

# Pecyn Dogfennau



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

**DYDD GWENER, 21 MEDI 2018**

**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 AM 10.00 AM AR DYDD GWENER, 28AIN MEDI, 2018**, ER MWYN CYFLAWNI'R MATERION A AMLINELLIR AR YR AGENDA SYDD ATODEDIG.

*Mark James* DYB

**PRIF WEITHREDWR**



**AILGYLCHWCH OS GWELWCH YN DDA**

Swyddog Democrataidd:	Martin S. Davies
Ffôn (Llinell Uniongyrchol):	01267 224059
E-bost:	MSDavies@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 Kim Broom
2. Y Cyngorydd Gareth John
3. Y Cyngorydd Emlyn Schiavone
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. Y DIWEDDARAF YNGHYLCH AR Y CYNLLUN ARCHWILIO MEWNOL 2017/18. 5 - 16
4. BLAENRHAGLEN GWAITH. 17 - 26
5. DIWEDDARU CYNLLUN GWEITHREDU CYFLEUSTERAU ARFORDIROL. 27 - 40
6. ADRODDIAD SWYDDFA ARCHWILIO CYMRU YNGHLYCH GWEITHREDU'R ARGYMHELLION YR ADOLYGIAD O REOLI PERFFORMIAD POBL. 41 - 50
7. DIWEDDARU CYNLLUN GWEITHREDU CANOLFAN HAMEDDEN LLANELLI. 51 - 70
8. COFRESTR RISG CORFFORAETHOL. 71 - 84
9. RHEOLI'R GALW MEWN GWASANAETHAU INTEGREDIG AR GYFER POBL H?N A PHOBL AG ANABLEDDAU CORFFOROL. 85 - 92
10. ADRODDIAD MONITRO ABSENOLDEB SALWCH. 93 - 110
11. YSTYRIED Y DOGFENNAU CANLYNOL PARATOWYD GAN SWYDDFA ARCHWILIO CYMRU:-
  - 11 .1 ADRODDIADAU LLEOL SWYDDFA ARCHWILIO CYMRU. 111 - 170
  - 11 .2 ADRODDIAD DATGANIADAU ARIANNOL - CYNGOR SIR GAERFYRDDIN. 171 - 192
  - 11 .3 ADRODDIAD DATGANIADAU ARIANNOL - CRONFA BENSIWN DYFED. 193 - 210
12. LLYTHYR CYNRYCHIOLAETH:
  - 12 .1 CYNGOR SIR GAR; 211 - 216
  - 12 .2 CRONFA BENSIWN DYFED. 217 - 220
13. YMHOLIADAU ARCHWILIO AR GYFER Y RHEINY SY'N GYFRIFOL AM LYWODRAETHU A RHEOLAETH:
  - 13 .1 CYNGOR SIR GAR; 221 - 240
  - 13 .2 CRONFA BENSIWN DYFED. 241 - 260
14. DATGANIAD CYFRIFON 2017-2018. 261 - 410
15. CYFRIFLEN CRONFA BENSIWN DYFED 2017-2018. 411 - 452

16.	DATGANIAD ARIANNOL AWDURDOD HARBWR PORTH TYWYN 2017-18.	453 - 468
17.	DATGANIAD ARIANNOL PARTNERIAETH PENSIWN CYMRU 2017-18.	469 - 482
18.	STRATEGAETH RHEOLI RISG A CHYNLLUN WRTH GEFN 2018-2022.	483 - 506
19.	COFNODION GRWPIAU PERTHNSAOL I'R PWYLLGOR ARCHWYLIO.	507 - 514
20.	LLOFNODI YN GOFNOD CYWIR COFNODION CYFARFOD Y PWYLLGOR A GYNHALIWDYD AR 13 GORFFENNAF 2018.	515 - 526

## PWYLLGOR ARCHWILLIO 28/9/18

<p><b>Y Pwnc:</b> Cynllun Archwilio Mewnol</p> <p><b>Y Pwrpas:</b> Y diweddaraaf ynghylch ar Cynllun Archwilio Mewnol 2018/19</p>		
<p><b>Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:</b> I dderbyn yr adroddiad.</p>		
<p><b>Y Rhesymau:</b> Cyflwynir adroddiad cynnydd yn rheolaidd bob tro mae'r Pwyllgor Archwilio yn cyfarfod.</p>		
<p><b>Ymgynghorwyd â'r pwyllgor craffu perthnasol :</b> AMHERTHNASOL</p>		
<p><b>Angen i'r Bwrdd Gweithredol wneud penderfyniad:</b> AMHERTHNASOL</p> <p><b>Angen i'r Cyngor wneud penderfyniad:</b> AMHERTHNASOL</p>		
<p><b>YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:</b> Cynghorydd David Jenkins</p>		
<p><b>Y Gyfarwyddiaeth:</b> Gwasanathau Corfforaethol</p> <p><b>Enw Pennaeth y Gwasanaeth:</b> Helen Pugh</p> <p><b>Awdur yr Adroddiad:</b> Helen Pugh</p>	<p><b>Swyddi:</b> Pennaeth Refeniw a Chydymffurfio Ariannol</p>	<p><b>Rhif ffôn:</b> 01267 246223</p> <p><b>Cyfeiriad e-bost:</b> <a href="mailto:HLPugh@sirgar.gov.uk">HLPugh@sirgar.gov.uk</a></p>

**EXECUTIVE SUMMARY**  
**Audit Committee**  
 28<sup>th</sup> September 2018

**INTERNAL AUDIT PLAN UPDATE 2018/19**

**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 2018/19 – Progress Report**

**REPORT A (ii) Internal Audit Plan 2018/19 – Recommendations Scoring Matrix**

**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  <b>YES</b>	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 2017-20	AC 28-03-16	Internal Audit Unit

Mae'r dudalen hon yn wag yn fwriadol



INTERNAL AUDIT PLAN 2018/19										
2018/19	% Plan Completion to Date	14.8%			% Target Sept 2018					30.0%
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
	<b>Chief Executive</b>									
1118001	Annual Governance Statement	11	*	N/A	*	*			8.3	Field Work Complete
1118002	PMP Function - Recruitment / Safer Recruitment DBS	8	*	*	*	*			6.0	Field Work Complete
1118003	Ethics	15							0.0	
1118004	Performance Management	8	*	*	*	*	N/A	N/A	8.0	Complete
1118005	Whistleblowing	5							0.0	
1118006	Financial Management Other	5	*	*	*	*	N/A	N/A	5.0	Complete
	<b>Total Audit Days for Department</b>	<b>52</b>							<b>27.25</b>	
	<b>Information &amp; Communications Audit</b>									
2118001	Computer Assisted Audit Testing(CAATs)	25	*	*	*				0.0	Commenced
2118002	Resource Link	10							0.0	
2118003	Agresso	5							0.0	
2118004	Pensions	6							0.0	
2118005	Revenues/ Benefits / DIPS	8							0.0	
2118006	Education & Children Services Systems	10							0.0	
2118007	Communities Systems	15							0.0	
2118008	Environment Systems	15							0.0	
2118009	IT Procurement	10	*						0.0	Pre Audit Meeting
2118010	Cloud Computing	10							0.0	
2118011	Data Protection	10							0.0	
2118012	Digital Transformation / Agile Working / Information	20							0.0	
2118013	Financial Management Other	6							0.0	
	<b>Total Days Computer Audits</b>	<b>150</b>							<b>0.0</b>	
	<b>Regeneration &amp; Policy</b>									
3118001	Customer Services	10							0.0	
3118002	Press Office / Communication	10							0.0	
3118003	Modern Records	10							0.0	
3118004	Property & Estate Management	15							0.0	
3118005	New Funding Programmes (eg ESI)	10							0.0	
3118006	City Deal	10							0.0	
3118007	Wellness Centre	10							0.0	
3118008	Corporate Plan / Business Plans	10							0.0	
3118009	Regeneration Strand 1	10							0.0	
3118010	Regeneration Strand 2	8							0.0	
3118011	Regeneration Strand 3	8							0.0	
3118012	Regeneration Strand 4	10							0.0	
3118013	Complaints	10	*	*	*	*			7.5	Field Work Complete
3118014	Data Protection	10							0.0	
3118015	Financial Management Other	5							0.0	
	<b>Grants</b>									
3118016	R&P Third Party Grants	10							0.0	
	<b>Total Audit Days for Department</b>	<b>156</b>							<b>7.5</b>	
	<b>Education &amp; Children</b>									
	<b>School Improvement</b>									
4118001	ERW inc arrangements for EIG & PDG	10							0.0	
	<b>Education Services</b>									
4118002	Challenge Advisors	10							0.0	
4118003	School Improvement	10							0.0	
	<b>Strategic Development</b>									
4118004	Information & Improvement	10							0.0	
4118005	Business Support	10							0.0	
	<b>Curriculum &amp; Well being</b>									
4118006	Education Other Than At School (EOTAS)	5							0.0	
4118007	Families First Grant (Youth)	5	*	*	*	*	N/A	N/A	5.0	Complete
4118008	School Consultants	10							0.0	
4118009	Learning Transformation - eg Cynnydd, Cam Nesa	10							0.0	
	<b>Children's Services</b>									
4118010	Corporate Parenting	10							0.0	
4118011	Family Support	5							0.0	
4118012	Safeguarding	10							0.0	
4118013	Financial Management Other	5	N/A	N/A	*				0.0	Commenced
	<b>Schools:</b>									
4118014	Schools DBS	5	*	*	*				0.0	Commenced
4118015	Schools Recruitment & Teachers salaries	10							0.0	
4118016	Schools - Monitoring deficits & surpluses	10							0.0	
4118017	School Meals, Free Meals & Primary Free Breakfast Services	10	*	*	*	*			7.5	Field Work Complete
4118018	Schools Questionnaires Q1	8	N/A	N/A	*				0.0	Commenced
4118033	Schools Questionnaires Q2	6	N/A	N/A	*				0.0	Commenced
4118034	Schools Questionnaires Q3	8	N/A	N/A					0.0	Terms of Reference
4118035	Schools Questionnaires Q4	8	N/A	N/A					0.0	Terms of Reference
4118019	School visits Q1	8	N/A	N/A					0.0	Terms of Reference
4118036	School visits Q2	6	N/A	N/A					0.0	Terms of Reference
4118037	School visits Q3	8	N/A	N/A					0.0	Terms of Reference
4118038	School visits Q4	8	N/A	N/A					0.0	Terms of Reference
	<b>Grants</b>									

INTERNAL AUDIT PLAN 2018/19										
2018/19	% Plan Completion to Date	14.8%			% Target Sept 2018					30.0%
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
4118020	Post 16	8							0.0	
4118021	Education - EIG - Final Annual Audit	5	N/A	N/A	*				0.0	Commenced
4118022	Education - EIG - Q1 Audit	10	*	*	*	*	N/A	N/A	10.0	Complete
4118023	Education - EIG - Q2 Audit	5							0.0	
4118024	Education - EIG - Q3 Audit	5							0.0	
4118025	Education - EIG - Q4 Audit	5							0.0	
4118026	Education - PDG - Final Annual Audit	5	N/A	N/A	*				0.0	Commenced
4118027	Education - PDG - Q1	8							0.0	
4118028	Education - PDG - Q2	5							0.0	
4118029	Education - PDG - Q3	5							0.0	
4118030	Education - PDG - Q4	5							0.0	
4118031	14 to 19 Learning Pathways	10	N/A	N/A	N/A	N/A	N/A	N/A	10.0	Complete
4118032	Youth Work Strategy Grant	10	N/A	N/A	N/A	N/A	N/A	N/A	10.0	Complete
	<b>Total Audit Days for Department</b>	<b>291</b>							<b>42.5</b>	
	<b>Corporate Services</b>									
5118001	Budget Setting / Delivery of Efficiencies	10							0.0	
5118002	VAT	8							0.0	
5118003	Treasury Management - Loans	5							0.0	
5118004	Housing Benefits	10							0.0	
5118005	Payroll System	15	*	*	*				0.0	Commenced
5118006	Creditor Payments	15							0.0	
5118007	Debtors System	15	*	*	*				0.0	Commenced
5118008	Cash & Bank	10							0.0	
5118009	Travel & Subsistence System	10							0.0	
5118010	Deputyships	15							0.0	
5118011	Trust Funds	15	*	*	*				0.0	Commenced
5118012	Burry Port Harbour - Accounts Return for WAO	8	*	*	*	*	*	*	8.0	Complete
5118013	Financial Management Other	5	*	N/A	*	*	*	*	5.0	Complete
	<b>Total Audit Days for Department</b>	<b>141</b>							<b>13.0</b>	
	<b>Communities</b>									
6118001	Home Care	10							0.0	
6118002	Residential Care Authority & Private Homes Q1	3	N/A	N/A	*	*	N/A	N/A	3.0	Complete
6118023	Residential Care Authority & Private Homes Q2	3	N/A	N/A	*				0.0	
6118024	Residential Care Authority & Private Homes Q3	2							0.0	
6118025	Residential Care Authority & Private Homes Q4	2							0.0	
6118003	Supported Living	10							0.0	
6118004	Learning Disabilities	5	N/A	N/A	*	*	N/A	N/A	5.0	Complete
6118005	Safeguarding	10							0.0	
6118006	Affordable Homes	10	*	*	*	*			7.5	Field Work Complete
6118007	Licensing and other fees	10	*	*	*	*	*	*	10.0	Complete
6118008	Museums	10	*	*	*	*	*	*	10.0	Complete
6118009	Libraries	10	*	*	*	*	*	*	10.0	Complete
6118010	Amman Valley Leisure Centre	8							0.0	
6118011	Carmarthen Leisure Centre	10							0.0	
6118012	Llanelli Leisure Centre	10							0.0	
6118013	Pembrey Country Park / MCP / Country Parks	10							0.0	
6118014	Ski Centre	10							0.0	
6118015	Theatres	8							0.0	
6118016	South Area Leisure / Education & Workforce	8							0.0	
6118017	Pendine Outdoor Education Centre	8							0.0	
6118018	Llesiant Delta Wellbeing Ltd - LATC	20							0.0	
6118019	Housing Company	20							0.0	
6118020	Financial Management Other	5	*	*	*	*	*	*	5.0	Complete
	<b>Grants</b>									
6118021	Supporting People	15	*	*	*	*	*	*	15.0	Complete
6118022	Communities	10	*	*	*	*	*	*	10.0	Complete
	<b>Total Audit Days for Department</b>	<b>227</b>							<b>75.5</b>	
	<b>Environment</b>									
	<b>Property:</b>									
7118001	Property Maintenance	15							0.0	
7118002	Property & Estate Management (sale of assets)	15							0.0	
7118003	Energy Strategy	10							0.0	
	<b>Waste and Environment:</b>									
7118004	Grounds Maintenance	10	*	*	*				0.0	Commenced
7118005	Cleansing Services	10	*	*	*				0.0	Commenced
	<b>Highways and Transport:</b>									
7118006	Highway Maintenance (incl. Trunk Roads)	10							0.0	
7118007	Other Streetwork	10							0.0	
7118008	Street lighting	10	*	*	*				0.0	Commenced
7118009	Parking Inc. Enforcement	8							0.0	
	<b>Planning Services:</b>									
7118010	Local Development Plan	10							0.0	
	<b>Public Development Departmental:</b>									

INTERNAL AUDIT PLAN 2018/19										
2018/19	% Plan Completion to Date	14.8%			% Target Sept 2018				30.0%	
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
7118011	Management Systems - Total	10							0.0	
7118012	Financial Management Other	5							0.0	
	<b>Grants</b>									
7118013	Environment Departmental Grants	20							0.0	
	<b>Total Audit Days for Department</b>	<b>143</b>							<b>0.0</b>	
	<b>Procurement / Contracts</b>									
8118001	Framework contracts	15							0.0	
8118002	Specific Projects (new and post contact review)	20	*	*	*	*	*		18.0	Draft Report Issued
8118003	Departmental Contract Management	20							0.0	
8118004	Community Benefits	10							0.0	
8118005	Category Management	10							0.0	
8118006	Financial Management Other	5							0.0	
	<b>Total Audit Days for Department</b>	<b>80</b>							<b>18</b>	
	<b>Total Approved Plan Days</b>	<b>1240</b>	<b>% Complete to Date</b>			<b>14.8%</b>			<b>183.8</b>	
	<b>Fire</b>									
9118001	Operating Systems								0.0	
9118002	Internet Security								0.0	
9118003	CAATS								0.0	
9118004	Cloud Computing								0.0	
9118005	Payroll - CORE								0.0	
9118006	HR - Terian								0.0	
9218001	Risk Management								0.0	
9218002	Main Accounting								0.0	
9218003	Budget Setting								0.0	
9218004	Budget Monitoring & Budget Manual Compliance								0.0	
9218005	VAT								0.0	
9218006	Capital Accounting incl Fixed Asset Register								0.0	
9218007	Treasury Management - Loans								0.0	
9218008	Payroll System								0.0	
9218009	Creditor Payments								0.0	
9218010	Debtors System								0.0	
9218011	Banking								0.0	
9218012	Travel & Subsistence System								0.0	
9218013	Procurement								0.0	
9218014	Asset Disposal / Acquisition / Asset Management								0.0	
9218015	Grants								0.0	
	<b>Total Audit Days for Department</b>	<b>0</b>							<b>0.0</b>	
	<b>Additional Work Not Included in Original Plan</b>									
2118014	Ceredigion IT	15	*	*	*				0.0	Commenced
1118007	Ceredigion Ethics	15							0.0	
9018032	Llanelly House								0.0	
5118014	Wales Pension Partnership	8	*	N/A	*	*	*	*	8.0	Complete
									0.0	
									0.0	
									0.0	
									0.0	
									0.0	
									0.0	
									0.0	
	<b>Total Additional Work</b>	<b>38</b>	<b>% Complete to Date</b>			<b>21.1%</b>			<b>8.0</b>	
	<b>Total Audit Plan Time</b>	<b>1278</b>	<b>% Complete to Date</b>			<b>15.0%</b>			<b>191.8</b>	
	<b>Productivity of Total Audit Plan Days as a Percentage of Approved Plan Days</b>							<b>15.5%</b>		

