporate Services	Audit Committee			✓	
Annual Audit Report	Corporate Services	Head of Revenues and Financial Compliance			✓	
Forward Work Programme	Corporate Services	Head of Revenues and Financial Compliance	✓	✓	✓	✓
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 Revenues and Financial Compliance	✓	✓	✓	✓
		Head of Revenues and Financial Compliance				
Internal Audit indicative three year plan	Corporate Services	Head of Revenues and Financial Compliance		✓		
Assurance Reviews: <ul style="list-style-type: none"> Fundamental financial systems 3* reports 	Corporate Services	Head of Revenues and Financial Compliance	As required			
		Head of Revenues and Financial Compliance				
Progress reports as requested by Audit Committee <ul style="list-style-type: none"> Supporting People Museums Coastal facilities 	Communities	Safeguarding & Commissioning Manager	✓			
		Head of Leisure	✓			
		Head of Leisure		✓		
Approval of Audit Charter	Corporate Services	Head of Revenues and Financial Compliance		✓		
Approval of Contract & Quotation Rules	Corporate Services	Head of Revenues and Financial Compliance	As required			
Approval of Audit Strategy	Corporate Services	Head of Revenues and Financial Compliance				

FORWARD WORK PROGRAMME - Audit Committee **Audit Committee 2017/18**

Subject area and brief description of nature of report	Lead Department	Responsible Officer				Sep-18
			Dec-17	Mar-18	Jul-18	
Approval of Financial Procedure Rules	Corporate Services	Head of Revenues and Financial Compliance				
Approval of Risk and Business Continuity Strategy	Corporate Services	Head of Revenues and Financial Compliance		✓		
Approval of Anti-Fraud and Corruption Strategy	Corporate Services	Head of Revenues and Financial Compliance		✓		
Receive the Corporate Risk Register	Corporate Services	Head of Revenues and Financial Compliance		✓		✓
Statement of Accounts including Annual Governance Statement for Carmarthenshire CC & Dyfed Pension Fund <ul style="list-style-type: none"> To be received To be approved 	Corporate Services	Head of Financial Services			✓	
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 Revenues and Financial Compliance				
		Head of Financial Services	✓	✓	✓	✓

FORWARD WORK PROGRAMME - Audit Committee

Audit Committee 2017/18

Subject area and brief description of nature of report	Lead Department	Responsible Officer				Sep-18
			Dec-17	Mar-18	Jul-18	
Wales Audit Office:	Corporate Services	Wales Audit Office				
• Audit Plan Update			✓	✓	✓	✓
• Annual Improvement Report					✓	
• 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 						✓
• Letter of Representation <ul style="list-style-type: none"> ○ Carmarthenshire CC ○ Dyfed Pension Fund 						✓
• Annual Audit Letter: <ul style="list-style-type: none"> ○ Carmarthenshire CC ○ Dyfed Pension Fund 			✓			
• Certification of Grants and Returns <ul style="list-style-type: none"> ○ 2016-17 				✓		
• Thematic Study: Well-being of Future Generations - Baseline assessment					✓	
• Thematic Study: Well-being of Future Generations -Scrutiny Review					✓	
• Thematic Study: Service User Review					✓	
• LG Improvement Study - Intermediate Care Fund						
• LG Improvement Study - Using Data Effectively						✓
• LG Improvement Study - How well do public bodies provide services to rural communities						✓
• Local Project work					✓	
• 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 					✓	

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Mae'r dudalen hon yn wag yn fwriadol

Audit Committee Training / Informal Sessions

Subject area and brief description of nature of report	Lead Department	Responsible Officer	Dates							
			Feb-17	Jul-17	Autumn '17	Dec-17	Feb-17	Jul-18	Autumn 18	Dec-18
Audit Committee Self-Assessment	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance	✓		✓				✓	
Meeting with WAO	Corporate Services				✓	✓				✓
Risk Register	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance	✓				✓			
Statement of Accounts	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance		✓				✓		
Audit Committee Development Session	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance		✓						
Category Management	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance			✓					

Mae'r dudalen hon yn wag yn fwriadol

PWYLLGOR ARCHWYLIO

15^{FED} RHAGFYR 2017**DIWEDDARU CYNLLUN GWEITHREDU'R AMGUEDDFEYDD****Y Pwrpas:**

I nodi'r gwelliannau yn y cynllun.

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

I gymeradwyo'r gwelliannau a'r amcanion gwaith parhaol.

Y Rhesymau:

Cais wrth y Pwyllgor Archwilio yn y cyfarfod ar 24 Mawrth 2017 am adroddiad gwelliant yw cyflwyno bob cwarter.

Ymgynghorwyd â'r pwyllgor craffu perthnasol: Amherthnasol

Angen i'r Bwrdd Gweithredol wneud penderfyniad: Amherthnasol

Angen i'r Cyngor wneud penderfyniad: Amherthnasol

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Cyng Peter Hughes-Griffiths

Y Gyfarwyddiaeth:

Adran Cymunedau

Enw Pennaeth y Gwasanaeth:

Ian Jones

Awdur yr Adroddiad:

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EXECUTIVE SUMMARY AUDIT COMMITTEE

15TH DECEMBER 2017

MUSEUMS ACTION PLAN UPDATE

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

The attached action plan summarises the agreed work and progress to date by the Museums Team to improve its processes following the Internal Audit Summary presented to the Audit Committee meeting on 24th March 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 to work closer 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 Museums Action Plan		Audit Committee Meeting Agenda and Minutes - March 2017

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

Prepared by Morigan Mason, Museums Development Manager (March 2017)

Reviewed by Jane Davies & Morigan Mason, December 2017

Proposed Action	Milestone Tasks	Responsible Person	Partners to consult / engage	Target Date	Success Indicator	Progress
<p>R1.</p> <p>All documented procedures need to be completed to ensure all key functions undertaken on a day to day basis are included and that they are fully compliant with the requirements of Financial Procedure Rules;</p> <p>Subsequently training of all staff should be undertaken to ensure they are conversant with the procedures.</p>	Leisure BSU Officer to support the review of documentation relating to financial procedures, which are published in operational manuals for each staffed museum site.	Marion Male (Business Retail Officer)	Lindsey Roberts (BSU)	June 2017		<p>Lindsey Roberts reviewed documentation with Marion Male in May/June 2017.</p> <p>Published operational manuals for each museum site awaiting updating with reviewed procedures.</p> <p>Marion Male participating in all future staff induction training.</p>
	Documentation Procedural Manual due for revision by June 2017 for Museum Accreditation.	Morigan Mason (Museums Development Manager); Gavin Evans (Curator)	Museums Archives Libraries Division of Welsh Government	June 2017	Museum Accreditation.	<p>Documentation Procedural Manual revision completed September 2017 (GE).</p> <p>Pull-out section with procedures relating to offers of items included in Collections Care & Conservation Plan completed Sept. 2017 to form part of staff induction and biannual staff refresher training.</p>
	Acquisition and Disposal Policy for revision for Museum Accreditation.	Morigan Mason (Museums Development Manager); Gavin Evans (Curator)	MALD Welsh Government	June 2017	Museum Accreditation.	<p>Revised Collections Development Policy 2017-2022 (dealing with acquisition and disposal) formally approved 24/10/2017 by EBM. Submitted as part of Museum Accreditation return October 2017.</p>
	Communicate procedures through staff training.	Morigan Mason Gavin Evans		March 2017	Numbers of staff attending training.	<p>Training delivered 27/03/17 to 7 staff. New procedures published in 'Collections Care and Conservation Plan' (September 2017) to form part of staff induction and biannual staff refresher training.</p>
	Collections rationalisation.	Morigan Mason	External consultant. Other museums and stakeholders.	June 2017	Rationalisation policy and plan completed.	<p>Revised Collections Development Policy 2017-2022 (dealing with acquisition and disposal) formally approved 24/10/2017 by EBM. Submitted as part of Museum Accreditation return October 2017.</p>

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

Prepared by Morigan Mason, Museums Development Manager (March 2017)

Reviewed by Jane Davies & Morigan Mason, December 2017

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						Leisure Services Asset Disposal Guidelines. See also 'Collections Rationalisation' under item 3 below.
<p>2. Collection documentation A comprehensive, up to date register should be maintained of all assets held at the Authority's Museums. (Also see R3)</p> <p>This should incorporate a list of all assets valued at over £10k in order to facilitate the Annual Asset Verification Exercise undertaken by the Corporate Property Section,</p> <p>The list of assets should be subject to physical check by an independent</p>	Undertake a collections risk assessment to include 'disassociation' (the separation of object from museum record or provenance).	Morigan Mason Gavin Evans	Sarah Paul ACR (MALD Welsh Government advisor)	March 2017	Risk assessment submitted as Appendix to Carmarthenshire Museums Strategic Plan 2017-2022.	<p>Risk assessment of collections in store completed Jan. 2017. This informed the Carmarthenshire Museum Service Strategic Plan 2017-2022 approved by Executive Board 31 July 2017.</p> <p>Some further work has been undertaken as part of the <i>Development of Carmarthenshire Museum Service Collections Centre</i> study by John Marjoram and Halahan Associates indicating that large parts of the collection have been acquired historically with no record of provenance (e.g., Parc Howard transfer from Llanelli Borough Council and the Carmarthenshire Antiquarian Society collection which founded the County Museum collection).</p>
	Any documentation backlog will be identified through the Accreditation return process and an action plan drawn up to address it.	Gavin Evans		June 2017		<p>Documentation Plan completed to identify how backlog will be addressed (GE).</p> <p>A complete inventory of items offered for donation in last 3 years will be achieved by Easter 2018. Whether accepted or rejected will be subject to the decision of a new Collections Development Panel.</p> <p>All items will be documented to Spectrum stage 4 by Dec. 2018.</p>
	All assets known to be over £10k are identified on the Collections Management System	Gavin Evans				Completed. 54 items assets with a known value above £10K identified on Corporate Asset list, cross-referenced on to CALM.

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

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Reviewed by Jane Davies & Morigan Mason, December 2017

<p>person at least on an annual basis.</p> <p>A record of such checks should be maintained.</p> <p>It is important that the accession register is maintained up to date and that the location of all volumes of the accession register are known.</p>	<p>The list of assets will undergo a physical check as part of a condition survey and thereafter annually.</p>	<p>Joanna Cook, monitored by an independent person.</p>		<p>May 2019</p>		<p>Conservation Officer appointed and took up post in November 2017. Target date may need revision.</p> <p>The requirement to monitor the Conservation Officer by “an independent person” requires clarification as this is a specialist, technical role and independent conservators charge up to £60 per hour + expenses depending on their specialist area.</p>
	<p>Digitise all museum object records on to CALM collections management database. Subject to funding for 9 month fixed term post.</p>	<p>Morigan Mason Gavin Evans</p>		<p>Funding May 2017.</p> <p>Digitisation complete by March 2018.</p>	<p>Documentation Assistant post appointed.</p> <p>Backlog of paper records digitised.</p>	<p>Risk Management grant of £7326 awarded April 2017 to fund 50% salary costs for Documentation Assistant.</p> <p>Approval to appoint to Documentation Assistant post, 1/12/2017. Recruitment in progress.</p> <p>Discussions initiated with CALM software engineers to explore long-term viability of the programme. The museum collections management system is in a poor state due to unsuccessful data migrations from older databases once they became outdated (e.g. data lost and corrupted).</p>
	<p>Photograph all objects and attach images to CALM database for identification.</p>	<p>Gavin Evans</p>	<p>IT and Axiell, with regard to storage capacity for image files.</p>	<p>2020</p>	<p>Numbers of objects photographed.</p> <p>Number of photographs attached CALM database.</p>	<p>Museum Curator and Museum Attendant attended 2-day ‘Photographing Museum Objects’ course Jan. 2017. Photographic equipment purchased Feb. 2017. No progress achieved with in-house photography of museum objects due to time pressures.</p> <p>Existing image library of museum collections currently stored on portable devices (i.e. not CFP) partially linked to CALM although further support from IT and Axiell required to ensure sufficient storage capacity and long term viability.</p>

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

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						<p>Firearms collection photographed (79 items) by external consultant and linked to CALM as part of Museum Firearms Licence renewal process Oct. 2017 (MM).</p> <p>Llanelly Pottery collection photographed (400 items) and linked to CALM as part of external conservation assessment (MM).</p>
	Identify secure electronic back-up system to replace requirement for traditional Accession Register.	Gavin Evans	IT CCC Archives	Jan 2018	New documentation / digitisation procedures in place.	<p>Hard copy Accession Register must be retained to ensure continuity of established practice and 'back up' in the event of IT systems becoming outdated and key data lost during migration (See <i>Documentation Policy Statement 2017-2022</i> approved by EBM 24/10/2017).</p> <p>The Collections Management Database and Accession Register backlog will be updated in line with the Documentation Plan 2017 (GE).</p>
	Ensure all objects are appropriately labelled.	Conservation Officer		2022	Numbers of object labelled.	<p>Conservation Officer appointment made and commenced duties 6/11/2017.</p> <p>Object labelling is part of the Care of Collections & Conservation Plan in preparation for relocating items to a dedicated Collections Centre.</p>
	Identify a solution to the county's museum collections storage crisis so that locations can be accurately recorded.	Jane Davies Morigan Mason	Heritage Lottery Fund EBM MALD	2022	Museum Accreditation. Risk assessment. Internal audit.	<p>£10000 grant awarded by Federation of Museums and Galleries in Wales in April 2017 to commission a study, '<i>Development of Carmarthenshire Museum Service Collections Centre</i>' by John Marjoram and Halahan Associates. This includes a section on opportunities for collections rationalisation. Draft complete report received 29/11/17.</p>

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

Prepared by Morigan Mason, Museums Development Manager (March 2017)

Reviewed by Jane Davies & Morigan Mason, December 2017

						Risk assessment of collections in store completed Jan. 2017. This informed the Carmarthenshire Museum Service Strategic Plan 2017-2022 approved by Executive Board 31 July 2017.
<p>3. Valuation and insurance.</p> <p>As previously recommended 'Appropriate insurance cover should be put in place for all artefacts held at the Authority's museums. This should be undertaken in liaison with the Authority's Risk Management Section.'</p> <p>Museum collections fall under property cover only, which extends to replacing the component materials of an item.</p>	Comprehensive risk assessment to identify the particular risks presented by each collection group.	Joanna Cook, Conservation Officer		Subject to post appointment.		<p>Risks and needs of various collections groups identified in 'Development of Carmarthenshire Museum Service Collections Centre' study by John Marjoram and Halahan Associates. Draft complete report received 29/11/17.</p> <p>Museum Service Conservation Officer appointment made and commenced duties 6/11/2017.</p>
	Put in place measures to manage risk (emergency planning).	Morigan Mason Gavin Evans Joanna Cook	MALD CCC Archives Harwell	June 2017	Museum Accreditation	<p>Carmarthenshire Museum Service Emergency Plan drafted May 2017. Testing and familiarisation process to commence Jan-Mar. 2018.</p> <p>Subscribed to South Wales Museums Emergency Planning Network.</p> <p>Subscribed to Harwell Priority User Service.</p>
	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.	Morigan Mason / Consultant. Audit, Risk & Procurement	Dyfed Powys Police	April 2018	Report submitted to DMT.	<p>Security reviews completed for Carmarthenshire County Museum and Parc Howard Museum (June 2017) by PC Rob Chapman, Designing Out Crime Officer, Dyfed Powys Police. The reports indicate concerns over security provision at both locations and the recommendations will be addressed as part of the capital redevelopment plans at the County Museum and Parc Howard. More immediate concerns are being worked through with colleagues in property maintenance.</p> <p>No security survey carried out at Museum of Speed due to future development plans.</p>

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

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Reviewed by Jane Davies & Morigan Mason, December 2017

	<p>Collections rationalisation programme.</p>	Morigan Mason	MALD	2020	<p>Rationalisation Policy and Plan implemented.</p> <p>Collections better managed.</p> <p>Numbers of items identified for disposal.</p>	<p>Revised Collections Development Policy 2017-2022 (dealing with acquisition and disposal) formally approved 24/10/2017 by EBM. Submitted as part of Museum Accreditation return October 2017.</p> <p>Leisure Services Asset Disposal Guidelines.</p> <p>£10,000 grant awarded by Federation of Museums and Galleries in Wales in April 2017 to commission a study, 'Development of Carmarthenshire Museum Service Collections Centre' by John Marjoram and Halahan Associates. This includes a section on opportunities for collections rationalisation. Draft complete report received 29/11/17.</p> <p>Rationalisation recommendations are complex and extensive to be undertaken in consultation with museums and other stakeholders. Lack of capacity and organisational culture to be addressed to undertake a successful rationalisation programme.</p> <p>Museum firearms collection rationalisation assessment commissioned as part of a larger study; due for completion Jan. 2018.</p>
	<p>With the information from the above steps draw on internal and external expertise to provide valuations of items of high commercial value. Some historical expertise is required because value is linked to provenance. In</p>	<p>Gavin Evans</p> <p>Joanna Cook</p>	<p>Auctioneers.</p> <p>Conservators.</p>	April 2019	<p>Numbers of items valued.</p> <p>All risks insurance in place or a commitment to self-insure based on the value of the object, not its</p>	<p>Llanelly Pottery collection valued as part of a conservation assessment in July 2017 and values added to collections management database. 400 items valued.</p> <p>Attributing values to collections can be costly when carried out by a commercial auction house. National museums usually use in-house expertise to value their collections against the market by subscribing to paid-for</p>

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

Prepared by Morigan Mason, Museums Development Manager (March 2017)

Reviewed by Jane Davies & Morigan Mason, December 2017

	some cases conservation value is preferable.				component materials.	<p>auction sales data but it is not regarded as ethical practice to help other museums with valuations. In the case of Carmarthenshire Museum Service, this in-house expertise is not available. Furthermore, as much of the art collection has been acquired from other sources with uncertain provenance and attributions, securing accurate valuations is additionally challenging. This is a large piece of work for which additional revenue is required to 'buy in' appropriate expertise.</p> <p>Where an object may be of low commercial value but of historic significance, a conservation value is recommended (i.e., the cost of restoration should it be damaged).</p> <p>Recommend priority is given to acquiring current insurance valuations for numismatics, medals and militaria, fine art, fine furniture, antiquarian books, decorative art, precious metals, rare samplers/Welsh textiles, treasure and jewellery collections. This is estimated to be in the region of 10,000 objects.</p>
	Agree on an approach to valuing the remainder of the collection.	Morigan Mason / Julie Standeven		April 2019	A value attributed to the remainder of the collection.	Collating information relating to methods or formulas used by other museum services to determine value of the bulk lower commercial value collections.
4. Loans inward and outward	Formal procedures for loans to be reviewed.	Gavin Evans		June 2017	Museum Accreditation	Documentation Procedural Manual revision completed September 2017 (GE).
A record of all items put out on loan / received on loan should be maintained,	Identify all active loans inward and outward dating back to the 1970s and review paperwork and ensure collections management database is current.	Gavin Evans		June 2017		All loans paperwork has been reviewed and recorded on a spreadsheet. Collections Management database (CLAM) partially updated. Further work required to identify status of some loans (i.e., whether they need renewing, returning, or have been returned).

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

Prepared by Morigan Mason, Museums Development Manager (March 2017)

Reviewed by Jane Davies & Morigan Mason, December 2017

<p>This should be subject to review at least on an annual basis,</p> <p>In addition, a loan agreement should be completed for each loan item which should be signed by both parties.</p>	<p>Loan agreements that have expired or are due to expire in 12 months will be reviewed and renewed. And reviewed thereafter annually.</p>	Gavin Evans		January 2018.		Little progress (linked to the status of the above task).
	<p>Confirm values of loans inward and outward.</p>	Gavin Evans	Auctioneers	Oct. 2017	All inward/outward loans valued and insurance cover confirmed.	Little progress (linked to the status of the above task). Challenge ascertaining confirmation of insurance cover for some high value inward loans (reluctance to accept the given valuation).
	<p>Contact institutions to confirm loan status, insurance cover and update paperwork.</p>	Gavin Evans	Borrowing institutions.	Oct. 2017	All paperwork complete and current.	Little progress (linked to the status of the above task).
	<p>Loans inward/outward condition checked annually.</p>	Joanna Cook		February 2018	Record of all checks.	Museum Service Conservation Officer appointment made and commenced duties 6/11/2017. Target date to be reviewed to reflect incomplete status of task to identify all active loans.

PWYLLGOR ARCHWYLIO

15^{FED} RHAGFYR 2017

DIWEDDARU GRANT RHAGLEN CEFNOGI POBL

Y Pwrpas:

I nodi'r cynnydd yn y Cynllun Gweithredu Cefnogi Pobl

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

I gymeradwyo'r gwelliannau a'r amcanion gwaith parhaol

Y Rhesymau:

Cais wrth y Pwyllgor Archwilio yn y cyfarfod ar 10 Gorffnaf 2015 am adroddiad gwelliant yw cyflwyno bob chwe mis.

Angen i'r Bwrdd Gweithredol wneud penderfyniad: Amherthnasol

Angen i'r Cyngor wneud penderfyniad: Amherthnasol

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Cyng. D. Jenkins a Cyng. J Tremlett

Directorate: Communities

Name of Head of Service:

C Harrison

Report Author:

C Harrison

Designations:

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EXECUTIVE SUMMARY

AUDIT COMMITTEE

15TH DECEMBER 2017

SUPPORTING PEOPLE PROGRAMME GRANT UPDATE

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

The attached update summarises the work done to date by the Supporting People Team to continue to improve its grant and contract management processes as identified in the Internal Audit of the Supporting People Programme Grant 2015/16.

It is submitted that good progress is being made and will be monitored by the Supporting People Planning Group chaired by the Director of Community Services.

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: **C Harrison**

Head of Strategic Joint Commissioning

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: **C Harrison**

Head of Strategic Joint Commissioning

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

Mae'r dudalen hon yn wag yn fwriadol

Audit Committee 15th December 2017
Supporting People Programme Grant Update

Introduction

A six-monthly update has been requested by the Audit Committee detailing the progress of the improvements to the administration of the Supporting People Programme Grant (SPPG) as identified by Internal Audit in their annual reviews.

The last update produced for the July 2017 meeting was based on the Internal Audit review of SPPG for 2015/16. Since the last meeting, there has been an Audit of 2016/17 and, therefore, this report will comment on the issues raised in both reports.

It is worth noting that the SPPG is monitored quarterly by the Supporting People Operational Group where the Supporting People work plan and its projects are presented for scrutiny and comment.

Update on issues raised in 2015/16 and 2016/17 reports

Outcomes

Issue: Accurate collection and verification of outcomes

In May 2017, Welsh Government issued a consultation document for the Supporting People Programme. This included a revised guidance document regarding the administration of the Programme and a revised outcomes framework. The proposed outcomes framework appeared as a radical overhaul of the current process which will change the process for both service providers and Supporting People Teams. The consultation ended on 4th August 2017 since when no date has yet been agreed for the implementation of the new framework. In the interim, the Supporting People Team has improved the current collection process to minimise the possibility of errors being input at source.

The SNAP survey that is used to collect the information has been improved to lessen the possibility of erroneous information being submitted. While difficult to eradicate inputting errors entirely, the amended survey contains new safeguards to ensure that the submission is as correct as possible. The amended survey will be introduced for the collection period starting 1st January 2018.

Management Charges

Issue: Management charges should be no more than 10%

Work has been undertaken across a number of SPPG funded services to ensure that Management Charges are under 10%. As noted previously, the 2016 tendering exercise for the locality based floating support services was based on charges being 10% or less. This has had a knock-on effect on the temporary supported accommodation projects that were affected by this change. Revised costings for these were also based on charges being 10% or less.

An exercise has been undertaken to establish a common hourly rate for supported living projects. A number of these have a SPPG contribution. The calculated hourly

rate for care and support is predicated on a management charge of less than 10%. This has been discussed and agreed by the five main supported living providers. The new hourly rate was introduced for these services on 1st October 2017.

The internal services that are funded by SPPG do not claim a management charge for delivering the service. SPPG funds the staffing costs of delivering the service and the associated charges but does not pay a separate management charge as claimed by external service providers.

There remain a small number of services where the management charges are an issue either because they have remained under tariff funding or are older people's alarm services where the service provider subcontracts with an alarm provider. It is proposed that the services that are tariff funded will be re-tendered with tenders expected to demonstrate management charges of 10% or less.

With regards to the older people's alarm service subsidy payments, a report detailing a number of options for this has been re-presented to Departmental Management Team (DMT) for discussion. Further information was requested which has been collected and this will be reported back to DMT for discussion in the next meeting.

Budget Monitoring

Issue: a requirement for regular and systematic investigation of the budget to reduce any likely underspend and to take early steps, as far as practicable, to reallocate funds.

The 2016/17 Audit report detailed an under spend of £257,539. While unsatisfactory, it was as a consequence of efficiencies being made and an inability to reallocate in the time permitted.

(The under spend figure that had accrued was mostly made up of a reduction in Careline charges for 2016/17 and also the introduction of the locality based floating support service in October 2017. A submission was made to Welsh Government to carry forward this money and allocate to specific projects considered in line with the anti-poverty strategy but this was declined by Welsh Government.)

For a large part of 2016/17, it was anticipated that there would likely be a cut in the SPPG for 2017/18 as the budget for the previous year had been held at a stand-still. Given the Welsh Government provides confirmation of the SPPG for one year only, and often as late as December, this leaves limited opportunity to reallocate on eligible SP services.

The new process for budget monitoring that was introduced in October 2016 following the 2015/16 Internal Audit report (received September 2016) did identify the potential underspend and work was undertaken with strategic leads within the local authority and service providers to identify short-term projects to spend the money in the remaining months of 2016/17 but as noted above it was not possible to allocate this amount fully.

Processes have been put in place to try to resolve this in 2017/18 with funds being identified at the start of the financial year for new developments. A number of new

projects have been considered during the year with a further number being developed and funded during the year.

The difficulty that the Supporting People Team face is that the indicative SPPG funding has not (at the time of writing) been confirmed for 2018/19 and therefore it is not yet known whether the SPPG will be the same as the current year. Unofficial indications from Welsh Government suggest that there will be a further stand-still year in 2018/19 but until this is confirmed these projects will be short-term pilots until 31st March 2018.

Conclusion

It is noted that the administration and management of the SPPG has significantly improved. The Supporting People team is confident that it has addressed the main issues raised by Internal Audit and is progress other remaining issues.

It is also worth noting that the Welsh Audit Office review of the Supporting People Programme highlighted a number of issues that could be improved in the Welsh Government's administration of the programme. These improvements, notably communication with local authorities, will lead to greater understanding of Welsh Government requirements by Supporting People teams, service providers and auditors.

Mae'r dudalen hon yn wag yn fwriadol

PWYLLGOR ARCHWILIO

15^{FED} RHAGFYR 2017

**CYNGOR SIR GAERFYRDDIN
DIWEDDARIAD PWYLLGOR ARCHWILIO
– RHAGFYR 2017**

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:
I dderbyn adroddiad Swyddfa Archwilio Cymru a nodir uchod.

Y Rhesymau:
Mae Swyddfa Archwilio Cymru yn gwneud gwaith archwilio ariannol a pherfformiad yn y Cyngor. Mae'r adroddiad yn crynhoi eu gwaith archwilio hyd at Ionawr 2017.

Ymgynghorwyd â'r pwyllgor craffu perthnasol NADDO

Angen i'r Bwrdd Gweithredol wneud penderfyniad NAC OES

Angen i'r Cyngor wneud penderfyniad NAC OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Cyng. David Jenkins

Y Gyfarwyddiaeth:
Gwasanaethau Corfforaethol

Swyddi:

Rhif ffôn: 01267 224886

Cyfeiriadau E-bost:

Obowen@sirgar.gov.uk

Enw Pennaeth y Gwasanaeth :
Owen Bowen

Pennaeth Gwasanaethau
Cyllidol

Awdur yr Adroddiad:
Owen Bowen

Mae'r dudalen hon yn wag yn fwriadol



Cyfeirnod: 298A2017-18

Dyddiad cyhoeddi: Rhagfyr 2017

Rhaglen Waith Swyddfa Archwilio Cymru Cyngor Sir Gaerfyrddin: Diweddariad y Pwyllgor Archwilio, Rhagfyr 2017

Gwaith archwilio ariannol 2016-17 – Cronfa Bensiwn Dyfed

Gweithgaredd	Cwmpas	Statws
Cynllun Archwilio.	Cynllun o'r gwaith archwilio ariannol ar gyfer 2016-17.	Cyflwynwyd yr adroddiad i'r Pwyllgor Archwilio ym Mawrth 2017.
Datganiadau Ariannol/Llythyr Archwilio Blynyddol.	Archwiliad o ddatganiadau ariannol y Gronfa Bensiwn ar gyfer 2016-17 a'r Llythyr Archwilio Blynyddol.	Cyflwynwyd yr adroddiad i'r Pwyllgor Archwilio ym Medi 2017.