Mae'r dudalen hon yn wag yn fwriadol

INTERNAL AUDIT PLAN 2018/19			REPORTING								
2018/19			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					
	<b>Chief Executive</b>										
1118001	Annual Governance Statement	Field Work Complete				0	0	0	0	0	
1118002	PMP Function - Recruitment / Safer Recruitment DBS	Field Work Complete				0	0	0	0	0	
1118003	Ethics					0	0	0	0	0	
1118004	Performance Management	Complete	0	0	0	0	0	0	0	0	N/A
1118005	Whistleblowing					0	0	0	0	0	
1118006	Financial Management Other	Complete	0	0	0	0	0	0	0	0	N/A
	<b>Total Audit Days for Department</b>										
	<b>Information &amp; Communications Audit</b>										
2118001	Computer Assisted Audit Testing(CAATs)	Commenced				0	0	0	0	0	
2118002	Resource Link					0	0	0	0	0	
2118003	Agresso					0	0	0	0	0	
2118004	Pensions					0	0	0	0	0	
2118005	Revenues/ Benefits / DIPS					0	0	0	0	0	
2118006	Education & Children Services Systems					0	0	0	0	0	
2118007	Communities Systems					0	0	0	0	0	
2118008	Environment Systems					0	0	0	0	0	
2118009	IT Procurement	Pre Audit Meeting				0	0	0	0	0	
2118010	Cloud Computing					0	0	0	0	0	
2118011	Data Protection					0	0	0	0	0	
2118012	Digital Transformation / Agile Working / Information					0	0	0	0	0	
2118013	Financial Management Other					0	0	0	0	0	
	<b>Total Days Computer Audits</b>										
	<b>Regeneration &amp; Policy</b>										
3118001	Customer Services					0	0	0	0	0	
3118002	Press Office / Communication					0	0	0	0	0	
3118003	Modern Records					0	0	0	0	0	
3118004	Property & Estate Management					0	0	0	0	0	
3118005	New Funding Programmes (eg ESI)					0	0	0	0	0	
3118006	City Deal					0	0	0	0	0	
3118007	Wellness Centre					0	0	0	0	0	
3118008	Corporate Plan / Business Plans					0	0	0	0	0	
3118009	Regeneration Strand 1					0	0	0	0	0	
3118010	Regeneration Strand 2					0	0	0	0	0	
3118011	Regeneration Strand 3					0	0	0	0	0	
3118012	Regeneration Strand 4					0	0	0	0	0	
3118013	Complaints	Field Work Complete				0	0	0	0	0	
3118014	Data Protection					0	0	0	0	0	
3118015	Financial Management Other					0	0	0	0	0	
	<b>Grants</b>										
3118016	R&P Third Party Grants					0	0	0	0	0	
	<b>Total Audit Days for Department</b>										
	<b>Education &amp; Children</b>										
	<b>School Improvement</b>										
4118001	ERW inc arrangements for EIG & PDG					0	0	0	0	0	
	<b>Education Services</b>										
4118002	Challenge Advisors					0	0	0	0	0	
4118003	School Improvement					0	0	0	0	0	
	<b>Strategic Development</b>										
4118004	Information & Improvement					0	0	0	0	0	
4118005	Business Support					0	0	0	0	0	
	<b>Curriculum &amp; Well being</b>										
4118006	Education Other Than At School (EOTAS)					0	0	0	0	0	
4118007	Families First Grant (Youth)	Complete	0	0	0	0	0	0	0	0	N/A
4118008	School Consultants					0	0	0	0	0	
4118009	Learning Transformation - eg Cynnydd, Cam Nesa					0	0	0	0	0	
	<b>Children's Services</b>										
4118010	Corporate Parenting					0	0	0	0	0	
4118011	Family Support					0	0	0	0	0	
4118012	Safeguarding					0	0	0	0	0	
4118013	Financial Management Other	Commenced				0	0	0	0	0	
	<b>Schools:</b>										
4118014	Schools DBS	Commenced				0	0	0	0	0	
4118015	Schools Recruitment & Teachers salaries					0	0	0	0	0	
4118016	Schools - Monitoring deficits & surpluses					0	0	0	0	0	
4118017	School Meals, Free Meals & Primary Free Breakfast Services	Field Work Complete				0	0	0	0	0	
4118018	Schools Questionnaires Q1	Commenced				0	0	0	0	0	
4118033	Schools Questionnaires Q2	Commenced				0	0	0	0	0	
4118034	Schools Questionnaires Q3	Term of Reference				0	0	0	0	0	
4118035	Schools Questionnaires Q4	Term of Reference				0	0	0	0	0	
4118019	School visits Q1	Term of Reference				0	0	0	0	0	
4118036	School visits Q2	Term of Reference				0	0	0	0	0	
4118037	School visits Q3	Term of Reference				0	0	0	0	0	
4118038	School visits Q4	Term of Reference				0	0	0	0	0	
	<b>Grants</b>										
4118020	Post 16					0	0	0	0	0	
4118021	Education - EIG - Final Annual Audit	Commenced				0	0	0	0	0	
4118022	Education - EIG - Q1 Audit	Complete	0	0	0	0	0	0	0	0	N/A
4118023	Education - EIG - Q2 Audit					0	0	0	0	0	
4118024	Education - EIG - Q3 Audit					0	0	0	0	0	
4118025	Education - EIG - Q4 Audit					0	0	0	0	0	
4118026	Education - PDG - Final Annual Audit	Commenced				0	0	0	0	0	
4118027	Education - PDG - Q1					0	0	0	0	0	
4118028	Education - PDG - Q2					0	0	0	0	0	
4118029	Education - PDG - Q3					0	0	0	0	0	
4118030	Education - PDG - Q4					0	0	0	0	0	
4118031	14 to 19 Learning Pathways	Complete	0	0	0	0	0	0	0	0	N/A
4118032	Youth Work Strategy Grant	Complete	0	0	0	0	0	0	0	0	N/A
	<b>Total Audit Days for Department</b>										
	<b>Corporate Services</b>										

Tudalen 13

INTERNAL AUDIT PLAN 2018/19			REPORTING								
2018/19			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					
5118001	Budget Setting / Delivery of Efficiencies					0	0	0	0	0	
5118002	VAT					0	0	0	0	0	
5118003	Treasury Management - Loans					0	0	0	0	0	
5118004	Housing Benefits					0	0	0	0	0	
5118005	Payroll System	Commenced				0	0	0	0	0	
5118006	Creditor Payments					0	0	0	0	0	
5118007	Debtors System	Commenced				0	0	0	0	0	
5118008	Cash & Bank					0	0	0	0	0	
5118009	Travel & Subsistence System					0	0	0	0	0	
5118010	Deputyships					0	0	0	0	0	
5118011	Trust Funds	Commenced				0	0	0	0	0	
5118012	Burry Port Harbour - Accounts Return for WAO	Complete	0	0	0	0	0	0	0	0	N/A
5118013	Financial Management Other	Complete	0	0	0	0	0	0	0	0	N/A
<b>Total Audit Days for Department</b>											
<b>Communities</b>											
6118001	Home Care					0	0	0	0	0	
6118002	Residential Care Authority & Private Homes Q1	Complete	0	0	0	0	0	0	0	0	N/A
6118023	Residential Care Authority & Private Homes Q2					0	0	0	0	0	
6118024	Residential Care Authority & Private Homes Q3					0	0	0	0	0	
6118025	Residential Care Authority & Private Homes Q4					0	0	0	0	0	
6118003	Supported Living					0	0	0	0	0	
6118004	Learning Disabilities	Complete	0	0	0	0	0	0	0	0	N/A
6118005	Safeguarding					0	0	0	0	0	
6118006	Affordable Homes	Field Work Complete				0	0	0	0	0	
6118007	Licensing and other fees	Complete	0	0	0	0	0	0	0	0	High
6118008	Museums	Complete	0	3	0	3	0	9	0	9	Acceptable
6118009	Libraries	Complete	0	2	1	3	0	6	1	7	Acceptable
6118010	Amman Valley Leisure Centre					0	0	0	0	0	
6118011	Carmarthen Leisure Centre					0	0	0	0	0	
6118012	Llanelli Leisure Centre					0	0	0	0	0	
6118013	Pembrey Country Park / MCP / Country Parks					0	0	0	0	0	
6118014	Ski Centre					0	0	0	0	0	
6118015	Theatres					0	0	0	0	0	
6118016	South Area Leisure / Education & Workforce					0	0	0	0	0	
6118017	Pendine Outdoor Education Centre					0	0	0	0	0	
6118018	Llesiant Delta Wellbeing Ltd - LATC					0	0	0	0	0	
6118019	Housing Company					0	0	0	0	0	
6118020	Financial Management Other	Complete	0	0	0	0	0	0	0	0	N/A
<b>Grants</b>											
6118021	Supporting People	Complete	0	0	0	0	0	0	0	0	N/A
6118022	Communities	Complete	0	0	0	0	0	0	0	0	N/A
<b>Total Audit Days for Department</b>											
<b>Environment</b>											
<b>Property:</b>											
7118001	Property Maintenance					0	0	0	0	0	
7118002	Property & Estate Management (sale of assets)					0	0	0	0	0	
7118003	Energy Strategy					0	0	0	0	0	
<b>Waste and Environment:</b>											
7118004	Grounds Maintenance	Commenced				0	0	0	0	0	
7118005	Cleansing Services	Commenced				0	0	0	0	0	
<b>Highways and Transport:</b>											
7118006	Highway Maintenance (incl. Trunk Roads)					0	0	0	0	0	
7118007	Other Streetwork					0	0	0	0	0	
7118008	Street lighting	Commenced				0	0	0	0	0	
7118009	Parking Inc. Enforcement					0	0	0	0	0	
<b>Planning Services:</b>											
7118010	Local Development Plan					0	0	0	0	0	
<b>Policy &amp; Development Departmental:</b>											
7118011	Management Systems - Total					0	0	0	0	0	
7118012	Financial Management Other					0	0	0	0	0	
<b>Grants</b>											
7118013	Environment Departmental Grants					0	0	0	0	0	
<b>Total Audit Days for Department</b>											
<b>Procurement / Contracts</b>											
8118001	Framework contracts					0	0	0	0	0	
8118002	Specific Projects (new and post contact review)	Draft Report Issued				0	0	0	0	0	
8118003	Departmental Contract Management					0	0	0	0	0	
8118004	Community Benefits					0	0	0	0	0	
8118005	Category Management					0	0	0	0	0	
8118006	Financial Management Other					0	0	0	0	0	
<b>Total Audit Days for Department</b>											
<b>Total Approved Plan Days</b>											
<b>Fire</b>											
9118001	Operating Systems					0	0	0	0	0	
9118002	Internet Security					0	0	0	0	0	
9118003	CAATS					0	0	0	0	0	
9118004	Cloud Computing					0	0	0	0	0	
9118005	Payroll - CORE					0	0	0	0	0	
9118006	HR - Terian					0	0	0	0	0	
9218001	Risk Management					0	0	0	0	0	
9218002	Main Accounting					0	0	0	0	0	
9218003	Budget Setting					0	0	0	0	0	
9218004	Budget Setting & Budget Manual Compliance					0	0	0	0	0	
9218005	VAT					0	0	0	0	0	



Mae'r dudalen hon yn wag yn fwriadol



## PWYLLGOR ARCHWYLIO

28 Medi 2018

**Y Pwnc:** Blaenrhaglen Gwaith

**Y Pwrpas:** Adroddiad Blynyddol Archwiliad Mewnol 2018/19 ir Pwyllgor

### **Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

I dderbyn yr adroddiad

### **Y Rhesymau:**

Blaenrhaglen Blynyddol i hysbysu'r Aelodau or Pwyllgor Archwyllo am yr eitemau agenda yw trafod am y flwyddyn 2018/19

### **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:**

[HLPugh@sirgar.gov.uk](mailto:HLPugh@sirgar.gov.uk)

**EXECUTIVE SUMMARY**  
**AUDIT COMMITTEE**  
 28<sup>th</sup> September 2018

**AUDIT COMMITTEE FORWARD WORK PROGRAMME**

To provide Members with a Forward Work Programme for the 2018/19 Audit Committee cycle to ensure that all appropriate committees have a published up to date programme owned by the Committee Members  
 The following Report is attached:

1. Forward Work Programme

**DETAILED REPORT ATTACHED?**

**YES**

**IMPLICATIONS**

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

**Signed:**

**Helen Pugh**

**Head of Revenues and Financial Compliance**

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: **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 2018-21	AC 28-03-16	Internal Audit Unit

Mae'r dudalen hon yn wag yn fwriadol

**Audit Committee Training / Informal Sessions**

Subject area and brief description of session	Lead Department	Responsible Officer	Dates									
			Feb-16	Jul-17	Autumn '17	Dec-17	Feb-17	Jul-18	Autumn 18	Dec-18	Feb-19	Jun-19
Audit Committee - Training & self assessment	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance	✓		✓					✓		
Meeting with Auditors	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance				✓		✓		✓		
Risk Register	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance	✓				✓				✓	
Statement of Accounts & Annual Governance Statement	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 fwiadol

## FORWARD WORK PROGRAMME - Audit Committee

Audit Committee 2018/19

Subject area and brief description of nature of report	Lead Department	Responsible Officer	Sep-18	Dec-18	Mar-19	Jul-19
Appointment of Audit Committee: · 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 · To receive the progress report · To receive the Scoring Matrix for finalised reviews	Corporate Services	Head of Revenues and Financial Compliance	✓	✓	✓	✓
Internal Audit indicative three year plan	Corporate Services	Head of Revenues and Financial Compliance			✓	
Assurance Reviews: - Fundamental financial systems - 3* reports	Corporate Services	Head of Revenues and Financial Compliance	As required			
Progress Report - Delivery of External Audit Recommendations	Regeneration & Policy	Performance Planning Section		✓		
Progress Report - Delivery of Internal Audit Recommendations	Corporate Services	Head of Revenues and Financial Compliance			✓	
Progress reports as requested by Audit Committee · Supporting People · Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities · Museums · Leisure Centre · Coastal facilities	Communities	Safeguarding & Commissioning Manager Head of Mental Health and Learning Disabilities Head of Leisure Head of Leisure Head of Leisure		✓		✓
Approval of Audit Charter	Corporate Services	Head of Revenues and Financial Compliance		✓		
Approval of Strategies / Rules & Regulations	Corporate Services	Head of Revenues and Financial Compliance	As required			
Approval of Risk and Business Continuity Strategy	Corporate Services	Head of Revenues and Financial Compliance	✓			

## FORWARD WORK PROGRAMME - Audit Committee

## Audit Committee 2018/19

Subject area and brief description of nature of report	Lead Department	Responsible Officer	Sep-18	Dec-18	Mar-19	Jul-19
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	✓		✓	
Opportunity for Members to discuss Risks		Risk owners	✓			
Statement of Accounts including Annual Governance Statement for Carmarthenshire CC & Dyfed Pension Fund <ul style="list-style-type: none"> <li>· To be received</li> <li>· To be approved</li> </ul>	Corporate Services	Head of Financial Services	✓			✓
Burry Port Harbour Accounting Statement <ul style="list-style-type: none"> <li>· To be received</li> <li>· To be approved</li> </ul>	Corporate Services	Head of Financial Services	✓			✓
Audit enquiries to those charged with governance and management for: <ul style="list-style-type: none"> <li>· Carmarthenshire CC</li> <li>· Dyfed Pension Fund</li> </ul>	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"> <li>· Grants Panel</li> <li>· Corporate Governance Group</li> <li>· Risk Management Steering Group</li> </ul>	Corporate Services	Head of Revenues and Financial Compliance Head of Financial Services	✓	✓	✓	✓



**FORWARD WORK PROGRAMME - Audit Committee**

**Audit Committee 2018/19**

Subject area and brief description of nature of report	Lead Department	Responsible Officer	Sep-18	Dec-18	Mar-19	Jul-19
<b>Wales Audit Office:</b>	<b>Corporate Services</b>	<b>Wales Audit Office</b>				
· <b>Audit Plan Update</b>			✓	✓	✓	✓
· <b>Annual Improvement Report</b>			✓			
· <b>Financial Statements – ISA260 Report presented to those charged with Governance</b> in relation to the Statement of Accounts for <ul style="list-style-type: none"> <li>o Carmarthenshire CC</li> <li>o Dyfed Pension Fund</li> </ul>			✓			
· <b>Letter of Representation</b> <ul style="list-style-type: none"> <li>o Carmarthenshire CC</li> <li>o Dyfed Pension Fund</li> </ul>			✓			
· <b>Annual Audit Letter:</b> <ul style="list-style-type: none"> <li>o Carmarthenshire CC</li> <li>o Dyfed Pension Fund</li> </ul>				✓		
· <b>Thematic Study: Well-being of Future Generations - Baseline assessment</b>						
· <b>Thematic Study: Well-being of Future Generations -Scrutiny Review</b>			✓			
· <b>Thematic Study: Service User Review</b>						
· <b>LG Improvement Study - Intermediate Care Fund</b>						
· <b>LG Improvement Study - Using Data Effectively</b>			✓			
· <b>LG Improvement Study - How well do public bodies provide services to rural communities</b>			✓			
· <b>Local Project work</b>			✓			
· <b>Auditor General's fees</b> <ul style="list-style-type: none"> <li>o Financial Audits:                             <ul style="list-style-type: none"> <li>§ Carmarthenshire CC</li> <li>§ Dyfed Pension Fund</li> </ul> </li> <li>o Performance Audit</li> </ul>					✓	

Mae'r dudalen hon yn wag yn fwiadol

**PWYLLGOR ARCHWILIO**

28 Medi 2018

**DIWEDDARU CYNLLUN GWEITHREDU CYFLEUSTERAU  
ARFORDIROL****Y Pwrpas:**

I nodi'r ymdeithiad i weithredu'r Cynllun Gweithredu Cyfleusterau Arfordirol.