Gwaith archwilio ariannol 2016-17 – Cyngor Sir Gaerfyrddin

Gweithgaredd	Cwmpas	Statws
Cynllun Archwilio 2017.	Cynllun o'r gwaith archwilio ariannol ar gyfer 2016-17.	Cyflwynwyd yr adroddiad i'r Pwyllgor Archwilio ym Mawrth 2017.
Datganiadau Ariannol 2016-17.	Archwiliad o ddatganiadau ariannol y Cyngor ar gyfer 2016-17.	Cyflwynwyd yr adroddiad i'r Pwyllgor Archwilio ym Medi 2017.

Gweithgaredd	Cwmpas	Statws
Llythyr Archwilio Blynyddol.	Adroddiad yn crynhoi ein gwaith archwilio ariannol yn 2016-17.	Ar yr agenda ar gyfer cyfarfod mis Rhagfyr 2017 o'r Pwyllgor Archwilio.
Memorandwm Cyfrifon Terfynol.	Adroddiad yn crynhoi ein canfyddiadau o'r archwiliad o ddatganiadau ariannol 2016-17.	Ar yr agenda ar gyfer cyfarfod Rhagfyr 2017 o'r Pwyllgor Archwilio.
Ardystio Grantiau a Datganiadau 2016-17.	Crynodeb o gwaith ardystio grantiau a datganiadau 2016-17.	Caiff yr adroddiad ei gyflwyno i'r Pwyllgor Archwilio ym Mawrth 2018.

Gwaith archwilio perfformiad 2016-2017 – Cyngor Sir Gaerfyrddin

Gweithgaredd	Cwmpas	Statws
Cynllun Archwilio.	Cynllun o'r gwaith archwilio perfformiad ar gyfer 2016-17.	Cwblhawyd – Pwyllgor Archwilio Mawrth 2016.
Archwiliad o'r Cynllun Gwella.	Archwilio a gyflawnwyd dyletswydd y Cyngor i gyhoeddi cynllun gwella.	Cwblhawyd – Adolygiad o'r adroddiad blynyddol a'r cynllun gwella wedi'i gwblhau. Cyflwynwyd tystysgrif. Cyflwynwyd i'r Pwyllgor Archwilio ym Medi 2016.
Asesiad o berfformiad.	Archwilio a gyflawnwyd dyletswydd y Cyngor i gyhoeddi asesiad o berfformiad.	Cwblhawyd – gweler uchod.
Adroddiad Gwella Blynyddol (AIR).	Adroddiad gan Archwilydd Cyffredinol Cymru yn adolygu perfformiad a threfniadau'r Cyngor. Roedd y Cynllun Gwella Blynyddol yn cynnwys y gwaith prosiect lleol a oedd yn	Cyhoeddwyd mis Mehefin 2017.

Gweithgaredd	Cwmpas	Statws
	adolygu'r cynnydd yn erbyn Cynigion yr Aseiad Corfforaethol ar gyfer Gwella.	
Astudiaeth Thematig: Cadernid ariannol (3).	Ffocws: Cynlluniau Arbedion.	Cyflwynwyd adroddiad lleol ym Mawrth 2017.
Astudiaeth Thematig: Llywodraethu.	Ffocws: Llywodraethu newidiadau sylweddol mewn gwasanaethau.	Cyflwynwyd adroddiad lleol ym Mai 2017.
Astudiaeth Thematig: Trawsnewid.	Casglu safbwyntiau swyddogion am y prif bryderon a wynebant wrth ddelio â newid/trawsnewid.	Hydref – Rhagfyr 2017 (Allbwn – adroddiad lleol ar allbynnau'r gweithdy i'w cyhoeddi yn Ionawr 2018).
Astudiaeth Gwella Llywodraeth Leol – Gwella lles drwy addasiadau tai.	Yn mynd rhagddi – bydd Cyngor Sir Gaerfyrddin yn cyfranogi yn yr arolwg yn unig.	Cwblhawyd y gwaith maes. Wrthi'n drafftio'r adroddiad. (Adroddiad cenedlaethol i'w gyhoeddi ddechrau 2018).
Astudiaeth Gwella Llywodraeth Leol – Awdurdodau lleol yn comisiynu gwasanaethau anabledd dysgu yn strategol.	Yn mynd rhagddi – bydd Cyngor Sir Gaerfyrddin yn cyfranogi yn yr arolwg yn unig.	Cwblhawyd y gwaith maes. Wrthi'n drafftio'r adroddiad. (Adroddiad cenedlaethol i'w gyhoeddi ddechrau 2018).
Astudiaeth Gwella Llywodraeth Leol – Sut mae llywodraeth leol yn delio â'r galw – Gwasanaethau digartrefedd.	Yn mynd rhagddi – mae Cyngor Sir Gaerfyrddin yn un o bum awdurdod lleol sampl sy'n cyfranogi yn yr astudiaeth hon (sy'n cynnwys gwaith maes).	Cwblhawyd y gwaith maes. Adroddiad wedi'i ddrafftio. (Adroddiad cenedlaethol i'w gyhoeddi ddechrau 2018).

Gwaith archwilio perfformiad 2017-2018 – Cyngor Sir Gaerfyrddin

Gweithgaredd	Cwmpas	Statws
Cynllun Archwilio.	Cynllun o'r gwaith archwilio perfformiad ar gyfer 2017-18.	Cwblhawyd – Pwyllgor Archwilio Mawrth 2017.
Archwiliad o'r Cynllun Gwella.	Archwilio a gyflawnwyd dyletswydd y Cyngor i gyhoeddi cynllun gwella.	Cwblhawyd – Cyflwynwyd tystysgrif Ebrill 2017.
Asesiad o berfformiad.	Archwilio a gyflawnwyd dyletswydd y Cyngor i gyhoeddi asesiad o berfformiad.	Cwblhawyd – Cyflwynwyd tystysgrif Tachwedd 2017.
Adroddiad Gwella Blynyddol (AIR).	Adroddiad gan Archwilydd Cyffredinol Cymru yn adolygu perfformiad a threfniadau'r Cyngor.	I'w gyhoeddi yn ystod haf 2018.
Astudiaeth Thematig: Llesiant Cenedlaethau'r Dyfodol – Asesiad Llinell sylfaen.	Sylwebaeth Blwyddyn Un: Bydd Swyddfa Archwilio Cymru yn casglu tystiolaeth ar sut mae'r 44 corff yn dechrau ymateb i ofynion y Ddeddf LICD a nodi esiamplau o ymarfer nodedig sy'n dod i'r amlwg. Bwriedir y gwaith i gefnogi gwelliant a hysbysu gwaith archwilio i'r dyfodol dan y Ddeddf.	Cwblhawyd y gwaith maes (Allbwn – adroddiad cenedlaethol ar y canfyddiadau i'w gyhoeddi ym Mawrth 2018).
Astudiaeth Thematig: Trosolwg a Chraffu – Parod at y Dyfodol?	Bydd yr adolygiad hwn yn pwysu a mesur effaith y Ddeddf LICD ar waith y pwyllgorau craffu, gan gynnwys craffu'r byrddau gwasanaethau cyhoeddus, hwyluso gwelliant a rhannu arferion da.	Cyhoeddwyd briff y prosiect, gwaith maes yn mynd rhagddo Hydref – Rhagfyr 2017. Allbwn fydd adroddiad lleol sydd i'w gyhoeddi erbyn Mawrth 2018.

Gweithgaredd	Cwmpas	Statws
Astudiaeth Thematig: Adolygiad defnyddwyr gwasanaethau.	Bydd y prosiect hwn yn profi cysylltiad defnyddwyr gwasanaethau ym mhob awdurdod. Bydd yr adolygiad yn gwerthuso sut mae'n teimlo (i aelod o'r cyhoedd) ddelio â gwasanaethau'r cyngor, yn cynnwys detholiad o wasanaethau a senarios.	Briff y prosiect i'w gyhoeddi – maes i'w olrhain fydd newid sianeli yn y prosiect trawsnewid digidol. Dyddiadau gwaith maes i'w trafod. Allbwn fydd adroddiad lleol sydd i'w gyhoeddi erbyn Mawrth 2018.
Gwaith Prosiectau Lleol.	I gynnwys prosiectau ar: <ul style="list-style-type: none"> • cynigion ar gyfer gwaith gwella dilynol; • delio â phobl; • pwyllgor archwilio; a • thrawsnewid digidol. 	I'w gynnal gydol blwyddyn archwilio 2017-18. Prosiect yn mynd rhagddo. Allbwn fydd adroddiad lleol i'w gyflwyno erbyn Mawrth 2018. Briff y prosiect i'w gyhoeddi. Allbwn fydd adroddiad lleol i'w gyflwyno erbyn Mawrth 2018. I'w gyfuno fel rhan o'r prosiect adolygiad defnyddwyr gwasanaethau.
Astudiaeth Gwella Llywodraeth Leol – Cronfa Gofal Canolraddol.	Briff y prosiect i gael ei gyhoeddi yn rhoi manylion y cwmpas.	Heb ddechrau.

Gweithgaredd	Cwmpas	Statws
Astudiaeth Gwella Llywodraeth Leol – Defnyddio data yn effeithiol.	Bydd yr astudiaeth hon yn canolbwyntio'n bennaf ar rôl awdurdodau lleol o ran pa mor effeithiol ydynt am ddefnyddio ac ymdrin â data. Cynhelir cyfweiliadau gyda phob awdurdod lleol a'u partneriaid allweddol ar y Byrddau Gwasanaethau Cyhoeddus.	Briff y prosiect wedi'i gyhoeddi – Mehefin 2017. Prosiect yn mynd rhagddo. Allbwn fydd adroddiad lleol i'w gyflwyno erbyn Awst 2018.
Astudiaeth Gwella Llywodraeth Leol – Pa mor dda y mae cyrff cyhoeddus yn darparu gwasanaethau i gymunedau gwledig.	Bydd yr adolygiad hwn yn canolbwyntio ar asesu pa mor effeithiol y mae sefydliadau cyhoeddus yng Nghymru yn gweithio gyda'i gilydd i asesu anghenion, nodi blaenoriaethau, cyflenwi a chynnal darpariaeth y prif wasanaethau gweithredol i fodloni anghenion pobl mewn cymunedau gwledig. Bydd Cyngor Sir Gaerfyrddin yn un o'r sampl o gynghorau lle cynhelir gwaith maes.	Briff y prosiect wedi'i gyhoeddi – Mehefin 2017. Prosiect yn mynd rhagddo. Allbwn fydd adroddiad lleol i'w gyflwyno erbyn Awst 2018.

Diweddarwyd ddiwethaf: 29 Tachwedd 2017

PWYLLGOR ARCHWILIO

15^{FED} RHAGFYR 2017

**CYNGOR SIR GAERFYRDDIN-
LLYTHYR ARCHWILIO BLYNYDDOL 2016/17**

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

I dderbyn Llythyr Archwilio Blynyddol Cyngor Sir Gaerfyrddin ar gyfer 2016-17.

Y Rhesymau:

Yr Archwilydd Cyffredinol yw'r archwilydd am Cyngor Sir Gaerfyrddin ac mae'r llythyr hwn yn crynhoi'r negeseuon allweddol sy'n codi o'r gwaith a wnaud i gyflawni ei gyfrifoldebau stadudol o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004.

Ymgynghorwyd â'r pwyllgor craffu perthnasol NADDO

Angen i'r Bwrdd Gweithredol wneud penderfyniad NAC OES

Angen i'r Cyngor wneud penderfyniad NAC OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Cyng. David Jenkins

Y Gyfarwyddiaeth: Gwasanaethau Corfforaethol**Awdur yr Adroddiad:**

Swyddfa Archwilio Cymru

EXECUTIVE SUMMARY
AUDIT COMMITTEE

15TH DECEMBER 2017

CARMARTHENSHIRE COUNTY COUNCIL
ANNUAL AUDIT LETTER 2016/17

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

The Auditor General is the auditor for Carmarthenshire County Council and this letter summarises the key messages arising from the work 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

Mae'r dudalen hon yn wag yn fwriadol



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Please contact us in Welsh or English.
Cysylltwch â ni'n Gymraeg neu'n Saesneg.

Y Cyngorydd Emlyn Dole
Arweinydd
Cyngor Sir Caerfyrddin
Neuadd y Sir
Rhiw'r Castell
Caerfyrddin
SA31 1JP

Cyfeirnod: 270A2017-18

Dyddiad cyhoeddi: 30 Tachwedd 2017

Annwyl Gyngorydd Dole

Llythyr Archwilio Blynyddol – Cyngor Sir Caerfyrddin 2016-17

Mae'r llythyr hwn yn crynhoi'r negeseuon allweddol sy'n deillio o'm cyfrifoldebau statudol o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004 a'm cyfrifoldebau adrodd o dan y Cod Ymarfer Archwilio.

Cydymffurfiodd y Cyngor â'i gyfrifoldebau sy'n ymwneud â chyflwyno adroddiadau ariannol

Cyfrifoldeb y Cyngor yw:

- rhoi systemau rheolaeth fewnol ar waith i sicrhau rheoleidd-dra a chyfreithlondeb trafodion a sicrhau bod ei asedau'n ddiogel;
- cadw cofnodion cyfrifyddu cywir;
- paratoi Datganiad Cyfrifon yn unol â gofynion perthnasol; a
- sefydlu ac adolygu'n barhaus drefniadau priodol i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd yn ei ddefnydd o adnoddau.

Mae Deddf Archwilio Cyhoeddus (Cymru) 2004 yn ei gwneud yn ofynnol i mi:

- roi barn archwilio ar y datganiadau cyfrifyddu;
- adolygu trefniadau'r Cyngor i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd yn ei ddefnydd o adnoddau; a

- rhoi tystysgrif yn cadarnhau fy mod wedi cwblhau'r broses o archwilio'r cyfrifon.

Mae awdurdodau lleol yng Nghymru yn paratoi eu datganiadau cyfrifyddu yn unol â gofynion Cod Ymarfer CIPFA/LASAAC ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig. Mae'r Cod hwn yn seiliedig ar Safonau Adrodd Ariannol Rhyngwladol. Ar 29 Medi 2017, rhoddais farn archwilio ddiamedig ar y datganiadau cyfrifyddu, gan gadarnhau eu bod yn rhoi darlun gwir a theg o sefyllfa ariannol a thrafodion y Cyngor a Chronfa Bensiwn Dyfed. Cyhoeddais dystysgrif yn cadarnhau bod yr archwiliad o'r datganiadau ariannol wedi'i gwblhau ar yr un dyddiad. Mae fy adroddiad a'm tystysgrif wedi'u cynnwys yn y Datganiad Cyfrifon.

Hysbyswyd aelodau'r Pwyllgor Archwilio am y materion allweddol a oedd yn deillio o'r archwiliad o'r cyfrifon yn fy adroddiad ar yr Archwiliad o Ddatganiadau Ariannol ar 29 Medi 2017, a chyflwynwyd adroddiad manylach wedyn.

Rwy'n fodlon bod gan y Cyngor drefniadau priodol ar waith i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd o ran ei ddefnydd o adnoddau ond mae lle i'r Cyngor wneud rhagor o welliannau o hyd

Mae fy ystyriaeth o drefniadau'r Cyngor i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd wedi bod yn seiliedig ar y gwaith archwilio a wnaed ar y cyfrifon ac rwyf hefyd wedi dibynnu ar y gwaith a gwblhawyd o dan Fesur Llywodraeth Leol (Cymru) 2009. Mae'r Archwilydd Cyffredinol wedi tynnu sylw at y meysydd lle nad yw effeithiolrwydd y trefniadau hyn wedi'i brofi eto neu lle y gellid gwneud gwelliannau yn ei [Adroddiad Gwella Blynyddol 2016-17](#).

Nid yw'r gwaith a wnaed gennyf hyd yma yn ardystio hawliadau a ffurflenni grant wedi nodi materion sylweddol a fyddai'n effeithio ar y cyfrifon na systemau ariannol allweddol

Mae'r Cyngor wedi cymryd nifer o gamau i wella'r broses o reoli grantiau dros nifer o flynyddoedd ac mae rhai o'r camau hyn bellach yn esgor ar welliannau. Ceir rhai meysydd o hyd lle mae angen i'r Cyngor wella ei drefniadau ardystio grantiau.

Dangosir y prif feysydd lle'r oedd angen gwneud gwelliannau isod:

- peidio â chydymffurfio â rheolau caffael y Cyngor ei hun;
- dyfarnu cyllid i drydydd partion a'r gwiriadau dilynol bod arian grant wedi'i wario yn unol â thelerau ac amodau'r cynllun; a
- tystiolaeth ategol i gadarnhau eitemau cymwys o wariant yn yr hawliad

Rwyf wedi dechrau ar fy archwiliad o grantiau 2016-17 a byddaf yn cyflwyno adroddiad ar ganlyniadau'r gwaith hwn ar ddechrau 2018 pan fydd y rhaglen o waith ardystio wedi'i chwblhau.

Ar hyn o bryd, disgwylir i'r ffi archwilio ariannol ar gyfer 2016-17 fod yn unol â'r ffi y cytunwyd arni a nodir yn y Cynllun Archwilio Blynyddol.

Yn gywir



Richard Harries

Dros ac ar ran Archwilydd Cyffredinol Cymru

cc. Mark James, Prif Weithredwr

Chris Moore, Prif Swyddog Ariannol

Mae'r dudalen hon yn wag yn fwriadol

PWYLLGOR ARCHWILIO

15^{FED} RHAGFYR 2017

MEMO CYFRIFON TERFYNOL CYNGOR SIR GAERFYRDDIN 2016/17

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

I dderbyn Memo Cyfrifon Terfynol Cyngor Sir Gaerfyrddin ar gyfer 2016-17.

Y Rhesymau:

Mae'r memo hwn yn crynhoi'r negeseuon allweddol sy'n codi o'r gwaith a wneud ar y cyfrifon.

Ymgynghorwyd â'r pwyllgor craffu perthnasol NADDO

Angen i'r Bwrdd Gweithredol wneud penderfyniad NAC OES

Angen i'r Cyngor wneud penderfyniad NAC OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Cyng. David Jenkins

Y Gyfarwyddiaeth: Gwasanaethau Corfforaethol

Awdur yr Adroddiad:

Swyddfa Archwilio Cymru

EXECUTIVE SUMMARY

AUDIT COMMITTEE

15TH DECEMBER 2017

CARMARTHENSHIRE COUNTY COUNCIL FINAL ACCOUNTS MEMO 2016/17

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

This memo summarises the key messages arising from the final accounts work carried out.

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: 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: 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

Mae'r dudalen hon yn wag yn fwriadol



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Final accounts memorandum – **Carmarthenshire County Council**

Audit year: 2016-17

Date issued: November 2017

Document reference: **254A2017-18**

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

infoofficer@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.

The team who delivered the work comprised Richard Harries, Jason Garcia, Julie Owens, Ian Griffiths, George Thomas, Michelle Davies, Joshua Edwards, Rhian Lewis and Lucy Herman

Contents

Summary

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Summary

I issued unqualified opinions on the 2016-17 financial statements for the Council on 29 September 2017 although improvements can be made to enhance existing controls in some areas

- 1 The financial statements are an essential means by which the Council accounts for the stewardship of the resources at their disposal and their financial performance in the use of those resources. It is their responsibility to:
 - put in place systems of internal control to ensure the regularity and lawfulness of transactions and the security of assets;
 - maintain proper accounting records; and
 - prepare financial statements in accordance with relevant requirements.
- 2 I am required to audit the financial statements and to issue audit reports which include an opinion on whether the financial statements give a 'true and fair' view of the state of affairs of the Council. The reports also give my opinion on whether the financial statements have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 and relevant regulations.
- 3 As agreed, we received the draft financial statements for the year ended 31 March 2017 on 30 June 2017. The Auditor General for Wales issued unqualified audit reports on the Council's financial statements on 29 September 2017.
- 4 International Standard on Auditing (ISA) 260 requires auditors to report to 'those charged with governance' the findings of the audit of the financial statements. The Audit of the Financial Statements Report was presented to the Audit Committee at its meeting on 29 September. A summary of the findings is set out in [Exhibit 1](#).

Exhibit 1: Audit of Financial Statements Report to those charged with Governance

Reporting requirement	Audit findings
Modifications to the auditor's report.	No modifications required, clear (unqualified) opinions were given.
Unadjusted misstatements.	There were no uncorrected misstatements identified.
Views about the qualitative aspects of the entity's accounting practices and financial reporting.	No matters reported.
Matters corresponded upon with management.	No matters corresponded on with management.

Reporting requirement	Audit findings
Matters significant to the oversight of the financial reporting process.	No matters reported.
Material weaknesses in internal controls.	No material weaknesses identified.
Matters specifically required by other auditing standards to be communicated to those charged with governance.	No matters reported.

- 5 We are also required to obtain an understanding of the internal controls relevant to the audit when identifying and assessing the risks of material misstatement. We did not identify any material risks or deficiencies in internal controls. We did, however, identify some less significant issues that require action by Management. These are detailed in [Appendix 1](#) along with Management's response and agreed actions.

The Council has still to meet the challenges of the early closure regime

- 6 The current deadline for the completion of the draft financial statements was 30 June 2017 and the audit deadline was 30 September 2017. However, from 2020-21 onwards these dates will be brought forward to 31 May and 31 July respectively.
- 7 The Council has historically had effective closedown arrangements, which have delivered the draft financial statements for audit in line with the statutory deadlines. For 2016-17 we found the information and working papers provided to support the accounts to be relevant, reliable, comparable, and easy to understand.
- 8 We concluded that accounting policies and estimates were appropriate and financial statement disclosures unbiased, fair and clear. There were no significant difficulties encountered during the audit. We received information in a timely and helpful manner and were not restricted in our work. The Finance staff are to be commended on their efforts in meeting the current deadlines and for the quality of the supporting documentation provided for audit.
- 9 Meeting these future requirements will be a significant challenge and will require a co-ordinated approach involving a number of Council departments. It will be essential that the Council identifies time savings in the account preparation process so that an effective closure programme can be put in place. This should incorporate all required tasks and allocate key responsibilities to different departments and individuals. We will work with officers to agree incremental improvements to both the accounts preparation and audit processes over the intervening years. This will help the Council meet the statutory changes to the accounts preparation and audit deadlines for the financial year 2020-21.

Appendix 1

Recommendations arising from our audit of the financial statements

We set out the recommendations arising from our audit of the financial statements along with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

Exhibit 2: Matter arising 1

Matter arising 1 – Property, Plant and Equipment - Valuation of Public Conveniences	
Findings	During our early testing of property, plant and equipment valuations, an error was identified in how public conveniences were valued. The BCIS mean rate of £2,437 had been input to the Asset Management System (AMS) as £2,473. There were 14 public convenience revaluations completed in 2016/17, and 11 out of the 14 revaluations were found to include this transposition error. This was corrected prior to the drafting of the 2016-17 accounts.
Recommendation	Whilst this particular error was identified as part of early audit testing and corrected so that accurate values were extracted from the AMS during the preparation of the 2016/17 statement of accounts, the Council should ensure procedures are strengthened to ensure such errors do not recur.
Benefits of implementing the recommendation	To ensure fixed asset register reflects the correct valuation of assets.
Accepted by management?	Yes
Management response	A continual review of the Asset Register will be undertaken to ensure that there are appropriate checks on updated information.
Implementation date	Immediate

Exhibit 3: Matter arising 2

Matter arising 2 - Housing Revenue Account (HRA) - OHMS year-end system reporting	
Findings	A number of the end of year financial statement workings for the HRA are derived from OHMS system. During the audit we requested a system print as at 31/03/17 to enable us to verify these balances directly to the OHMS system. However, slight variances were identified for some of the balances due to the fact the report was at the end of the HRA week which was Sunday 02/04/17 and not 31/03/17, as recorded in the accounts and this report could not be retrospectively recreated.
Recommendation	For 2017-18, ensure a system print as at 31 March is retained as audit evidence to ensure the balances per the financial statements can be fully reconciled.
Benefits of implementing the recommendation	To ensure disclosures in the statement of accounts are fully evidenced and supported by source documentation.
Accepted by management?	Please see Management response below.
Management response	The Financial Statements are produced based on balances as at the end of the last rent week of the financial year which was the 2/4/17 and are derived from reports from the OHMS system as at that date. For this reason, it is not always possible to produce a system print as at 31 March. The comparative report which was run for the same period and which identified slight variances may have been run on different criteria.
Implementation date	N/A

Exhibit 4: Matter arising 3

Matter arising 3 – Other Income classified incorrectly	
Findings	During our interim substantive testing of income we identified payroll deductions of £10,623 for June 2016, childcare vouchers that had been incorrectly classified as 'Other Income'. The childcare voucher deductions should have been accounted for as payroll deductions held in a dedicated control account prior to their payment to the childcare voucher provider. The total of childcare voucher deductions incorrectly accounted for as Other Income during 2016/17 was £284,000.

Matter arising 3 – Other Income classified incorrectly	
Recommendation	Childcare voucher deductions should be accounted for as payroll deductions and held in a dedicated control account prior to their payment to the childcare voucher provider.
Benefits of implementing the recommendation	To ensure income and expenditure transactions are accurately accounted for.
Accepted by management?	Yes
Management response	Audit recommendation implemented, and dedicated control account now in place from 2017/18.
Implementation date	2017-18

Exhibit 5: Matter arising 4

Matter arising 4 – Council Tax	
Findings	The statement of accounts include a number of disclosures regarding Council Tax. Our testing of CIES disclosures and balance sheet disclosures relating to Council Tax identified that a number of these areas had been compiled by different officers from varying sources of information and, on occasions, these different sources provided inconsistent information. We were able to resolve these inconsistencies but noted that, currently, a great deal of reliance is placed on one officer to provide information and expertise. This officer is due to leave the Council in 2017-18.
Recommendation	We recommend that the Council reviews the many sources of information used to support Council Tax disclosures and consolidates them. The Council should ensure that processes are put in place to ensure there is detailed knowledge transfer from this key officer to the officers who will be carrying out the relevant roles in future.
Benefits of implementing the recommendation	To simplify and to ensure consistency in the information gathered and provided to support council tax disclosures.
Accepted by management?	Yes

Matter arising 4 – Council Tax	
Management response	<p>All data comes from a single source - the Northgate i-World Revs & Bens system, but does involve several different system reports.</p> <p>The closure data provided was consistent with that provided in recent years, however, as certain additional audit checks were undertaken this year, further data, which was not immediately available, had to be generated.</p> <p>There has been a restructure within the Senior Management Team and skills transfers are in progress which will improve the knowledge base.</p>
Implementation date	A closure meeting between Revenue Services officers and Wales Audit Office to discuss requirements to be confirmed.

Exhibit 6: Matter arising 5

Matter arising 5 – Council Tax Bad Debt provision	
Findings	Our audit testing of the bad debt provision for Council Tax arrears identified that there had been very little write off of arrears during 2016-17. The Council was also unable to adequately support the percentages used for calculating each year's bad debt provision.
Recommendation	The Council should review all the historic arrears for Council Tax and write off balances for which there is no action being taken to recover the outstanding balance. The Council should also review the payments received for historic arrears and use these recoveries as evidence to support the future percentages used for setting the bad debt provision.
Benefits of implementing the recommendation	To ensure an accurate provision at year-end.
Accepted by management?	Agreed.
Management response	Regular reviews of outstanding debt will continue on a more frequent basis from now on and appropriate write-offs will be made in line with Financial Procedure rules. Whilst recognising the outstanding historical debt, full provision of outstanding arrears has been made within the accounts and will be reviewed as part of the ongoing provision.
Implementation date	2017-18

Exhibit 7: Matter arising 6

Matter arising 6 – Calculation of the insurance provision	
Findings	Our audit testing identified balances included in the insurance provision where the liability had not become probable in nature and other balances which related to internal departmental liabilities. The balance on this provision was therefore reduced from £2.5 million to £500,000 following an analysis of previous years' settlements of claims.
Recommendation	The Council should only include external liabilities in any provision and only those liabilities where it is probable that a liability exists.
Benefits of implementing the recommendation	To ensure an accurate provision at year-end.
Accepted in full by management	Yes
Management response	A procedure note has been drawn up and includes assurance that only those external liabilities where it is probable that a liability exists will be included.
Implementation date	Immediate

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PWYLLGOR ARCHWILIO

15^{FED} RHAGFYR 2017

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Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

I dderbyn adroddad Swyddfa Archwilio Cymru fel a nodir uchod

Y Rhesymau:

Mae Swyddfa Archwilio Cymru yn gweithredu gwaith archwilio i'r Cyngor ag i'r sector gyhoeddus yng Nghymru

Ymgynghorwyd â'r pwyllgor craffu perthnasol NADDO

Angen i'r Bwrdd Gweithredol wneud penderfyniad NAC OES

Angen i'r Cyngor wneud penderfyniad NAC OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Cyng. David Jenkins

Y Gyfarwyddiaeth: Gwasanaethau Corfforaethol

Awdur yr Adroddiad:

Swyddfa Archwilio Cymru

EXECUTIVE SUMMARY

AUDIT COMMITTEE

15TH DECEMBER 2017

PUBLIC PROCUREMENT IN WALES

Each year, public bodies spend significant amounts of money on buying-in goods, services and works from the third and private sectors a process known as procurement

Effective procurement involves:

- having adequate numbers of appropriately qualified staff and appropriate organisational structures and policies to manage and govern procurement activity;
- a well-planned process for deciding what the public body needs, including deciding how the public body should provide services and looking at alternative ways of delivering services;
- sourcing strategies and collaborative procurement – having a good idea of how the public body can best meet its needs;
- effective contract and supplier management; and
- effective and reliable processes and ICT systems to support procurement.