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

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

**Y Rhesymau:**

Gofynnwyd Y Pwyllgor Archwilio yng nghyfarfod 23 Mawrth 2018 am adroddiad cynnydd mewn chwe mis.

**Ymgynghorwyd â'r pwyllgor craffu perthnasol : AMHERTHNASOL**

Angen i'r Bwrdd Gweithredol wneud penderfyniad : AMHERTHNASOL  
Angen i'r Cyngor wneud penderfyniad : AMHERTHNASOL

**Y Gyfarwyddiaeth:****Cymunedau****Enw Pennaeth y Gwasanaeth:****Ian Jones****Awdur yr Adroddiad:****Neil Thomas****Swyddi:****Pennaeth Hamdden****Rhifau ffôn:****01267 228309****01554 742361****Cyfeiriadau E-bost:**[iJones@Carmarthenshire.gov.uk](mailto:iJones@Carmarthenshire.gov.uk)[neilgthomas@Carmarthenshire.gov.uk](mailto:neilgthomas@Carmarthenshire.gov.uk)

**EXECUTIVE SUMMARY  
AUDIT COMMITTEE  
28TH SEPTEMBER 2018**

**COASTAL FACILITIES ACTION PLAN UPDATE**

**1. BRIEF SUMMARY OF PURPOSE OF REPORT.**

The attached Action Plan summaries the agreed work and progress to date by the Outdoor Recreation Team to improve its processes following the Internal Audit Summary presented initially to the Audit Committee on 22<sup>nd</sup> March 2016.

An update was also provided to Scrutiny committee on the 30th Sept 2016, the 6th January 2017, the 22<sup>nd</sup> March 2017 and the 29th September 2017.

Pembrey Country Park has had a subsequent Internal Audit in January 2018. As a result of this Audit Review the risk rating has been reduced to medium.

It should also be noted that the new staffing structure and financial expertise brought in to ensure the implementation and monitoring of appropriate controls has resulted in the reduced risk rating a post audit assurance level of 'acceptable'.

The Internal Audit highlighted a total of eight areas with seven being one star (minor issues) and one being two star (Control issues required to strengthen existing procedures). All of these issues are now being actioned.

**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
<b>NONE</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>

## 1. Legal

Appropriate advice has been sought from legal, Property management, Finance, Health and Safety, Internal Audit and Rick to ensure that 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 is being introduced to improve standards and consistency.

## 4. Risk Management Issues

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

## 5. Staffing Implications

The Action Plan has addressed concerns identifies especially with regards to recruitment and the safety of staff members.

## 6. Physical Assets

Leisure are working closely with colleagues in the Environmental 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** 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:

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Internal Audit Summary Report – Coastal Facilities and Draft Action Plan March 2016		<a href="http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=163&amp;MId=179&amp;Ver=4">http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=163&amp;MId=179&amp;Ver=4</a>
Internal Audit Summary Report – Coastal Facilities and Draft Action Plan July 2016		<a href="http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=163&amp;MId=445&amp;Ver=4">http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=163&amp;MId=445&amp;Ver=4</a>
Internal Audit Summary Report – Coastal Facilities and Draft Action Plan January 2017		<a href="http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=163&amp;MId=644&amp;Ver=4">http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=163&amp;MId=644&amp;Ver=4</a>
Internal Audit Summary Report – Coastal Facilities and Draft Action Plan March 2017		<a href="http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=163&amp;MId=697&amp;Ver=4">http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=163&amp;MId=697&amp;Ver=4</a>
Internal Audit Summary Report – Coastal Facilities and Draft Action Plan September 2017		<a href="http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=163&amp;MId=1002&amp;Ver=4">http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=163&amp;MId=1002&amp;Ver=4</a>
Internal Audit Summary Report – Coastal Facilities and Draft Action Plan March 2018		<a href="http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=163&amp;MId=1450&amp;Ver=4">http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=163&amp;MId=1450&amp;Ver=4</a>

# 1. Summary of Issues and Recommendations

**Rating**

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

	<b>Summary Of Issues</b>	<b>Recommendations</b>	<b>Rating</b>	<b>Comments / Agreed Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>
	<b>Non-Compliance with Financial Procedure Rules</b>		***			
R1	<p>A new structure has been implemented with 3 new managerial posts included. Due to the previous fundamental weaknesses identified and the improvements in procedures only being recent it would be beneficial if management monitoring was introduced to ensure that the procedures adopted continue and do not lapse over a period of time. It is acknowledged that the BSU Section have commenced monitoring of the income generating activities.</p> <p>As part of the new structure many of the job descriptions have been updated. However, there are some job descriptions that have not been updated and reflect the old structure. These need to be reviewed and updated where appropriate.</p>	<p>Management monitoring should be introduced to ensure procedures adopted at the facility operate to a good standard and comply with all set policies and procedures.</p> <p>All job descriptions should be accurate and up to date to ensure that all staff are clearly aware of their roles and responsibilities.</p>		<p>The new structure has now been implemented since May 2017 with all new staff working to clear and concise job descriptions.</p> <p>Job descriptions have been reviewed and all job descriptions will be periodically reviewed in the future to ensure that they continue to reflect roles.</p>	<p>Neil Thomas</p> <p>Neil Thomas</p>	<p>Completed</p> <p>Completed</p>

R2	<p>It was previously reported that the Authority's approved policies and procedures and in some instances statutory legislation were not being fully complied with.</p> <p>Significant improvements have been made in order to address this issue, however there are still some areas where non-compliance exists. In particular, Contract / Quotation Procedure Rules, although it should be noted that this is not always a Coastal Facilities specific issue but rather an Authority wide issue.</p> <p>Whilst documented procedures have been formulated for many areas to include the improvements recently implemented, Internal Audit have been advised that there are still areas that are yet to be completed.</p>	<p>The Authority's approved policies and procedures should be fully complied with.</p> <p>The update of the documented procedures which are consistent with the requirements of the Authority's Financial Procedure Rules should be completed and subsequently made available to all relevant staff.</p>		<p>Staff are consistently reminded of the need to follow policies and procedures. The new structure provides the clear lines of management and communication to enable this to happen.</p> <p>The new structure has also given greater clarity on roles and responsibilities and ensures that staff are aware of their responsibilities and accountabilities.</p> <p>Training for all Managers has also taken place with colleagues in Procurement.</p> <p>The main systems are being documented as they are reviewed and as new systems are developed then the appropriate procedures will be developed and documented</p>	<p>Neil Thomas</p> <p>Lyn Walters / Kelly Shefford</p>	<p>Completed. Ongoing task.</p> <p>Completed. Ongoing task.</p>
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R3	<p>Whilst some improvements have been made for income collection, recording, banking and monitoring, there are further improvements intended in the form of a new barrier system and camping booking system. It is important that progress continues in these areas.</p>	<p>It is important that the intended improvements are implemented within the specified time frames.</p>		<p>The procedure is working well with colleagues in the BSU. This area of work will continue to be reviewed.</p>	Lindsey Roberts	Completed Ongoing task.
				<p>Ad hoc audit visits will take place at all points that money is collected.</p>	Lindsey Roberts	Complete
	<p>Currently the BSU Section undertake a reconciliation of income due to income received, banked and recorded on the Authority's Financial Management System and a spreadsheet is maintained to record that the reconciliation has been undertaken. Internal Audit have been advised that the Senior Manager is involved in the reconciliations although there is no evidence that this is the case. This is of some concern particularly as there appear to be instances where large variances have been identified which do not appear to have been investigated and reasons recorded. It is noted that the</p>	<p>The reconciliation of Income due to income received, banked and recorded on the Authority's Financial Management System should be reviewed by a senior member of staff and this should be evidenced. All significant variances should be investigated and reasons recorded.</p>		<p>The new barrier system is in the final stages of the Tendering process with work due to start on the engineering element in October 2018. Full installation will be complete in Autumn 2018.</p>	Lyn Walters	Ongoing
				<p>The online booking system for the caravan park is fully operation with @80% of bookings going through Gemma Park.</p>	Lyn Walters	Completed
			<p>This area of work is continually reviewed and monitored.</p>	Lyn Walters	Completed	

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	<b>Summary Of Issues</b>	<b>Recommendations</b>	<b>Rating</b>	<b>Comments / Agreed Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>
	larger variances occurred prior to the additional staffing resources being brought in to address the previous weaknesses identified.					
R4	An up to date inventory has recently been completed and the movement of assets is now recorded. At the time of the Internal Audit review the asset lists had not been subject to physical check by an independent person, although Internal Audit had been advised that it was the intention to undertake such a check in the Autumn.	The list of assets should be subject to physical check by an independent person at least on an annual basis and this should be evidenced.		An annual audit of plant and equipment is undertaken.	Margaret Pullen	Completed. Ongoing task.

	<b>Summary Of Issues</b>	<b>Recommendations</b>	<b>Rating</b>	<b>Comments / Agreed Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>
R5	<p>The management and administration of third party agreements has currently been delegated to the Authority's Corporate Property Section to ensure adequate, up to date agreements are in place. It is important that such agreements are formulated as soon as possible, responsibilities defined and monitoring arrangements subsequently established.</p> <p>In relation to events, improvements have been made and a formal process has now been established, although the approval of the events contract and documentation from the Authority's Legal Section is currently being waited on. For large events a panel meets and decisions are recorded on the event summary sheet, however the panel members are not required to physically sign off the decision being recorded.</p>	<p>Accurate and up to date agreements should be formulated as soon as possible and monitoring arrangements subsequently established. All monitoring should be recorded as evidence that it has been undertaken.</p> <p>A response from the Authority's Legal Section should be obtained as soon as possible in order that an assurance may be given that the policy and documentation being utilised are appropriate.</p> <p>All panel members should sign the decision recorded on the event summary sheet.</p>		<p>An event contract has been prepared by the legal section.</p> <p>All third party agreements have been referred to Corporate Property to develop agreements in line with service requirements.</p> <p>All mobile catering concessions have been retendered and licences have been signed by all parties.</p> <p>The mooring contract for BPH was reviewed by the Council's solicitors and completed. BPH is now managed by Cardiff Marine Group.</p>	<p>Lyn Walters / Legal</p> <p>Peter Edwards</p> <p>Lyn Walters / Legal</p> <p>Lyn Walters / Legal</p>	<p>Completed.</p> <p>Completed.</p> <p>Completed.</p> <p>Completed.</p>

Tudalen 36

	<b>Summary Of Issues</b>	<b>Recommendations</b>	<b>Rating</b>	<b>Comments / Agreed Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>
R6	The Ski Slope and Ski shop have been transferred over to the Sports and Leisure Unit and improvements are currently being implemented in the management and administration of the facility including a full stock take of all shop assets and the implementation of the Gladstone till system.	Improvements in the management and administration of the ski slope and shop should continue to ensure the Authority's and locally set policies and procedures are fully complied with.		<p>An upgraded Gladstone (360) Management Software Platform System has been installed to align with leisure centre systems.</p> <p>Implementation of Leisure Facilities Finance and Administration Procedures has been completed.</p> <p>Stock Check completed. Shop now closed</p>	Lee S Jones	Completed

	Summary Of Issues	Recommendations	Rating	Comments / Agreed Actions	Responsible Officer	Target Date
R7	<p>Procedures have improved in order to demonstrate a good control on the use of facilities and Internal Audit have been advised that it is intended that current procedures will be extended to include further spot checks particularly on the camping and entry into Pembrey Country Park.</p> <p>Internal Audit have also been advised that items available for resale are very minimal and this situation is due to decrease further. It should be ensured that adequate arrangements are put in place to ensure that all stock and all income is properly accounted for.</p>	<p>Spot checks on the use of facilities should be expanded as intended particularly during the busy summer season. It would be appropriate to place signs at the barrier informing visitors to expect and retain receipts for possible checks that are likely to occur.</p> <p>Adequate arrangements should be put in place to ensure that all stock and all income is properly accounted for.</p>		<p>A sign already exists at the barrier advising visitors to keep receipts</p> <p>CCTV cameras have been installed to cover the cash till at the barrier.</p> <p>Regular unannounced visits to undertake cash ups and other audit functions take place at all points where monies are collected within the Outdoor Recreation section.</p>	<p>Lyn Walters</p> <p>Lyn Walters</p> <p>Lindsey Roberts</p>	<p>Completed.</p> <p>Completed.</p> <p>Completed.</p>

	Summary Of Issues	Recommendations	Rating	Comments / Agreed Actions	Responsible Officer	Target Date
	<b>Risk Management &amp; Business Continuity Strategy</b>		**			
R8	The training needs of all staff have been reviewed and recorded on a training matrix. This matrix has identified a significant training need across the coastal facilities and it is acknowledged that some training has already been arranged. It is imperative that where a training need has been identified that staff are provided with the necessary training as soon as possible.	All staff identified as having a training need should receive the relevant training as soon as possible.		Training Needs Evaluation has taken place in conjunction with the Council's training section and health and safety section. Training courses are arranged as required to deal with the varied nature of the work and it is recognised that this can be seasonal due to the demands of the job. Training requirements will be reviewed regularly.	Neil Thomas	Completed. Ongoing task.

	<b>Summary Of Issues</b>	<b>Recommendations</b>	<b>Rating</b>	<b>Comments / Agreed Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>
R9	<p>Improvements have been made relating to the management and administration of functions at the coastal facilities which were developed on conjunction with the Authority's Health &amp; Safety and Risk Management Staff.</p> <p>However, in respect of Burry Port Harbour there has been a delay in the implementation of the newly formulated process which included the issue of updated contracts and the checking of insurance documents on an annual basis. A response from the Authority's legal Section is currently being awaited regarding the adequacy of the contracts prior to their issue. As current mooring agreements are headed as being annual, mooring holders do not have current contracts and insurance documents have not been checked to ensure they are up to date which presents an insurance risk for the Authority.</p>	<p>As previously recommended '<i>All activities should be subject to a robust registration and checking procedure to protect the authority</i>'.</p> <p>A response from the Authority's Legal Section should be followed up to enable up to date contracts to be issued and insurance risks checked as soon as possible.</p>		<p>The mooring contract for BPH was reviewed by the Council's solicitors and implemented.</p> <p>BPH is now managed by Cardiff Marine Group.</p>	Lyn Walters	Completed.

Mae'r dudalen hon yn wag yn fwriadol



## Y Pwyllgor Archwilio 28fed Medi 2018

Adroddiad Swyddfa Archwilio Cymru ynghlych gweithredu'r argymhellion yr adolygiad o Reoli Perfformiad Pobl

Diweddariad – Medi 2018

### Argymhellion/penderfyniadau allweddol sy'n ofynnol:

Bod y Pwyllgor yn derbyn yr adroddiad a nodwyd uchod.

### Rhesymau:

Yn y cyfarfod diwethaf, gofynnodd y Pwyllgor am diweddariad ynghylch gweithrediad yr argymhellion a nodwyd yn yr adolygiad ar reolaeth perfformiad Pobl.

<b>Pwyllgor craffu perthnasol i ymgynghori ag ef ?</b>	<b>Amherthnasol</b>
<b>A oes angen penderfyniad gan y Bwrdd Gweithredol ?</b>	<b>Nac Oes</b>
<b>A oes angen penderfyniad gan y Cyngor ?</b>	<b>Nac Oes</b>

### DELIAD PORTFFOLIO YR AELOD GWEITHREDOL O'R BWRDD GWEITHREDOL:- Cllr. Mair Stephens

Adran: Addysg a Phlant	Cyfarwyddwr Addysg a Phlant: Director for Education	01267 246522 <a href="mailto:Edgmorgans@sirgar.gov.uk">Edgmorgans@sirgar.gov.uk</a>
Enw'r Pennaeth: Gareth Morgans	Prif Weithrewr Cynorthwyol (Rheoli Pobl)	01267 246123 <a href="mailto:PRThomas@sirgar.gov.uk">PRThomas@sirgar.gov.uk</a>
Awdur yr Adroddiad: Paul Thomas		

# EXECUTIVE SUMMARY

## Audit Committee

28<sup>th</sup> September 2018

Wales Audit Office Report  
Evaluation of the Council's Review of People Performance Management  
Progress Report – September 2018

### Background

During 2017, as a result of concerns highlighted by the Council's Internal Audit team, the Council's Corporate People Performance Management Review Working Group undertook a review of the Council's People Performance Management Framework and presented its findings to the Council's Corporate Management Team on 10 October 2017.

The findings were subsequently formally handed over to the People Strategy Governance Board (PSGB) in February 2018 – Chaired by Gareth Morgans (Director of Education & Children); the PSGB has been charged with developing a detailed action plan. This work is still ongoing, however the attached report provides Members with an update on the progress being made in terms of addressing the review's recommendations.

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: G Morgans – Director of Education & Children (Chair of the People Strategy Governance Board)

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

## CONSULTATIONS

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

Signed: G Morgans – Director of Education & Children (Chair of the People Strategy Governance Board)

- 1. Scrutiny Committee **NONE**
- 2. Local Member(s) **NONE**
- 3. Community / Town Council **NONE**
- 4. Relevant Partners **NONE**
- 5. Staff Side Representatives and other Organisations **NONE**

**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 Report  
Evaluation of the Council's Review of People Performance Management

**Progress Update – 28<sup>th</sup> September 2018**

## **Background**

During 2017, as a result of concerns highlighted by the Council's Internal Audit team, the Council's Corporate People Performance Management Review Working Group undertook a review of the Council's People Performance Management Framework and presented its findings to the Council's Corporate Management Team on 10 October 2017.

The Wales Audit office reported to the Audit Committee on the 13<sup>th</sup> July 18 that *“over seven months has elapsed since the review concluded but no action has yet been taken to address the report's recommendations.”*

The findings were subsequently formally handed over to the People Strategy Governance Board (PSGB) in February 2018 – Chaired by Gareth Morgans (Director of Education & Children); the PSGB has been charged with developing a detailed action plan. This work is still ongoing, however the attached report provides Members with an update on the progress being made in terms of addressing the review's recommendations.

### **Recommendation 1**

***Directors/Heads of Service undertake a desk top review of service structures, particularly within high risk customer facing areas, to identify any potential risk areas to reduce the likelihood of similar failings occurring as a result of flat structures.***

#### **Actions undertaken:**

Under the Delegated Powers set out in the Council's Constitution, the Chief Executive and Directors have specific responsibility in determining all matters related to staffing and structures. The Corporate Management Team has considered & discussed the recommendations highlighted by the report and has ongoing input into the development of re-structuring or realignment as appropriate. This is an ongoing process to respond to service needs including the delivery of significant of PBB savings. The Corporate Management Team is satisfied that the structures are appropriate to deliver the Council's services.

Since the review, work has been undertaken to prioritise those services areas that had been highlighted e.g. Waste and Leisure. Both these areas have been or are in the process of being realigned. This work was ongoing before being highlighted during the Review and is being monitored by HR Business Partners at the relevant Departmental Management Teams.

### **Recommendation 2**

***Directors/Heads of Service to undertake a desk top risk assessment of dispersed service delivery teams including agile working and remotely located teams as well as teams with a***

***distinct identity or external/individual brand (i.e. Families First) to identify potential risks of disconnection from the corporate organisation.***

**Actions undertaken:**

The Leadership & Management Development Framework has been developed and there are various tools and resources available to support capacity & capability when managers have remotely located teams. In terms of agile working, the Learning and Development team now provides a programme of development aimed at supporting managers to manage an agile workforce, this includes tips on how to maintain good communication when managing dispersed teams. In addition IT colleagues are providing relevant IT solutions that ensure managers are able to keep in touch with staff that are working from dispersed locations e.g. Skype for Business, mobile phones.

**Recommendation 3**

***Building on the existing review of the induction process it is recommended that 'new manager's guide' be developed to complement the new 'employee guide' currently under development. The 'new manager's guide' is to be used during induction to identify areas of training and development and is to include a checklist for managers signposting them to the relevant technical and people management information, tools and support. This checklist should include but is not exclusive to:***

**Technical management:**

- Financial regulations
- Procurement rules
- Corporate priorities
- Code of conduct
- Budget management
- Performance management
- Relevant checks and balances
- Legal/statutory requirements

**People management:**

- Workforce planning
- People management
- Emotional intelligence
- Recruitment and selection (including job profile development)
- Appraisals and reviews
- Induction and probation
- Agile working
- Declarations of interest
- Managing change

**Actions undertaken:**

The Heads of Service Forum has been engaged to support the development of a framework, and an evaluation has been undertaken of the Future Leaders Programme with a view to making it available across a wider organisational base.

A range of tools and resources are currently available to underpin the new leadership and management behaviours and the recent Investors in People Review supports the approach for extending leadership and management competencies at all levels. This work will continue to be overseen by the PSGB (see Appendix A).

### **Recommendation 3a**

***Ensure that managerial training needs identified at induction stage are streamlined into, and reviewed during, the appraisal process.***

#### **Actions undertaken:**

Funding was identified in March 2018 to allow the Council to develop a new “on-boarding” system to be accessed via its HR system, which will allow for customised induction and support for new managers. This piece of work has now been developed and has been presented to senior managers within People Management for their input. The system will provide the ability for staff development to be monitored alongside appraisal discussions.

### **Recommendation 4**

***Introduce workforce and succession planning as a key element of the Executive Board and Heads of Service Business Plan sessions to reinforce work currently being undertaken by HR business partners and strengthen accountability.***

#### **Actions undertaken:**

Workforce planning is an integral element of the business planning process. HR Business Partners have been working with Departmental Management Teams to provide comprehensive workforce data to assist with business and workforce planning. A Toolkit for Managers has previously been developed and briefing sessions for managers have been provided.

### **Recommendation 5**

***Review the process for creating job profiles in order to increase the focus on behavioural standards/core competencies and reduce task orientated criteria. Develop clear guidelines/support for managers for creating job profiles of this nature.***

#### **Actions undertaken:**

A Leadership and Development Framework has been developed and various tools and resources are available to support capacity and capability in this area. This includes service areas adopting a leadership and management academy for those aspiring to become leaders and managers. Further work will now be undertaken to extend the organisation’s competency framework across all levels, reflecting the outcomes of the recent Investors in People Review.

The Heads of Service Forum has been engaged to support the development of the framework, and an evaluation has been undertaken of the Future Leaders Programme with a view to making it available across a wider organisational base. A range of tools and resources are currently available to underpin the new leadership and management behaviours and the recent Investors in People Review supports the approach for extending leadership and management competencies at all levels. This work will continue to be overseen by the

PSGB. This can be evidenced by the Evaluation of Future Leaders Programme Development Programme for Heads of Service and the Investors in People Review 2018.

Additionally, the Leadership & Management Development Framework has been developed and various tools and resources are available to support capacity & capability in this area. This includes Service areas adopting a Leadership & Management Academy for those aspiring to become leaders/managers. Further work will now be undertaken to extend the organisations competency framework across all levels reflecting the outcomes of the recent Investors in People Review. Again, this can be evidenced by the Leadership & Management Behaviours Competency Framework (UCF), Future Leaders Programme Evaluation and the Investors in People Review 2018.

In addition, a more streamlined electronic job profile template has been introduced and guidance for managers has been produced.

#### **Recommendation 6**

***Review the appraisal process to focus on behaviours and core competencies and develop a suite of tools to support managers to flexibly implement appraisal principles within different structures and service profiles.***

#### **Actions undertaken:**

There has been a focus on delivery skills based development for managers/supervisors in conducting appraisals, supporting individual performance and development. Service and professional occupational groups have been a priority and the evaluation of this will be measured in the forthcoming post IIP Review. The outcomes and the skills gap to support this measure will be evaluated/monitored through the Investors in People review and the People Strategy Work Stream. This is evidenced by the In-House and commissioned learning and development modules. In addition, the Council's HR system has been further developed to provide managers with an online appraisal tool, which automates the process.

#### **Recommendation 7**

***In line with recommendations of the Internal Audit Review of Declaration of Interests, Gifts and Hospitality 2017, the guidance on declarations of interest should be reviewed and, if appropriate, updated. The use of meta compliance and/or Resource Link should be explored as a means of ensuring the necessary awareness of the requirements with managers and staff.***

#### **Actions undertaken:**

Since the Review, consideration has been given to best practice across Public Sector in Wales and as a result a new draft Employee Code of Conduct Guide and Declaration of Interest Form have been developed for discussion and agreement. IT colleagues have also included the development of an e-form into their work programme, which will be made available to all staff once the content of new form has been agreed. Going forward consideration will need to be given to how the process for declaring interests is publicised to staff.



**Recommendation 8**

*All internal audit recommendations to be monitored via PIMS, subject to successful system testing.*

**Actions undertaken:**

Recommendation completed. All Internal Audit recommendations are now on PIMS.

**Recommendation 9**

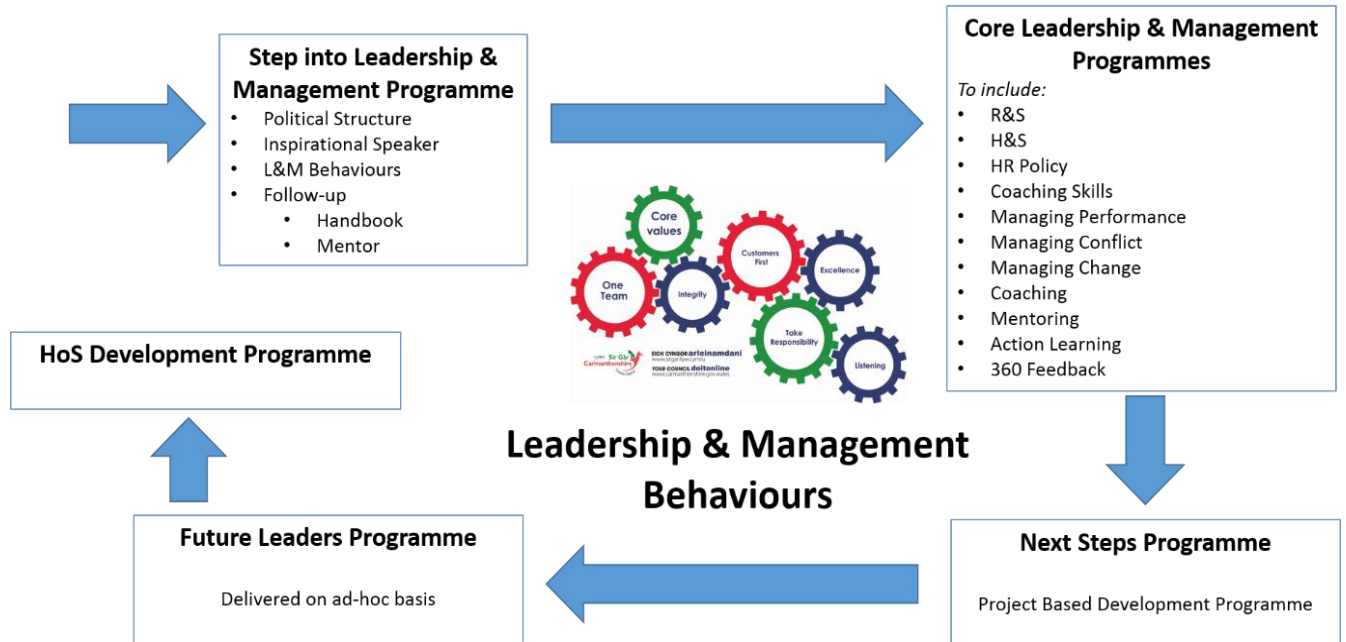
*A risk register to be developed by the People Strategy Group based upon the recommendations made in the report.*

**Actions undertaken:**

The PSGB has incorporated this into their work programme for consideration and, as it is now being recorded on PIMS, there is no requirement for a bespoke Risk Register (See above).



# Your Leadership Journey



**PWYLLGOR ARCHWILIO**

28 Medi 2018

**DIWEDDARU CYNLLUN GWEITHREDU CANOLFAN HAMEDDEN  
LLANELLI****Y Pwrpas:**

I nodi'r ymdeithiad i weithredu'r Cynllun Gweithredu Cyfleusterau Arfordirol.

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

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

**Y Rhesymau:**

Gofynnwyd Y Pwyllgor Archwilio yng nghyfarfod 15 Rhagfyr 2017 am adroddiad cynnydd.

**Ymgynghorwyd â'r pwyllgor craffu perthnasol : AMHERTHNASOL**

Angen i'r Bwrdd Gweithredol wneud penderfyniad : AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad : AMHERTHNASOL

**Y Gyfarwyddiaeth:**

Cymunedau

Enw Pennaeth y Gwasanaeth:

Ian Jones

Awdur yr Adroddiad:

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Swyddi:

Pennaeth Hamdden

Rhifau ffôn:

01267 228309

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**EXECUTIVE SUMMARY  
AUDIT COMMITTEE  
28TH SEPTEMBER 2018**

**LLANELLI LEISURE CENTRE ACTION PLAN UPDATE**

**1. BRIEF SUMMARY OF PURPOSE OF REPORT.**

The attached Action Plan summaries the agreed work and progress to date by the Llanelli Leisure Centre Management Team to improve its processes following the Internal Audit Summary presented initially to the Audit Committee in December 2017. A more recent Audit Report has been undertaken at the facility.

The Internal Audit highlighted a total of five areas with one being one star (minor issues) and three being two star (Control issues required to strengthen existing procedures) and one being three star issue (To ensure adequate control measures are introduced as a matter of urgency). All of these issues are now being actioned.

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

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

<b>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 :</b> <b>Signed: Ian Jones</b> <span style="float: right;"><b>Head of Leisure</b></span>						
Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>YES</b>	ICT <b>YES</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>YES</b>	Physical Assets <b>NONE</b>
<b>1. Finance</b> Significant focus of review to ensure that Financial Procedure Rules are fully complied with.						
<b>2. ICT</b> New technology is being introduced to improve standards and consistency.						
<b>3. Risk Management Issues</b> Increased focus on evaluating exposure to risk and addressing weaknesses identified.						
<b>4. Staffing Implications</b> The Action Plan has addressed concerns identifies especially with regards to recruitment and the safety of staff members.						

## CONSULTATIONS

<b>I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below</b> <b>Signed: Ian Jones</b> <span style="float: right;"><b>Head of Leisure</b></span>	
<b>1. Scrutiny Committee</b> Not applicable. <b>2. Local Member(s)</b> Not applicable. <b>3. Community / Town Council</b> Not applicable. <b>4. Relevant Partners</b> Not applicable. <b>5. Staff Side Representatives and other Organisations</b> Not applicable.	

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 – Llanelli Leisure Centre and Draft Action Plan 2016/17		<a href="#">\\ntcarmcc\cfp\Leisure &amp; Culture\Sport &amp; Leisure\04 South Area\01. LLC\05 Finance &amp; Admin\13. AUDIT\LLC Draft Report 2016 17 v2.docx</a>
Internal Audit Summary Report – Llanelli Leisure Centre and Draft Action Plan 2017/18		<a href="#">\\ntcarmcc\cfp\Leisure &amp; Culture\Sport &amp; Leisure\04 South Area\01. LLC\05 Finance &amp; Admin\13. AUDIT\Submission Audit AP - 2017-18\Llanelli Leisure Centre Report 1718.docx</a>

Mae'r dudalen hon yn wag yn fwriadol

**Internal Audit**  
**Archwiliad Mewnol**

**Communities**

**Leisure Facilities –  
Llanelli Leisure Centre**

**Draft Report 2016/17**

*Gwneud gwell defnydd  
o adnoddau*



*Making better use of  
resources*

## **1. INTRODUCTION**

### **1.1 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.

### **1.2 Scope of Work**

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.

### **1.3 Audit Objectives**

To ensure that controls and procedures in operation within Llanelli Leisure Centre are robust and comply with the Authority's Financial Procedure Rules.

### **1.4 Audit Resources**

Audit Team : Alexa Thomas, MAAT, Senior Auditor  
: Lisa Lewis, Audit Technician

Contact Number : 01267 246225



## **1.5 Methodology**

The audit involved:

- Interviews with relevant officers
- Examining relevant documentation, including any procedural guidance issued;
- Evaluating the adequacy of internal controls;
- Ascertaining the system in operation;
- Compliance and substantive testing as necessary;
- Reporting to management and making recommendations where appropriate.

## **1.6 Audit Committee**

Key Recommendations emanating from the Internal Audit review along with an individual assurance rating for the Leisure Centre will be referred to the Authority's Audit Committee

## **2. FINDINGS**

### **2.1 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 the last review and again during this review, some improvements have been made. In particular, It was noted that improvements had been made relating to the till 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. Any issues identified such as variances, documentation not completed properly are recorded and discussed with the relevant staff immediately. It would be prudent to document any follow up action taken. 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 do not lapse over time but continue to a good standard by implementing 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. This has resulted in a number of fundamental issues being identified, which includes some issues that had been previously reported that continue to remain outstanding.

As a result the overall assessment of the management and administration at Llanelli Leisure Centre is considered to be operating to a low standard.

The review of staffing matters highlighted a number of serious concerns which need to be addressed as a priority in order to ensure that only bona fide accurate payments are being made to staff.

In addition, the EU legislation relating to the working time directive was not being fully complied with. All staff and managers must adhere to the policy and Managers' have a legal responsibility to ensure that staff working hours are monitored and that the legislation is fully complied with.

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

Recommendations to address the issues identified are summarised in Section 2.2 below. The implementation of these recommendations will enable Internal Audit to place an assurance that systems operating at the Centre are of a high standard.

The post review assurance level for systems relating to Llanelli Leisure Centre is categorised as follows:

Post Audit Risk Classification / Audit Opinion:	
Post Review Assurance Level	Description for Assurance Level
Low	Inadequate controls High risk of not meeting objectives High risk of fraud, negligence, loss, damage to reputation

**2.0 ACTION PLAN**

**Ratings**

- \*\*\* Recommendation should be introduced as a high priority.
- \*\* Implementation is strongly recommended.
- \* Implementation of recommendation is desirable to comply with best practice guidance.