In addition, public bodies need to ensure they have staff with sufficient commercial skills to understand, engage with and shape key markets working in partnership with suppliers and other stakeholders. Public bodies also need staff with these commercial skills to negotiate and manage potentially complex contracts and supply chains, whether public bodies undertake procurement individually or through collaboration.

Ineffective procurement arrangements present risks for the delivery of public services. Essential goods, services and works not being available in sufficient quantity or quality when required may result, for example, in a service being delayed or being sub-standard. If prices for goods, services and works, do not represent value for money, money is being wasted that could be better spent on front-line services.

Wales Audit Office have prepared this report in the context of a changing landscape for public procurement. Over the last few years, there have been significant changes in public procurement legislation and regulations, both at a European level through the implementation of new EU procurement directives and at a national level with a renewed Welsh Government procurement policy statement. Public bodies must also purchase goods, services and works in the context of wider legislation, such as the Well-being of Future Generations (Wales) Act 2015 and UK-wide legislation such as the Modern Slavery Act (2015).

Public procurement is also adapting to the rise of electronic tools and technology which should, in theory, make procurement more efficient through electronic advertising of contracts, and systems for invoicing and payments. Public procurement can also benefit from services which enable public bodies to analyse procurement spend to inform their procurement strategies, identify savings opportunities and monitor contract compliance.

On behalf of the Auditor General for Wales, Wales Audit Office staff have examined whether there is evidence that current procurement arrangements in Wales are helping to deliver value for money in public spending and are fit for the future. This high-level review relies heavily on secondary evidence and intelligence from our regular audit work. They have not examined in detail individual public bodies' procurement arrangements as part of this review.

This report sets out the regulatory and policy context for public procurement in Wales. It considers how much public bodies in Wales are spending through procurement and on which goods, services and works, including through the main Wales-based procurement consortia and public buying organisations⁴. The report also examines how individual public bodies are performing and how their procurement arrangements are developing in the context of changing policy and legislation.

DETAILED REPORT ATTACHED?	YES
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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

October 2017

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Public Procurement in Wales



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU



Tudalen 87

I have prepared and published this report in accordance
with the Government of Wales Act 1998 and 2006.

The Wales Audit Office study team comprised Steve Ashcroft, Nigel Blewitt, Matthew Brushett,
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The Auditor General is independent of the National Assembly and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the National Assembly on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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	The national Procurement Board should provide governance for the implementation and delivery of procurement policy in Wales but currently has limited effectiveness	25
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	In recent years, the Welsh Government has collected procurement data through the Collaborative Spend Analysis Project to provide an overview of public procurement expenditure	28
	The Collaborative Spend Analysis Project identified £6 billion of procurement expenditure for 2015-16, of which £680 million related to the Welsh Government	29
	The largest category of spend was construction, facilities management and utilities which accounted for £1.7 billion of procurement spend	30
	Local authorities spent £3.3 billion through procurement in 2015-16, over half of the total procurement spend by public bodies	31
	NHS bodies reported procurement spend of £1.3 billion in 2015-16, the majority of which was on medical and healthcare supplies and equipment	33

3	Procurement consortia and public buying organisations are reporting financial savings, although there are mixed views on the effectiveness of some of these arrangements	35
	Public bodies use a range of consortia and public buying organisations, with £880 million spent through collaborative procurement managed by the main Wales-based organisations in 2015-16	36
	Public bodies are not using National Procurement Service frameworks as much as anticipated, resulting in concerns over its funding, less than anticipated savings – £14.8 million reported for 2016-17 – and with many of its members dissatisfied	42
	NHS Wales Shared Services Partnership is reporting procurement savings of just under £38 million for 2016-17 and its members are generally satisfied with the procurement service	46
	According to its members, the Higher Education Purchasing Consortium Wales is providing a satisfactory service and has reported financial savings of just under £11 million in 2015-16	49
	Public bodies report that other collaborative procurement arrangements are proving effective at a regional and sectoral level	50

4	There is clear scope for improvement in public bodies' procurement arrangements and additional challenges arising from new policy and legislation	52
	Public bodies' procurement strategies are of varying quality	53
	Previous Welsh Government sponsored Procurement Fitness Checks showed a lack of overall maturity across the public bodies assessed, but further fitness checks are planned	55
	Public bodies face challenges in balancing potentially competing procurement priorities and in responding to new legislation and policy	64
	Despite some investment by the Welsh Government, public bodies continue to have problems in recruiting and retaining qualified procurement personnel	71
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Summary report



Summary report

Summary

- 1 Each year, public bodies spend significant amounts of money on buying-in goods, services and works from the third and private sectors (often referred to as ‘third parties’ or ‘external’ providers), a process known as procurement¹. Effective procurement involves:
 - having adequate numbers of appropriately qualified staff and appropriate organisational structures and policies to manage and govern procurement activity;
 - a well-planned process for deciding what the public body needs, including deciding how the public body should provide services and looking at alternative ways of delivering services;
 - sourcing strategies and collaborative procurement – having a good idea of how the public body can best meet its needs;
 - effective contract and supplier management; and
 - effective and reliable processes and ICT systems to support procurement.
- 2 In addition, public bodies need to ensure they have staff with sufficient commercial skills to understand, engage with and shape key markets working in partnership with suppliers and other stakeholders. Public bodies also need staff with these commercial skills to negotiate and manage potentially complex contracts and supply chains, whether public bodies undertake procurement individually or through collaboration.
- 3 Ineffective procurement arrangements present risks for the delivery of public services. Essential goods, services and works not being available in sufficient quantity or quality when required may result, for example, in a service being delayed or being sub-standard. If prices for goods, services and works, do not represent value for money, money is being wasted that could be better spent on front-line services.
- 4 We have prepared this report in the context of a changing landscape for public procurement. Over the last few years, there have been significant changes in public procurement legislation and regulations, both at a European level through the implementation of new EU procurement directives and at a national level with a renewed Welsh Government procurement policy statement. Public bodies must also purchase goods, services and works in the context of wider legislation, such as the Well-being of Future Generations (Wales) Act 2015 and UK-wide legislation such as the Modern Slavery Act (2015).

¹ This report deals with goods and services obtained through procurement and excludes those obtained through grants. The assumption underlying a procured contract is that the recipient is a viable and self-sustaining organisation. The purchaser is buying an agreed service, at an agreed standard, for an agreed price. In contrast, the assumption underlying a grant is that the recipient needs subsidy. The grant funder is therefore subsidising a service it considers necessary, but which the recipient does not otherwise have the resources to deliver on a self-sustaining basis at the required standard.

- 5 Public procurement is also adapting to the rise of electronic tools and technology which should, in theory, make procurement more efficient through electronic advertising of contracts, and systems for invoicing and payments. Public procurement can also benefit from services which enable public bodies to analyse procurement spend to inform their procurement strategies, identify savings opportunities and monitor contract compliance.
- 6 On behalf of the Auditor General for Wales, Wales Audit Office staff have examined whether there is evidence that current procurement arrangements in Wales are helping to deliver value for money in public spending and are fit for the future. Our high-level review relies heavily on secondary evidence and intelligence from our regular audit work. We have not examined in detail individual public bodies' procurement arrangements as part of this review. [Appendix 1](#) provides further detail about our audit methods^{2,3}.
- 7 This report sets out the regulatory and policy context for public procurement in Wales. It considers how much public bodies in Wales are spending through procurement and on which goods, services and works, including through the main Wales-based procurement consortia and public buying organisations⁴. The report also examines how individual public bodies are performing and how their procurement arrangements are developing in the context of changing policy and legislation. Given the wide range of public bodies covered by the scope of this report, there is inevitably some variability in local procurement practices and priorities.
- 8 During the early stages of our examination, some public bodies expressed particular concerns about the development and performance of the National Procurement Service (NPS). We paid particular attention to the development of the NPS during the course of our work and this report includes a short summary of related issues. We are preparing a separate stand-alone report that examines the development of the NPS in more detail.

2 We focused most of our data collection and analysis on the 73 member organisations of the National Procurement Service. The 73 member organisations comprise of 22 local authorities, 14 further education institutions, 10 NHS bodies, nine higher education institutions, nine Welsh Government sponsored bodies, four police authorities, three fire and rescue authorities and two central government bodies.

3 The public bodies covered by this report differ widely in size, function and overall expenditure. For example, Sport Wales is predominantly a grant-awarding body with more limited procurement activity than public bodies which are providing services.

4 A purchasing consortium is two or more independent organisations that join together, either formally or informally, or through an independent third party, to combine their individual requirements for procuring goods and services. A public buying organisation provides a wide range of frameworks for goods and services that can be used across the public sector and support collaborative procurement.

- 9 **In 2015-16, public bodies in Wales spent around £6 billion through procurement on a range of goods, services and works. We have concluded that national governance arrangements for procurement could be strengthened and there is clear scope for improvement in procurement arrangements at a national and local level. Public bodies also face challenges in balancing potentially competing procurement priorities, responding to new policy, legislation and technology, and in the recruitment and retention of key personnel.** The following paragraphs provide a brief overview of our key findings.
- 10 The Welsh Government's 2015 policy statement sets out the overriding principles for public procurement, in the context of relevant EU and UK procurement legislation. That legislation reflects the principles of transparency and free movement of goods. In addition, in relation to the Modern Slavery Act, public bodies have an important role to play in sourcing goods, services and works in a manner that enables and rewards suppliers for good employment practices. Those bodies bound by the Well-being of Future Generations (Wales) Act (2015) also need to demonstrate that they are making purchasing decisions with regard to the sustainable development principle. The Welsh Government has already emphasised the importance of delivering wider social, economic and environmental benefits through procurement in its policy statement and the development of a community benefits toolkit.
- 11 The Welsh Government has consulted on mandating various procurement practices through new legislation having been granted further powers in this regard by the UK Government. The Welsh Government is considering its options, taking account of the feedback to the consultation and any potential impact of the UK's planned withdrawal from the European Union.
- 12 The Welsh Government has established a national Procurement Board to provide a senior layer of governance for the implementation and delivery of public procurement policy across Wales. However, the value and effectiveness of the Board has been questioned and there are issues with the balance of its membership. The Board has recognised that there is an opportunity to clarify its focus and refresh its terms of reference. The Welsh Government intends to merge the national Procurement Board with the NPS Board to ensure that there is no overlap between the two boards and to allay any potential confusion over roles and responsibilities.

- 13 In recent years, the Welsh Government has collected procurement data through voluntary participation by public bodies in the 'Collaborative Spend Analysis' Project. The latest figures for 2015-16 cover 53 public bodies across central government⁵, local government, the NHS and further and higher education although there is only full coverage in local government and the NHS. The Collaborative Spend Analysis Project identified £6 billion of procurement expenditure for 2015-16, of which £680 million related to the Welsh Government. The largest spending sector overall was local government (£3.3 billion). The largest category of spend was construction, facilities management and utilities (£1.7 billion).
- 14 Public bodies use a range of procurement consortia and public buying organisations. In 2015-16, they spent £880 million through collaborative procurement managed by the main Wales-based organisations, the NPS, NHS Wales Shared Services Partnership (NWSSP), and the Higher Education Purchasing Consortium Wales (HEPCW). The 73 member organisations of the NPS also spent £123 million through the Crown Commercial Services – an executive agency sponsored by the UK Government. Some procurement consortia and public buying organisations, including the NPS and HEPCW, mainly use framework contracts. However, most of the procurement through NWSSP in 2015-16 was through contracts awarded on an all-Wales basis because it is a shared procurement service acting on behalf of all NHS bodies in Wales.
- 15 While most public bodies we surveyed support the NPS in principle, only one third of members were satisfied with the service. NPS members spent £149 million through NPS managed contracts and frameworks in 2015-16, against an estimated maximum potential spend of £1.1 billion. Non-members spent £4 million through NPS in 2015-16, making total expenditure of £153 million. Indicative figures for 2016-17 show a 57% increase in expenditure through NPS frameworks and contracts to £234 million, £222 million of which related to member organisations. The higher total spend through NPS in 2016-17 is due in large part to a new IT products and services framework (£37 million). The figures also show a £28 million increase in expenditure on a gas and electricity framework that is based on a Crown Commercial Services framework but managed by NPS.
- 16 As at June 2017, NPS had 57 live frameworks. However, the less than anticipated use of NPS frameworks and managed contracts has had a significant impact on the income of NPS, resulting in it not being self-sufficient and dependent on Welsh Government financial support. As a result, the NPS has not yet been able to repay the Welsh Government's £5.92 million Invest-to-Save loan that supported its establishment.

- 17 NPS has reported financial savings for public bodies alongside wider benefits, for example to the Welsh economy, from its activity. As at August 2017, NPS has reported savings of £14.8 million for 2016-17, including a combination of cash releasing savings, process efficiencies and cost avoidance. The savings figures have been substantially lower than some early estimates and the savings figures are disputed by some members⁶. The business case for the establishment of NPS had estimated that NPS would be generating savings of £25 million a year from 1 April 2016⁷. However, that estimate was based on a forecast level spend through NPS – of up to £522 million – that was well in excess of that actually achieved.
- 18 NWSSP reported procurement savings of £37.9 million for 2016-17 against £1.3 billion of expenditure, exceeding its target and having also met its savings targets for the previous two years. NWSSP operates through a centralised model whereby a team working for NWSSP manages procurement at each individual NHS body. While six of the 10 NHS bodies we surveyed indicated that they were satisfied with the service provided by NWSSP, three indicated that they were not⁸. The main issues raised with us related to some problems with delays in paying invoices and other processing issues. From NWSSP's perspective, these issues have since been resolved. We identified generally positive views about other aspects of the procurement service but still with some scope for improvement.
- 19 According to its members, HEPCW is providing a satisfactory service and has reported financial savings of just under £11 million in 2015-16 against £97 million of expenditure. Public bodies also report that other collaborative procurement arrangements are proving effective at a regional and sector level.
- 20 There is clear scope for improvement in public bodies' procurement arrangements. We found that public bodies' procurement strategies are of varying quality and some of those we sampled were out-of-date. The last round of Welsh Government sponsored Procurement Fitness Checks in 2013-14 showed a lack of overall maturity across the bodies assessed and the extent of follow-up action reported by individual public bodies varied. In addition, while the Welsh Government has identified common themes from the Fitness Checks, some of the activity that had been planned to support improvement has not subsequently been progressed.

⁶ At the request of the Director of NPS, the Welsh Government's Internal Audit Service has undertaken two audits of the arrangements for reporting savings and has identified some areas for improvement in the measurement and reporting of the savings figures. NPS is responding to these issues.

⁷ The business case estimated that £9 million (36%) of the £25 million of savings would be cash releasing.

⁸ One NHS body did not answer the question.

- 21 The Welsh Government is planning to consult on rolling out a more evidence-based programme of checks following some recent pilot work. The timeframes for delivering a new programme of fitness checks will emerge from this consultation. Meanwhile, public bodies have experienced several notable procurement failures in recent years and our wider audit work continues to identify examples of other weaknesses in procurement arrangements. These examples need to be considered in the context of the overall volume of procurement activity undertaken each year by public bodies.
- 22 Public bodies face challenges in balancing potentially competing procurement priorities and in responding to new legislation and policy and are responding in different ways. Despite some investment by the Welsh Government through the part EU-funded Transforming Procurement through Home Grown Talent Programme, public bodies continue to have problems in recruiting and retaining qualified procurement personnel. Several noted that they have lost some of their more experienced and qualified procurement staff to jobs in different consortia or public buying organisations and other non-devolved public bodies in Wales and yet they retain responsibility locally for some more complex, higher-value and higher-risk procurements. The Welsh Government's bid for further European funding to support a follow up to the Home Grown Talent Programme was rejected and is considering how public sector procurement capability development may be provided in a future programme for procurement.
- 23 Finally, we found that public bodies are increasing their use of electronic procurement tools and resources, but there are inconsistencies in take-up and application. The Welsh Government established an e-procurement service programme to help public bodies adopt a number of systems and services which public bodies can use free of charge. The Welsh Government reviewed the programme in 2016-17 and closed it on 31 March 2017 because the projects are being mainstreamed across public bodies. Most public bodies reported that they are using sell2Wales, the Welsh Government's online notice publication tool, for at least some of their contracts under European Union procurement thresholds. However, they were doing so to different degrees and there was a lack of support in a recent Welsh Government consultation for requiring the use of sell2Wales for all contracts over £25,000.

Recommendations

- R1 The clearance of our report highlighted some concerns about the accuracy of the NPS Collaborative Spend Analysis data supplied initially by individual public bodies. For example, one local authority had incorrectly included several million pounds of grants and staff expenses. There are also some notable gaps in the data collection including the majority of further education colleges and some Welsh Government sponsored bodies. **We recommend that the Welsh Government:**
- **encourage public bodies to review the accuracy of the data that they provide for the Collaborative Spend Analysis project, reflecting on the issues identified in the course of our work; and**
 - **explore with the further education sector and the missing Welsh Government sponsored bodies why they will not engage with the Collaborative Spend Analysis project, with the aim of all public bodies participating in 2017-18.**
- R2 Some public bodies have raised concerns about the governance arrangements for procurement at a national level, including the effectiveness of the national Procurement Board. **In taking forward its plans to merge the national Procurement Board with the NPS Board we recommend that the Welsh Government:**
- **clearly sets out, for example on its website, the accountability and governance structure for public procurement in Wales, particularly in relation to the role and remit of the revised national Procurement Board arrangements; and**
 - **invite representation from Welsh Government Sponsored Bodies, the Office of the Future Generations Commissioner, the third sector and from public bodies in North Wales.**
- R3 It was clear from our sampling that some procurement strategies are out-of-date and there has also been a mixed response to new policy and legislation such as the Well-being of Future Generations (Wales) Act 2015. **We recommend that public bodies review their procurement strategies and policies during 2017-18 and on an annual basis thereafter to ensure that they reflect wider policy and legislative changes and support continuous improvement.**

Recommendations

R4 Welsh Government funded procurement fitness checks provided an opportunity for public bodies to take stock of the strengths and weaknesses of their procurement activities. However, there were some concerns about the robustness of the last round of checks and the consistency of approach, while the action taken by public bodies by way of follow-up has varied. **In rolling out a new round of checks, we recommend that the Welsh Government:**

- **ensure that the Procurement Fitness Checks are carried out consistently to allow for more effective benchmarking;**
- **provide guidance to public bodies on the expectations for follow-up self-assessments;**
- **work with the national Procurement Board to analyse the results and identify action that can be taken at a national level to support further improvement;**
- **include an assessment of where public bodies stand in relation to procurement policy statement recommendations – for example, that there should be a minimum of one procurement professional per £10 million of procurement spend across the wider public sector.**

R5 The Welsh Government is promoting the use of a community benefits approach to public sector procurement with the aim of delivering social, economic and environmental benefits. In 2014, the Welsh Government developed a community benefits toolkit designed to measure community benefits by capturing added-value outcomes. **We recommend that the Welsh Government update its community benefits toolkit, including taking account of the Well-being of Future Generations (Wales) Act 2015 and building on lessons learned from current practice across Wales such as the use of community benefits champions.**

Recommendations

- R6 Public bodies have experienced long-standing issues with the recruitment and retention of suitably qualified procurement staff, exacerbated by some parts of the public sector offering more favourable terms and conditions. While the Welsh Government completed the £11 million, Transforming Procurement through Home Grown Talent Programme, to raise procurement skills and competences across the whole of the Welsh public sector and increase awareness of the value of these skills, it is currently planning how to follow it up. **In following up its work on the Transforming Procurement through Home Grown Talent Programme, the Welsh Government should explore with public sector partners the impact of differential pay for procurement staff across different sectors and any potential solutions.**
- R7 The supplier qualification information database (SQiD) is an important development designed to simplify and standardise the selection of contractors. However, Welsh Government data indicates that public bodies' application of the SQiD approach is variable. **We recommend that the Welsh Government better promote the use of the SQiD to public bodies and assess its use as part of the procurement fitness checks.**

Part 1

The principles governing public procurement are set out in a range of legal and policy frameworks but national governance arrangements could be strengthened



- 1.1 In this part of the report we focus on the legislative and policy frameworks which underpin public procurement in Wales. We also consider the Welsh Government's recent consultation on the potential for regulating on certain requirements for procurement and the role of the national 'Procurement Board' in the governance of public procurement in Wales.

The Welsh Government's policy statement sets out the overriding principles for public procurement, in the context of relevant EU and UK legislation

Procurement legislation reflects the principles of transparency and free movement of goods and the Welsh Government's 2015 policy statement sets out the procurement practices expected of Welsh public bodies

- 1.2 A range of legal and policy frameworks are in place for public procurement (Figure 1). The overarching legislation is set out in the European Union Directive on public procurement⁹. The directive sets out detailed procedures that public bodies¹⁰ must follow before awarding a contract whose value equals or exceeds specific thresholds¹¹. The other main EU Directive directly affecting public procurement relates to the award of concession contracts¹².

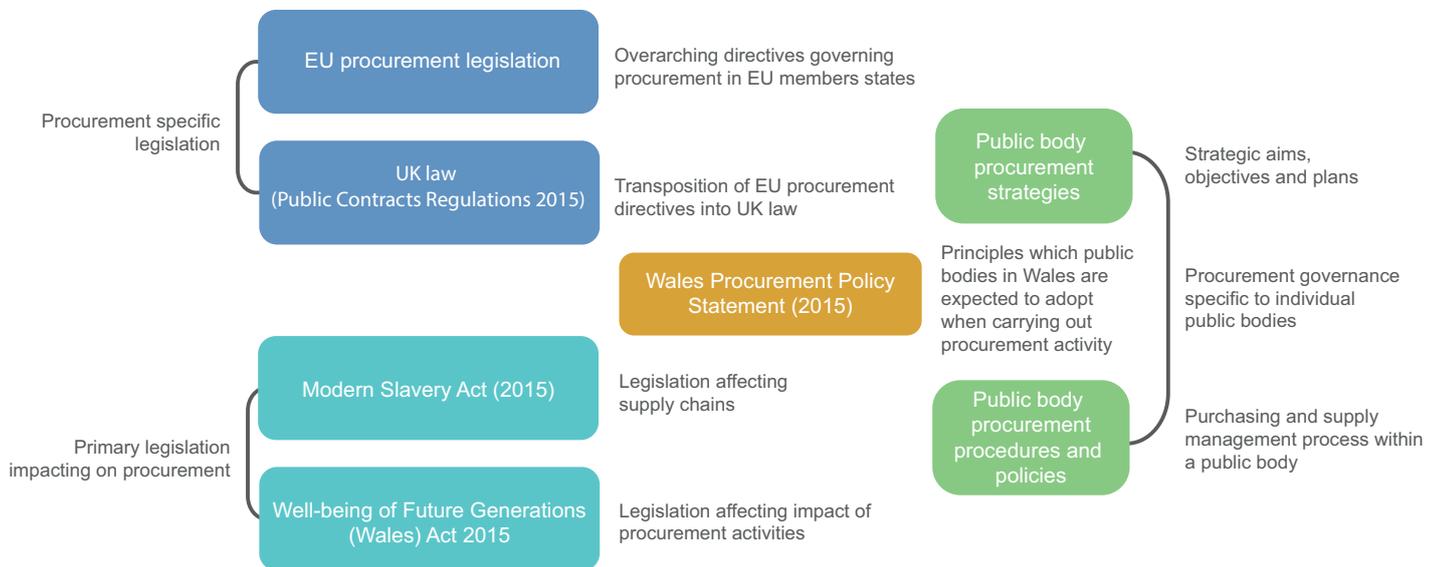
9 Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement

10 The Directive applies to 'contracting authorities' as defined by the Public Contracts Regulations 2015

11 Above certain contract values, European Procurement Directives require that public bodies must publish contract opportunities via the Official Journal of the European Union (OJEU). There are different thresholds for different types of organisation, and for different types of goods, services or works.

12 Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts. A concession contract is a contract under which a contracting authority or a utility outsources works or services to a contractor or provider, who then has the right to commercially exploit those works or services in order to recoup its investment and make a return.

Figure 1: legislative and policy framework for public procurement in Wales



Note: The Public Contracts Regulations do not apply in Scotland. There is a parallel implementation through the Public Contracts (Scotland) Regulations 2015.

Source: Wales Audit Office

- 1.3 The EU public procurement directive is based on the principles of transparency, non-discrimination and free movement of goods. The directive has been transposed into English, Northern Irish and Welsh law through the Public Contracts Regulations 2015 (Box 1) which took effect from 25 February 2015.
- 1.4 Using its powers to introduce primary legislation on procurement, the Scottish Government enacted the directive through the Procurement Reform (Scotland) Act 2015. The Scottish legislation extends beyond the basic transposition of the EU Directive. For example, the Scottish Government has made it a legal requirement for public bodies which have an estimated procurement spend of £5 million or more (excluding VAT) in a financial year to publish annual procurement strategies. The Scottish Government has also introduced lower thresholds above which the regulations must be followed. The Scottish legislation also includes a sustainable procurement duty forcing organisations to show the community impact of their purchasing.

Box 1 – Public Contracts Regulations 2015

The new Directives, transposed into English, Welsh and Northern Irish law through the Public Contracts Regulations 2015, simplify the EU procurement rules with the intention of making public procurement faster and less costly. For the public sector, this should mean faster procurement, less red tape and more focus on getting the right supplier. For suppliers, the aim is to make bidding for public contracts quicker, less costly and less bureaucratic, enabling suppliers to compete more effectively. Some of the key changes in the new regulations include:

- the integration of environmental, social and labour requirements into public procurement procedures;
- new provisions to facilitate better access by small and medium-sized enterprises to public procurement ;
- simplifying procurement processes through a new duty of ‘proportionality’ along with the principles of transparency, equal treatment and non-discrimination, including simplifying the process of assessing bidders’ credentials;
- promoting the use of e-procurement which will gradually become mandatory including the e-submission of tenders and requests to participate;
- greater freedom to negotiate with potential suppliers than allowed by the previous rules;
- prohibiting circumventions of the procurement rules by deliberately sub-dividing contracts for the same type of good or service to stay below the thresholds;
- greater allowance for engaging with the market early in the procurement process and involving suppliers in the preparation of procurement exercises; and
- a ‘new light touch regime’ has been introduced for social, health and other related services – listed at Schedule 3 of the Public Contracts Regulations 2015 – recognising the special characteristics of social services and the importance of cultural context and sensitivity.

1.5 In a recent discussion paper¹³, we highlighted that currently there is some uncertainty as to whether the EU procurement directives apply to the procurement activities of some publicly funded organisations. However, the public bodies covered in this report are all subject to the Directives.

¹³ Auditor General for Wales, **Discussion Paper: The Governance Challenges posed by Indirectly Provided, Publicly Funded Services in Wales**, February 2017.

- 1.6 Public bodies in Wales must also take into account other non-procurement specific legislation that can impact their procurement activities, such as the Modern Slavery Act (Box 2) and, for some, the Well-being of Future Generations (Wales) Act (Box 3). For example, in relation to the Modern Slavery Act, public bodies have an important role to play in sourcing goods, services and works in a manner that enables and rewards suppliers for good employment practices, rather than purchasing in a manner which drives the use of modern day slavery practices. In respect of the Well-being of Future Generations (Wales) Act, the Act requires those organisations bound by it to do things – including procurement activity – with regard to the economic, social, environmental and cultural well-being of Wales in a way that accords with the sustainable development principle.

Box 2 – Modern Slavery Act (2015)

The Modern Slavery Act 2015 came into force on 1 October 2015 and from 31 March 2016 businesses or part of a business, in the UK, and which have a total annual worldwide turnover of £36 million or more had to start publishing annual 'Transparency in Supply Chain' statements. Businesses contracting with the public sector will need to ensure that they have complied with the fundamental requirements of the Modern Slavery Act, or risk facing exclusion at the qualification stage.

Contracting authorities are able to integrate the compliance requirements for potential suppliers under the Modern Slavery Act into two areas of the public procurement tender process:

- at the gateway stage, within the government's revised Pre-Qualification Questionnaire - under the Public Contracts Regulations 2015;
- within the evaluation criteria used to choose the winning tender.

For bidders, non-compliance also raises the possibility of exclusion from being able to bid for future public sector contracts.

Box 3 – Well-being of Future Generations (Wales) Act 2015

The Welsh Government has put in place the Well-being of Future Generations (Wales) Act 2015 as the latest step in embedding sustainable development in the public sector in Wales. The Act is underpinned by the sustainable development principle: development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The Act requires specified public bodies, including the Welsh Government, to set and publish objectives designed to maximise their contribution to the seven national well-being goals. They are also required to take all reasonable steps to meet those objectives. The Act identifies five ways of working which can support the wellbeing of future generations – integration, collaboration, long-term thinking, involvement and prevention.

While the majority of public bodies in Wales are bound by the Act, further and higher education institutions are not. Nevertheless, the Act has implications for relevant policy, funding and oversight arrangements in these sectors. We noted in our recent report on further education¹⁴ that the further education sector has itself been considering the policy implications of the Act and its current sustainable development practice.

- 1.7 Although there is no Wales-specific procurement legislation, the Welsh Government issued its first procurement policy statement in 2012. The genesis of the 2012 procurement policy statement was a review commissioned by the Welsh Government to consider the overall effectiveness of Welsh public sector procurement policy and how its impact could be maximised. The review, known as the ‘McClelland review’¹⁵ recommended that Welsh Government procurement policy be consolidated into a single ‘Policy and Practices Document’. The intention was that this document would serve as a blueprint for public servants in their conduct of public procurement.
- 1.8 The Welsh Government updated and reissued the policy statement in 2015¹⁶ in light of changes in policy priorities and to reflect other legislative changes. Part 4 of this report provides further evidence on the extent to which public bodies are adopting procurement practices consistent with the policy statement, including the community benefits approach (paragraph 4.30 to 4.36) and the use of e-procurement (paragraph 4.46).

¹⁴ Auditor General for Wales, **Welsh Government oversight of further-education colleges’ finances and delivery**, February 2017

¹⁵ John F McClelland, **Maximising the Impact of Welsh Procurement Policy**, August 2012

¹⁶ Welsh Government, **Welsh Procurement Policy Statement**, June 2015

- 1.9 The 2015 policy statement covers such issues as resources, sustainability and future generations, community benefits, open competition, procurement processes, collaboration, supplier engagement and innovation, policy development and implementation and measurement and impact. Adherence to the policy statement is voluntary, although the Welsh Government expects it to form the basis for procurement policy in all public bodies. The policy statement, taken together with the legislation described above, provides the basis for public bodies' own standing orders or financial instructions and strategies and policies for procurement. These standing orders or financial instructions will include provision for securing competition in the award of contracts and for regulating the manner in which tenders are invited.
- 1.10 The policy statement identifies a broad range of benefits that are expected from public procurement in addition to achieving best price. Central to the policy statement is delivery of community benefits (Box 4). The Welsh Government has developed detailed guidance to define what it considers to be within the scope of community benefits. To help public bodies measure community benefits, the Welsh Government has developed a toolkit¹⁷ designed to capture added-value outcomes. The Welsh Government has requested that public bodies report any community benefits that are realised for contracts over £1 million using the approach outlined in the toolkit.
- 1.11 The Welsh Government believes that the number of organisations committed to using community benefits had already increased significantly following publication of the 2012 procurement policy statement. The Welsh Government is developing further guidance to align the delivery of community benefits approach with the Well-being of Future Generations (Wales) Act 2015 and the national well-being goals.

Box 4 – 2015 procurement policy statement and community benefits

The Wales procurement policy statement adopts a definition of procurement that ensures value for money is considered in the very widest sense when contracting in the public sector in Wales:

‘Procurement is the process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.’

The community benefits approach is principle 4 of the Wales procurement policy statement and seeks to act upon this wider definition of value for money by delivering the very widest social, economic and environmental benefits in the course of securing the goods, services or works required by the public sector in Wales.

¹⁷ The Welsh Government's Community Benefits Toolkit is a mechanism for recording and reporting Community Benefit outcomes.

The Welsh Government has consulted on mandating various procurement practices, although the prospect of new legislation is now on hold following the result of the referendum on UK membership of the European Union

- 1.12 In August 2015, the UK Government granted Welsh Ministers permission to legislate on public procurement. The then Welsh Government Minister for Finance issued a statement setting out the Welsh Government's intention to use the new powers to, among other things, maximise the impact of the Wales Procurement Policy Statement and promote collaborative procurement.
- 1.13 In April 2016, the Welsh Government launched a consultation on the prospect of new public procurement legislation. The specific topics under consideration were:
- annual reporting on key procurement indicators;
 - the use of community benefit clauses in contracts;
 - increasing the use of 'reserved contract' opportunities for suppliers providing routes to meaningful employment for people who may otherwise have difficulty in accessing work opportunities;
 - advertising all contracts over £25,000 on the Welsh Government's procurement portal 'sell2wales.gov.wales' and a range of other commitments aimed at reducing barriers for suppliers wishing to access public contracts in Wales;
 - the use of specific contracts and/or framework agreements let by procurement consortia or public buying organisations;
 - that contracts should only be awarded on the basis of what is known as 'most economically advantageous tender' – contract criteria that reflect qualitative, technical and sustainable development related aspects of the tender submission as well as price; and
 - whether public bodies should be under a legal duty to apply any guidance issued by the Welsh Ministers relating to collective agreements regarding environmental, social and/or labour law.
- 1.14 The Welsh Government received responses to the consultation from a mix of public bodies, third sector organisations, businesses and trades unions. Overall, there was a mixed response to the issues raised, with clear delineation between less supportive responses from public bodies and more supportive responses from the private and third sectors. The Welsh Government is considering its options, taking account of the feedback to the consultation and any potential impact of the UK's planned withdrawal from the European Union.

The national Procurement Board should provide governance for the implementation and delivery of procurement policy in Wales but currently has limited effectiveness

1.15 The Welsh Government established the national Procurement Board to provide a senior layer of governance for the implementation and delivery of public procurement policy across Wales (Box 5). The Welsh Government consulted recently on the effectiveness of the Board with its members, senior managers across public bodies and the NPS Delivery Group¹⁸. The consultation found that, in general, public bodies do not always see the Procurement Board as adding value. The Procurement Board concluded that the reason behind this assertion was because the strategic nature of the Procurement Board is difficult to articulate.

Box 5 – Procurement Board

The national Procurement Board provides a governance mechanism for the implementation and delivery of public procurement policy across Wales. It aims to promote good practice in public procurement policy.

In April 2010, the First Minister for Wales announced the creation of an Efficiency and Innovation Programme to provide practical leadership and action to enable public services to improve outcomes for citizens while responding to the pressure on public finances. The programme was underpinned by six workstreams, including Collaborative Procurement and Commissioning. The Collaborative Procurement and Commissioning Board or 'Procurement Board' continued to operate after the closure of the Efficiency and Innovation Programme.

The Board comprises of nominated representatives from various sectors. Board membership includes representation from the Welsh Government (covering public procurement and economic development and also representing sponsored bodies), local authorities, the NHS, higher and further education, police and fire services and private business. The Board meets bi-monthly and is currently chaired by the Chief Executive of Newport City Council.

The focus of the Procurement Board is the adoption of the principles set out in the Wales Procurement Policy Statement by all public bodies in Wales. It also oversees the Welsh Government's advice to public bodies on procurement policy and reviews regular progress reports from the Director of the NPS.

¹⁸ The Delivery Group is responsible for providing oversight on operational matters and is accountable to the NPS Board.

- 1.16 The national Procurement Board agreed that the review provided an opportunity to: reflect on the work of the Board to date; on standing agenda items; and on the areas that will require members' time in coming years such as the implications of the UK's planned withdrawal from the European Union. It also agreed that it was an opportunity to refresh the Board's terms of reference and that the Board should have a more focused remit. In particular, the Procurement Board agreed that it should be the strategic voice of the profession advising the Cabinet Secretary for Finance and Local Government on procurement policy, driving the strategic direction of procurement in Wales, identifying the next generation of leaders, and helping these leaders develop the procurement profession in Wales.
- 1.17 Although the Procurement Board meets regularly and discusses a range of topical issues, there are issues with the balance of its membership. For example, the Welsh Government sponsored bodies have no direct representation, but are represented by the Welsh Government. The Procurement Board also has no members from the geographical area of North Wales.
- 1.18 In addition, the Board could potentially benefit from including representatives of the third sector. The Future Generations Commissioner has also highlighted procurement as an area of focus, and the Board may benefit from input from her office.
- 1.19 Separate to the national Procurement Board, the NPS is governed by the NPS Board which therefore itself plays an important role in the governance of public procurement across Wales. The Welsh Government intends to merge the NPS Board and the national Procurement Board to ensure that there is no overlap between the two boards and to allay any potential confusion over roles and responsibilities. The NPS also has a separate Delivery Group. The Delivery Group is responsible for providing oversight on operational matters and is accountable to the NPS Board.

Part 2

In 2015-16, public bodies in Wales spent around £6 billion through procurement on a range of goods, services and works



- 2.1 This part of the report sets out an analysis of the Welsh public sector's spend through procurement on goods, services and works during 2015-16. We have based much of this analysis on data collected on behalf of the National Procurement Service (NPS) by an external supplier.
- 2.2 The clearance of our report highlighted some concerns about the accuracy of the NPS Collaborative Spend Analysis data supplied initially by individual public bodies¹⁹. While we have set out the aggregated procurement spend of individual bodies based on 2015-16 data, the spend profile could vary significantly from year to year. For example, because of the timing of high-cost capital projects or because of local decisions on whether services are contracted out to external suppliers rather than being delivered in-house.

In recent years, the Welsh Government has collected procurement data through the Collaborative Spend Analysis project to provide an overview of public procurement expenditure

- 2.3 The NPS Collaborative Spend Analysis Project is funded by the Welsh Government. 53 public bodies provided data on a voluntary basis for 2015-16, covering expenditure on a range of goods, services and works. These 53 bodies included all 22 local authorities, 10 NHS bodies and the Welsh Government. For three of the sectors covered by the project, the data is incomplete²⁰:
 - although further education institutions only account for a comparatively small amount of procurement spend, only two of the 14 further education institutions in Wales submitted data – Coleg Cambria and Pembrokeshire College;
 - only three of the nine Welsh Government sponsored bodies (Arts Council for Wales, National Library of Wales and Natural Resources Wales) submitted data; and
 - one higher education institution did not participate – Wrexham Glyndŵr University.

¹⁹ Data for the Collaborative Spend Analysis Project is uploaded from public bodies' electronic financial systems. Spend data is classified mainly based on information known about suppliers. Classifications can be created or modified by public bodies.

²⁰ In addition, the data collection exercise does not cover the three national park authorities in Wales.

- 2.4 The data provided as part of the spend analysis project helps inform Welsh Government policy-making and enables a more strategic approach to procurement decision-making by NPS. Individual organisations can analyse their data down to single purchases to understand demand and prices across local, regional, and national contracts. This analysis can help organisations drive spend through formal contracts, reduce the level of procurement spend with suppliers not covered by a contract (known as ‘off-contract’ spend), or spend not made in-line with corporate procedures. Developing a thorough understanding of procurement expenditure is also essential to the development of a well-informed strategy. Figures showing how often public bodies access the centrally held data suggest that the extent to which it is used to inform their procurement activity varies.
- 2.5 It is however important that public bodies ensure that the data supplied for the spend analysis project is accurate. For example, one local authority had incorrectly included several million pounds of grants and staff expenses.

The Collaborative Spend Analysis project identified £6 billion of procurement expenditure for 2015-16, of which £680 million related to the Welsh Government

- 2.6 The Collaborative Spend Analysis project identified expenditure on procurement of goods, services and works in 2015-16 worth around £6 billion²¹. To put this figure in context, it amounts to more than a quarter of the approximate £21 billion total overall spend of the same 53 public bodies in 2015-16 including procurement, pay and other expenditure. The largest spending single organisation in 2015-16 was the Welsh Government which procured goods, services and works worth £680 million (11% of the total procurement spend²²). Taken together, local government, central government and NHS Wales bodies accounted for 90% of the procurement expenditure across the 53 public bodies.
- 2.7 Unsurprisingly, the larger the organisation, the more it generally spends on procuring goods, services and works. Drawing on the Collaborative Spend Analysis Project data and figures reported separately by NHS bodies, our analysis shows that the average procurement spend as a proportion of total organisational spend was 18%. However, there were notable differences between and within individual sectors based on this calculation (Figure 2). As noted in paragraph 2.12, these differences could reflect a variety of reasons.

21 As of August 2017, 44 public bodies had submitted data for the 2016-17 spend analysis project, totalling nearly £6 billion.

22 Total expenditure data is taken from public bodies’ 2015-16 audited accounts and includes all capital and revenue spend. For the Welsh Government, we have based this analysis on an estimate of Welsh Government expenditure on its own activities, excluding the funding allocated to local government, NHS bodies, further and higher education institutions and Welsh Government sponsored bodies.

Figure 2: range and average of procurement spend as a percentage of total spend by sector, 2015-16

Sector ¹	Highest	Lowest	Average
Local government	51	19	34
Central government and sponsored bodies	41	12	27
Police and fire and rescue	45	14	24
Health	22	13	18
Higher and further education	40	17	23
All	51	12	25

Notes:

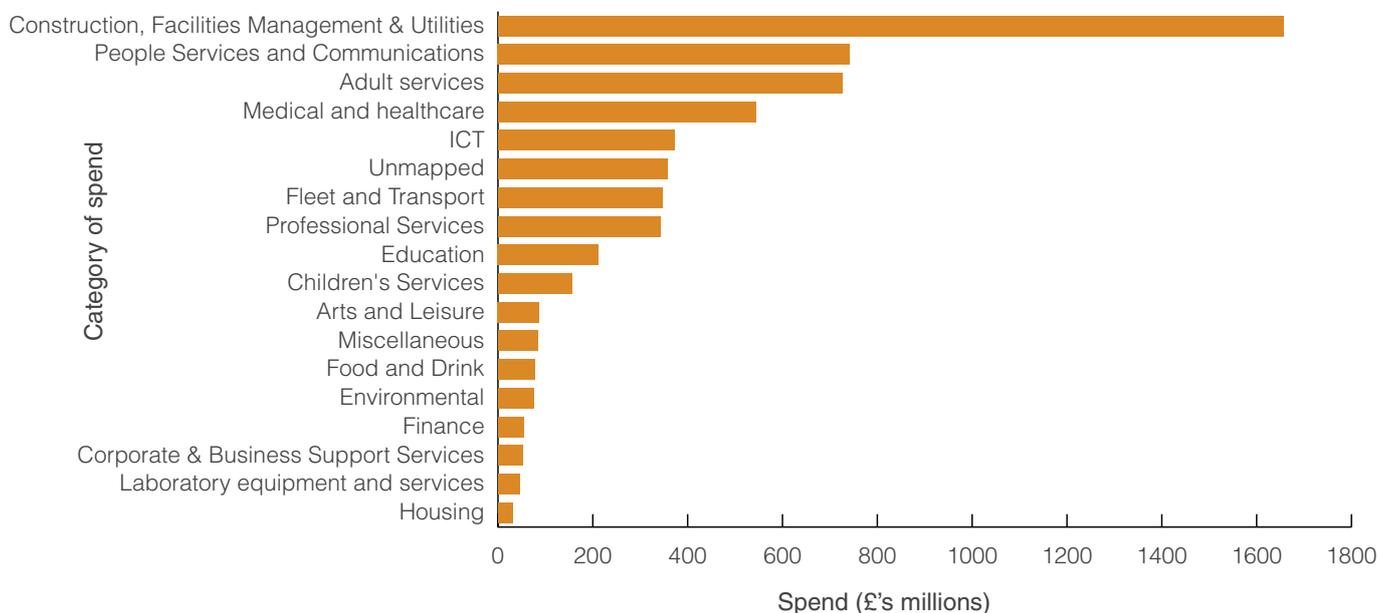
1 For the purposes of this analysis, we combined the further education and higher education sectors and the police with the fire and rescue sector.

Source: Wales Audit Office analysis of NPS Collaborative Spend Analysis Project data and published accounts

The largest category of spend was construction, facilities management and utilities which accounted for £1.7 billion of procurement spend

- 2.8 The data collected through the Collaborative Spend Analysis project is based on nine categories. Individual organisations are responsible for classifying their expenditure into the various categories. Those nine categories include a broad range of activity classified by the project as ‘non-common and repetitive spend’, which accounted for more than £2 billion of the total £6 billion expenditure reported. To make this category of expenditure more meaningful, we identified ten sub-categories which included high spend areas such as adult services (£726 million) and education goods, services and works (£212 million).
- 2.9 **Figure 3** shows that the highest spend category for 2015-16 was construction, facilities management and utilities totalling £1.7 billion, over a quarter of all expenditure. The top three categories accounted for more than half of all procurement spend in 2015-16. The total construction, facilities management and utilities figure included £233 million of Welsh Government expenditure. **Appendix 2** summarises sector expenditure by category.

Figure 3: procurement spend by category, 2015-16



Notes

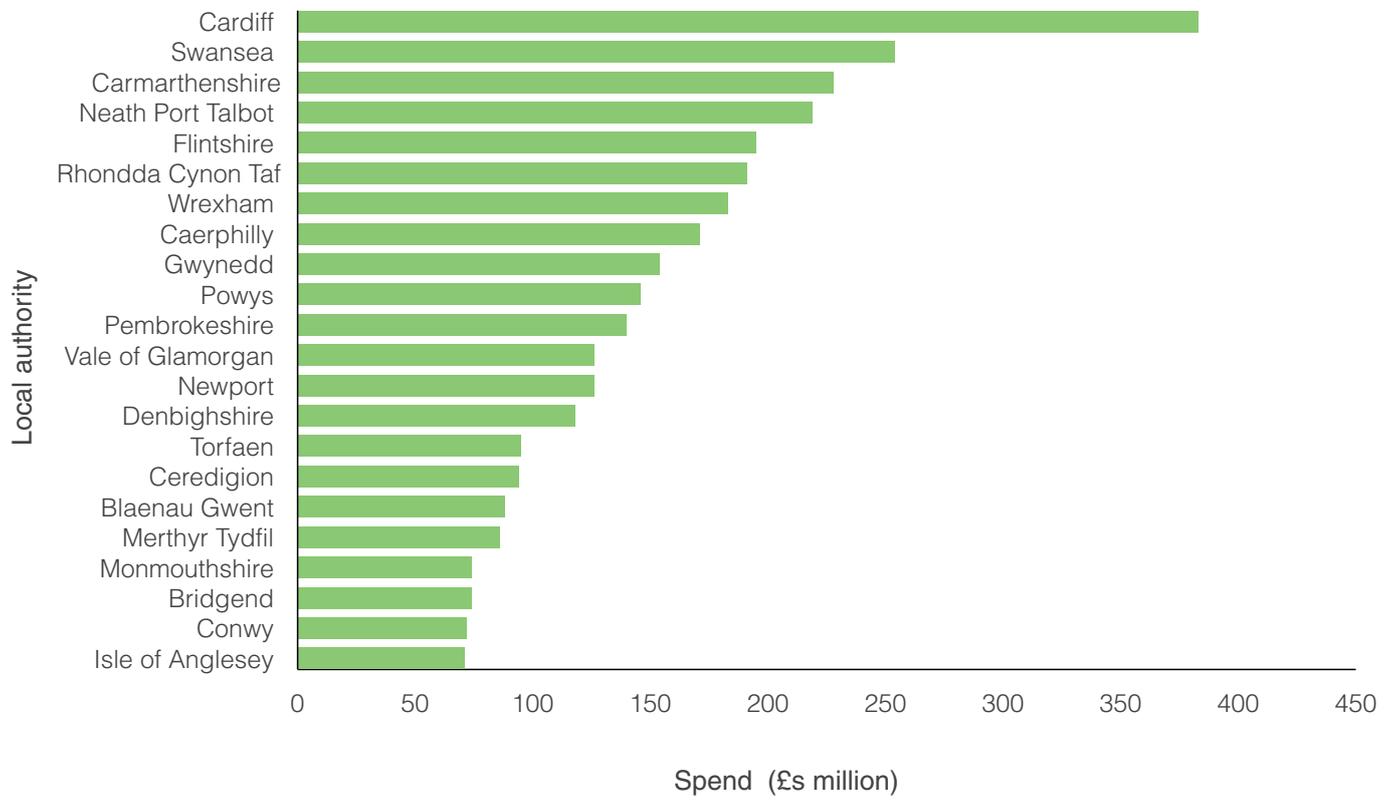
- 1 'Unmapped' is where it is not clear under which category spend should be assigned.
- 2 The ten sub-categories that we classified under the non-common and repetitive spend category are: adult services, arts and leisure, children's services, education, environmental, housing, financial, laboratory equipment and services, medical and healthcare and miscellaneous.

Source: NPS Collaborative Spend Analysis project data (based on 53 public bodies)

Local authorities spent £3.3 billion through procurement in 2015-16, over half of the total procurement spend by public bodies

2.10 The data collected by the Collaborative Spend Analysis project for 2015-16 shows that, at £3.3 billion, local government accounted for over half of all procurement expenditure in Wales. The largest spending local authority was Cardiff Council which spent £383 million (12% of all local authority procurement spend and 29% of its own total expenditure) (Figure 4). The smallest spending local authority was the Isle of Anglesey County Council which spent £71 million, but equivalent to 32% of its total expenditure. A third of all local authority procurement spend (£1.1 billion) was on goods, services and works relating to construction, facilities management and utilities.

Figure 4: local authority procurement spend 2015 - 2016



Source: NPS Collaborative Spend Analysis Project data

2.11 The proportion of procurement spend on five of the categories reported by the Collaborative Spend Analysis Project was fairly even across local authorities. For example, the proportion spent on Corporate and Business Support services ranged between 1% and 3%. However, there was more significant variation across four categories. The biggest variation was in the Construction, Facilities Management and Utilities category where local authorities were spending between 18% and 53% of their total procurement spend. Other notable differences included:

- the data suggested that the proportion of procurement spend on fleet and transport varied between 0.1% and 12%. However, the local authority reporting the highest proportion of procurement spend on fleet and transport believes that the figures reported in its case include concessionary fare reimbursement to private sector suppliers rather than procurement of fleet and transport goods and services.
- the range of spend on People Services and Communications varied between 2% and 15% of total procurement spend;
- the range of spend on adult services varied between 11% and 36% of total procurement spend; and
- spend on children's services accounted for between 1% and 12% of procurement spend.

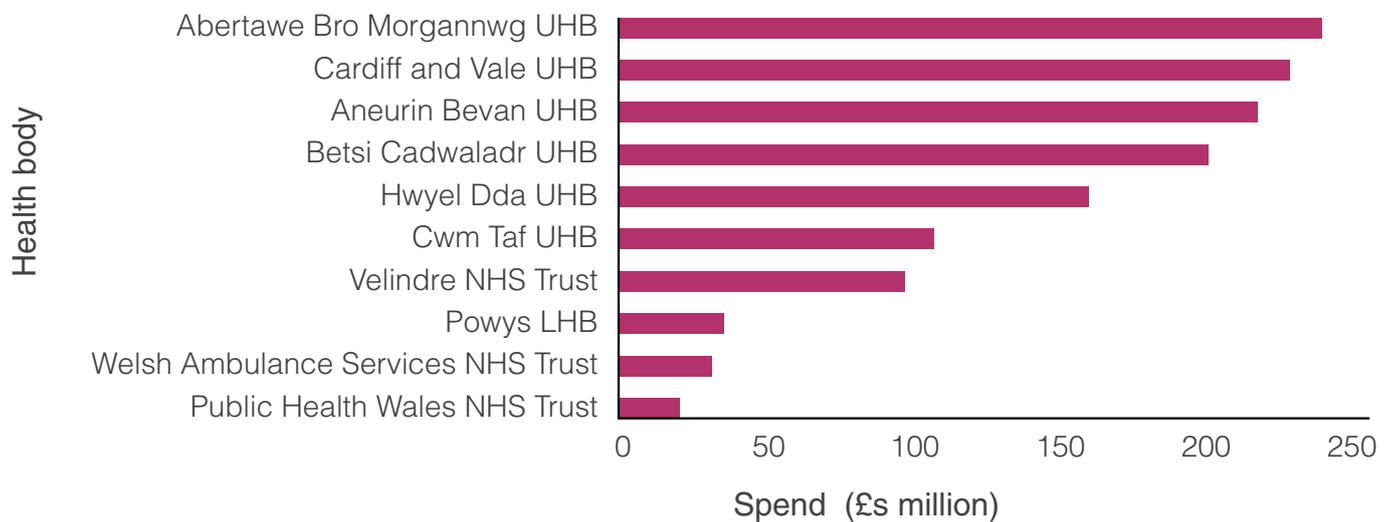
2.12 These examples may reflect differences in geography or demographics; high capital spend, such as one-off building projects; or situations where local authorities have bought in services that others may be providing in-house. In addition, because individual public bodies upload the data for the NPS Collaborative Spend Analysis Project from individual finance systems, some of these anomalies may result from errors or differences in coding practice.

NHS bodies reported procurement spend of £1.3 billion in 2015-16, the majority of which was on medical and healthcare supplies and equipment

2.13 Data provided by NHS Wales Shared Services Partnership (NWSSP) for the Collaborative Spend Analysis Project showed that the total procurement expenditure for NHS bodies was £1.3 billion. While we have used the categories provided by the Collaborative Spend Analysis Project which are common across all sectors, NWSSP categorises procurement expenditure on a different basis.

2.14 Within the £1.3 billion reported in 2015-16, the highest spending organisation was Abertawe Bro Morgannwg University Health Board (Figure 5). This health board spent over £240 million (nearly 18% of all NHS Wales procurement spend and 22% of its total expenditure). However, four health boards spent more than £200 million through procurement. The smallest spending NHS body was Public Health Wales NHS Trust which spent just over £20 million through procurement, 18% of its total expenditure

Figure 5: NHS Wales procurement spend 2015-16



Source: NPS Collaborative Spend Analysis Project data

2.15 The largest area of expenditure reported by the spend analysis project was medical healthcare supplies and equipment (£472 million). This accounted for 35% of health procurement spend and around 8% of the £6 billion expenditure across the whole of the public sector in 2015-16. This category includes items such as drugs (£160 million) and medical and surgical equipment (£167 million). The second largest area of spend was people services and communications (£462 million). Within this category, agency staff accounted for £133 million of expenditure (12% of all health expenditure) through agreements such as the All Wales Nursing Agency Framework and various medical locum staffing frameworks.

Part 3

Procurement consortia and public buying organisations are reporting financial savings, although there are mixed views on the effectiveness of some of these arrangements



- 3.1 This part of the report provides a brief overview of the main Welsh based procurement consortia and public buying organisations used by public bodies – the NPS, NHS Wales Shared Services Partnership (NWSSP) and the Higher Education Purchasing Consortium, Wales (HEPCW). We are preparing a separate stand-alone report that examines the development of the NPS in more detail. Public bodies in Wales also make use of a number of other sector and non-sector specific frameworks around the UK, including substantial expenditure through the Crown Commercial Service (CCS)²³.

Public bodies use a range of consortia and public buying organisations, with £880 million spent through collaborative procurement managed by the main Wales-based organisations in 2015-16

- 3.2 Welsh public bodies have been using procurement consortia and public buying organisations (Box 6) for several decades, for example, the now defunct Welsh Purchasing Consortium was established in 1974²⁴. While procurement consortia and public buying organisations have traditionally been sector based, in recent years they have been set up across the UK to serve multiple-sectors where there are works, goods, services and works of a common and repetitive nature such as stationery and ICT.

²³ CCS is an executive agency, sponsored by the Cabinet Office which brings together policy, advice and direct buying; providing commercial services to the public sector across the UK. CCS frameworks were used by public sector organisations for £12.8 billion of public spending in 2015-16. In 2015-16, CCS also directly bought £2.5 billion of common goods and services on behalf of government departments.

²⁴ The Welsh Purchasing Consortium was made up of 16 local authorities in South, Mid and West Wales delivering competitive procurement arrangements, sharing best practice, and the development and adoption of a suite of standard procurement documentation. Each member authority arranged contracts or framework agreements on behalf of all 16 local authorities. The operation of the Welsh Purchasing Consortium ended on 31 March 2016.