	Summary of Issues	Recommendations	Rating	Agreed Action / Comments	Officer Responsible	Target Date
R1	<p><b><u>Income</u></b></p> <p><b><u>Till Income</u></b> Of the sample of terminal readings tested a number of issues were identified that need to be addressed. In particular, income collection procedures did not always fully comply with the requirements of Financial Procedure Rules, and it was not possible to place full assurance that all income due had been properly accounted for.</p> <p>See Appendix 1 for details.</p>	<p>Procedures for the collection, recording, banking and monitoring of income should be further improved, paying particular attention to the issues detailed in Appendix 1, in order to provide full assurance that all income due has been properly accounted for.</p> <p>Unannounced cash ups of the tills should be performed on each till operator in each financial year by an independent member of staff with evidence of these cash ups retained.</p>	**	<p>Self-auditing systems are in place to ensure financial procedures are maintained to identify, regulate and mentor staff where appropriate in relation to any issues that may occur with regard to financial documentation being completed. Gladstone system is reviewed regularly to improve staff operation and customer service (completed).</p> <p>Access levels will be checked to ensure only senior staff members have the capability to perform voids and refunds, which will be tested via self-auditing (completed).</p> <p>An internal system is being managed to ensure that all unannounced cash-ups are recorded against all CSA / Catering staff who manage daily customer sales transactions. Checks will be administered in collaboration with the BSU who will also undertake unannounced cash-ups within</p>	Steve Owens	01/12/2017

				the respective financial periods (completed).		
	Summary of Issues	Recommendations	Rating	Agreed Action / Comments	Officer Responsible	Target Date
R1 cont.	<p><b>Vending</b> The review has identified that vending machines and hairdryer machines are not always being emptied on a sufficiently frequent basis resulting in the limit of £100 to be held in vending machines specified in Financial Procedure Rules being exceeded in some instances.</p> <p><b>Stock</b> Currently, there is no record maintained of cafe stock and no formal record of wastages maintained by cafe staff. In addition, there is no reconciliation of stock sold to income collected. Stock counts continue to be made for re-order purposes.</p> <p>Internal Audit have been advised that such records will be maintained when the</p>	<p>In accordance with the requirements of Financial Procedure Rules, the frequency of emptying cash from vending machines should be related to the amount of cash taken by the machine in order to ensure that no more than £100 is held in the machine.</p> <p>Stock records should be maintained for all stock held. Stock should also be subject to physical check by an independent person at least on an annual basis and this should be evidenced.</p> <p>A record of wastages should be maintained and reviewed periodically by a senior officer to ensure.</p>		<p>A regular schedule has been introduced to achieve a consistent deposit of monies from the Lucozade vend machines. Usage and depletion of stocks can vary per machine. <i>N.B.</i> <i>*In context to the £100 limit; float=£30 / max sale=£70 (sales of 46 bottles) @ unit charge of £1.50. Machine capacity 226 bottles (£339), allows 20% sales to prompt deposit of monies. Coin-operated hair dryers replaced with non-coin dryers, therefore no further implications (completed).</i></p> <p>Catering Supervisor post created to take responsibility for café, including stock control. Projected commencement date January 2018 (completed).</p> <p>Gladstone Management System being developed to record stock product levels and movements. Reports to be produced to support physical stock checks. Currently, product sales are produced and applied to manual system as well. (Partly completed, maintaining manual system, intention to activate Gladstone stock control. Currently working with Gladstone to rectify).</p>	<p>Steve Owens</p> <p>Steve Owens</p>	<p>01.01.2018</p> <p>01.03.2018</p>

Tudalen 62	Gladstone system is fully operational at the café.			Hot/cold foods are prepared and distributed in set portions allowing the facility to monitor wastages relevant to purchase/sales charges and related product costs. To be developed to a robust standard, to include buffet provisions, children's camps, etc (completed).		
	Summary of Issues	Recommendations	Rating	Agreed Action / Comments	Officer Responsible	Target Date
R1 cont.	<p><b><u>Stock cont.</u></b> The vending stock control forms do not allow for two people to counter sign the forms and in fact they were frequently found to have no signature completed at all. These forms were also not completed to state the date stock had been updated which could be useful.</p> <p><b><u>Swimming Lessons</u></b> Testing identified one instance where swimming lessons were being provided but income had not been received for three months as the direct debit had been cancelled. It is acknowledged that some follow up action had been taken although payment is still not being received.</p>	<p>As was previously suggested, the forms could be usefully improved and updated to include the requirement for two signatures and date of stock update.</p> <p>Procedures need to be put in place to ensure that all income due from swimming lessons is in fact being received and appropriate action taken where payment lapses. Evidence of monitoring should be retained to include a record of any action taken.</p>		<p>Stock forms have now been amended in accordance with Audit guidelines. Selected staff are requested to manage this element to minimise any operational discrepancies. This item was previously addressed in 2016 (completed).</p> <p>The absence of a dedicated co-ordinator for this area of work has affected robustness of processes. New, approved structure being implemented, with 'Learn to Swim Co-ordinator' responsible for this area of work projected to be in place January 2018 (completed).</p> <p>DD/EYEQ reports provide a monthly detail of; non-payers (eye q) cancellation/refer to payer (DD) categories. Registers are</p>	<p>Matthew Stokes</p> <p>Steve Owens</p>	<p>Activated</p> <p>01.02.18</p>

				<p>updated/reviewed by Swim Coordinator (completed).</p> <p>Aquatics memberships also reviewed by manager on a monthly basis during financial performance management process.</p>		
	<b>Summary of Issues</b>	<b>Recommendations</b>	<b>Rating</b>	<b>Agreed Action / Comments</b>	<b>Officer Responsible</b>	<b>Target Date</b>
R2	<p><b>Bookings</b> Testing of a sample of 15 bookings was undertaken and it was noted that procedures adopted did not always fully comply with set procedures in order to demonstrate a good control over the Centre's facilities and to ensure VAT is accounted for correctly.</p> <p>See Appendix 1 for details.</p>	<p>Procedures for the administration, management and monitoring of bookings should be improved, paying particular attention to the issues detailed in Appendix 1, in order to demonstrate an adequate control over the Centre's facilities as well as ensuring that all income due has been collected promptly, in full and VAT has been accounted for correctly.</p>	**	<p>Automated booking process completed via Gladstone System.</p> <p>Booking forms to be amended (countywide) to provide clarity and consistency regarding the requirement of additional documentation, i.e. if not required due to being provided for recent booking, state relevant timescales and comment on prior record, 'Not Required' including date (completed).</p>	Steve Owens / Matthew Stokes	01.01.18

Tudalen 64	Summary of Issues	Recommendations	Rating	Agreed Action / Comments	Officer Responsible	Target Date
3	<p><b><u>Spot checks of facilities</u></b> Currently physical spot checks are carried out on certain facilities and a record maintained. Where the checks have been undertaken on classes it is not clear whether the check incorporated all attendees.</p> <p>In respect of the pool and gym reliance is placed on the user to put their receipts into a box provided. In these instances, there is little assurance that all users have paid, particularly as it has been identified that gym users are able to utilise the facilities without actually logging in to the TRP system.</p> <p>In order to demonstrate good control over the use of facilities the procedures relating to spot checks need to be improved.</p>	<p>Procedures for spot checks could be improved ensure they are undertaken for all facilities at the centre on a regular basis and the record maintained is more meaningful by clearly demonstrating the actual check undertaken.</p> <p>All gym users should be reminded of the need to log onto the TRP system when utilising the gym, in order that staff can monitor the usage and ensure no unauthorised use of the gym is occurring.</p>	**	<p>Policy is to collect the receipt at the point of activity, with receipt boxes being a 'back-up' where staff cannot physically take the receipt (e.g. lifeguard or fitness instructor conducting induction). The robustness of the check that this is being carried out consistently needs to be developed (completed).</p> <p>For all fitness classes, instructors are issued a member list prior to the session and is used to check all attendees have paid/registered (completed).</p> <p>In addition, a periodic spot-check needs to be carried out. This process will be developed.</p> <p>To enhance the paying/checking in process, multiple serving points are in place and being enhanced (reception, kiosks, tablet) which will increase ease and reduce congestion to tackle any queuing issues that may be tempting customers to not check in (completed).</p>	<p>Steve Owens</p> <p>Mari-Ann Jones</p> <p>Steve Owens / Roger Williams</p> <p>Steve Owens</p>	<p>01.02.18</p> <p>Activated</p> <p>01.02.18</p> <p>01.01.18</p>



	Summary of Issues	Recommendations	Rating	Agreed Action / Comments	Officer Responsible	Target Date
R3 Cont.	<b><u>Inventory</u></b> Whilst an inventory to uniquely identify all assets of high value / high risk, there was no evidence available to demonstrate that the inventory had been subject to physical check by an independent person at least on an annual basis.	The inventory should be subject to physical check by an independent person at least on an annual basis and this should be evidenced		Independent check will be undertaken (e.g. alternative Active Facilities Managers) on an annual basis (completed).	Steve Owens	31.03.18
R4	<b><u>Petty Cash</u></b> The review of the administration of petty cash has identified that claims are not always being made monthly in accordance with the requirements of Financial Procedure Rules.	Petty cash claims should be made monthly in accordance with the requirements of Financial Procedure Rules.	*	Petty Cash claims have been implemented onto AFM/DS calendar to ensure claims schedule is maintained on a monthly basis (completed).	Steve Owens / Roger Williams	Activated
	Summary of Issues	Recommendations	Rating	Agreed Action / Comments	Officer Responsible	Target Date
R5  Tudalen 65	<b><u>Staffing</u></b> Testing of a sample of staffing records was undertaken to include staff timesheets, overtime claims, rotas and payments and it was of serious concern that a number of issues were identified that	Procedures should be reviewed and significantly improved, paying particular attention to the issues detailed in Appendix 1, to ensure that only bona fide,	***	There are currently a range of systems in place in order to rota and monitor staff working patterns, however it is recognised that this requires review in order to be robust from end-to-end. This will be conducted, with implementation in the New Year.	Steve Owens / Ian Wright (Duty Supervisor) / Swim Coordinator	31.03.18

Tudalen 66	<p>included inappropriate payments or overpayments being made to staff. In addition, it was identified that records were not always consistent making it difficult to place an assurance that all staff are working the hours for which they are being paid.</p> <p>It was also identified that the EU legislation relating to the working time directive was not always being fully complied with.</p> <p>See Appendix 1</p>	<p>accurate payments are made to staff.</p> <p>The requirements of the relevant EU legislation as well as the Authority's policies, procedures and Financial Procedure Rules should be fully complied with.</p>		<p>This will be further strengthened by the introduction of a dedicated Learn to Swim Co-ordinator where the main complexity arises through over 100 swim lessons per week being taught predominantly by a large bank of casual staff (Completed).</p> <p>In the meantime, immediate strengthening of the current systems will occur, with appropriate monitoring, to ensure documentation accurately reflects working patterns.</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>• Clocking In/Out cards.</li> <li>• Shift times being signed for on a daily basis by non-contracted staff. This information is transferred to Excel to calculate hours per month against staff/areas.</li> <li>• Work being carried out to transfer submission of timesheets via Resource link.</li> <li>• Contracting staff where appropriate to reduce variance of hours per staff member and minimise timesheet submissions.</li> <li>• Site rotas being managed and updated by designated staff.</li> <li>• Authorisation of timesheets according to above stages.</li> </ul> <p>Administration and recording of breaks to comply with EU legislation:</p> <ul style="list-style-type: none"> <li>• <i>A worker is entitled to an uninterrupted break of 20 minutes when daily working</i></li> </ul>	<p>s / Activity Coordinator</p> <p>Steve Owens / Ian Wright (Duty Supervisor) / Swim Coordinators / Activity Coordinator</p>	<p>01.01.18</p> <p>01.01.18</p>
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				<p><i>time is more than six hours. (All measures are completed, with regular monthly review of system management).</i></p>	<p>Steve Owens / Ian Wright (Duty Supervisor) / Swims / Activity Coordinator</p>	
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**APPENDIX 1**

Recommendation	Detail of Issue
R2 – Till Income	<ul style="list-style-type: none"> <li>➤ There were minor issues identified with income collection documentation including the reconciliation sheet &amp; safe in / out form, not always being completed accurately or in full, and one instance where a variance was identified but was not adjusted correctly or reason recorded;</li> <li>➤ Testing identified a significant number of voids / refunds were being actioned which were not always fully recorded on the daily reconciliation forms and till slips were not always being retained. Internal Audit was advised that the facility to action voids / refunds had been restricted to senior staff, although testing identified that some reception staff, attendants / senior attendants still have access to this facility;</li> <li>➤ Unannounced cash ups have not been performed on each till operator in the last financial year by an independent member of staff. It is acknowledged that Llanelli Leisure Centre no longer rely on the BSU Section to undertake their unannounced cash ups due to the lack of their resources and have now commenced conducting their own unannounced cash ups to address this issue.</li> </ul>
R2 – Bookings	<ul style="list-style-type: none"> <li>➤ Confirmation e-mails are issued however evidence to support this was not available in 1 instance;</li> </ul>

Tudalen 67

Tudalen 68

- Up to date conditions of hire signed by the applicant was not available in 1 instance and were signed after date of commencement of hire in a further 2 instances;
- The documents enclosed section was not completed for 9 of the Booking forms tested. Evidence of documents indicated as enclosed was not always available;
- VAT had not been charged in one instance when it would have been appropriate to do so;
- In addition, there was one instance where the amount invoiced was not consistent with the booking details, although there was no explanation available and no breakdown of the charges on the invoice;
- There were 4 instances where Internal Transfers / Debtors Invoices would have been expected to have been raised but had not been raised at the time of the Internal Audit visit and a further 3 instances where the Internal Transfer / debtors invoice raised had not been raised promptly;
- There was one instance where one of the dates booked had not been charged for resulting in a undercharge;
- It is acknowledged that a spreadsheet is maintained to record booking and invoice details although there is no evidence that this is being reviewed by an independent person for monitoring purposes to ensure all income due has been received.

Recommendation	Detail of Issue
R5 – Staffing	<ul style="list-style-type: none"> <li>➤ There was no evidence provided that staff utilise a signing in / out book to record all staff movements and to demonstrate actual attendance at work thus presenting a health and Safety issue should a fire occur;</li> <li>➤ Currently there is an arrangement whereby class instructors claim an extra hour for each hour class they take resulting in 'double time' being claimed. Internal Audit have been advised that this is to allow for setting up and taking down. In addition, it has been identified that fitness instructors who are on the rota for the Gym have also been included on the rota to take classes. In these instances an appropriate gap has been incorporated into the gym rota in order to allow the employee to take the classes. However it has been identified that an overtime claim is also submitted for this period. This has resulted in overpayments for class instructors;</li> <li>➤ Testing identified that rotas are not always consistent with the overtime / payment claims made. It is acknowledged that rotas alter although there is no record of the alterations made in order that an assurance can be given that claims made are consistent with the hours actually worked by employees;</li> <li>➤ Testing identified that some employees hold more than one post and timesheets are sometimes being completed for the incorrect post. This could result in the wrong rate being paid;</li> </ul>

- |  |  |
|--|--|
|  | <ul style="list-style-type: none"><li>➤ Instances were identified where employees were working in excess of 6 hours without taking a break as required by European Legislation;</li><li>➤ Instances were identified where multi-post employees' were on more than one rota to work the same shift or shift times overlapping with claims being submitted for both posts resulting in inappropriate and overpayments being made;</li><li>➤ It was identified that a member of staff submitting timesheets and the authorising officer of the timesheets were related resulting in a lack of independence.</li></ul> |
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Mae'r dudalen hon yn wag yn fwriadol

## PWYLLGOR ARCHWILIO

28<sup>th</sup> September 2018

**Y Pwnc :** COFRESTR RISG CORFFORAETHOL

**Y Pwrpas:** I dderbyn y Cofrestr Risg Corfforaethol

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

- I dderbyn y Cofrestr Risg Corfforaethol.
- I sicrhau fod y Cofrestr Risg Corfforaethol yn parhau i gael ei gyflwyno i'r Pwyllgor Archwilio

**Y Rhesymau:**

I sicrhau fod y Pwyllgor Archwilio wedi eu hysbysu o'r Risgiau Corfforaethol.

**Ymgynghorwyd â'r pwyllgor craffu perthnasol : AMHERTHNASOL**

Adolygu a monitor y Cofrestr Risg Corfforaethol wedi ei ddirprwyo i'r Pwyllgor Archwilio yn unol a Chylch Gorchwyl y Pwyllgor Archwilio.

**Angen i'r Bwrdd Gweithredol wneud penderfyniad:**

AMHERTHNASOL - Swyddogaeth y Pwyllgor Archwilio

**Angen i'r Cyngor wneud penderfyniad:**

AMHERTHNASOL - Swyddogaeth y Pwyllgor Archwilio

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

Cynghorydd David Jenkins

**Y Gyfarwyddiaeth:**

Gwasanaethau 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](mailto:HLPugh@sirgar.gov.uk)

**EXECUTIVE SUMMARY**  
**AUDIT COMMITTEE**  
28<sup>th</sup> September 2018

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

The Corporate Assessment recommended that the Corporate Risk Register as approved by CMT should be shared with the Audit Committee.

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

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

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

The Audit Committee received for consideration the Corporate Risk Register at its March 2018 meeting. The Committee agreed that it would be beneficial to have an update on the risks in question and to receive a verbal update from Officers on the risks relating to:

- Delivery of the Authority's waste management and recycling obligations (including meeting Landfill Targets).
- Ensuring effective People Management.

<b>DETAILED REPORT ATTACHED?</b>	<b>YES</b>
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## 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 <b>NONE</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	ICT <b>NONE</b>	Risk Management Issues <b>YES</b>	Staffing Implications <b>NONE</b>	Physical Assets <b>NONE</b>
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### 1. Risk Management Issues

The Authority maintains a Corporate Risk Register to evaluate its exposure to key strategic risks. The Corporate Assessment recommended that the Corporate Risk Register should be shared with the Audit Committee. The Register will be reviewed by the Audit Committee. Arrangements will be put in place to ensure that the Corporate Risk Register is also brought to Preliminary Executive Board.