Box 6 – What are procurement consortium and public buying organisations?

A purchasing **consortium**, such as NHS Wales Shared Services Partnership, is two or more independent organisations that join together, either formally or informally, or through an independent third party, to combine their individual requirements for procuring goods and services. The aim of a procurement consortium is to leverage more value-added pricing, service, and technology from their external suppliers than could be obtained if each public body purchased goods and services independently. Purchasing goods and services through a consortium approach should reduce effort and cost to allow public bodies to focus on more complex and specialist procurement.

A **public buying organisation** or public sector owned professional buying organisations, such as HEPCW and the NPS, provide a wide range of frameworks for goods and services that can be used across the public sector and support collaborative procurement.

Some procurement consortia and public buying organisations operate through raising a rebate from suppliers as a percentage of the amount purchased through a contract which suppliers pay to the organiser of the consortia.

- 3.3 Procurement consortia and public buying organisations offer a number of potential benefits including financial savings, improved service levels, savings in both time and resources, and reducing the risk of non-compliance with EU procurement legislation. However, in realising these benefits, procurement consortia face a number of challenges, for example, agreeing on common specifications for goods, services and works across multiple organisations and sectors, agreeing a common savings methodology and capturing savings information at an organisational level.

3.4 There are three main Wales-based public procurement consortia and public buying organisations:

- the Welsh Government established the **NPS** in November 2013 with the overriding objective to 'buy once for Wales' on behalf of the public sector in areas of common and repetitive spend while embedding the Wales Procurement Policy Statement into all contracts and frameworks. There are 73 public bodies signed up as NPS members²⁵ including all local authorities, NHS Wales, the National Assembly for Wales Commission, the Welsh Government and Welsh Government Sponsored Bodies, the police and fire and rescue services and higher and further education institutions.
- **NWSSP** was established in April 2011 and is an independent organisation, owned and directed by NHS Wales operating under the legal framework of Velindre NHS Trust. NWSSP supports NHS Wales through the provision of various support functions and services, including procurement services. Procurement services provide sourcing, supply chain, purchasing, procurement expertise and accounts payable service to health boards and NHS trusts. NWSSP expands on the shared procurement service for NHS Wales which previously existed in the form of Welsh Health Supplies.
- **HEPCW** is a public buying organisations supported and funded by Welsh higher education institutions and hosted by Cardiff University. It is one of six regional public buying organisations that support the UK higher education sector. HEPCW membership is comprised of seven full members (the higher education institutions located in South and West Wales) and five associate members which includes the two North Wales higher education institutions²⁶ and three further education institutions. HEPCW provides members with access to collaborative agreements let and managed by other UK higher education procurement consortia or public buying organisations, as well as setting up all-Wales agreements on behalf of Welsh institutions. HEPCW also sets up UK national and/or inter-regional agreements which are available to both its members and members of other higher education consortia.

²⁵ Public sector organisations throughout Wales were invited to sign up to the National Procurement Service as members. The offer was that the NPS will provide contracts for common and repetitive spend goods and services in return for commitment from public sector organisations to buy through its contracts and frameworks

²⁶ Bangor UK University and Wrexham Glyndŵr University are associate members of HEPCW. They are also full members of the North Western Universities Purchasing Consortium.

- 3.5 In 2015-16, Welsh public bodies spent £880 million through collaborative frameworks and agreements arranged by these three organisations, with the majority of spend through NWSSP (Figure 6). The 73 member organisations of the NPS also spent £123 million through CCS – following expenditure of £216 million in 2014-15. In addition, 16 local authorities in Wales were using the Welsh Purchasing Consortium²⁷. However, we have been unable to obtain data on expenditure through the Welsh Purchasing Consortium in 2015-16. Some Welsh Purchasing Consortium frameworks and related expenditure transferred to NPS before and/or during 2015-16.
- 3.6 Public bodies are also using a range of other consortia and public buying organisations to varying degrees. It has previously been estimated that there are over 140 collaborative buying organisations or consortia in UK public sector procurement. Of these around 50 had a more formal status and were widely recognised²⁸.

Figure 6: expenditure through collaborative frameworks and agreements arranged by the three main Wales-based procurement consortia and public buying organisations in 2015-16

Organisation	Total spend by Welsh public bodies 2015-16 (£s million)
NWSSP	634
NPS (members ¹)	149
HEPCW	97 ²
Total	880

Notes:

- 1 There was an additional £4 million of expenditure through NPS frameworks by non-member organisations (see paragraph 3.12).
- 2 This represents spend incurred only by the full members of HEPCW and does not therefore include Bangor University and Wrexham Glyndŵr University. HEPCW figures are based on the academic year 1 August to 31 July.

Source: HEPCW, NPS and NWSSP

²⁷ The Welsh Purchasing Consortium was made up of 16 local authorities in South, Mid and West Wales. Each member authority arranged contracts or framework agreements on behalf of all 16 local authorities.

²⁸ National Audit Office, **A review of collaborative procurement across the public sector - List of professional buying organisations**, May 2010

- 3.7 For 2015-16, the highest spending public body through the Crown Commercial Service was Betsi Cadwaladr University Health Board which spent more than £24 million, £17 million of which was for agency staff. Abertawe Bro Morgannwg University Health Board (£8.4 million) and Aneurin Bevan University Health Board (£8.1 million) had the next highest spend through the Crown Commercial Service.
- 3.8 Procurement consortia and public buying organisations typically use one of two types of contracting – framework agreements and directly awarded contracts (Box 7). Most of the procurement through NWSSP in 2015-16 was through contracts directly awarded on an all-Wales basis, on behalf of all NHS bodies. However, most of the spend through the NPS and HEPCW was through organisations using multi-supplier frameworks on an individual basis, rather than combining their purchasing power for a single contract covering multiple organisations. Procurement consortia and public buying organisations can also procure contracts on behalf of a group of public bodies. For example, in 2015-16, the Welsh Government, through NPS, procured a contract for eTrading Wales, a centrally funded service which enables buyers and suppliers to interact electronically for the supply and payment of goods and services. The Welsh Government paid £10 million for this contract which is available to all NPS members.

Box 7 – how procurement consortia and public buying organisations contract for works, goods, and services

Consortia generally operate by either directly awarding contracts on behalf of multiple organisations with the same specification for the works, goods or services and a commitment to a level of spend or volume; or by setting up framework agreements which can be used by members of the consortia or public buying organisations. Framework contracts contain an estimated value, which is subject to EU thresholds ([paragraph 1.2](#)), but without any firm commitment to purchasing levels.

Framework agreements can take one of three forms:

- a single supplier framework (might be suitable for procurement of complex or sophisticated services and/or where requirement involves the need for a close relationship or a big upfront investment on the supplier's side); or
- a multi-supplier framework (might be suitable for procurement of standard supplies and/or where a single supplier cannot meet the requirement); or
- a dynamic purchasing system is an electronic tendering process for the selection of suppliers who meet a set of minimum service requirements but where new suppliers may join the system over time if they meet the minimum service standards ([paragraph 4.54](#) and [Box 11](#)).

Framework agreements cover the essential terms for the award of a series of specific contracts during a given period. Their terms may include the duration, pricing, conditions of performance and services envisaged. Frameworks generally only operate for four years under EU regulations, after which the awarding body must re-tender.

When setting up a framework agreement, a competition usually takes place to identify one or more potential suppliers. Once the agreement is in place, public bodies can agree contracts for specific services. This can sometimes involve further mini-competitions between the framework contractors which are not subject to the full procurement process. The award criteria used for mini-competitions need not be the same as those applied in the award of the framework agreement itself.

- 3.9 Although using mini-competitions on multi-supplier frameworks has its advantages, it is less likely to deliver financial savings than when organisations work together and commit to purchasing minimum volumes. Outside of the NHS, we found little evidence of public bodies coming together to jointly purchase goods, services and works on a minimum volume basis, aside from some notable exceptions ([Case study 1](#)). We recognise that this sort of arrangement is not practical in all cases.

Case study 1 – using a common specification and commitment to volume to procure police vehicles

The police service is able to achieve better value for money for the purchase of vehicles, tyres and vehicle parts through collaboration between police forces. In 2015, under the Crown Commercial Service vehicles purchase framework, 22 police forces worked to standardise their vehicle specifications. They went to the market under a specific framework for emergency vehicles with committed volumes for a two-year period. The framework includes extended warranties, original equipment parts and single solutions to vehicle conversion requirements. Other groups of forces have followed the same process. The group that included the southern Wales police forces delivered savings of around £5 million, an average 18% reduction in the actual cost of vehicles when compared with previous arrangements. The majority of the remaining whole life costs of the vehicles such as fuel, servicing and repairs, are spent in local force areas.

Public bodies are not using National Procurement Service frameworks as much as anticipated, resulting in concerns over its funding, less than anticipated savings – £14.8 million reported for 2016-17 – and with many of its members dissatisfied

- 3.10 We found that there remains broad support for the principle of the NPS in terms of the overall objectives, in particular the need for greater collaboration through ‘buying once for Wales’ to drive financial savings. However, there were concerns about the performance of the NPS.
- 3.11 We found that, overall, only a third of member organisations expressed satisfaction with the service provided by NPS²⁹. No NHS bodies indicated that they were satisfied and less than a third of local authorities were satisfied. The Welsh Government was dissatisfied with the service provided by NPS despite being the host organisation. However, with the exception of one body, all the Welsh Government sponsored bodies were satisfied. Given the diverse membership of NPS, satisfying all organisations at any point in time may prove difficult. However, the success of NPS ultimately relies upon public bodies having confidence in and using its contracting arrangements.
- 3.12 NPS member organisations spent £149 million through NPS managed contracts and frameworks in 2015-16, against an estimated maximum potential spend of £1.1 billion³⁰. Non-member organisations spent a further £4 million through NPS in 2015-16 making total expenditure of £153 million.

²⁹ 44% of respondents to this question in our survey expressed dissatisfaction, with 23% indicating ‘don’t know’.

³⁰ As estimated in the 2015 NPS business plan.

3.13 Two areas of expenditure accounted for over half of all of the expenditure by members and non-members through NPS in 2015-16:

- Gas and Electricity – £39.9 million or 26% of spend. This framework was based on an existing Crown Commercial Services agreement but has not been used by NHS bodies who procure energy through NHS Wales Shared Services Partnership. The agreement is managed by NPS on behalf of public bodies having transferred from Rhondda Cynon Taf County Borough Council in October 2015. The coverage of the agreement has since expanded.
- Agency Workers – £46.4 million or 30% of spend. This expenditure included £35.3 million on a framework contract that NPS had inherited from the Welsh Purchasing Consortium. NPS had renegotiated the terms of the agreement and extended its coverage across more public bodies. During 2015-16, NPS established a new agency worker framework to succeed the Welsh Purchasing Consortium agreement.

3.14 Indicative figures for 2016-17 show a 57% increase in expenditure through NPS frameworks and contracts to £234 million, £222 million of which related to member organisations³¹. The figures show expenditure of £68 million on the gas and electricity framework (29% of spend) and £50 million on the new NPS agency worker framework (21% of spend). An IT Products and Services framework established in early 2016 accounted for £37 million (15%) of the total expenditure in 2016-17.

3.15 As of June 2017, NPS had 57 live frameworks. However, less than anticipated use of NPS frameworks and managed contracts has had a significant impact on the income of NPS³², resulting in it not being self-sufficient and not yet able to repay the Welsh Government's £5.92 million Invest-to-Save loan that supported its establishment.

3.16 Some NPS frameworks were scarcely used in both 2015-16 and 2016-17. For example, the Biomass Fuels framework was not used in 2016-17 and will not be renewed when it expires in 2019. This framework was put in place based on a customer request. NPS has recently agreed that it will not set-up any new frameworks valuing less than £1 million per year. It will also only set up new frameworks valued at less than £5 million if there is clear demand across multiple public bodies.

³¹ Appendix 1 includes details about the member organisations. Non-member organisations buying through NPS in 2015-16 and/or 2016-17 have included a range of devolved public bodies as well as some registered social landlords, other third-sector organisations and some non-devolved government agencies. The figures for non-member expenditure include the Wales Audit Office: £107,049 (2015-16) and £262,198 (2016-17).

³² NPS generates income through a mandatory rebate on suppliers, currently set at 0.45% of the value of goods/services purchased by public bodies through NPS agreements.

- 3.17 In 2015-16, the NPS generated income of only £339,143, compared with operating costs of £2.4 million. Indicative figures for 2016-17 show an increase in income to £0.9 million, compared with operating costs of £2.8 million. After exhausting the Invest to Save loan in 2015-16, Welsh Government reserves met the shortfall in funding in 2016-17, a situation which will continue until at least the end of 2017-18.
- 3.18 One of the key objectives of the NPS is to deliver financial savings for public bodies in their purchasing of goods, services and works. The business case for the establishment of the NPS set out potential total savings of £98 million over a 5-year period alongside other benefits. The business case estimated that when it was fully operational by 1 April 2016, NPS would start delivering total savings of up to £25 million per year and other benefits³³ from a spend of £522 million. It is clear that these and some other subsequent estimates have proved overly ambitious.
- 3.19 The total savings reported by the NPS for 2014-15 of £7.9 million (Figure 7)³⁴ were nearly double the amount targeted in the 2012 business case for its establishment but significantly lower than the £15 million later forecast by NPS in June 2014. The June 2014 forecast was however based on an assumed spend through NPS of £1.4 billion.

Figure 7: NWSSP's reported financial savings, November 2013 to March 2017

Period	Reported savings
November 2013 - March 2014	1.5
2014-15	7.9
2015-16	12.6
2016-17	14.8

Note: NPS savings are comprised of three categories: (1) cash releasing savings – procurement activities that result in the release of physical cash from budgets usually based on reducing the cost of goods or services through commercial activity; (2) cost avoidance – the avoidance of expenditure possibly as a result of demand management or by negotiating out of a proposed price increase to maintain price at the existing level; and (3) process efficiencies – reducing the effort expended through procurement, particularly where this releases resource for other activities

Source: NPS

³³ The business case estimated that £9 million (36%) of the £25 million would be 'cash releasing savings' (Figure 7).

³⁴ National Procurement Service, **NPS Annual Report 2014/15**, 2015

- 3.20 NPS's May 2015 business plan predicted total savings for 2015-16 at a minimum of £8.5 million based on a maximum spend of £1.1 billion. The NPS reported actual savings of £12.6 million exceeded the business plan forecast. The savings reported by NPS represent 8.5% of NPS's total spend, exceeding the target set in the 2015 business plan to deliver savings worth a minimum of 3% of total spend under NPS management. Although these figure include savings from inherited frameworks, NPS only report savings against reduced prices from renegotiated inherited frameworks or from new users of these frameworks.
- 3.21 As at August 2017, NPS has reported total savings of £14.8 million for 2016-17 (6% of total spend managed by NPS). Although the 2015 business plan did not predict total savings for 2016-17, NPS estimates from June 2014 predicted total savings` of £13 million, but from a spend of £1.5 billion. NPS has also reported on the wider benefits of its frameworks and agreements. NPS reported that it has supported the creation of some 177 jobs in Wales since it was established in November 2013. Other notable benefits to the Welsh economy as reported by NPS include: of the 613 suppliers on NPS frameworks, 323 are based in Wales (53%); and 245 of these suppliers are small and medium sized enterprises based in Wales (40%).
- 3.22 The savings figures reported by NPS have been disputed by some members. At the request of the Director of NPS, the Welsh Government's Internal Audit Service has twice reviewed the effectiveness of the processes adopted to identify and validate NPS related savings. The last review examined the 2015-16 savings. The Welsh Government's Internal Audit Service gave a reasonable assurance rating on the controls in place.
- 3.23 The review of 2015-16 savings identified a concern that suppliers were not always submitting expenditure data to NPS on a monthly basis, with the consequent risk that NPS is unable to verify both spend and savings. It also noted that the reported savings figures did not take account of situations where individual contracts or lots on a particular framework had experienced a price increase compared with previous arrangements. The review encouraged NPS to improve the documentation of evidence relating to savings calculations. NPS accepted the findings of the report and was already taking action in 2016-17 to address some of the issues identified.

NHS Wales Shared Services Partnership is reporting procurement savings of just under £38 million for 2016-17 and its members are generally satisfied with the procurement service

NHS bodies are generally satisfied with the NWSSP procurement service, although there have been some issues with the payment of invoices

- 3.24 The scope and range of activities undertaken by the NWSSP is wider ranging than that of the NPS. Unlike the NPS, the NWSSP manages a process from sourcing of works, goods, services and works to taking delivery, contract management and payment, a process known as 'purchase to pay'. NHS bodies are also mandated to use NWSSP for their purchasing requirements. NHS Wales directly funds the NWSSP from the allocation given by the Welsh Government each year, meaning that it does not have to raise its own income. In 2015-16, NWSSP's operating budget for its procurement activities was £14 million.
- 3.25 NWSSP operates through a centralised model whereby NWSSP manages procurement at each individual NHS body. The model is based on the premise that a shared service organisation allows individual NHS bodies to focus on delivery of front line services while also promoting a greater focus on the development of high quality transactional and professional service functions. This operating model means that the NWSSP is able to work towards a 'buying once for Wales' policy whereby it is looking to consolidate contracts across NHS bodies. For example, where there may have been 20 air conditioning contracts across NHS Wales, the NWSSP's consolidation programme will reduce it to one. NWSSP currently manages some 2,800 all-Wales contracts. NWSSP's operating model is reflected in NHS Wales' procurement strategy, which sets out a collective vision and goals across all NHS bodies in Wales³⁵.

³⁵ NHS Wales, **Procurement NHS Wales – strategy, 2017-2022**, April 2017. The new strategy reflects changes in the procurement landscape such as the Wales Procurement Policy Statement (2015) and the Well-being of Future Generations (Wales) Act (2015).

3.26 Our survey of NPS members asked all ten NHS bodies for their views on the procurement service provided by the NWSSP. We found that six of the NHS bodies were satisfied with the service provided by the NWSSP, while three were not³⁶. We found that the main reason for dissatisfaction with the service was problems with the accounts payable process³⁷. The accounts payable process moved from the individual NHS bodies to the NWSSP in 2011, but at the time of our survey some NHS bodies were still experiencing problems with delays in paying invoices and other processing issues following the upgrade of the ledger system in April 2014. From NWSSP's perspective, these issues have since been resolved.

3.27 We found from our survey that NHS bodies expressed generally positive views about the service provided in terms of reducing the cost of procurement, securing lower prices for goods, services and works, improved compliance with EU legislation and better contract management. However, it was clear that health bodies identified three areas for improvement:

- only three NHS bodies agreed that using NWSSP has resulted in faster procurement, with three neither agreeing or disagreeing and three disagreeing;
- only two NHS bodies agreed that using NWSSP had resulted in increased business with small and medium-sized enterprises, with three NHS bodies disagreeing; and
- only three NHS bodies agreed that using NWSSP has resulted in the achievement of more community benefits, with two NHS bodies disagreeing.

³⁶ One NHS body did not answer the question

³⁷ Accounts payable is responsible for processing all invoice and non-payroll payments ment landscape such as the Wales Procurement Policy Statement (2015) and the Well-being of Future Generations (Wales) Act (2015).

NWSSP has reported savings of £37.9 million for 2016-17 against a target of £23.4 million, having also met its savings targets in the two previous years

3.28 For both 2014-15 and 2015-16, NWSSP marginally exceeded its financial savings targets of £17.5 million and £20.7 million respectively (Figure 8). For 2016-17, NWSSP exceeded its £23.4 million savings target by 62%, achieving savings of £37.9 million from a total NHS procurement spend of £1.3 billion (3%).

Figure 8: NWSSP's reported financial savings, 2014-15 to 2016-17

	Target (£s millions)	Actual (£s millions)
2014-15	17.5	17.6
2015-16	20.7	21.4
2016-17	23.4	37.9

Source: NHS Wales Shared Service Partnership

3.29 We asked NHS bodies whether they agreed that using NWSSP has resulted in cashable savings. We found that nine of the ten NHS bodies agreed. The only NHS Wales organisation to disagree was Public Health Wales NHS Trust, even though it made savings of £0.4 million in 2015-16.

According to its members, the Higher Education Purchasing Consortium Wales is providing a satisfactory service and has reported financial savings of just under £11 million in 2015-16

- 3.30 We asked nine higher education institutions³⁸ for their opinion of the service provided by HEPCW. All nine were satisfied with the service they receive.
- 3.31 We also asked HEPCW member organisations the same questions about the service provided by HEPCW as we did concerning the NPS (paragraph 3.11) and the NHS Wales Shared Services Partnership. For HEPCW, we found that overall, results were favourable in the areas of reducing administration, speeding up procurement, lowering prices, reducing the number of tenders, complying with EU legislation and better contract management. However:
- three member organisations either strongly agreed or agreed that using HEPCW had resulted in increased business with small and medium-sized enterprises, with one member disagreeing and the remainder neither agreeing or disagreeing; and
 - three member organisations either strongly agreed or agreed that using HEPCW had resulted in the achievement of more community benefits, with two members disagreeing.
- 3.32 We also asked HEPCW member organisations about savings. We found that nine member organisations either strongly agreed or agreed that using HEPCW had resulted in savings. HEPCW reported savings for full members in 2015-16 of £10.8 million. This is based on collaborative spend through HEPCW of £97 million.

³⁸ The University of Wales are members of HEPCW but as they are not members of the NPS, were not included in our survey. University of Wales, Trinity St David and Coleg Sir Gar have a joint procurement arrangement and provided a joint response; Wrexham Glyndŵr University declined to answer the questions asking for their opinions on HEPCW.

Public bodies report that other collaborative procurement arrangements are proving effective at a regional and sectoral level

- 3.33 We identified a number of other arrangements where public bodies are working together to procure goods, services and works in Wales on a regional or sectoral basis. These include, for example, the three Welsh Fire and Rescue Authorities jointly procuring vehicles, local authorities joining together to form the South East and South West Wales construction and engineering framework³⁹, South East Wales local authorities jointly procuring high cost adult care packages and local authorities jointly procuring waste treatment capacity. In the Ceredigion region, six public sector bodies have set up the Ceredigion Procurement Forum (Case study 2). Public bodies told us that the main advantage of these local or regional arrangements was the ability to encourage local suppliers to bid for a place on frameworks, while at the same time driving down prices. We also found an example of public bodies working together to share procurement capability and expertise (Case study 3).
- 3.34 While outside of the scope of the NPS in any case, our recent report on the 21st Century Schools and Education Programme⁴⁰ noted that the Welsh Government has required local authorities to come together to procure construction and refurbishment works using one of three regional frameworks unless there are exceptional circumstances not to do so. While we concluded that the frameworks were a positive development, we noted that they could operate more effectively.

³⁹ This framework is now managed by NPS.

⁴⁰ Wales Audit Office, **The 21st Century Schools and Education Programme**, May 2017

Case study 2 – Ceredigion Procurement Forum

The forum comprises Aberystwyth University, Ceredigion County Council, Dyfed Powys Police, Mid and West Wales Fire and Rescue Authority, the National Library Wales, Tai Ceredigion, Natural Resources Wales, the Welsh Government, Dyfed Powys Probation Service and One Voice Wales. The forum seeks collaborative procurement opportunities for common and repetitive goods, services and works that NPS frameworks do not cover. The forum currently has three frameworks in place – kitchen equipment and maintenance, lift maintenance and minor works.

When appropriate, a lotting strategy is applied to make the framework opportunities more attractive and accessible to small local suppliers. For example, the minor works framework is divided into geographical bands with values of up to £2,999, between £3,000 and £24,999 and £25,000 to £100,000. This framework was let to 43 companies, of which 33 are small and medium-sized enterprises based in Ceredigion.

The group also meets to share good practice and intelligence, for example through presentations by NPS and suppliers; looking at tendering opportunities, training and spend analysis. NPS have regular interaction with Ceredigion Procurement Forum and has discussed taking on management of some of the agreements.

Case study 3 – Sharing procurement services between public bodies

The 'Procurement Shared Service Arrangement' between Pembrokeshire County Council and Pembrokeshire College is now entering its second year.

Starting in January 2016 the Pembrokeshire College agreed to pay a fixed annual sum in return for receiving procurement advice and support from Pembrokeshire County Council. This support takes the form of a Council Procurement Officer working part time at the College managing the day to day purchasing activity, with the Council's Head of Procurement providing strategic advice and direction. The agreement also allows the College to benefit from support from the Council's Community Benefits Officer.

For Pembrokeshire County Council, the shared service has proved a good development opportunity for staff and has brought in an income stream at a time of ongoing budget pressures. Pembrokeshire College benefit from tapping into the Council's procurement expertise and having access to procurement related legal advice for which they would previously have paid the private sector. By making use of the specialist Council resource, the shared service ensures the College maximises its community benefits opportunities and meets the other principles of the procurement policy statement.

Part 4

There is clear scope for improvement in public bodies' procurement arrangements and additional challenges arising from new policy and legislation



- 4.1 Although the Welsh Government is actively encouraging public bodies to participate in collaborative procurement, each public body has autonomy when it comes to individual purchases, procurement strategies, policies and procedures. This part of the report examines how individual public bodies are performing and how they are dealing with the challenges of public procurement in the context of changing policy and legislation.

Public bodies' procurement strategies are of varying quality

- 4.2 We found that most of the public bodies we sampled had a procurement strategy but there were exceptions. For example, although the Arts Council for Wales has a handbook for its procurement procedures, it does not have a procurement strategy. In the case of the Welsh Government, while it does not currently have a strategy covering procurement across the whole organisation, its arrangements require a 'Procurement Strategy Risk Assessment' exercise for any procurements over £25,000 which should set out how the procurement will take into account relevant policy and legislation. The Welsh Government plans to produce a new procurement strategy covering the whole organisation during 2017.

4.3 A procurement strategy should set out the role of the procurement function in securing and optimising value for money along with underpinning actions and associated performance indicators. We reviewed 18 procurement strategies from across various sectors and found that some had not been reviewed for several years. We also found a wide variance in the extent to which they set out clear objectives and reporting mechanisms, coverage of current issues and relevant legislation and evidence of the use of spend analysis. For example:

- it was not always clear when strategies had last been reviewed. Two of the strategies we reviewed dated back to 2012. Another strategy stated that the procurement rules referred to were last reviewed in February 2006.
- some strategies specified key performance indicators whilst others outlined they were in development or would be reported separately.
- only one strategy referred to the use of spend analysis information to inform their strategic approach to procurement.
- only one strategy specified financial savings targets. Of the remaining strategies reviewed, around half specified an intention to report on cashable savings.
- although three quarters of the strategies referred to wider benefits, there was a mix between those strategies where there appeared to be a clear commitment to benefits management and those that just made reference to them and a recognition that they could be built into contracts where relevant or appropriate to do so.
- six of the 18 strategies referred to the Wales procurement policy statement 2015, whilst four referred to the 2012 procurement policy statement. The remaining eight strategies made no reference to either procurement policy statement.

Previous Welsh Government sponsored Procurement Fitness Checks showed a lack of overall maturity across the public bodies assessed, but further fitness checks are planned

There are no formal national indicators for public procurement in Wales but Procurement Fitness Checks in 2013-14 provided a snapshot of how some individual bodies were performing at that time

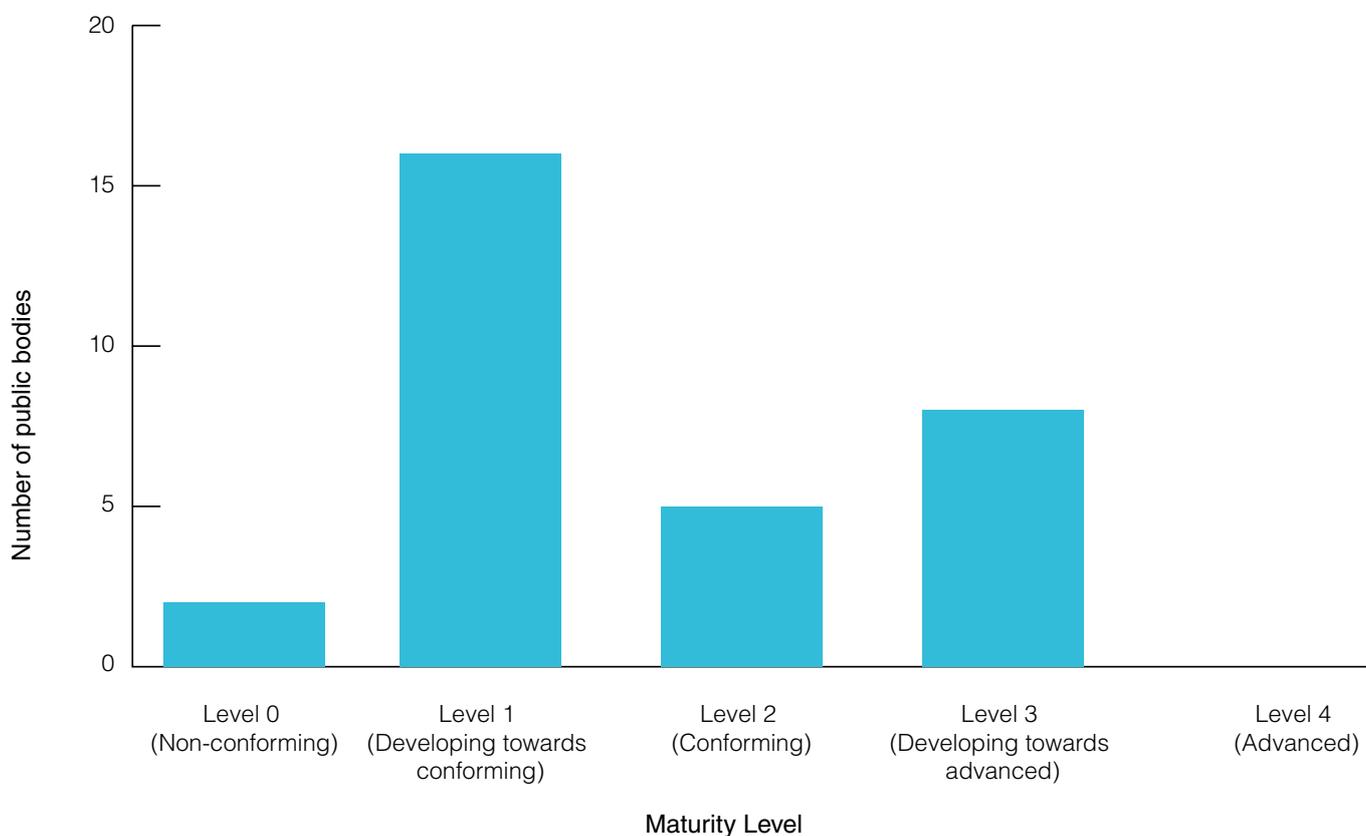
- 4.4 The Welsh Government's Public Procurement Policy Statement 2012 committed it to developing a 'maturity model' against which the governance and management of procurement activities could be measured across public bodies. The Welsh Government subsequently developed and funded the roll-out of Procurement Fitness Checks. In the absence of formal performance indicators, the Welsh Government relies on spend analysis, available data through sell2Wales, estimated savings and the findings of the Fitness Checks to assess the effectiveness of public sector procurement in Wales.
- 4.5 Consultants appointed by the Welsh Government completed the first round of Fitness Checks during 2013-14. The Fitness Checks covered 22 local authorities, NWSSP and eight higher education institutions. They were completed through an on-line survey questionnaire and face-to-face and telephone interviews. During our own fieldwork, seven other public bodies reported that they had carried out their own fitness checks on a voluntary basis. We have focussed our analysis on the Welsh Government-funded fitness checks.
- 4.6 The appraisers gave each public body that underwent a Fitness Check a percentage score which applied to a 'maturity rating' ranging from 'Non-conforming' (Level 1) to 'Advanced' (Level 4). Where necessary, the Fitness Checks recommended actions for improvement which the appraisers presented to senior management at each public body, with a copy provided to the Welsh Government.

4.7 The Fitness Checks looked at criteria such as leadership and governance, strategy and objectives, defining the supply need, collaborative procurement, contract and supplier management, key purchasing processes and systems, people and performance management. However, although the same criteria were examined, NWSSP and higher education fitness checks were carried out by a different contractor by asking some differently phrased questions and the assessment tool was subsequently amended after the assessment process began. The methodology to make the assessments also differed, with some public bodies receiving an in-depth visit and others assessed through a telephone conversation. This has raised questions over the robustness of the fitness checks (paragraphs 4.19 and 4.20) and limited the ability to benchmark.

None of the public bodies assessed by the Fitness Checks were operating at an 'advanced level', with the majority at the 'developing towards conforming' level

4.8 Figure 9 summarises the findings from the 2013-14 Fitness Checks, with the full results at Appendix 3. Overall, the appraisers assessed the majority of public bodies as being at the second lowest level, 'Level 1: Developing towards conforming'. There were two bodies assessed at the lowest level of maturity (non-conforming) – the Isle of Anglesey County Council and Wrexham Glyndŵr University.

Figure 9: procurement fitness checks 2013-14 – levels of maturity of public bodies⁴¹



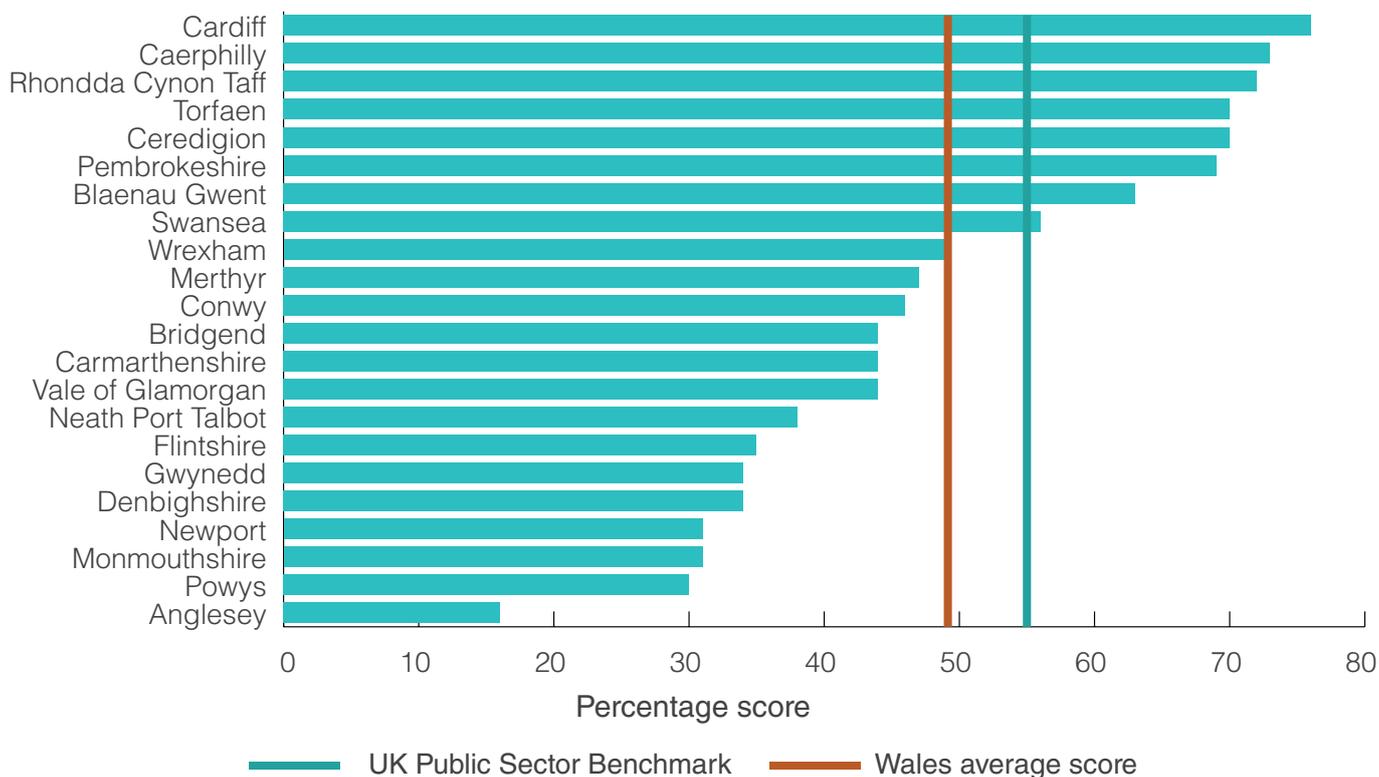
Source: Welsh Government

- 4.9 The particular area of weakness at Isle of Anglesey County Council was around the lack of central organisation for procurement activities with procurement strategies being led by individual directorates. The Council also acknowledged an historical lack of investment in the area of procurement as a contributory factor to the immaturity of the procurement function.
- 4.10 The main area of weakness in Wrexham Glyndŵr University was ‘people’ where the university scored zero, based on the fact that there was no dedicated procurement resource to manage its £8 million procurement spend. For staff who procured goods, services and works on behalf of the University, there was no assessment of procurement competency and no training provision.

⁴¹ We did not include seven public bodies that voluntarily carried out a Procurement Fitness Check because they were done through a self-assessment rather than independently.

4.11 The Welsh Government benchmarked the local government sector against a UK Public Sector Benchmark for seven of the eight criteria assessed (Figure 10)⁴². The overall average score for local authorities in Wales on these criteria was 49%, below the UK public sector benchmark of 55%, and with 14 local authorities scoring below the benchmark level. There are no benchmarks for other sectors. While not directly comparable, the Welsh Government believed that the results of the 2013-14 fitness checks indicated that there had been some improvement in procurement capability in local government since the findings of the McClelland Review in 2012 (paragraph 1.7).

Figure 10: Welsh local authority Procurement Fitness Check scores compared with UK Public Sector benchmark



Source: Welsh Government

42 The UK Public Sector Benchmark did not include the 'people' category which was included in the Welsh Government funded procurement fitness checks. The UK Public Sector Benchmark was developed by the Improvement and Development Agency (IDeA) procurement fitness programme.

Most organisations reported that they had taken some action to address the Fitness Check findings but with relatively few having undertaken a follow-up self-assessment as recommended by the Welsh Government

- 4.12 We asked public bodies whether they had produced an action/ implementation plan in response to their Welsh Government Fitness Check. We found that of the 28 public bodies that answered the question, 27 reported that they had or were taking action to produce an action/ implementation plan to address areas of weakness. Of the 27 public bodies, one stated that it had completed its action plan, 15 stated that the action plan was ‘very advanced’ in the production of an action plan and 11 had taken ‘some’ action. The remaining public body had taken no action. The Welsh Government was able to confirm receipt of action plan updates from 12 local authorities and the higher education sector.
- 4.13 We also asked the organisations that underwent a Fitness Check whether they had completed a self-assessment as a follow-up, as recommended by the Welsh Government for local authorities in particular. We found that that of the 30 organisations that answered the question, only six had completed a self-assessment. The Isle of Anglesey County Council confirmed that it had developed an action plan and carried out a self-assessment. The Council considers that its performance has improved. One of the main actions the Council took in response was to invest in up-skilling procurement staff and adopting a more planned approach to procurement ([Case study 4](#)). Wrexham Glyndŵr University confirmed that it had taken some action to address areas of weakness but that it had not completed a self-assessment to measure progress.

Case study 4 – Isle of Anglesey County Council response to procurement fitness check

Following on from the Fitness Check, the Council has set up a 3-year corporate project - ‘Improving Procurement’, commencing in January 2015. The project includes updating its Corporate Procurement Strategy and procurement policy, as well as developing a new contracts management strategy and staff procurement handbook. The project also includes in-house training on the Internal Contract Procedure Rules and the revised EU procurement Directive. The Council is also rolling out training on contracts management to ensure that contracts are compliant with relevant regulations. The project also included the development of an internal website to make it easier for staff to find standard documents relating to procurement.

Source: Wales Audit Office survey of NPS members

4.14 Three local authorities noted that they were awaiting formal notification from the Welsh Government on the format that self-assessments should take. The Welsh Government plans to issue an updated approach to the Procurement Fitness Check programme as part of a future programme for procurement, to ensure that public bodies provide results that are in identical format to allow for benchmarking.

The Welsh Government identified common themes from the Fitness Checks, although some of the activity that had been planned to support improvement has not yet progressed

4.15 Based on the Fitness Checks, the Welsh Government identified common areas for improvement ([Figure 11](#)). The most common recommendations were around the need for senior leader engagement in procurement and the need to improve the use of e-procurement. The Welsh Government is providing some continued support for action on e-procurement ([paragraphs 4.46 to 4.53](#)).

4.16 The NPS Collaborative Spend Analysis Project ([paragraph 2.3](#)) has provided public bodies with the opportunity to upgrade their access to the data available to inform their procurement strategies. This upgrade allows for more in-depth analysis, customised reporting, access to previous years' data to facilitate trend analysis and additional user-licenses. However, only four public bodies had spent the £2,350 to upgrade. All of these public bodies had already achieved a Fitness Check assessment of 'developing towards advanced'. In 2016-17, the Welsh Government paid for all NPS members to benefit from the upgrade. The four public bodies that had funded the upgrade themselves received a rebate.

Figure 11: main themes from Procurement Fitness Checks commissioned by the Welsh Government

Recommendation	Number of instances (out of 31)
Ensure Senior Leaders are involved in forward strategic planning	18
E-procurement support and systems update	18
Category management strategies in place/being developed	17
Spend data analysis and intelligent use of information	16
Formalise key performance indicators, monitoring and reporting processes	16
Increase collaboration and use of frameworks	15
Improve contract, supply chain and supplier management/engagement	15
Sharing of best practise by exemplar organisations – networking and mentoring	14
Develop/review procurement profession – develop staff both central and devolved	14
Performance monitoring and improved customer/supplier feedback	14
Improve cross-departmental working	13

Source: Welsh Government

- 4.17 When the Welsh Government planned the implementation of Fitness Checks, it intended to provide on-going support for improvement through a 'Procurement Development Service'. The Welsh Government intended to link this support to national improvement themes identified by the Fitness Checks. Several public bodies reported to us that they had received direct support from the Welsh Government following their Fitness Check. However, the Welsh Government deemed the Procurement Development Service unaffordable and is currently developing plans on how it can better provide support for public bodies' procurement activities through a proposed 'Programme for Procurement'.
- 4.18 The Welsh Government analysed the results of the Fitness Checks to identify organisations which achieved top scores against each criteria and made initial plans for these top scoring organisations to champion elements of the Fitness Check maturity model. For example, there were ten organisations potentially able to assist other public bodies looking to strengthen their approach to 'Clear leadership of procurement activity in line with the Welsh Procurement Policy Statement'. However, the Welsh Government has yet to take forward this action and has now referred it on to the Procurement Policy Development and Delivery Group⁴³.

Some public bodies have raised questions over the robustness of the last round of procurement fitness checks, with the Welsh Government planning to roll out a more evidence-based programme of checks

- 4.19 In response to our survey, most of the public bodies that had been through the previous Fitness Check process indicated that they had found it at least moderately useful. However, a number of organisations told us that they questioned the methods employed in carrying out the Fitness Checks and therefore the evidence base and robustness of the findings. Some of the issues raised in our survey and interviews included:
- due diligence was not carried out on the evidence collected as part of the process; and
 - insufficient time was allocated to Fitness Checks to enable a sufficient understanding of the procurement activities of the organisation, for example, some organisations had a one day visit whilst others had only a telephone call.

⁴³ The Procurement Policy Development and Delivery Group is a group of public sector procurement practitioners which reports to the Procurement Board.

4.20 The Welsh Government is aware of some of the weaknesses of the previous round of Fitness Checks and is making changes as part of a new round of assessments which will form part of a new Programme for Procurement, following consultation. A clearer timeframe for completing the fitness checks will emerge from this consultation⁴⁴. For example, the Welsh Government is placing greater emphasis on an evidence-based approach supported through self-assessment. Pilot testing of the revised approach has helped identify some further opportunities for improvement.

Public bodies have experienced several notable procurement failures and our audit work continues to identify examples of other weaknesses in procurement arrangements

4.21 A number of public bodies have experienced some notable procurement failures in recent years, resulting in the need for further improvement action. Examples include the Welsh Government itself, individual NHS bodies and NWSSP (Appendix 4). These examples have highlighted issues of concern on areas such as tender evaluation and contract management.

4.22 During our regular audit work, we have also identified various procurement issues around non-compliance with standing orders and financial instructions across a range of public bodies that we audit. For example, where contracts were being let without competition or testing the market, contract extensions made without approval and standing orders not updated to reflect the latest legislation position. These examples and the cases highlighted in Appendix 4 need to be considered in the context of the overall volume of procurement activity undertaken each year by public bodies.

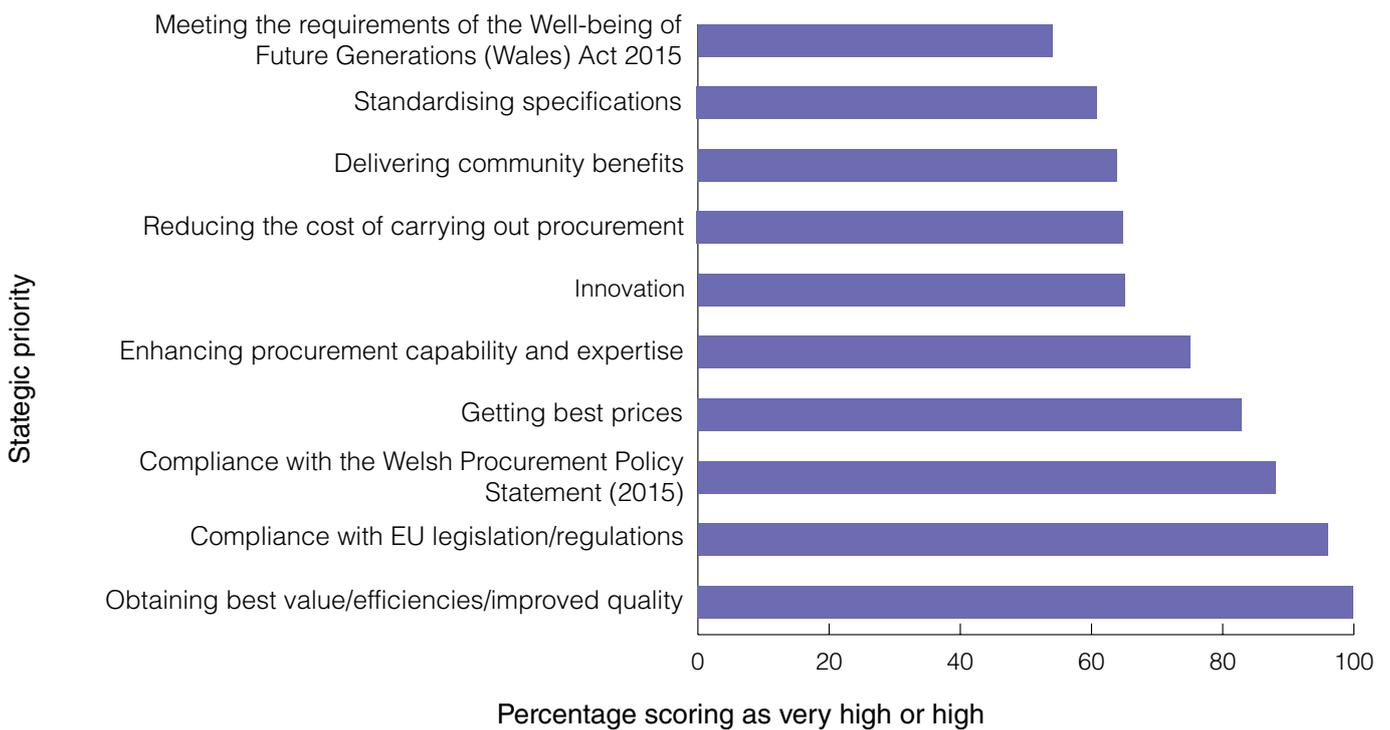
⁴⁴ The Welsh Government is proposed that the next round of checks will encompass the Welsh Government itself, the NPS, local government, NWSSP and higher education.

Public bodies face challenges in balancing potentially competing procurement priorities and in responding to new legislation and policy

Balancing priorities

4.23 As part of our survey, we asked public bodies to indicate the priority they attached to ten issues relating to their procurement activity in 2016-17, reflecting various legislative and policy requirements. All of these areas were ascribed at least 'moderate' priority by most organisations, although the extent to which they were seen as high or very high priorities varied (Figure 12).

Figure 12: public bodies' reported prioritisation of various procurement-related issues



Note: those scoring high/very high on in respect of the Well-being of Future Generations (Wales) Act 2015 included eight higher or further education institutions despite them not having specific obligations under the Act.

Source: Wales Audit Office survey of NPS members

4.24 However, the feedback we received identified a number of difficulties faced by public bodies in balancing these priorities:

- dealing with UK and Welsh policy – for example, one Police force told us that it faced difficulties balancing the requirements of the Home Office with Welsh procurement policy, in particular the duplication of requirements for advertising contract opportunities;
- balancing the need for sustainable procurement and delivering community benefits with cost reduction – some bodies expressed concern that procuring sustainable goods, services and works often drove up the price and in contrast, polices to obtain lower prices often meant that that goods had further to travel;
- using local employers to help develop the local economy and reduce carbon emissions – even if this meant paying a slightly higher price than could be achieved through a national framework ([paragraph 3.4](#)); and
- delivering numerous strategic priorities and wider policy aspirations through procurement with a reducing level of resources brought on through budget pressures – to mitigate some of these issues, Cardiff Council has set up a Local Authority Trading Company ([Case study 5](#)).

Case study 5 – Cardiff Council Local Authority Trading Company

Cardiff Council established its Commissioning and Procurement Service in 2011 to support delivery of its Commissioning and Procurement Strategy 2011-2015 which aimed to improve the way in which the Council managed procurement and drive a more commercial mind set and approach.

However, budget pressures have meant that the Commissioning and Procurement Service has had to develop an approach to prevent job losses and ensure that the Council can preserve skills, expertise and knowledge to meet its strategic procurement requirements, including in response to the Wales procurement policy statement. To mitigate this, the Council developed a business case to establish a local authority trading company to deliver services to public and private sector organisations. The trading company will sell a broad range of procurement and commercial services covering advice, guidance and support with a focus on delivering improved value for the public sector and improving the capability of the organisations they work with. The company started trading on 1 April 2017.

The Public Contracts Regulations 2015, Modern Slavery Act 2015 and Well-being of Future Generations (Wales) Act 2015

- 4.25 The Public Contracts Regulations 2015 ([Box 1, Part 1](#)) introduced some major changes to the way in which public bodies procure works, goods, services and works. Public bodies are expected to observe the principles of the Public Contract Regulations for all purchases, irrespective of value. We asked public bodies whether they were taking action in response to these changes in legislation. Of the 68 public bodies that answered the question, 58 said they were taking action such as updating procurement policies and procedures and awareness training.
- 4.26 Fewer organisations, 38 of 68 responding to the question, indicated that they were taking specific action in response to the Modern Slavery Act (2015) ([paragraph 1.6](#)). Again, the sort of actions described included updated policies and training. However, they also included action to identify high risk procurement categories and suppliers; and updating contract terms and conditions and tendering documentation. In response to the Act, the Welsh Government has also developed a public procurement code of practice. The code supports the development of a more ethical public sector supply chain. It is aimed at ensuring that those involved in supply chains are able to access fair work and conditions of employment.
- 4.27 At the time of our survey, just over half of the public bodies responding to our survey ascribed high or very high priority to meeting the requirements of the Well-being of Future Generations (Wales) Act 2015 ([paragraph 1.6](#)). There has been a wider encouragement for bodies not named in the Act to consider how they might nevertheless respond to it. For example, even though the Act does not place specific requirements on further and higher education institutions, eight of these institutions still indicated that they saw meeting the requirements of the Act as a high or very high priority for their procurement activity. Of the 41 public bodies responding to our survey that are bound by the Act, 29 (71%) indicated that they saw it as a high or very high priority for their procurement activity.

4.28 We also asked public bodies if they had or were planning to take action in a range of areas in response to the Well-being of Future Generations (Wales) Act in relation to procurement (Figure 13). In general, we found that a minority of public bodies had already action, but many were planning to take action. However, in the three specific areas we asked about, between 18% and 40% of public bodies were not planning to take action and only 26% pointed to any action taken or planned in other respects. Examples of action that public bodies were planning to take or had taken included:

- Natural Resources Wales' Procurement Strategy 2017-2021 will include work with internal departments to ensure a coordinated approach to the establishment of well-being goals for the organisation;
- Cardiff Council's new Procurement Strategy (2017-2020) places an increased emphasis on delivering social value and maximising economic, social, environmental and cultural well-being and the Council is currently developing a Socially Responsible Procurement policy which will cover the requirements of the Act;
- procurement staff in Cardiff Council are liaising with corporate colleagues who are leading on the Council's delivery/compliance with the Act – some staff training has already been undertaken and staff have attended national events around implementing the duties; and
- Wrexham County Borough Council's Strategic Procurement Lead and Senior Climate Change and Sustainability Officer have discussed how factors already embedded in procurement processes – such as community benefits and engagement with the local supply base – can be further enhanced.

Figure 13: actions in response to the Well-being of Future Generations (Wales) Act 2015

	Number of public bodies responding	Action taken (%)	Action planned for 2016-17 or 2017-18 (%)	Action planned further in the future (%)	No action planned (%)
Staff training to increase understanding and knowledge	66	20	46	11	23
Reviewing your organisation's track record on sustainable procurement and any key lessons learnt	67	9	46	27	18
Integration into personal objectives for staff who are procuring goods and services or managing contracts	67	7	40	12	40
Other specific initiatives	64	3	22	3	72

Note: These figures include responses from public bodies – including higher and further education institutions – that are not directly bound by the Act.

Source: Wales Audit Office survey of NPS members

4.29 Some public bodies told us that they would welcome guidance from the Welsh Government on how to embed the Act into their procurement strategy and everyday procurement activities. With a view to providing guidance for public bodies, the Welsh Government and Future Generations Commissioner's office are currently working together to identify areas of work they may take forward over the next few years, including:

- testing how the Act can be embedded on purchasing food;
- working with three local authorities (Ceredigion, Monmouthshire and Torfaen) and South West Wales Fire and Rescue Authority on how to incorporate the Act into procurement activities; and
- identifying gaps in the Wales-based supply market through in-depth analysis of the data provided through the NPS Collaborative Spend Analysis project (paragraphs 2.3 to 2.9).

The Wales Procurement Policy Statement and measurement of community benefits

4.30 At the time of our survey, public bodies generally rated compliance with the 2015 procurement policy statement as a high or very high priority. We also asked public bodies if they were taking specific action in response to compliance with the 2015 procurement policy statement. Of the 68 public bodies that answered the question, 59 were taking specific action. The most common action was public bodies updating their internal procurement strategies and policies to reflect the content of the procurement policy statement. Other action included investment in procurement skills and capability, improving e-procurement tools, providing better guidance on procurement for staff and changes to internal procurement.

4.31 Our survey and follow-up interviews suggest that public bodies are commonly delivering and monitoring community benefits, a key part of the procurement policy statement. The procurement policy statement recommends capturing community benefits for all contracts. For construction or infrastructure related procurements valued at more than £1 million, the 2015 procurement policy statement recommends that public bodies use the Welsh Government's measurement tool. The Welsh Government views these projects as more likely to bring benefits to recruitment and training and supply chains.

- 4.32 Common use of the measurement tool allows the Welsh Government to aggregate the results. Between 2010 and 21 May 2017, the Welsh Government monitored the results of 310 projects which used the toolkit. Those projects had a combined worth of £1.4 billion. The Welsh Government reported that the 310 projects had created 2,116 job opportunities, over 45,000 weeks of training, and with 83% of the expenditure being reinvested in Wales on business and salaries.
- 4.33 We found that, in general, public bodies are focusing their monitoring activity on larger construction projects. However, some public bodies are nevertheless including, or at least considering, community benefits clauses for all contracts. For example, Ceredigion County Council has adopted a policy of reviewing all contracts for the appropriateness of including community benefits clauses, irrespective of value and where appropriate is monitoring and capturing the benefits.
- 4.34 Other public bodies are applying a community benefits approach for contracts above their own defined thresholds, as low as £25,000 in some cases. Cardiff Council has set a slightly higher threshold, with a requirement that departments complete a Procurement Plan for all procurements above £150,000 for goods and services and £1 million for works and asks whether community benefits can be delivered from that particular procurement.
- 4.35 We also found that public bodies were taking forward a range of other initiatives with regard to community benefits:
- the National Assembly for Wales Commission, Bridgend County Borough Council, Cardiff Council and Pembrokeshire County Council have or will be nominating community benefits champions; and
 - Caerphilly County Borough Council advised that it has developed its own guidance and toolkit for all contracts irrespective of cost.
- 4.36 As part of the consultation on the introduction of legislation on public procurement activity in April 2016, the Welsh Government asked for opinions on whether the Welsh Public Sector should be under a legal duty to apply any guidance issued by the Welsh Ministers in relation to community benefits. None of the responses from public sector bodies supported the introduction of a legal duty, with public bodies arguing that they should have discretion to determine their own community priorities and approaches. Several respondents commented that to mandate the use of community benefits clauses through separate legislation is not required given the requirements of the Wellbeing of Future Generations (Wales) Act 2015. As noted in [paragraph 1.10](#), the Welsh Government is developing further guidance to align the community benefits approach with the Act.