## 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

Carmarthenshire County Council - Corporate Risk Register

2018 Corporate Risk Register

Review of 2018 Corporate Risk Register

Review of 2018 Corporate Risk Register

Corporate Management Team

Date: , 28 September, 2018

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Updated Risk - @ February 2018			Additional / New Risk Control Measures	Assigned to:	Updated Risk - @ September 2018				Summary of change
	Impact	Probabilit y	Risk Rating			Impact	Probability	Risk Rating			Impact	Probability	Risk Rating	Change	
CR20170001 - Compliance with the Wellbeing of Future Generations (Wales) Act 2015	Substantial	Likely	Significant	<ul style="list-style-type: none"> <li>Public Service Board established</li> <li>Well-being Assessment nearing completion</li> <li>Council Service Planning adapted to address the requirements of the Act</li> <li>Draft Well-being objectives being prepared for publication by the 31st March 2017 deadline</li> <li>Regular meetings with Wales Audit Office</li> <li>Members Seminars and Information Sheets</li> <li>Integrated into Budget Planning process and Revenue Report <i>In Prograss</i> (0% complete)</li> <li>Adapting at Corporate processes Committee cover sheets, Equality Impact Assessments, Financial Planning, Risk</li> </ul>	Wendy Walters	Substantial	Unlikely	Medium			Substantial	Unlikely	Medium	↔	Public Service Board established Well-being Assessment nearing completion  Now need to ensure Carmarthenshire Public Services Board publishes a Well-being Plan and establishes appropriate arrangements to deliver its objectives and monitor progress
	4	4	16		4	2	8	4			2	8			
CR20170002 - Managing and Developing the Welsh Language and meeting the Welsh Language Standards	Substantial	Possible	High	<ul style="list-style-type: none"> <li>Monitor the Compliance Strategy received from the Welsh Language Commissioner</li> <li>Recruitment procedures and guidance updated and monitored</li> <li>Learning and development for staff</li> <li>Prepare an Annual Report on implementation of the Standards, for discussion with the Corporate</li> <li>Work closely with Departments to advise on the Standards and offer practical support with any</li> </ul>	Wendy Walters	Substantial	Unlikely	Medium			Substantial	Unlikely	Medium	↔	Annual report submitted to EB and scrutiny  Reference made to WL Standards in any revision to Employment Policies. New Recruitment & Selection Policy to be implement by December 18.  Officer appointed in L&D to support development of programme for staff. L&D offered to staff to meet required WL level at recruitment and during employment.
	4	3	12		4	2	8	4			2	8			

Carmarthenshire County Council - Corporate Risk Register

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Updated Risk - @ February 2018			Additional / New Risk Control Measures	Assigned to:	Updated Risk - @ September 2018				Summary of change
	Impact	Probability	Risk Rating			Impact	Probability	Risk Rating			Impact	Probability	Risk Rating	Change	
CR20170003 - Responding to New Legislation / Policy from Welsh Government	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Development and updating of current CCC policies</li> <li>Learning and development of staff</li> </ul>	Gwyneth Ayers Wendy Walters	Substantial 4	Unlikely 2	Medium 8			Substantial 4	Unlikely 2	Medium 8	↔	Ongoing review, respond accordingly to any new requirements.
CR20170004 - Ensuring that the Authority effectively manages its financial resources and responds to the challenges of reduced funding	Catastrophic 5	Likely 4	Significant 20	<ul style="list-style-type: none"> <li>Medium Term Financial Strategy - 5 Year Plan (including efficiency targets)</li> <li>Full County Council Elected Member Engagement on an annual basis to set priorities and allocate the Budget</li> <li>Challenge from Scrutiny Committees</li> <li>Public Consultation regarding budget priorities on an Annual Basis</li> <li>Engagement with Welsh Government via WLGA to ensure Carmarthenshire County Council receives fair funding from Welsh Government</li> <li>TIC Programme to identify efficiencies and promote</li> <li>Workforce Planning to ensure staff resources are planned to match demand</li> <li>Wales Audit Office external challenge and assessment</li> </ul>	Chris Moore / Randal Hemingway Chris Moore / Randal Hemingway Linda Rees Jones Chris Moore / Randal Hemingway Chris Moore / Randal Hemingway Paul R Thomas Chris Moore / Randal Hemingway	Catastrophic 5	Possible 3	High 15			Catastrophic 5	Possible 3	High 15	↔	Risk to remain high as economic outlook remains uncertain and period of austerity in public sector set to continue for the foreseeable future.  Workforce planning integral to business planning process. Guidance developed for managers and detailed workforce data reports available to CMT and DMT's.
CR20170005 - Ensuring effective management of Grant Funding (including accessing Grant Funding) Threat of having to repay significant Grant monies. Although improvements have been made, some problems still	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Project Management Training</li> <li>Grant Funding Bodies Guidance Briefings and Training</li> <li>Grants Panel</li> <li>Grants Manual</li> </ul>	Chris Moore Chris Moore Chris Moore Chris Moore	Substantial 4	Unlikely 2	Medium 8			Substantial 4	Unlikely 2	Medium 8	↔	Finance and WEC to meet to confirm guidance is communicated and training provided Grants panel continue to meet quarterly Training on grants manual is ongoing for newly appointed project managers and refresher for current project managers

Carmarthenshire County Council - Corporate Risk Register

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Updated Risk - @ February 2018			Additional / New Risk Control Measures	Assigned to:	Updated Risk - @ September 2018				Summary of change
	Impact	Probability	Risk Rating			Impact	Probability	Risk Rating			Impact	Probability	Risk Rating	Change	
CR20170006 - Ensuring effective People Management (including capacity and compliance with Employment Law and Health & Safety Legislation)	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Competence based recruitment, assessment centres for recruitment of key roles, induction training, coaching and mentoring, appraisals and supervision, probationary policy</li> <li>Development of Employment Policies and briefings and training, audit and monitoring</li> </ul>	Paul R Thomas  Paul R Thomas	Substantial 4	Unlikely 2	Medium 8			Substantial 4	Unlikely 2	Medium 8	↔	<p>Competence based recruitment to be rolled out further in the organisation and to Head Teacher appointments. New on boarding software to assist at induction and will support management of probation being developed for introduction by December 2018.</p> <p>Rolling employment policy review in place</p>
CR20170007 - Ensuring effective management of Procurement / Contract Management and Partnership arrangements	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Welsh Government Procurement Fitness Checks - Implementation of Areas for Improvement</li> <li>Participation in the National Procurement Service</li> <li>Development of New Procurement Strategy (involving Policy &amp; Resources Members)</li> </ul>	Helen Pugh  Helen Pugh  Helen Pugh	Substantial 4	Unlikely 2	Medium 8			Substantial 4	Unlikely 2	Medium 8	↔	<p>Procurement Strategy approved by P&amp;R April 2018 and presented in Exec Board 4th June 2018.</p> <p>Category Management introduced and three category plans in place</p> <p>Contract Management - work with Departments to ensure that arrangements are in place for monitoring contracts</p>
CR20170008 - Transforming business operations through effective Digital Transformation	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Implementation of Digital Transformation Strategy</li> <li>Members and staffing workshop</li> </ul>	NDaniel  NDaniel	Substantial 4	Unlikely 2	Medium 8			Substantial 3	Unlikely 2	Medium 6	↔	<p>Year 1 projects have progressed well with an Annual Report being produced to inform progress. Clear project plans and agreement in place for Year 2 projects.</p>
CR20170009 - Maintaining high standards of governance in relation to Information Management	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Dedicated Senior Information Risk Owner on Corporate Management Team</li> <li>IT Security Officer</li> <li>Annual Information Management &amp; Governance Report to Corporate Governance Group and Audit Committee</li> </ul>	Wendy Walters  NDaniel  Wendy Walters	Substantial 4	Possible 3	High 12			Substantial 4	Possible 3	High 12	↔	<p>Remains at high.</p> <p>Continue to address changes to GDPR requirements.</p> <p>Significant work required to reduce volume of paper based records and ensure electronic records kept are in line with our retention schedules. Failure to comply could pose GDPR compliance issues</p>

Carmarthenshire County Council - Corporate Risk Register

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	Impact	Probability	Risk Rating			Impact	Probability	Risk Rating			Impact	Probability	Risk Rating	Change	
<p>CR20170010 - Deliver Effective Safeguarding Arrangements for both Children and Vulnerable Adults (Detail in separate Safeguarding Risk Register)</p>	Catastrophic	Probable	Significant	<ul style="list-style-type: none"> <li>Continue to improve the quality of Care Plans ensuring a multi-agency assessment</li> <li>Ensure Sexual Exploitation Risk Assessments (SERAF's) and Missing Persons Risk Assessments are completed as</li> <li>Review our assessments in light of the implementation of the Social Services and Well-being</li> <li>Implement the "Signs of Safety" model within Carmarthenshire</li> <li>Continue to work with partners to improve appropriate accommodation options and housing support</li> <li>Implement new arrangements for our leaving care services in accordance with the Social Services and Well-being Act 2014</li> <li>Ensure that all councillors are equipped to act as corporate</li> <li>Ensure the Independent Reviewing Service (IRO) becomes Carmarthenshire's Multi-Agency Duty Safeguarding Service operating within normal working</li> <li>Trained Standby Officers for out of hours emergencies during</li> <li>Clear point of access has been provided to the public and</li> </ul>	Stefan Smith	Catastrophic	Unlikely	High	<p>Representation at the Regional Safeguarding Board for children and adults and associated subgroups</p> <p>Implementing effective safeguarding policies and procedures for children and adults</p> <p>Monitoring the performance of safeguarding within children and adults services</p> <p>Responding to regulators reviews and recommendations</p> <p>Monitoring of third party providers to ensure safeguarding procedures are being effectively operated</p>	Jake Morgan	Catastrophic	Unlikely	High	↔	<p>Risk Control Measures are reviewed and updated as part of the Business Planning process annually.</p> <p>A further Assessment of Risk was undertaken as part of the production of the Safeguarding Risk Register in July 2018 and the scoring was confirmed to remain the same as previously. Full reviews of each Control Measure for 2017-18 are available in the ECS Departmental Risk Register.</p> <p>Note: control measures have been reviewed / revised and updated - these four have been replaced by those listed below</p> <p>With respect to adult safeguarding, a Senior Manager was appointed to manage adult safeguarding in 2016. The focus since that time has been on improving systems , processes , timescales and multi-agency working to ensure vulnerable people in Carmarthenshire are safeguarded. Carmarthenshire has led on several initiatives across the region such as a threshold document and Adult Practice Review group. The Regional safeguarding Board and Carmarthenshire Safeguarding Operational Group ( LOG) are well established, Following a successful pilot , a safeguarding officer is now based with the Information, advice and Assistance ( IAA) team to respond to initial safeguarding referrals and enquiries</p>
	5	5	25			5	2	10			5	2	10		

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Carmarthenshire County Council - Corporate Risk Register

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Updated Risk - @ February 2018			Additional / New Risk Control Measures	Assigned to:	Updated Risk - @ September 2018				Summary of change
	Impact	Probability	Risk Rating			Impact	Probability	Risk Rating			Impact	Probability	Risk Rating	Change	
CR20170011 - Develop and Deliver the Improvement Plan / Corporate Performance Plans	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Undertake detailed analysis of all lower quartile Performance Indicators to develop action plans.</li> <li>Address underperformance via Business Planning process</li> <li>Monitoring progress via Performance and Improvement Monitoring System (PIMS) and dashboards</li> </ul>	Wendy Walters Wendy Walters Wendy Walters	Substantial 4	Unlikely 2	Medium 8			Substantial 4	Unlikely 2	Medium 8	↔	Our improvement Agenda looks at lower quartile performance indicators and takes into account the issues raised which are then fed into the business planning processes. Ranking tables for performance indicators and lower quartile comparative data is developed and reported to CMT on a quarterly basis. Where appropriate action plans are developed and will be incorporated into our 18/19 Business Plans
CR20170012 - Failure to adhere to an effective Corporate Governance Framework	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Corporate Governance Group</li> <li>Wales Audit Office Corporate Assessment Action Plan</li> <li>Implementation of the WLGA Review of Governance</li> <li>Annual Governance Statement</li> </ul>	Helen Pugh Wendy Walters Wendy Walters Helen Pugh	Substantial 4	Unlikely 2	Medium 8			Substantial 4	Unlikely 2	Medium 8	↔	Continue with the risk controls identified Review the AGS and compare with other authorities to identify good practice in the reporting of the AGS so as to further develop the statement
CR20170013 - Delivery of the City Deal (Outcomes / Budget)	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Establishment of Swansea Bay City Region Board</li> <li>Development of Regional Joint Committees</li> <li>An agreement between the UK and Welsh Governments and 4 local authorities (Carmarthenshire, Swansea, Neath &amp; Port Talbot and Pembrokeshire) and successful private and public collaboration will address the economic underperformance of the region, with emphasis on uplifting productivity, skills, employment and prosperity.</li> <li>Financial Planning</li> </ul>	Wendy Walters Wendy Walters Wendy Walters Chris Moore	Substantial 4	Possible 3	High 12			Substantial 4	Possible 3	High 12	↔	Agreement now adopted by all regional authorities i.e. CCC, Neath Port Talbot, Pembrokeshire and Swansea

Carmarthenshire County Council - Corporate Risk Register

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	Impact	Probability	Risk Rating			Impact	Probability	Risk Rating			Impact	Probability	Risk Rating	Change	
CR20170014 - Delivery of the Wellness Project (Outcomes / Budget)	Substantial	Likely	Significant	<ul style="list-style-type: none"> <li>Membership of Project Board</li> <li>Memorandum of Understanding</li> <li>Development of Life Science and Well-being network of campuses and villages, consisting of primary / community care facility, an</li> <li>Financial Planning</li> </ul>	Wendy Walters	Substantial	Possible	High			Substantial	Possible	High	↔	JCA Signed
	4	4	16			4	3	12			4	3	12		
CR20170015 - Delivery of the Approved Capital Programme (Outcomes / Budget)	Substantial	Likely	Significant	<ul style="list-style-type: none"> <li>Strategic Asset Steering Group</li> <li>Project Management Tool Kit</li> <li>Project Management Training</li> </ul>	Chris Moore JFearn	Substantial	Unlikely	Medium			Substantial	Unlikely	Medium	↔	Project Management Tool Kit - this sits on CCC's intranet and forms the basis of the training programme for CCC Managers on Project Management
	4	4	16			4	2	8			4	2	8		



Carmarthenshire County Council - Corporate Risk Register

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	Impact	Probability	Risk Rating			Impact	Probability	Risk Rating			Impact	Probability	Risk Rating	Change	
<p><b>CR20170016 - Delivery of the Authority's Waste Management Strategy</b> (including meeting Landfill Targets)</p> <p>-CR20170016 - Delivery of the Authority's waste management and recycling obligations. (including meeting Landfill Targets)</p>	Substantial	Likely	Significant	<ul style="list-style-type: none"> <li>Maintain current provision and infrastructure for recycling</li> </ul>	Ainsley Williams	Substantial	Possible	High			Substantial	Possible	High	↔	<p>The risk remains high due to the volatility of the waste markets in general, including the effects of import restrictions effected by China. In addition, there are difficulties with UK and export markets in terms of residual (black bag) waste.</p> <p>We have also noticed a greater level of contamination within our blue bags and an increase in recyclable materials within our black bags. This is a notoriously difficult area to manage as it depends entirely on social attitude and behaviour towards recycling. This position exposes the Council to potential financial risk due to reduction in commodity prices and potential increases in treatment, recycling and disposal costs. In addition, there is a further risk of reputational damage and financial penalties from Welsh Government if we fail to meet statutory recycling targets. However we are working with Welsh Government on pilot projects to increase awareness and encourage more recycling.</p> <p>The risk remains high due to the volatility of the waste markets in general, including the effects of import restrictions effected by China. In addition, there are difficulties with UK and export markets in terms of residual (black bag) waste.</p> <p>We have also noticed a greater level of contamination within our blue bags and an increase in recyclable materials within our black bags. This is a notoriously difficult area to manage as it depends entirely on social attitude and behaviour towards recycling.</p> <p>This position exposes the Council to potential financial risk due to reduction in commodity prices and potential increases in treatment, recycling and disposal costs. In addition, there is a further risk of reputational damage and financial penalties from Welsh Government if we fail to meet statutory recycling targets. However we are working with Welsh Government on pilot projects to increase awareness and encourage more recycling.</p>
	4	4	16	<ul style="list-style-type: none"> <li>Continue education and awareness activity to improve participation.</li> </ul>	Ainsley Williams	4	3	12			4	3	12		

Carmarthenshire County Council - Corporate Risk Register

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	Impact	Probability	Risk Rating			Impact	Probability	Risk Rating			Impact	Probability	Risk Rating	Change	
<b>CR20170017 - Effective Management of demand for Social Care (Adult &amp; Children)</b>	Significant 3	Likely 4	High 12	<ul style="list-style-type: none"> <li>Establish effective systems to ensure thresholds for access and eligibility criteria are understood and consistently applied by staff and partners</li> <li>Deliver implementation plan for Social Services and Wellbeing Act</li> <li>Collaborate with partners to deliver information, advice, assistance and preventive services</li> <li>Recommission Families First and Flying Start programmes to deliver early intervention with children and families</li> <li>Work with partners, local community action groups and local people to build resilient communities</li> <li>Promote and develop social enterprises and cooperatives to provide preventative services,</li> </ul>	Avril Bracey/Neil Edwards  Stefan Smith/Avril Bracey/Neil Edwards Stefan Smith/Avril Bracey/Neil Edwards Stefan Smith  Avril Bracey / Neil Edwards  Avril Bracey / Neil Edwards	Significant 3	Possible 3	Medium 9	We will monitor and report on Social Worker Vacancies and Caseloads	Stefan Smith	Significant 3	Possible 3	Medium 9	↔ Series of cost saving initiatives based on detailed analysis and evidence from research has been carried out  High awareness raising amongst managers and staff  Risk Control Measures are reviewed and updated as part of the Business Planning process annually. A further Assessment of Risk was undertaken as part of the production of the Safeguarding Risk Register in July 2018 and the scoring was confirmed to remain the same as previously. Full reviews of each Control Measure for 2017-18 are available in the ECS Departmental Risk Register. A summary can be provided if required	
<b>CR20170018 - Delivery of quality Education Service.</b> Ensuring that Schools effectively manage their financial resources and respond to the challenges of reduced funding.	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Implement the actions detailed in the Modernising Education Programme for 2016/17</li> <li>Steering Group monitors work on an ongoing basis</li> </ul>	Gareth Morgans  Gareth Morgans	Substantial 4	Unlikely 2	Medium 8	Lead the TIC Schools project, working with colleagues and schools to identify significant savings as set by the County Council through the budget efficiency programme.	Gareth Morgans	Substantial 4	Unlikely 2	Medium 8	↔ Risk Control Measures are reviewed and updated as part of the Business Planning process annually. Full reviews of each Control Measure for 2017-18 are available in the ECS Departmental Risk Register. A summary can be provided if  ↔ Levels of risk continue to be monitored via a detailed focus on individual school budget performance. Analyses are ongoing throughout the financial year. Progress updates and ensuing actions are monitored closely by a range of officers / groups.	

Carmarthenshire County Council - Corporate Risk Register

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	Impact	Probability	Risk Rating			Impact	Probability	Risk Rating			Impact	Probability	Risk Rating	Change	
CR20170019 - Ensure quality and adequate supply of Housing within the County	Substantial	Likely	Significant	<ul style="list-style-type: none"> <li>Implement Carmarthenshire Homes Standard project plan</li> <li>Continue work of review of access Social Housing</li> </ul>	Jonathan Morgan	Substantial	Improbable	Low			Substantial	Improbable	Low	↔	<p>We continue to deliver investment programmes that maintain the Carmarthenshire Homes Standard- £26m over next three years</p> <p>Affordable Homes Delivery Plan continues to meet targets with over 400 additional homes delivered over first two years. We are on target of achieving 1000 additional homes. The recent establishment of our Local Housing Company will further enhance delivery both in terms of numbers and range of affordable housing options</p> <p>As part of the HRA Business Planning process, we identify, assess and prioritise potential risk. The impact of Universal Credit on tenants' ability to maintain their responsibilities and obligations to pay their total rent has been identified as one of the greatest risks. We have developed an action to mitigate this risk.</p>
	4	4	16		4	1	4	4			1	4			
CR20170020 - Maintain and develop effective Planning Policies (including delivering effective enforcement)	Substantial	Possible	High	<ul style="list-style-type: none"> <li>Rural Development Plan (RDP)</li> <li>Local Development Plan (LDP)</li> <li>Local Enforcement</li> </ul>	Llinos Quelch	Substantial	Possible	High			Substantial	Possible	High	↔	<p>LDP Review has commenced. Timetable approved by WG. Progress currently on track and in line with required adoption by December 2021.</p> <p>LDP Advisory Panel of Members set up and met 4 times.</p> <p>Various discussion forums held with Political Groups.</p>
	4	3	12		Llinos Quelch	4	3	12			4	3	12		
	Llinos Quelch														
New Risks - 2018 Corporate Risk Register															
Manage and Develop new external arrangements	Substantial	Likely	Significant	<ul style="list-style-type: none"> <li>Governance arrangements incl management and Councillor representations on Boards</li> <li>Compliance with Companies Act and relevant legislation</li> <li>Financial Planning Financial Reporting arrangements Audit programme</li> <li>Training - arranged for Directors</li> </ul>	CMT	Substantial	Possible	High			Substantial	Possible	High	↔	<p>CMT Continually monitoring Both internal and external legal and financial advice sought as and when required. Setting up appropriate governance arrangements</p>
	4	4	16			4	3	12			4	3	12		

Mae'r dudalen hon yn wag yn fwiadol

**PWYLLGOR ARCHWILIO****28 MEDI, 2018****RHEOLI'R GALW MEWN GWASANAETHAU INTEGREDIG AR  
GYFER POBL HŶN A PHOBL AG ANABLEDDAU CORFFOROL****Y Pwrpas:**

Rhoi trosolwg i'r Pwyllgor Archwilio o'r mentrau sydd wedi galluogi'r Gwasanaethau Integredig i reoli'r gyllideb.

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

Er gwybodaeth yn unig

**Y Rhesymau:**

- Nodi'r mentrau a gynhaliwyd

Angen ymgynghori â'r Pwyllgor Craffu perthnasol: **NAC OES**

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::-

Y Cyngorydd J. Tremlett (Deiliad y Portffolio Gofal Cymdeithasol ac Iechyd)

**Y Gyfarwyddiaeth:**

Cymunedau

Enw Pennaeth y Gwasanaeth:

Neil Edwards

Awdur yr Adroddiad:

Debra Llewellyn

**Swyddi:**

Pennaeth Dros Dro y  
Gwasanaethau Integredig

Rheolwr y Rhaglen  
Foderneiddio

**Rhifau ffôn:**

01267 228900

Cyfeiriadau E-bost:

[nedwards@sirgar.gov.uk](mailto:nedwards@sirgar.gov.uk)

[dllewellyn@sirgar.gov.uk](mailto:dllewellyn@sirgar.gov.uk)

# EXECUTIVE SUMMARY

## AUDIT COMMITTEE 28<sup>TH</sup> SEPTEMBER 2018

### MANAGING DEMAND WITHIN INTEGRATED SERVICES FOR OLDER PEOPLE AND PHYSICAL DISABILITIES

#### 1. BRIEF SUMMARY OF PURPOSE OF REPORT.

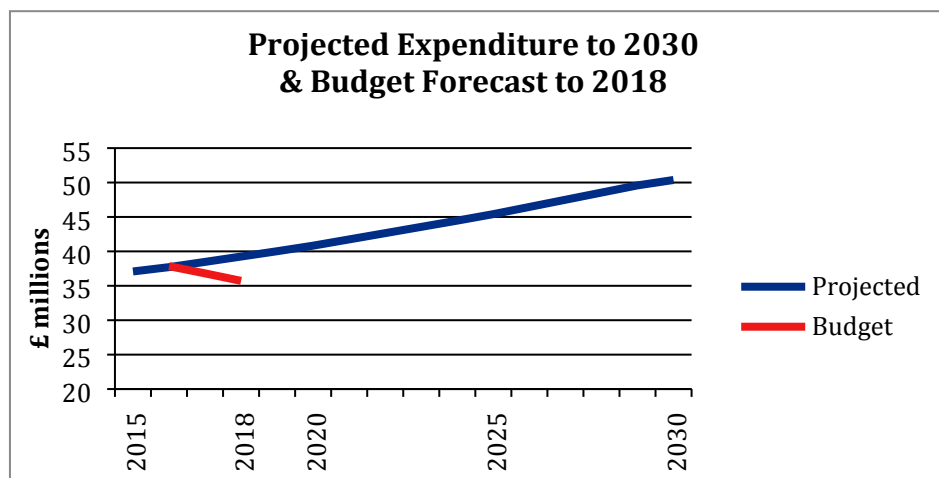
To provide Audit Committee with an overview of the initiatives which have enabled Integrated Services to manage the budget.

#### 2. OTHER OPTIONS AVAILABLE AND THEIR PROS AND CONS

The alternatives to the approach being taken would be:

##### 2.1 Continue to deliver services in the same way.

The county's older population (aged 75+) is forecast to rise by around 3-4% per annum. The graph below shows the projected expenditure if services continued to be delivered in the same way. It illustrates that the budget would need to be increased by 35% by 2030, to meet this steadily increasing demand. *Source: Carmarthenshire's Vision for Sustainable Services for Older People for the next Decade (2015-2025).*



##### 2.2 Cut services

In order to remain within the projected budget, the alternative would be to reduce or de-commission services, but there is a limit to this approach, as there is a statutory duty to meet individuals' needs.

##### 2.3 More Efficient Use of Existing Resources

Integrated Services has taken the approach of seeking efficiency savings as outlined in the attached report.

DETAILED REPORT ATTACHED?

YES

## IMPLICATIONS

<b>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 :</b> Signed: <span style="margin-left: 100px;">Neil Edwards</span> <span style="float: right;">Interim Head of Integrated Services</span>						
Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>YES</b>	Finance <b>YES</b>	ICT <b>NONE</b>	Risk Management Issues <b>YES</b>	Staffing Implications <b>NONE</b>	Physical Assets <b>NONE</b>
<b>2. Legal</b> The department has a legal duty to meet individuals' assessed needs in line with the Social services and Wellbeing (Wales) Act 2014.						
<b>3. Finance</b> The department aims to manage demand for services within budget, which has been achieved for the last 3 years.						
<b>5. Risk Management Issues</b> There is a risk that it will become increasingly challenging to continue to make efficiency savings, against rising demographic pressures.						

## CONSULTATIONS

<b>I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below</b> Signed: <span style="margin-left: 100px;">Neil Edwards</span> <span style="float: right;">Interim Head of Integrated Services</span>		
<b>1. Scrutiny Committee – N/A</b> <b>2. Local Member(s) - N/A</b> <b>3. Community / Town Council – N/A</b> <b>4. Relevant Partners - N/A</b> <b>5. Staff Side Representatives and other Organisations - N/A</b>		
<b>Section 100D Local Government Act, 1972 – Access to Information</b>  <b>List of Background Papers used in the preparation of this report:</b>  <b>THESE ARE LISTED BELOW.</b>		
Title of Document	File Ref No.	Locations that the papers are available for public inspection
Carmarthenshire's Vision for Sustainable Services for Older People 2015-2025		<a href="https://www.carmarthenshire.gov.wales/home/council-services/social-care-health/">https://www.carmarthenshire.gov.wales/home/council-services/social-care-health/</a>

Mae'r dudalen hon yn wag yn fwriadol



## Managing demand within Integrated Services

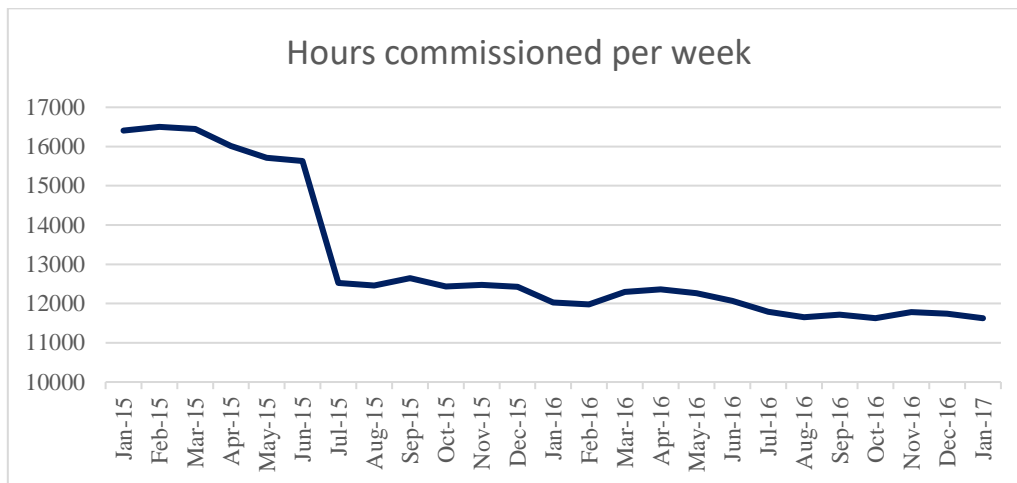
The purpose of the report is to provide information on the range of initiatives employed to deliver efficiency savings within Integrated Services. It is important to note that there is no single solution; a multi-pronged approach is necessary.

It should be noted that this is in the context of rising demand for services, with referrals in 2018 up by around 12%, and periods of exceptionally high demand in the quarter January – March and August 2018. Domiciliary care demand, in particular, has been steadily increasing by 62 clients over the last 15 months.

### 1. Electronic Call Monitoring

The Domiciliary Care Framework Agreement which was implemented in July 2015, introduced mandatory electronic monitoring of calls and their duration, with payment made on delivered hours rather than commissioned hours and separate payment per visit.

This approach delivered significant savings, with a reduction of 900 hours per week (7%) since introduction of the Framework. Annually, this equated to nearly **47,000 hours** reduction.

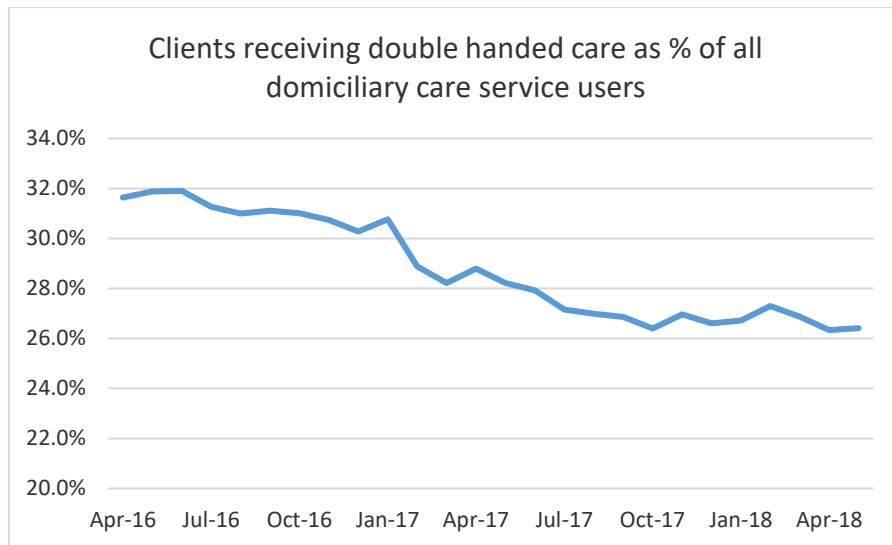


### 2. Releasing Time 2 Care

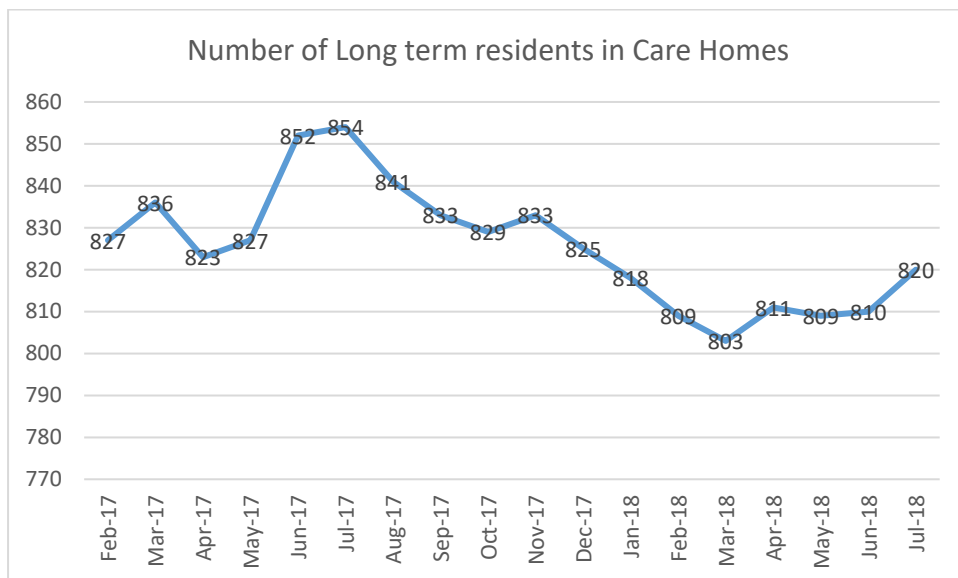
At the start of 2016/17, a project was set up to reduce the proportion of service users receiving double handed care. The graph below shows the success of this project to date.

Overall, the number of service users receiving double handed care has reduced from a peak of 337 (April 2016) to 275 (July 2018), a reduction of 62 service users. The percentage of service users receiving double handed care has decreased from 32% to 26%. The aim is to reduce this further to below 20%.

Double handed care costs have come down by £1.3million. However, single handed care costs rise by approximately half of this, as the double handed care is replaced by single handed care, so the net savings are around 50%.



### 3. Residential Care placements



The service had been successfully reducing placements over the course of 2017/18, but this is proving difficult to sustain more lately, in the face of high demand.

### 4. Fulfilled Lives service for People living with Dementia

A pilot project in Llanelli to commission an outcome focused service which aims to promote independence has been very successful in “reabling” clients and preventing escalation of their care needs.

The plan is to roll this model out incrementally to communities, with Ammanford / Llandeilo scheduled for later this year and Carmarthen in the spring of 2019.

## **5. Contract renegotiations**

An analysis of expenditure by officers identified opportunities to negotiate with care providers on the contract price with substantial savings up to £300K.

## **6. Right Sizing of Packages**

A Reviewing team of 3.5 WTE staff was established in September 2017 to clear the backlog of reviews. The Team now completes around 60 reviews per month.

Savings in the first 6 months for Domiciliary Care amounted to £76K p.a. (nearly 6000 visits /3900 hours per annum).

## **7. Culture and Leadership**

Underpinning the above has been a strong leadership approach by working closely with staff to communicate the important and positive principles of promoting independence for service users (i.e. more is not necessarily better and indeed can cause harm by creating unnecessary dependence) and obtaining value for money as a legitimate public service activity. This has been an important cultural change within the Community Resource Team seen through the assessment, commissioning and scrutiny processes. This change has been helped by an approach that has sought to achieve savings through positive initiatives such as Releasing Time 2 Care that has not only achieved considerable financial savings and created extra capacity to recycle but also has provided far better outcomes for service users and their families (for example, only one staff member is required to provide care, the person feels they have gained in autonomy and it is less intrusive overall for the person and their family).