Despite some investment by the Welsh Government, public bodies continue to have problems in recruiting and retaining qualified procurement personnel

Public bodies report on-going issues with recruitment and retention

- 4.37 Owing to its technical nature and the need to comply with legislation and regulations, the recruitment and retention of suitably qualified procurement staff by public bodies is essential. The most widely used and recognised procurement qualification is through the Chartered Institute of Procurement and Supply⁴⁵ and is one of the main measures the public bodies uses to determine the level of competency and expertise in their procurement teams.
- 4.38 Our survey of public bodies identified several long standing issues with the recruitment and retention of procurement staff. NWSSP reported that this was a particular issue in the health sector. In evidence to the Enterprise and Business Committee in June 2015, an official from the NHS Shared Services Partnership said that ‘in the wider public sector, we have a huge problem in the recruitment and retention of professional procurement individuals’ and that the problem has existed ‘for a number of years, and it’s not particular to Wales’⁴⁶.
- 4.39 In 2012, Cardiff University reported⁴⁷ that in relation to procurement, there is ‘a chronic skills deficit at the heart of the public sector in Wales’. It also said that the ‘scale of the current skills deficit in the public procurement profession in Wales can be illustrated by a simple good practice rule, which recommends that every £15 million of public spending should equate to one qualified Chartered Institute of Purchasing and Supply manager’. The report stated that ‘on the basis of this rule, we are some 174 professionals deficient in the Welsh public sector’. The Welsh Government has noted that the figures suggested by the report do not take into account where membership of the Chartered Institute of Purchasing and Supply may have lapsed. The procurement policy statement recommends that there should be a minimum of one procurement professional per £10 million of procurement expenditure across the wider public sector.

45 The Chartered Institute of Procurement and Supply (CIPS) is a global organisation serving the procurement and supply profession. The organisation promotes best practice and provides a wide range of services for the benefit of members and the wider business community including procurement qualifications.

46 Oral evidence at the Enterprise and Business Committee, 17 June 2015.

47 Morgan, K. 2012, **Values for Money**, Cardiff University

- 4.40 Of particular concern to the public bodies we surveyed was the loss of procurement expertise from public bodies to public buying organisations such as the NPS and the Crown Commercial Service. Welsh public bodies also reported losing procurement staff to other UK government bodies and agencies located in Wales, such as the Intellectual Property Office, Office of National Statistics and DVLA. Public bodies in Wales face competition from other UK government bodies and agencies where there is a commitment to increase the commercial capabilities of the civil service through the Government Commercial Function⁴⁸. In the case of the NPS, it operates under Welsh Government terms and conditions which offer an additional allowance for having a Chartered Institute of Procurement and Supply qualification, a benefit which is not offered in other sectors.
- 4.41 Procurement consortia and public buying organisations focus on common and repetitive spend which, public bodies point out, should allow their procurement staff to concentrate their efforts on more complex, higher value and higher-risk procurements. However, some public bodies report that it is their more experienced and qualified staff that have moved on and who would otherwise have taken the lead on these more complex procurements.

⁴⁸ The Government Commercial Function supports a cross-government network of around 4,000 civil servants involved in procuring (or supporting the procurement of) goods and services to develop the knowledge and skills needed to compete successfully in commercial environments on behalf of the government.

Through the part EU-funded Transforming Procurement through Home Grown Talent programme, the Welsh Government invested in a trainee programme which has had some success in developing more procurement capability

4.42 In order to address some of the recruitment and retention issues, in 2010, the Welsh Government established the Transforming Procurement through Home Grown Talent programme (Box 8). The programme aimed to raise procurement skills and competencies across Welsh public services and increase awareness of the value of these skills to support the challenge of delivering more for less.

Box 8 – Transforming Procurement through Home Grown Talent

Transforming Procurement through Home Grown Talent was an £11 million programme which ran between 2010 and 2015, supported by £5.7 million from the European Social Fund Convergence Area Programme. Its purpose was to raise procurement skills and competences across the whole of the Welsh public sector and increase awareness of the value of these skills.

The programme was managed by the Welsh Government and included five strands of activity:

- leadership;
- training;
- the Trainee Procurement Executive Programme;
- funding for e-procurement projects; and
- funding for innovation projects.

4.43 An evaluation of the programme found that it achieved most of its targets,⁴⁹ in particular:

- good practice ideas and new tools and guidance had been generated;
- training participants had generally improved their knowledge and skills;
- 25 of the 28 trainees involved in the Trainee Procurement Executive Programme had gone on to work in professional procurement roles, 15 of these roles were in the Welsh public sector;
- many trainees had the competencies and experience to progress into more senior procurement roles – one of the trainees is now the National Procurement Service’s Head of Category for Construction, Building Materials, Facilities Management and Utilities; and
- as a result of the programme more public sector organisations utilise e-procurement solutions and several had experimented with innovative procurement activities.

4.44 The 28 trainees took part in 86 placements across 33 different public sector organisations. However, the number of different staff who took part in the programme was 823 compared to the target of 1,396. The evaluation report also identified a number of issues with the delivery of the programme, including:

- a lack of clarity over the goals of the programme when recruiting trainees and host organisations;
- a slow reaction to isolated incidences of poor placement experience and insufficient action taken where reported;
- insufficient matching between trainee and placement; and
- that for the final cohort of five trainees the funding ran out before they had completed their Chartered Institute of Procurement and Supply training and placement.

4.45 In June 2015, the national Procurement Board discussed a potential follow-up to the programme, known as the ‘Procurement Skills Project’. The new project proposed to fund a series of activities around leadership, developing procurement capability in areas of key expenditure such as social care and construction, support to suppliers to improve their capability in e-procurement and establishing an exchange and internship programme for procurement staff to broaden their horizons. The Welsh Government anticipated using European funding to support the project, but the Welsh European Funding Office rejected the proposal, having assessed that it did not meet its funding criteria. The Welsh Government is currently planning how to incorporate procurement capability development into a future Programme for Procurement.

⁴⁹ Welsh Government., **Final evaluation of Transforming Procurement through Home Grown Talent - final report**, November 2015.

Public bodies are increasing their use of electronic procurement tools and resources, but there are inconsistencies in take-up and application

The Welsh Government established an e-procurement service programme to help public bodies improve their procurement and although the programme has now closed, projects are being mainstreamed in public bodies

4.46 The use of electronic information and communications technology in procurement is designed to enhance the links between public bodies and suppliers, making procurement processes more efficient. The Welsh Government established the 'e-procurement service' programme (Box 9), to develop and deliver a long-term e-procurement strategy, mainly through setting-up a number of systems and services which public bodies can use free of charge. As a sub-group to the national Procurement Board, the Welsh Government also set up an eProcurement Service Board to oversee the programme. The Welsh Government reviewed the programme in 2016-17 and closed it on 31 March 2017 because the projects are being mainstreamed across public bodies.

Box 9 – Welsh Government e-procurement service programme

eSourcing supports the delivery of web-based services that allow buyers and suppliers to conduct their sourcing activities online via the Welsh Government's sourcing tool, eTenderwales. eSourcing includes Sell2Wales, eTenders, eAuctions, eEvaluation and eContract and performance management. Sell2Wales is the Welsh Government's online notice publication tool, which allows buyers to run simple tenders and quick quotes, from a bank of registered suppliers.

eTrading is an online service that allows public sector buyers to view and order goods, services and works through a wide range of electronic catalogues.

ePayments – includes purchase cards as well as other ePayment solutions at no direct cost to organisations. It offers a quick, cost-effective and safe mechanism for the purchase of all goods, services and works. Suppliers also benefit from improved cash flow as payment is guaranteed between three and five days

Source: Welsh Government

Most public bodies reported that they are using sell2Wales, the Welsh Government's online notice publication tool for contracts under the OJEU threshold, although to different degrees

- 4.47 Public bodies have a legal duty to advertise all contracts which are valued above EU thresholds in the Official Journal of the European Union, although most EU Member States also advertise opportunities through their own online tools such as sell2Wales (Box 9). However, even when contracts fall below the EU thresholds, procurement procedures should follow the general principles of European Competition law, which include: equal treatment; transparency; and non-discrimination. The main way in which public bodies can uphold these principles is through advertising public contract opportunities.
- 4.48 We asked public bodies whether they were using sell2Wales for contracts below OJEU thresholds. We found that of the 68 bodies that answered the question, 58 said they were advertising at least some of their lower value contract opportunities on sell2Wales, with 34 saying that this applied to most of their lower value contracts. Only two public bodies, Mid and West Wales Fire and Rescue Service and Newport City Council, told us that they advertise all of their contracts on sell2Wales. The four organisations that do not use sell2Wales at all for contracts below OJEU thresholds were all further education institutions. Welsh Government data shows that the number of contracts worth less than OJEU thresholds advertised on sell2Wales increased by around a third between 2013-14 and 2016-17 – from 1,319 to 1,719.
- 4.49 The Welsh Government's consultation on the introduction of legislation on public procurement activity included a question on whether the public bodies should be under a legal duty to advertise all contracts over £25,000 on sell2Wales. Most public sector respondents disagreed with this proposal, with calls for flexibility to take account of local objectives and some suggesting that the threshold was either too low or questioning the evidence base for the proposal. However, private sector responses tended to support the proposal. The Federation of Small Business told us that advertising of low value contracts was vital for smaller businesses as contracts worth around £10,000 are the mainstay of their existence. Since 2011, the UK Government has required that public bodies in England publically advertise contract opportunities above £10,000. Welsh Government data shows that in 2013-14, 683 contracts were awarded through sell2Wales to small and medium sized enterprises out of a total of 1,399 awards made to suppliers (49%). This number increased more than four-fold to 2,870 in 2016-17, but out of a total 5,774 contracts (50%).

The Supplier Qualification Information Database (SQuID) is beneficial to public bodies and suppliers, but there are some inconsistencies in its use

4.50 In order to simplify the selection of contractors during the procurement process, the Welsh Government has developed the Supplier qualification information database (SQuID) approach. The SQuID approach is designed to make the contracting process easier for buyers and suppliers, especially small and medium-sized enterprises, by reducing the need for suppliers to provide the same basic information on their organisation each time they bid for a public contract (Box 10).

Box 10 – Supplier qualification information database (SQuID)

The process for public bodies tendering for works, goods or services includes identifying the suitability of potential contractors through a pre-qualification stage, if required, prior to asking potential suppliers to submit a tender. Public bodies do this through asking a series of standard questions about the organisation such as its capacity and capability, insurance details and financial details. These details are stored and used for future procurements.

For public bodies, the SQuID approach provides a set of standard questions and a tool for selecting the most appropriate questions for each individual procurement. For suppliers, initially it means that they see greater standardisation of approach across the public sector in terms of supplier selection and should reduce the requirement for providing the same standard information multiple times, which can be time consuming.

Each public body sets up its own set of questions and changes can be made by suppliers when applicable, for example, if insurance details are changed.

4.51 We asked public bodies about their use of the SQuID approach. We found that of the 69 public bodies that answered the question, 51 said that they use the SQuID approach as standard (74%). However, Welsh Government data shows that in 2015-16, public bodies used the SQuID approach for only 427 of 2,933 contracts advertised on sell2Wales (15%). In 2016-17, this number reduced to 309 of 3,250 sell2Wales adverts (10%). Of the 18 public bodies that said they did not use the SQuID approach as standard, 13 of these were in the higher and further education sectors and were more reliant on their own systems where pre-qualification is not always required.

- 4.52 Public bodies told us that the SQuID approach brings a degree of consistency and standardisation to their procurement activities, as well as reducing workload for suppliers. However, there is no central SQuID dataset and each public body is asking for different information, which is still resulting in duplication of effort for suppliers. The Welsh Government's consultation on the introduction of legislation on public procurement included a question on whether the Welsh Public Sector should be under a legal duty to use the SQuID approach to supplier selection. The consultation found that 19 of the 25 respondents to the question agreed that it should.
- 4.53 To reduce the administrative burden for suppliers, in January 2016, the European Union introduced the European Single Procurement Document (ESPD) for public contracts above the OJEU threshold. The ESPD is a standardised document that potential suppliers complete to provide preliminary evidence that they are eligible for the contract opportunity. The ESPD must be provided exclusively in electronic form and is currently being incorporated into sell2Wales.

Some public bodies are making use of Dynamic Purchasing Systems to enhance their procurement

- 4.54 We found that several bodies are starting to take advantage of the use of Dynamic Purchasing Systems (Box 11) to enhance their procurement capabilities and improve value-for-money. For example, Torfaen County Borough Council have used a Dynamic Purchasing System for its domiciliary care provision since May 2013. The Dynamic Purchasing System has given the local authority the advantage of developing a more level playing field between suppliers while stimulating a competitive market and introducing 'real time' quality scores when brokering packages of care from the market. Cardiff Council has made significant savings by using a Dynamic Purchasing System to purchase passenger transport services (Case study 5).

Box 11 – Dynamic Purchasing Systems

A Dynamic Purchasing System is a completely electronic tendering process for the selection of suppliers who meet a set of minimum service requirements. A Dynamic Purchasing System is similar to a framework agreement, but during the life of the Dynamic Purchasing System, new suppliers may join the system if they meet the minimum service standards.

The new European Union Directive on public procurement has made it easier for public bodies and suppliers to use Dynamic Purchasing Systems. For example, public bodies no longer need to publish a further simplified OJEU advertisement each time they wish to award a contract under a Dynamic Purchasing System and the default 4-year limit on the duration of a Dynamic Purchasing System has been removed.

Case study 5 – Cardiff Council is making financial savings through the use of a Dynamic Purchasing System

Cardiff Council spends nearly £30 million each year on passenger transport contracts. The Council traditionally allocated the contracts using a standard framework agreement, with 31 providers operating 500 daily routes. Once the Council had let the framework, new suppliers were locked out of the agreement for its four year duration.

The Council identified home-to-school routes as an area to target for financial savings whilst at the same time, providing greater opportunities for new suppliers and to improve the quality and reliability of the service. After visiting other local authorities, officers agreed that the best sourcing solution to achieve the objectives was to introduce a Passenger Transport Dynamic Purchasing System.

The Council launched the Passenger Transport Dynamic Purchasing System in June 2014 following a series of 'meet the buyer' events. Over 60 local providers successfully registered on the Dynamic Purchasing System within weeks of its launch.

The Council divided the contracts into four lots: journeys for taxis with regular drivers; vehicles with 8-17 seats; and vehicles over 17 seats. The council used electronic auctions to source the routes, a process which involved the submission of an initial bid from the supplier prior to a one-hour electronic reverse auction where suppliers could bid for routes and compete with other suppliers.

Cardiff Council has achieved annual savings of £588,000 through the new approach compared to using the previous framework.

Appendices



Appendix 1 – Audit methods

The overall scope of our work

Our examination focussed on whether there is evidence that current procurement arrangements in Wales are helping to deliver value for money in public spending and are fit for the future.

We focused most of our data collection and analysis on the 73 member organisations of the National Procurement Service (NPS). These bodies were the 22 Welsh local authorities, 14 further education institutions, ten NHS bodies, nine higher education institutions, nine Welsh Government Sponsored Bodies, four police authorities, three fire and rescue authorities, the National Assembly for Wales Commission and the Welsh Government.

We considered relevant information collected through their own regular audit work at individual public bodies, although the Auditor General for Wales is not the external auditor for further and higher education institutions. We have not examined the regularity or propriety of individual procurements as part of this work. However, auditors will scrutinise individual procurements as part of their audit work where specific concerns are identified.

Survey of NPS members

Between June and September 2016, we surveyed the 73 NPS members and received a 97% response rate. We asked public bodies for their opinion on:

- strategic focus for procurement;
- procurement fitness checks;
- community benefits;
- use of e-procurement;
- use of procurement consortia relevant to their organisation (HEPCW, NPS and NWSSP);
- other collaborative procurement arrangements; and
- how public bodies were dealing with issues such as the well-being of Future Generations (Wales) Act and the Modern Slavery Act in the context of procurement.

While all public bodies were asked for their opinion on NPS, higher education institutions and health bodies were also asked the same questions on HEPCW and NWSSP respectively.

The Royal Commission on the Ancient and Historical Monuments of Wales and the University of Wales Registry are members of the NPS but elected not to take part in our survey because their overall procurement spend is minimal and they did not use NPS frameworks in 2015-16.

Where necessary to clarify answers and to gain further information and case studies, we followed up on survey responses either by email, telephone or face-to-face interview. We sought views from the national Procurement Board on the design of the survey and discussed the survey findings with the Board in November 2016.

Analysis of NPS Collaborative Spend Analysis Project data for 2015-16

We analysed data provided by 53 public bodies as part of the NPS Collaborative Spend Analysis project. Public bodies voluntarily provide this data to NPS on a quarterly basis.

The 53 public bodies participating in the NPS Collaborative Spend Analysis project include 22 local authorities, ten NHS bodies, seven higher education institutions, five central government organisations including the Welsh Government and the National Assembly for Wales Commission, four police authorities, three fire and rescue authorities and two further education institutions. All 53 bodies were included in our survey as members of the NPS.

We have not compared data from 2015-16 with previous years because the number of public bodies participating in the project has increased annually since 2010-11 when the project began. For example, in 2014-15 some local authorities did not participate.

Analysis of procurement consortia and public buying organisations data

We considered a range of data provided to us by the main Wales-based procurement consortia and public buying organisations – NPS, NWSSP and HEPCW – as well as use of the Crown Commercial Service by Welsh public bodies.

Other data and information analysis

We also reviewed the following:

- Procurement Fitness Check reports;
- 18 public body procurement strategies;
- savings methodologies used by NPS, NWSSP, HEFCW, the Crown Commercial Service, Police and the former Welsh Purchasing Consortium, although we have not audited the savings reported by individual organisations.

Interviews

- We met with individuals representing various organisations including:
- the Welsh Government, NPS, HEPCW and NWSSP;
- CBI Wales, Federation of Small Business Wales, the Construction Industry Training Board and the Engineering Employers Federation (EEF); and
- the office of the Future Generations Commissioner.

Literature review

To inform our work, we have reviewed a range of other audit reports related to public procurement, including:

- Audit Scotland, **Procurement in Councils**, April 2014
- Audit Scotland, **Procurement in councils - Impact report**, February 2016
- National Audit Office, **Crown Commercial Service**, December 2016
- National Audit Office, **Improving Government Procurement**, February 2013
- Audit Commission and National Audit Office, **A review of collaborative procurement across the public sector**, May 2010
- Welsh Government Internal Audit reports.

Appendix 2 – Procurement spend by category and sector, 2015-16

The category-related data below is taken from the NPS Collaborative Spend Analysis project which is funded by the Welsh Government and covered 53 public bodies for 2015-16.

The data collected through the Collaborative Spend Analysis project is based on nine categories. However, we broke down the category of 'non-common and repetitive spend into ten separate categories - adult services, arts and leisure, children's services, education, environmental, housing, financial, laboratory equipment and services, medical and healthcare and miscellaneous (paragraph 2.8). While we have used the categories provided by the Collaborative Spend Analysis project which are common across all sectors, NHS Wales Shared Services Partnership categorises procurement expenditure on a different basis.

The clearance of our report highlighted some concerns about the accuracy of the NPS Collaborative Spend Analysis data supplied initially by individual public bodies.

	Local government	Health	Central government and sponsored bodies	Further and higher education	Police and Fire & rescue	Total
	£s millions					
Construction, Facilities Management and Utilities	1138	161	270	48	51	1,668
People Services & Communications	183	462	77	10	8	740
Adult Services	751	0	0	0	1	752
Medical and healthcare	57	472	7	14	7	557
Unmapped	95	23	13	216	9	356
ICT	118	87	93	22	40	360
Fleet and transport	278	43	10	1	16	348
Professional services	184	11	109	16	23	343
Education	81	0	125	5	1	212
Children's services	165	0	1	0	0	166
Arts and leisure	84	0	4	0	0	88
Food and drink	53	20	2	2	1	78
Environmental	14	0	58	3	1	76
Financial	51	0	2	0	3	56
Miscellaneous	23	8	2	1	19	53
Corporate and Business Support Services	26	17	3	3	4	53
Laboratory equipment and services	0	45	0	0	0	45
Housing	28	0	1	0	0	29
Total	3,329	1,349	777	341	184	5,980

Appendix 3 – Results of Welsh Government funded Procurement Fitness Checks

The Welsh Government funded independent Procurement Fitness Checks for local government, NWSSP and higher education institutions in 2013-14 (paragraph 4.4). The appraisers gave each public body that underwent a Fitness Check a percentage score which applied to a 'maturity rating' ranging from 'Non-conforming' (Level 1) to 'Advanced' (Level 4).

Local authority	Overall maturity rating
Cardiff	Developing towards advanced
Caerphilly	Developing towards advanced
Rhondda Cynon Taf	Developing towards advanced
Torfaen	Developing towards advanced
Ceredigion	Developing towards advanced
Pembrokeshire	Developing towards advanced
Blaenau Gwent	Conforming
Swansea	Conforming
Wrexham	Conforming
Merthyr	Developing towards conforming
Conwy	Developing towards conforming
Bridgend	Developing towards conforming
Carmarthenshire	Developing towards conforming
Vale of Glamorgan	Developing towards conforming
Neath Port Talbot	Developing towards conforming
Flintshire	Developing towards conforming
Gwynedd	Developing towards conforming
Denbighshire	Developing towards conforming
Newport	Developing towards conforming
Monmouthshire	Developing towards conforming
Powys	Developing towards conforming
Anglesey	Non-conforming

Higher education institution	Overall maturity rating
Cardiff Metropolitan University	Developing towards advanced
Cardiff University	Conforming
Swansea University	Conforming
Aberystwyth University	Developing towards conforming
Bangor University	Developing towards conforming
Trinity St David	Developing towards conforming
University of South Wales	Developing towards conforming
Wrexham University	Non-conforming
	Overall maturity rating
NHS Wales	Developing towards advanced

Appendix 4 – Recent notable failures in public bodies’ procurement arrangements

Public body	Details
<p>Betsi Cadwaladr University Health Board</p>	<p>In 2012, as part of a wider review of public bodies’ procurement of consultancy services, we found that the Health Board’s arrangements for were not robust enough to ensure value for money or that the expected benefits would be realised. During the course of that work, a number of other contracts were brought to our attention that were not on the contract lists held centrally by NWSSP.</p> <p>Between March and May 2013, we worked with internal auditors to obtain and review paperwork, invoices and authorisations for all invoices received without a purchase order. Auditors concluded that the Health Board had breached the requirements of its standing financial instructions in respect of expenditure totalling £96,639.20.</p> <p>In 2015⁵⁰, our follow-up work found that the Health Board breached internal controls in awarding several contracts. It breached European Union procurement rules in three cases and it was at risk in a fourth case. Inadequacies in the Health Board’s audit committee tracker tool also meant that management assurances on the implementation of our previous procurement recommendations were inaccurate.</p> <p>We carried out a further follow-up in 2016 and found that the Health Board implemented our 2015 recommendations and arrangements continue to evolve in the use of single tender waivers.</p>
<p>NHS Wales</p>	<p>In November 2014 and June 2015, Cardiff and Vale University Health Board awarded HR consultancy contracts to RKC Associates Ltd. During the course of our financial audit work, it become apparent that the award of these contracts breached public procurement rules and exposed the Health Board to unnecessary financial and reputational risk. In July 2017, the Auditor General for Wales issued a Public Interest Report⁵¹ which concluded that Health Board cannot demonstrate that the contracts were awarded fairly, transparently, lawfully or that they obtained value for money.</p> <p>The contracts were awarded to address a shortfall in HR leadership capacity at the Health Board after the Director of Workforce and Organisational Development was seconded to another NHS organisation at short notice. RKC Associates Ltd were paid over £290,000 for the service provided.</p> <p>When the Director of Workforce and Organisational Development subsequently left the employment of the Health Board, a recruitment exercise proved unsuccessful in appointing a replacement because the shortlisted candidates withdrew for various reasons. While the position was not re-advertised, the then sole director of RKC Associates Ltd was interviewed and subsequently offered the position on a one-year fixed-term contract on an annual salary of £150,000. The report found that this appointment process was fundamentally compromised, lacked transparency and was poorly documented.</p>

50 Auditor General for Wales. **Procurement follow-up review Betsi Cadwaladr University Health Board**, November 2015

51 Auditor General for Wales, **Audit of Cardiff and Vale University Health Board’s Contractual Relationships with RKC Associates Ltd and its Owner**. July 2017

Public body	Details
<p>NHS Wales</p>	<p>In 2010, the predecessor of NWSSP, Welsh Health Supplies awarded a contract for Fresh Produce (fruit and vegetables) of around £3.5 million over four years. NWSSP commissioned an internal audit review of the original contract in 2015 and notified the Auditor General for Wales. The review highlighted a number of deficiencies in the award of this contract which were mainly procedural in nature.</p> <p>The review found that pricing policy adopted by the former Welsh Health Supplies caused confusion and the contract was awarded without fully resolving this with the supplier. As a consequence the pricing aspect of the contract lacked clarity from its commencement in October 2010 and throughout its duration to October 2014.</p> <p>The review also identified that Welsh Health Supplies did not comply with its own control framework for monitoring the 2010 contract. In particular, internal audit could find no evidence that WHS monitored the prices submitted by the suppliers against the terms set out in the contract.</p> <p>After receiving the review, NWSSP commissioned an in-depth internal audit review of procurement during 2015-16, a review of other contracts with similar pricing mechanisms and providing more contract management training for staff. Although a 'reasonable' assurance rating was awarded, the review found some weaknesses in the areas of compliance with policies and procedures and contract management. The review made recommendations in the areas of contract and contract extension approval, procedures for awarding single tender contracts, improving procedures around declarations of interest, and improving contract management through training and raising awareness.</p>

Public body	Details
<p>Welsh Government</p>	<p>From February 2013, the Welsh Government began procuring a replacement framework for the provision of furniture and space planning services for an agreement that was due to expire in March 2014. The value of the contract, projected over 5 years, was £12.5 million, made up of estimated spend from the 3 users of the contract; Welsh Government, National Assembly for Wales and Higher Education Funding Council for Wales.</p> <p>Only two suppliers submitted a response; one of which was the incumbent supplier. At the end of the tender evaluation process the Welsh Government awarded the contract to the incumbent supplier and both parties notified of the outcome. However, on receipt of this notification, the unsuccessful bidder informed Welsh Government that it disputed the validity of the decision and requested that the Welsh Government cancelled the award of the contract and that it restart the tender exercise.</p> <p>This resulted in legal action on the part of the unsuccessful bidder. It then became clear to the Welsh Government's internal legal team that there were a number of issues that significantly weakened Welsh Government's ability to successfully defend the claim against it. As a result, Welsh Government authorised its staff to enter into a negotiation process to avoid litigation and, as a result, the Welsh Government reached a financial settlement of £1.25 million with the unsuccessful bidder.</p> <p>Over the last few years, the Welsh Government's internal audit team looked at several other procurement issues and found improvements were needed across areas such as contract management, the procurement and management of communications contracts, tender evaluation processes and the process for procuring goods and services values at less than £25,000.</p> <p>As a result of these issues, the Welsh Government has taken a number of steps to improve its internal procurement procedures, including:</p> <ul style="list-style-type: none"> • establishing a work stream under the 'Preparing for the Future' programme to establish and identify issues within the Welsh Government's procurement processes and to ensure best value for money is achieved; and • laying the groundwork for the development of a 'Programme for Procurement' which will include a re-organisation of the Welsh Government's Corporate Procurement Service together with a refreshed procurement strategy and set of policies and procedures

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Mae'r dudalen hon yn wag yn fwriadol

PWYLLGOR ARCHWYLIO

15^{FED} RHAGFYR 2017COFNODION GRWPIAU PERTHNSAOL IR
PWYLLGOR ARCHWYLIO**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

I dderbyn y cofnodion

Y Rhesymau:

Fe nodwyd yn Amodau Gorchwyl y Pwyllgor Archwyllo bod angen derbyn cofnodion y Grwp Rheoli Risg ynghyd â materion ym mherthnasol i drefniadau sy'n ymwneud a Threfn Rheoli Corfforaethu a Threfniadau Ariannol.

Ymgynghorwyd â'r pwyllgor craffu perthnasol : AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad : AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad : AMHERTHNASOL

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Cynghorydd David Jenkins

Y Gyfarwyddiaeth:

Gwasanathau Corfforaethol

Enw Pennaeth y Gwasanaeth:

Helen Pugh

Awdur yr Adroddiad:

Helen Pugh

Swyddi:Pennaeth Refeniw a
Chydymffurfio Ariannol

Rhif ffôn: 01267 246223

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EXECUTIVE SUMMARY

AUDIT COMMITTEE

15TH DECEMBER 2017

MINUTES OF RELEVANT GROUPS TO THE AUDIT COMMITTEE

To provide Members with minutes from supporting Governance Groups for information

The following Minutes are attached:

1. Risk Management Steering Group 10th October 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: Helen Pugh Head of Revenues and Financial Compliance

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

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

Signed: Helen Pugh Head of Revenues and Financial Compliance

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

Mae'r dudalen hon yn wag yn fwriadol

RISK MANAGEMENT STEERING GROUP

Minutes of Meeting held at Conservatory West, Building 8, Parc Dewi Sant Tuesday, 10th October 2017.

Members Present:			
Helen Pugh (Chair)	Corporate Services	Head of Revenues & Financial Compliance	HLP
Cllr David Jenkins	Executive Board Member (Corporate Services)	Executive Board Risk Champion	DJ
Stephen Morgan	Corporate Services	Technical Claims Officer	SM
Stephen Pilliner	Environment	Chair of Transport Risks Working Group	SP
Stephanie Williams	Education	Risk Champion	SW
Alan Howells	Environment	Risk Champion	AH
Richard Davies	Communities	Principal Officer	RD
Heidi Font	Chief Executive's	Risk Champion	HF
Adryan Jones	Chief Executive's	Strategic Advisor (H&S)	AJ
Jason Jones	Corporate Property	Property and Major Projects Manager	JJ

Item No	Subject	Action
1.	Apologies Richard Stradling – Communities (Leisure) Risk Champion Mark Stephens, Marsh Ltd Jonathan Fearn - Chair of Property & Liability Risks Working Group Julie Standeven – Principal Risk Officer	
2.	Minutes of Last Meeting The Minutes of the Risk Management Steering Group Meeting held at Parc Dewi Sant on Monday, 10th July 2017, were confirmed as a true record.	
2.1	Matters arising from Risk Management Steering Group Minutes.	
2.1.1	Corporate Risk Register It was agreed that the Corporate Risk Register be circulated to the Group together with a Summary Report completed by Zurich Risk Engineering UK.	EJS

3	Minutes of Contingency Planning Working Group Meeting – 8th September 2017 The minutes were noted	
3.1	Matters arising from Contingency Planning Working Group Meeting	
3.1.1	Cyber Risk Response Plan Awaiting details from brokers in relation to Cyber Risks Insurance	EJS
3.1.2	CCTV Group due to meet in October and HLP will bring minutes to next meeting	HLP
3.1.3	Resilience Direct Civil Contingency Manager to attend a seminar relating to the Grenfell Towers tragedy – Include as Agenda item at next Risk Management Steering Group Meeting	EJS
3.1.4	Risk Registers Corporate & Service Risk Registers under review and update will be provided at next meeting	HLP
4	Minutes of Property & Liability Risks Working Group Meeting – 14th September 2017 The Minutes were noted.	
4.1	Matters arising from Property & Liability Risks Working Group Minutes	
4.1.1	CEx – H&S Review – Theatres AJ advised that he had attended a meeting with HSE who are satisfied with progress to date. HSE will revisit to see whether works identified have been completed.	AJ
5	Minutes of Transport Risks Working Group Meeting – 28th September 2017 The minutes were noted.	
5.1	Matters arising from Transport Risks Working Group Minutes	
5.1.1	Pool Bike Scheme SM confirmed that Council’s insurers had agreed to extend policies to cover this activity.	
6.	Risk Management & Contingency Planning Strategy 2017-21 Draft strategy considered by Group. Minor amendments identified by DJ & AH	EJS
7.	Bids for Financial Assistance	

7.1	COMM – Carmarthen Leisure Centre This bid related to the replacement of the balustrade at Carmarthen Leisure Centre. It was agreed that the Departmental Bid for £15,880.33 (50% of the estimated gross cost of £31,760.66) be approved.	
7.2	E&C – Bryngwyn School – Extension of RM Bid 345 Request for additional funding (£4,000 – 50% of £8,000) due to increased cost of scheme. The request was approved.	
7.3	E&C – Ysgol Brynsierfel – Traffic Management Improvements SW to attend meeting with School, Police & Traffic Management. Update to be provided at next meeting.	SW
7.4	E&C – Llandybie School This bid related to security and safeguarding improvements at the school. It was agreed that the Departmental bid for £2,500 (50% of the estimated gross cost of £5,000) be approved	
7.5	CEX – Fire Management Review This bid related to the completion of an independent review of Fire Management across the Authority. It was agreed that additional information was required to ascertain the most efficient delivery option	HLP
7.6	St Mary’s School This bid related to the installation of fencing and secure gates to ensure safeguarding of pupils and staff. The group approved the bid in principle but supporting quotes required. The group delegated responsibility to the Chair.	
7.7	Ffairfach School This bid related to security improvements at the school. This bid was deferred pending clarification of costs.	
8	Any Other Business None	
9.	Next Meeting Date to be advised	

Mae'r dudalen hon yn wag yn fwriadol

PWYLLGOR ARCHWILIO
29^{AIN} MEDI 2017

YN BRESENNOL: Y Cynghorydd T.M. Higgins (Cadeirydd).

Y Cynghorwyr: S.M. Allen (yn lle E.G Thomas), K.V. Broom (yn lle H.A.L. Evans), J. James, G.H. John, C. Jones, A.G. Morgan, B. Thomas a D.E. Williams.

Yr oedd y swyddogion canlynol yn gwasanaethu yn y cyfarfod:

C. Moore, Cyfarwyddwr Gwasanaethau Corfforaethol;
H. Pugh, Pennaeth Refeniw a Chydymffurfiaeth Ariannol;
I. Jones, Pennaeth Hamdden;
P. Evans, Uwch Gyfrifydd;
S. Owens, Rheolwr Cyfleusterau Egnïol;
N. Thomas, Uwch-reolwr Hamdden Awyr Agored;
L. Walters, Uwch-reolwr Cymorth Busnes (Gofal Cymdeithasol);
J. Owen, Swyddog Gwasanaethau Democrataidd.

Ystafell Bwyllgor Gwasanaethau Democrataidd, Neuadd y Sir, Caerfyrddin, 10.00am-11.55am

1. YMDDIHEURIADAU AM ABSENOLDEB YMDDIHEURIADAU AM ABSENOLDEB

Cafwyd ymddiheuriadau am absenoldeb gan y Cynghorwyr H.A.L Evans, E.G. Thomas a D. Jenkins [Aelod y Bwrdd Gweithredol – Adnoddau] a Mr Richard Harries, Cyfarwyddwr Archwilio Cymru - Swyddfa Archwilio Cymru.

2. DATGANIADAU O FUDDIANNAU PERSONOL.

Y Cynghorydd	Rhif y Cofnod	Y Math o Fuddiant
Mrs J. James	6.1 – Adroddiad Diweddarau i'r Pwyllgor Archwilio – Medi 2017.	Mae Mrs James yn Ymddiriedolwr yr Ardd Fotaneg Genedlaethol.
Y Cynghorydd E. Williams	6.3 – Adroddiad ynghylch yr Archwiliad o Ddatganiad Cyfrifon Ariannol Cronfa Bensiwn Dyfed 2016/17.	Y Cynghorydd Williams yw Cadeirydd Pwyllgor Cronfa Bensiwn Dyfed.

3. Y DIWEDDARAF YNGHYLCH AR CYNLLUN ARCHWILIO MEWNOL 2016/17

Bu'r Pwyllgor yn ystyried adroddiad a oedd yn darparu diweddariad ar weithredu Cynllun Archwilio Mewnol 2017/18. Roedd rhan A(i) o'r adroddiad yn cynnwys adroddiad cynnydd ar Gynllun Archwilio 2017/18 a Rhan A(ii) yn cynnwys argymhellion y matrices sgorio.

Cyfeiriwyd at yr adran Addysg a Phlant yn yr adroddiad, a gofynnwyd a oedd adroddiadau'n cael eu darparu i Lywodraethwyr Ysgolion at ddibenion atebolrwydd? Dywedodd y Pennaeth Refeniw a Chydymffurfiaeth Ariannol y byddai cynllun gweithredu'n cael ei lunio mewn ymateb i unrhyw faterion a nodwyd, a byddai hwn yn cael ei lofnodi gan Benaethiaid a Swyddogion.

PENDERFYNWYD YN UNFRYDOL fod y Cynllun Archwilio Mewnol 2017/18 yn cael ei dderbyn.

4. **BLAENRHAGLEN WAITH 2017/18**

Bu'r Pwyllgor yn ystyried y Flaenraglen Waith Flynyddol a oedd yn rhoi manylion am yr eitemau disgwylidiedig ar agenda cylch cyfarfodydd y Pwyllgor Archwilio 2017/18.

Dywedodd y Pennaeth Refeniw a Chydymffurfiaeth Ariannol wrth y Pwyllgor fod angen gohirio'r adroddiad cynnydd ynghylch yr amgueddfeydd ac y byddai'r Rheolwr Amgueddfeydd yn rhoi'r wybodaeth ddiweddaraf yn ystod cyfarfod nesaf y Pwyllgor ym mis Rhagfyr.

Mewn ymateb i ymholiad pellach ynghylch Sesiynau Anffurfiol/Hyfforddiant Pwyllgor Archwilio, cadarnhaodd y Pennaeth Refeniw a Chydymffurfiaeth Ariannol y byddai'r dyddiad ar gyfer y cyfarfod â Swyddfa Archwilio Cymru yn cael ei gylchredeg i aelodau'r Pwyllgor cyn gynted ag y bydd wedi'i drefnu.

Cyfeiriwyd at y ffaith nad oedd tic gerllaw'r adran 'Cymeradwyo'r Rheolau Contractau a Dyfynbrisiau'. Cadarnhaodd y Cyfarwyddwr Gwasanaethau Corfforaethol fod Rheolau Gweithdrefn y Cyngor yn ddogfen fyw ac y byddai'r Pwyllgor yn cael gwybod y diweddaraf am unrhyw newidiadau. Awgrymwyd y dylid uno'r blychau a chynnwys 'yn ôl yr angen' er mwyn osgoi unrhyw ddryswch.

PENDERFYNWYD derbyn y Flaenraglen Waith.

5. **DIWEDDARU CYNLLUN GWEITHREDU CYFLEUSTERAU ARFORDIROL**

Ystyriodd y Pwyllgor y wybodaeth ddiweddaraf am y Cynllun Gweithredu Cyfleusterau Arfordirol a oedd yn crynhoi'r gwaith y cytunwyd arno a'r cynnydd hyd yn hyn gan y Tîm Cyfleusterau Arfordirol hyd yma i wella ei brosesau yn dilyn crynodeb yr Archwiliad Mewnol a gyflwynwyd i gyfarfod y Pwyllgor Archwilio ar 22 Mawrth 2016.

Rhoddwyd sylw i'r materion canlynol wrth drafod yr adroddiad:-

- Mewn ymateb i ymholiad ynghylch y cynlluniau i fynedfa ac allanfa Parc Gwledig Pen-bre, cadarnhaodd y Pennaeth Hamdden y byddai system adnabod rhifau cerbydau yn awtomatig yn cael i gyflwyno gyda'r nod o leihau ciwio wrth y fynedfa. Byddai peiriannau talu'n cael eu lleoli'n strategol ledled y Parc a fyddai'n caniatáu i gwsmeriaid dalu cyn gadael y Parc. Yn ychwanegol i hyn, byddai opsiwn o gael taliad ymlaen llaw hyd at 12 mis ar gael.
- Yn dilyn ymholiad, cadarnhaodd yr Uwch-reolwr Cymorth Busnes (Gofal Cymdeithasol) y byddai Archwiliadau Mewnol yn cael eu cyflawni gan swyddogion nad oeddent yn gysylltiedig â chadw a thrin cofnodion yn ddyddiol.

- Gofynnwyd am eglurhad o ran y datganiad o fewn Argymhelliad 2, '... roedd diffyg cydymffurfio mewn rhai meysydd yn parhau a oedd yn fater ledled yr Awdurdod.' Sicrhaodd y Pennaeth Hamdden y Pwyllgor fod staff yn cael eu cynghori i ddefnyddio Fframweithiau Corfforaethol pan roeddent ar gael a bod prisiau'n cael eu pennu yn unol â rheoliad ariannol pan nad oedd hynny'n bosibl. Esboniwyd y Weithdrefn Rheoli Categori i'r Pwyllgor, fodd bynnag, er mwyn i'r Pwyllgor gael gwell dealltwriaeth ynghylch y Weithdrefn Rheoli Categori, cynigodd y Pennaeth Refeniw a Chydymffurfiaeth Ariannol i drefnu sesiwn anffurfiol ar gyfer y Pwyllgor. Cytunodd y Pwyllgor y byddai hyn yn fuddiol ar gyfer Aelodau'r Pwyllgor.
- Mewn ymateb i sylw, ailadroddodd y Pennaeth Hamdden, fod gwelliannau sylweddol wedi cael eu gwneud ac yn cael eu gwneud ym Mharc Gwledig Pen-bre. Roedd hyn yn cynnwys symud tuag at systemau di-arian a thrwy hynny lleihau'r arfer o drin arian. Yn ogystal, roedd camerâu teledu cylch cyfyng wedi cael eu rhoi yn y bwth talu wrth fynedfa'r Parc, sy'n gam sydd wedi cael ei groesawu gan y staff.

Cynigiwyd adolygu y wybodaeth ddiweddaraf am y Cynllun Gweithredu Cyfleusterau Arfordirol gan ddychwelyd at y Pwyllgor mewn 6 mis.

PENDERFYNWYD YN UNFRYDOL:

- 5.1 dderbyn yr adroddiad;**
- 5.2 i gymeradwyo'r cynnydd a'r amcanion gwaith parhaus;**
- 5.3 bod y Pwyllgor yn cael diweddariad pellach mewn 6 mis.**

6. YSTYRIED Y DOGFENNAU CANLYNOL PARATOWYD GAN SWYDDFA ARCHWILIO CYMRU:-

Estynnodd y Cadeirydd groeso i'r cyfarfod i Mr Jason Garcia o Swyddfa Archwilio Cymru.

6.1. DIWEDDARIAD PWYLLGOR ARCHWILIO - MEDI 2017

Ystyriodd y Pwyllgor adroddiad a oedd yn cynnwys y wybodaeth ddiweddaraf am y gwaith o ran archwilio ariannol ac archwilio perfformiad yng Nghyngor Sir Caerfyrddin gan Swyddfa Archwilio Cymru ym mis Medi 2017.

PENDERFYNWYD bod yr adroddiad yn cael ei dderbyn.

6.2. ADRODDIAD DATGANIADAU ARIANNOL 2016/17 CYNGOR SIR CAERFYRDDIN

Derbyniodd y Pwyllgor adroddiad yr Archwiliad o Ddatganiadau Ariannol ar gyfer Cyngor Sir Caerfyrddin 2016-17 a oedd yn crynhoi canfyddiadau'r archwiliad a gynhaliwyd. Nododd y Pwyllgor fod yr adroddiad yn nodi barn yr Archwilydd Cyffredinol ynghylch a oedd y datganiadau ariannol yn rhoi darlun cywir a theg o sefyllfa ariannol Cyngor Sir Caerfyrddin ar 31 Mawrth 2017 a'r incwm a'r gwariant ar gyfer y flwyddyn a ddaeth i ben. O ganlyniad roedd Swyddfa Archwilio Cymru yn bwriadu cyhoeddi barn archwilio ddiamed ynghylch datganiadau ariannol Cyngor Sir Caerfyrddin cyn gynted ag y deuai'r Llythyr Sylwadau i law.

Rhodddwyd sylw i'r materion canlynol wrth drafod yr adroddiad:-

Cyfeiriwyd at Atodiad 3 - 'Crynodeb o'r cywiriadau a wnaed i'r datganiadau ariannol drafft'. Gofynnodd y Pwyllgor am eglurder ar y sefyllfa bresennol y benthyciad a roddwyd i'r Ardd Fotaneg Genedlaethol.

[Ar yr adeg hon yn ystod y cyfarfod, yn dilyn datgan diddordeb yn yr eitem hon yn gynharach, gadawodd Mrs J. James Siambr y Cyngor ac felly nid oedd yn bresennol yn ystod unrhyw drafodaethau ynghylch yr Ardd Fotaneg Genedlaethol].

Eglurodd Cyfarwyddwr y Gwasanaethau Corfforaethol fod y Cyngor wedi cynnig y benthyciad i'r Ardd Fotaneg Genedlaethol fel dyledwr tymor hir. Fodd bynnag, roedd telerau'r benthyciad yn nodi bod angen ad-dalu'r benthyciad erbyn 31 Mawrth 2018. Nododd y Pwyllgor ei fod yn annhebygol y byddai'r benthyciad yn cael ei ad-dalu erbyn y dyddiad hwn ac efallai y byddai'n angenrheidiol cyflwyno adroddiad pellach yn gofyn am benderfyniad ynghylch a ddylid ymestyn y benthyciad.

Cadarnhaodd Cyfarwyddwr y Gwasanaethau Corfforaethol, mewn ymateb i ymholiad, fod y benthyciad yn fenthyciad di-log.

[Ar yr adeg hon, galwodd y Cadeirydd ar Mrs J. James i ddychwelyd i'r Siambr.]

Cyfeiriwyd at y gwall ar dudalen 12 o'r adroddiad lle nodwyd 'Nodyn 6.34' yn hytrach na 'Nodyn 6.35'.

PENDERFYNWYD Derbyn yr adroddiad.

6.3. ADRODDIAD DATGANIADAU ARIANNOL CRONFA BENSIWN DYFED 2016/17

[Roedd y Cynghorydd E. Williams wedi datgan buddiant yn yr eitem hon].

Bu'r Pwyllgor yn ystyried adroddiad Swyddfa Archwilio Cymru ynghylch yr archwiliad a gynhaliwyd o Gyfrifon Cronfa Bensiwn Dyfed a oedd yn ystyried a oedd y datganiad ariannol yn rhoi golwg gywir a theg ar sefyllfa ariannol Cronfa Bensiwn Dyfed ar 31 Mawrth, 2017 a'i hincwm a'i gwariant yn ystod y flwyddyn honno.

Tynnwyd sylw'r Pwyllgor at yr adroddiad manwl lle roedd Swyddfa Archwilio Cymru wedi barnu nad oedd dim camddatganiadau wedi eu clustnodi yn y datganiadau ariannol a oedd yn dal heb eu cywiro. Roedd nifer o fân gamddatganiadau wedi'u cywiro gan y rheolwyr. O ganlyniad roedd Swyddfa Archwilio Cymru yn bwriadu cyhoeddi barn archwilio ddiamod ynghylch datganiadau ariannol Cronfa Bensiwn Dyfed cyn gynted ag y deuai'r Llythyr Sylwadau i law.

Nododd y Pwyllgor fod Cronfa Bensiwn Dyfed wedi ennill dwy wobwr yn ystod gwobrau Fforwm Cronfeydd Pensiwn yr Awdurdodau Lleol (LAPF) yn ddiweddar:

- Gwobr Cynllun Gweinyddu
- Cronfa Cynllun Pensiwn Llywodraeth Leol y Flwyddyn

Mynegodd y Cadeirydd ei longyfarchiadau i'r holl staff a fu'n cefnogi Cronfa Bensiwn Dyfed am y llwyddiant gwych hwn.

PENDERFYNWYD derbyn yr adroddiad.

6.4. FFURFLEN FLYNYDDOL 2016-17 HARBWR PORTH TYWYN ADRODDIAD ARCHWILIO ALLANOL

Ystyriodd y Pwyllgor adroddiad ar y Ffurflen Flynyddol Harbwr Porth Tywyn 2016/17 – Adroddiad Archwilio Allanol. Rhoddwyd gwybod i'r Pwyllgor ei bod yn ofynnol i bob awdurdod harbwr, yn unol ag Adran 42 Deddf Harbyrau 1964, lunio datganiad cyfrifon blynyddol ynghylch gweithgareddau'r harbwr.

Nodwyd nad oedd cynnydd yn y ffioedd angori wedi cael eu rhoi ar waith ers 2013/14, fodd bynnag, roedd y cynnydd yn y ffioedd wedi cael ei ddefnyddio fel llinell sylfaen a adlewyrchwyd fel tanwariant yn y cyfrifon ar gyfer 2016/17.

Mewn ymateb i ymholiad, dywedodd y Pennaeth Hamdden oherwydd y gwaith cynnal a chadw parhaus a oedd yn cynnwys carthu tywod a llaid, fod bwriad i gynyddu'r ffioedd yn y dyfodol, a byddai'r rhain yn destun ymgynghoriad ac yn cael eu hystyried gan y Pwyllgor Craffu perthnasol.

PENDERFYNWYD yn unfrydol dderbyn datganiad cyfrifon Harbwr Porth Tywyn ar gyfer 2016-17.

7. LLYTHYR CYNRYCHIOLAETH

7.1. CYNGOR SIR CAERFYRDDIN

Hysbyswyd y Pwyllgor ei bod yn ofynnol gan Swyddfa Archwilio Cymru, yn unol â'r Datganiad Safonau Archwilio (SAS440 – Sylwadau Rheolwyr), fod Swyddog Adran 151 yr Awdurdod, yn llunio "Llythyr Sylwadau" yn flynyddol, a bod y llythyr hwn yn cael ei lofnodi gan y Swyddog hwnnw a Chadeirydd y Pwyllgor Archwilio. Ar ben hyn, roedd yn ofynnol gan Swyddfa Archwilio Cymru fod y Pwyllgor oedd yn gyfrifol am gymeradwyo'r cyfrifon o dan Reoliad 8 o'r Rheoliadau Cyfrifon ac Archwilio yn cydnabod ymateb y Swyddog Adran 151 yn ffurfiol.

PENDERFYNWYD cydnabod y 'Llythyr Sylwadau' i Swyddfa Archwilio Cymru a gafodd ei baratoi gan y Swyddog Adran 151.

7.2. CRONFA BENSIWN DYFED

Hysbyswyd y Pwyllgor ei bod yn ofynnol gan Swyddfa Archwilio Cymru, yn unol â'r Datganiad Safonau Archwilio (SAS440 – Sylwadau Rheolwyr) fod Swyddog Adran 151 yr Awdurdod yn llunio "Llythyr Sylwadau" yn flynyddol, a bod y llythyr hwn yn cael ei lofnodi gan y Swyddog a enwid uchod a Chadeirydd y Pwyllgor Archwilio. Yn ogystal, roedd yn ofynnol gan Swyddfa Archwilio Cymru i'r Pwyllgor sy'n gyfrifol am gymeradwyo'r cyfrifon o dan Reoliad 8 o'r Rheoliadau Cyfrifon ac Archwilio i gydnabod yr ymateb yn ffurfiol.

PENDERFYNWYD cydnabod y 'Llythyr Sylwadau' i Swyddfa Archwilio Cymru a gafodd ei baratoi gan y Swyddog Adran 151.

8. YMHOLIADAU ARCHWILIO AR GYFER Y RHEINY SY'N GYFRIFOL AM LYWODRAETHU A RHEOLAETH

8.1. CYNGOR SIR CAERFYRDDIN

Dosbarthwyd adroddiad i'r Pwyllgor yn manylu ar ymatebion a gafwyd i geisiadau a wnaed gan Swyddfa Archwilio Cymru i'r rheolwyr a'r Pwyllgor Archwilio er mwyn i Swyddfa Archwilio Cymru fodloni'r gofynion a nodir yn y Safonau Rhyngwladol ar Archwilio (ISAs) i gael ystyriaeth a dealltwriaeth ffurfiol yr Awdurdod ar nifer o feysydd llywodraethu sy'n effeithio ar archwiliad o'r datganiadau ariannol. Roedd yr ystyriaethau hyn yn berthnasol i reolwyr y Cyngor a'r 'rhai sy'n gyfrifol am lywodraethu' (Pwyllgor Archwilio). Roedd y wybodaeth a ddarparwyd yn cyfrannu at ddealltwriaeth Swyddfa Archwilio Cymru o'r Cyngor a'i brosesau busnes ac yn cefnogi gwaith y Swyddfa Archwilio i ddarparu barn archwilio ar ddatganiadau ariannol 2016-17.

Cyfeiriwyd at Atodiad A yr adroddiad. Nodwyd bod testun wedi'i hepgor o'r golofn 'Ymatebion 2016/17' o gwestiwn 2-'Ymholiadau'r rhai sy'n gyfrifol am lywodraethu' dylid diwygio'r testun i adlewyrchu'r testun o fewn ymatebion 2015/16.

PENDERFYNWYD yn amodol ar y diwygiadau a nodwyd, i gymeradwyo'r ymatebion i'r ceisiadau a wnaed gan Swyddfa Archwilio Cymru a'r Pwyllgor Archwilio fel y manylir yn yr adroddiad.

8.2. CRONFA BENSIWN DYFED

Dosbarthwyd i'r Pwyllgor ymatebion yr Awdurdod i Swyddfa Archwilio Cymru ar nifer o feysydd llywodraethu sy'n effeithio ar archwiliad y datganiadau ariannol. Roedd yr ystyriaethau hyn hefyd yn berthnasol i reolwyr Cronfa Bensiwn Dyfed a'r 'rhai sy'n gyfrifol am lywodraethu' (Pwyllgor Archwilio). Roedd y wybodaeth a ddarparwyd yn cyfrannu at ddealltwriaeth Swyddfa Archwilio Cymru o brosesau busnes Cronfa Bensiwn Dyfed gan gefnogi ei waith i ddarparu barn archwilio ar gyfer datganiadau ariannol 2016-17.

Cyfeiriwyd at Atodiad A yr adroddiad. Nodwyd bod testun wedi'i hepgor o'r golofn 'Ymatebion 2016/17' o gwestiwn 2-'Ymholiadau y rhai sy'n gyfrifol am lywodraethu' dylid diwygio'r testun i adlewyrchu y testun o fewn ymatebion 2015/16.

PENDERFYNWYD yn amodol ar y diwygiadau a nodwyd, i gymeradwyo'r ymatebion i'r ceisiadau a wnaed i'r rheolwyr a'r Pwyllgor Archwilio fel y manylir yn yr adroddiad.

9. DATGANIAD CYFRIFON 2016/2017

Yn unol â darpariaethau Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014, cafodd Datganiad Cyfrifon 2016/17 a oedd yn ymwneud â Chyngor Sir Caerfyrddin a Chronfa Bensiwn Dyfed ac a oedd wedi'i archwilio, ei roi gerbron y Pwyllgor i'w gymeradwyo. Roedd y Datganiad yn dwyn ynghyd holl drafodion ariannol yr Awdurdod a'r Gronfa Bensiwn am y flwyddyn, a hefyd roedd yn rhoi manylion asedau a rhwymedigaethau'r Awdurdod a'r Gronfa Bensiwn fel yr oeddynt ar 31 Mawrth, 2017.

Unwaith eto mynegodd aelodau'r Pwyllgor eu gwerthfawrogiad i'r holl swyddogion a fu'n gysylltiedig â llunio cyfrifon rhagorol.

PENDERFYNWYD cymeradwyo Datganiad Cyfrifon 2016/17 (Cyngor Sir Caerfyrddin a Chronfa Bensiwn Dyfed) a oedd wedi'i archwilio.

10. DATGANIAD ARIANNOL AWDURDOD HARBWR PORTH TYWYN 2016-17

Yn unol â darpariaethau Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014, derbyniodd y Pwyllgor i'w gymeradwyo Ddatganiad Cyfrifon 2016/17 wedi'i archwilio o ran Harbwr Porth Tywyn.

PENDERFYNWYD cymeradwyo datganiad cyfrifon Harbwr Porth Tywyn 2016-17 wedi'i archwilio.

11. COFNODION GRWPIAU PERTHNSAOL I'R PWYLLGOR ARCHWILIO

11.1. PANEL GRANTIAU A GYNHALIWDYD AR 18 AWST, 2017

PENDERFYNWYD derbyn cofnodion cyfarfod y Panel Grantia a gynhaliwyd ar 18 Awst, 2017.

12. LLOFNODI YN GOFNOD CYWIR COFNODION CYFARFOD Y PWYLLGOR A GYNHALIWDYD AR 14 GORFFENNAF 2017

PENDERFYNWYD llofnodi cofnodion cyfarfod y Pwyllgor Archwilio oedd wedi'i gynnal ar 14 Gorffennaf, 2017 gan eu bod yn gywir.

CADEIRYDD

DYDDIAD

Mae'r dudalen hon yn wag yn fwriadol