Mae'r dudalen hon yn wag yn fwriadol

**PWYLLGOR ARCHWILIO****28fed MEDI 2018****ADRODDIAD MONITRO ABSENOLDEB SALWCH****Ystyried y materion canlynol a chyflwyno sylwadau arnynt:**

Mae'r adroddiad hwn yn rhoi data ynghylch absenoldeb salwch i'r Pwyllgor Archwilio.

**Y rhesymau:**

Mae'r Pwyllgor wedi gofyn am adroddiad i ddiweddarau'r sefyllfa ynghylch absenoldeb salwch.

**Angen cyfeirio'r mater at y Bwrdd Gweithredol / Cyngor er mwyn gwneud penderfyniad:  
NAC OES**

**YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-****Y Gyfarwyddiaeth****Enw Pennaeth y Gwasanaeth:****Paul R Thomas****Awduron yr Adroddiad:****Ann Clarke****Heidi Font****Swydd:****Prif Weithredwr Cynorthwyol –  
Rheoli Pobl****Partner Busnes Arweiniol  
(Adnoddau Dynol)****Rheolwr Llesiant Gweithwyr****01267 246123****Prthomas@sirgar.gov.uk****01267 246167****[alclarke@sirgar.gov.uk](mailto:alclarke@sirgar.gov.uk)****01267 246060****[hfont@sirgar.gov.uk](mailto:hfont@sirgar.gov.uk)**

**EXECUTIVE SUMMARY**  
**AUDIT COMMITTEE**  
**28<sup>th</sup> SEPTEMBER 2018**

**SICKNESS ABSENCE UPDATE REPORT**

The attached report provides the Audit Committee with the 2017/18 end of year position in relation to sickness absence.

The data indicates that since 2016/17 there has been an overall reduction in the number of days lost per full time equivalent (FTE) - reducing from 10.76 days in 2016/17 to 10.15 days during 2017/18.

However, the overall target of 9.6 days per FTE, which was set by Corporate Management Team to support a reduction in absence, has not been met.

The report also provides information in relation to the initiatives introduced during the year to support attendance management within schools and council departments, these initiatives include:

1. Introduction of the Schools' Staff Absence Scheme to all primary schools
2. Positive Attendance Management Conference for all Carmarthenshire Head Teachers and Chairs of Governing Bodies
3. Ongoing delivery of the Attendance Management development programme to all Head Teachers and Chairs of Governing Bodies
4. Establishment of the Challenge & Review Attendance Forum, chaired by the Deputy Leader
5. Improved management information, benchmarking and ranking data
6. Signing of the TUC Charter "Dying to Work Campaign" aimed at supporting employees with a terminal illness
7. Maintaining the Council's accreditation as a Disability Confident Employer

The report also provides detailed information relating to:

1. Cost of absence
2. Employee Wellbeing data
3. Number of employees dismissed on the grounds of health capability
4. Main causes of absence
5. Sector comparisons
6. All Wales comparisons (2016/17)

**DETAILED REPORT ATTACHED?**

**YES**



**EICH CYNGOR arleinamdani**  
[www.sirgar.llyw.cymru](http://www.sirgar.llyw.cymru)

**YOUR COUNCIL doitonline**  
[www.carmarthenshire.gov.wales](http://www.carmarthenshire.gov.wales)

## 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: **PR THOMAS – ASSISTANT CHIEF EXECUTIVE (PEOPLE MANAGEMENT)**

Policy, Crime & Disorder and Equalities <b>YES</b>	Legal <b>YES</b>	Finance <b>YES</b>	ICT <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>YES</b>	Physical Assets <b>NONE</b>
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### 1. Policy, Crime & Disorder and Equalities

Supports the strategic aim of making better use of resources.

### 2. Legal

Failure to follow the Council's Sickness Absence Policy and associated guidance e.g. Disability Information and Reasonable Adjustments, may lead to breaches of the Equality Act 2010 and associated risks of litigation at employment tribunal.

### 3. Finance

Services face the burden of additional costs for such as overtime, supply replacements, agency and occupational / statutory sickness pay.

### 6. Staffing Implications

Support and advice will continue to be provided by the People Management business partners and advisors as required i.e. HR Advice, Occupational Health, Health & Safety and Learning & Development

## CONSULTATIONS

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

Signed: **P R THOMAS - ASSISTANT CHIEF EXECUTIVE (PEOPLE MANAGEMENT)**

1. Local Member(s) N/A

2. Community / Town Council N/A

3. Relevant Partners N/A

4. Staff Side Representatives and other Organisations N/A

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

**THERE ARE NONE**

Mae'r dudalen hon yn wag yn fwriadol



# Audit Committee

## People Management: Sickness Absence update report End of Year 2017/18

Meeting date: 28<sup>th</sup> September 2018

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## People Management

### Sickness Absence Performance Monitoring Report

#### End of Year 2017/18

##### Introduction

The Authority Performance Indicator (PI) for sickness absence measures the number of working days lost due to sickness absence per full time equivalent (FTE) headcount per annum. The target set by Corporate Management Team for improvement for 2017/18 was 9.6 FTE.

In June 2017 departmental targets were also agreed to support a reduction in sickness absence. Both the corporate and departmental targets are monitored half yearly via Corporate Management Team (CMT) and quarterly via Departmental Management Teams (DMT). The targets were calculated by reference to the average Full Time Equivalent (FTE) headcount figure and End of Year (EOY) results over the preceding 3 years less 5%.

##### What has changed during 2017/18?

It is the responsibility of all DMTs to maintain a high profile on attendance management, monitor performance on a quarterly basis, to set clear expectations of all its managers to manage sickness absence proactively and to foster a working environment that encourages improved attendance from all employees.

From a corporate perspective People Management has focused its energies during 2017/18 on supporting in the following areas:

- Significant support to schools to support underperformance during 2016/17 in sickness absence management highlighted within Estyn's all Wales report 'Effective Management of School Workforce Attendance in primary schools' (January 2017) and reinforced by CCCs schools performance within all Wales benchmarking data;
- In collaboration with Corporate Services, launched the 'Schools' Staff Absence Scheme' (SSAS) to all primary schools on 1<sup>st</sup> April 2018 for a pilot period of 2 years. Most CCC schools purchased insurance policies through a range of insurance providers to cover the replacement costs of teaching, learning support and other staff absent from school.

The SSAS is an alternative means of providing schools with a cover for replacement costs but operates on the principles of mutuality and not for profit. Its main purpose is to raise funds from its members, ie. Primary schools, which can then be used to provide shared benefits and safeguards to scheme members and the Authority.

Contributions are pooled into a central fund rather than purchasing insurance policies with any net surpluses to be refunded to schools in future years.

The scheme is designed to support proactive attendance management practices in line with CCCs Model Schools' Attendance policies. The reliance on insurance policies to cover the cost of replacement cover was counterproductive to proactive attendance management. There was a disincentive for schools to follow absence management procedures as in many instances once an employee returned to work the insurance did not cover subsequent absence by the same employee for the same pre-existing condition.

60 CCC primary schools joined the scheme during 2017/18 and the remaining primary schools invited to join during the 2<sup>nd</sup> year of the pilot period.

- During this year People management has rolled out My View self service to enable schools to manage sickness absence interactively dispensing with paper processes thereby enabling schools to manage absence in a timely and effective manner.
- In collaboration with the Department of Education & Children delivered a Positive Attendance Management Conference in the Autumn 2017 to all CCC Head teachers and Chairs of Governing Bodies;
- Continuing to deliver its ongoing programme of attendance management development activities to all people managers including Head Teachers and Chairs of Governing Bodies, so each understands his/her responsibilities and how to manage sickness absence in line with model policies and procedures;

During 2017/18 the following have attended from schools:

Head teachers	42
Chairs of GBs	9
Other (Admin / Business Managers / Deputy Heads)	34
<b>Total</b>	<b>85</b>

- Providing clarity on roles, responsibilities and levels of accountability within the authority for the management of sickness absence and developing the 'Positive Attendance Management Framework' detailing all the corporate health and wellbeing initiatives and support available at a strategic, operational and individual level to improve attendance, as previously discussed with Policy & Resources Scrutiny Members at the two development sessions held 29<sup>th</sup> November 2017 and 26<sup>th</sup> January 2018;
- Establishment of the 'Challenge & Review (C&R) Attendance Forum', chaired by the Deputy Leader Cllr. Mair Stephens, to provide challenge and support to Heads of Service to maintain a high profile on attendance management and discuss performance in relation to sickness absence and what strategies the Head of Service has utilised to seek improvement. Cllr. Giles Morgan, as Chair of P&R Scrutiny

Committee has been invited to participate as a panel member during 2018/19 to develop stronger links with the committees work;

The following divisions whose performance was in the lowest quartile have attended the forum to discuss performance in relation to sickness absence:

- Waste and Environment, Environment
  - Information Technology, Chief Executive
  - Homes and Safer Communities, Community
  - Property, Environment
  - Strategic Development, Education & Children
- Provision of improved performance management information, benchmarking and ranking data, and summaries of main reasons for absence at an authority, departmental, divisional and team level, to inform CMT, DMTs and divisional Business Management Teams (BMTs) to enable improved performance monitoring;
  - Encouraging DMTs/BMTs to utilise the 'Self Reflection Questions Model' to identify areas of concerns and develop action plans for improvement;
  - On the 9<sup>th</sup> March 2018 the authority became one of the first Welsh Council's to sign the TUC charter aimed at supporting employees with a terminal illness. The key commitments of this charter are aimed at supporting employees that have received a terminal diagnosis:
    - We recognise that terminal illness requires support and understanding and not additional and unavoidable stress and worry;
    - Terminally ill workers will be secure in the knowledge that we will support them following their diagnosis and recognise that safe and reasonable work can help maintain dignity, offer a valuable distraction and can be therapeutic in itself;
    - We will provide our employees with the security of work, peace of mind and right to choose the best course of action for themselves and their families which helps them through this challenging period with dignity and without undue financial loss;
    - We support the TUC's Dying to Work Campaign so that all employees battling terminal illness have adequate employment protection and have their in service benefits protected for the loved ones they leave behind.

The charter is mainly about providing employees with informed choice in decisions about continuing to work if they are able to do so, ensuring reasonable adjustments are considered, signposting to our internal employee wellbeing support services and/or supporting them through the ill-health

retirement process and helping individuals understand the financial impact of Occupational Sick Pay, pension benefits etc so they can make an informed choice of how to live the remaining period of their lives with dignity and security.

- Maintaining CCCs accreditation as a Disability Confident Employer which provides a commitment to support disabled applicants and employees in gaining and maintain employment.

Has this made a difference?

Performance indicates that Corporate Services is the only department to have met the 2017/18 EOY target. As the agreed targets have been set to support a reduction against previous 3 year average performance by 5%, 2017/18 result should ideally be lower across all departments.

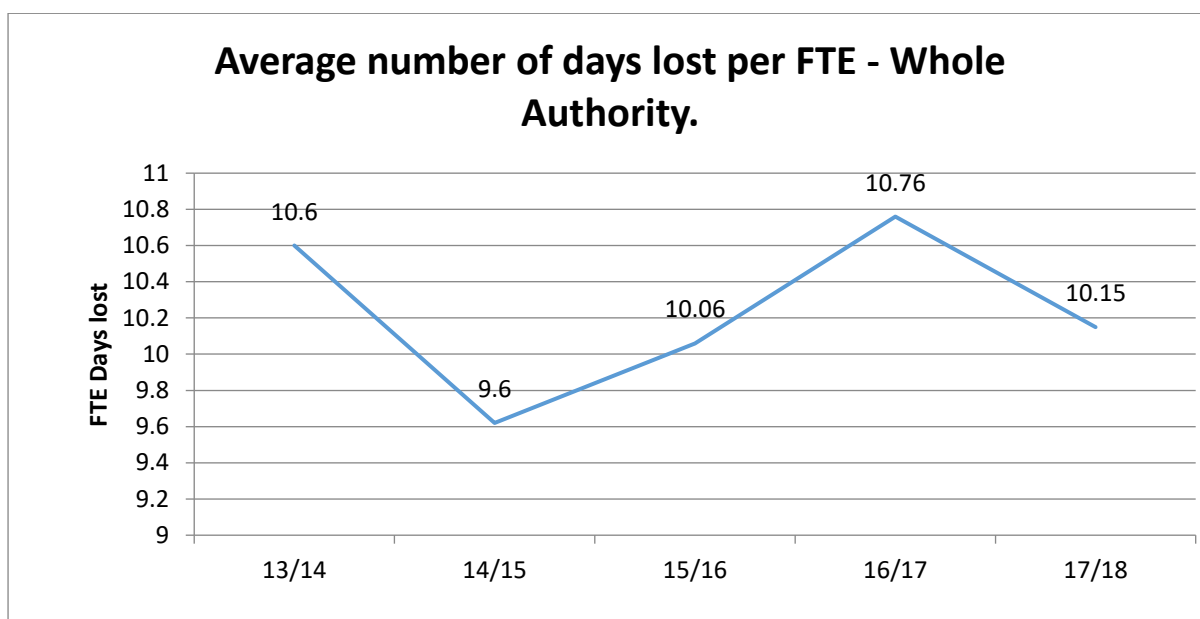
However the EOY figure for the whole Authority of 10.15 is below the 2016/17 result of 10.76. There has been a significant decrease of 0.6 FTE days lost by average employee FTE headcount indicating a downward trend unlike that of the previous 2 end of year figures (see Table 1).

Table 1: Departmental/Divisional/Section/School performance ranking Q4 2017/18

Department	Average Employee FTE Headcount	Short Term Lost FTE Days	Long Term Lost FTE Days	Total Lost FTE Days	FTE Days Lost by Average Employee FTE Headcount	Ranking	2016-17 Q4 Performance		Target	On Target?
Corporate Services	214.5	674.80	630.19	1305.0	6.1	1	5.9	0.2	6.3	Yes
Regeneration & Policy	202.1	862.55	707.50	1570.0	7.8	2	8.8	-1.0	6.7	No
Chief Executives	190.2	875.8	661.3	1537.1	8.1	3	9.5	-1.4	7.0	No
Education & Children	3266.8	14055.85	15790.2	29846.1	9.1	4	10.1	-1.0	9.0	No
Environment	895.7	3983.49	6958.20	10941.7	12.2	5	11.8	0.4	11.2	No
Communities	1325.7	6723.56	9937.40	16661.0	12.6	6	13.1	-0.5	11.6	No
<b>Authority Total</b>	<b>6094.9</b>	<b>27176.1</b>	<b>34684.9</b>	<b>61860.9</b>	<b>10.15</b>		<b>10.76</b>	<b>-0.6</b>	<b>9.63</b>	<b>No</b>

Table 2: Average number of days lost per FTE – whole Authority

Following the launch of the revised Sickness Absence policy and targeted interventions funded via risk management there was a marked reduction in 2013/14. This increased slightly during 2015/16 and 2016/17 but it is encouraging that the Q4 2017/18 result is indicating a continuing downward trend since last reported in at half year Q2 2017/18.



**Table 3: Performance of Divisions that attended the C&R Attendance Forum**

It is evident that where Heads of Service have been proactive and set clear expectations in relation to positive attendance management that improvements have been made. Whilst this forum has to date focused on those divisions where performance is in the lowest quartile, all Heads of Service need to ensure they maintain the profile of positive attendance management, set clear expectations with their managers and monitor consistency of application of the authority’s Sickness Absence Policy and procedures. During 2018/19 the Chair of the C&R Attendance Forum will invite the remaining Heads of Service to attend to discuss divisional progress to ensure all services are contributing towards a reduction in the level of absence.

Department	Division	Average Employee FTE Headcount	Short Term Lost FTE Days	Long Term Lost FTE Days	Total Lost FTE Days	FTE Days Lost by Average Employee FTE Headcount	2016-17 Q4 FTE days lost by avg FTE Headcount	Difference
Chief Executives	Information Technology	65.2	326.11	317.00	643.1	9.9	17.5	-7.6
Environment	Property	291.2	1282.61	2180.00	3462.6	11.9	9.9	2.0
Education & Children	Strategic Development	206.1	882.54	1758.60	2641.1	12.8	12.4	0.4
Communities	Homes & Safer Communities	606.0	3274.21	5098.10	8372.3	13.8	14.9	-1.1
Environment	Waste & Environmental Services	185.0	1058.30	2036.70	3095.0	16.7	20.6	-3.9

[Table 4: Impact of targeted interventions to support schools in managing sickness absence](#)

The table below compares the performance of CCCs primary and secondary schools between 2016/17 and 2017/18. There is a reduction of 2 FTE days lost by average FTE headcount in the primary sector and 1.4 in the secondary sector which is a significant reduction. The People Management Division will continue to support schools during 2018/19 to secure continued improvement.

Division	Average Employee FTE Headcount	Short Term Lost FTE Days	Long Term Lost FTE Days	Total Lost FTE Days	FTE Days Lost by Average Employee FTE Headcount	2016-17 Q4 FTE days lost by avg FTE Headcount	Difference
Primary Schools	1317.2	4747.06	5819.70	10566.8	8.0	10	-2.0
Secondary Schools	1062.6	4972.54	4006.00	8978.5	8.4	9.8	-1.4

Since the launch of the Schools' Staff Absence Scheme and proactive interventions to support primary schools to manage sickness absence the following efficiencies have been evidenced within the primary sector:

- Reduction in the number of average Full Time Equivalent (FTE) days lost due to sickness absence from 13,962.9 in 2016/17 to 10,735.2 in 2017/18;
- Reduction in Occupational Sick Pay (OSP) costs from £1,405,505 in 2016/17 to £1,100,779 in 2017/18;
- Reduction in the average OSP paid per FTE from £1,064.25 in 2016/17 to £840.65 in 2017/18.
- Agency and supply costs have remained relatively static between the 2 years despite increasing employment costs

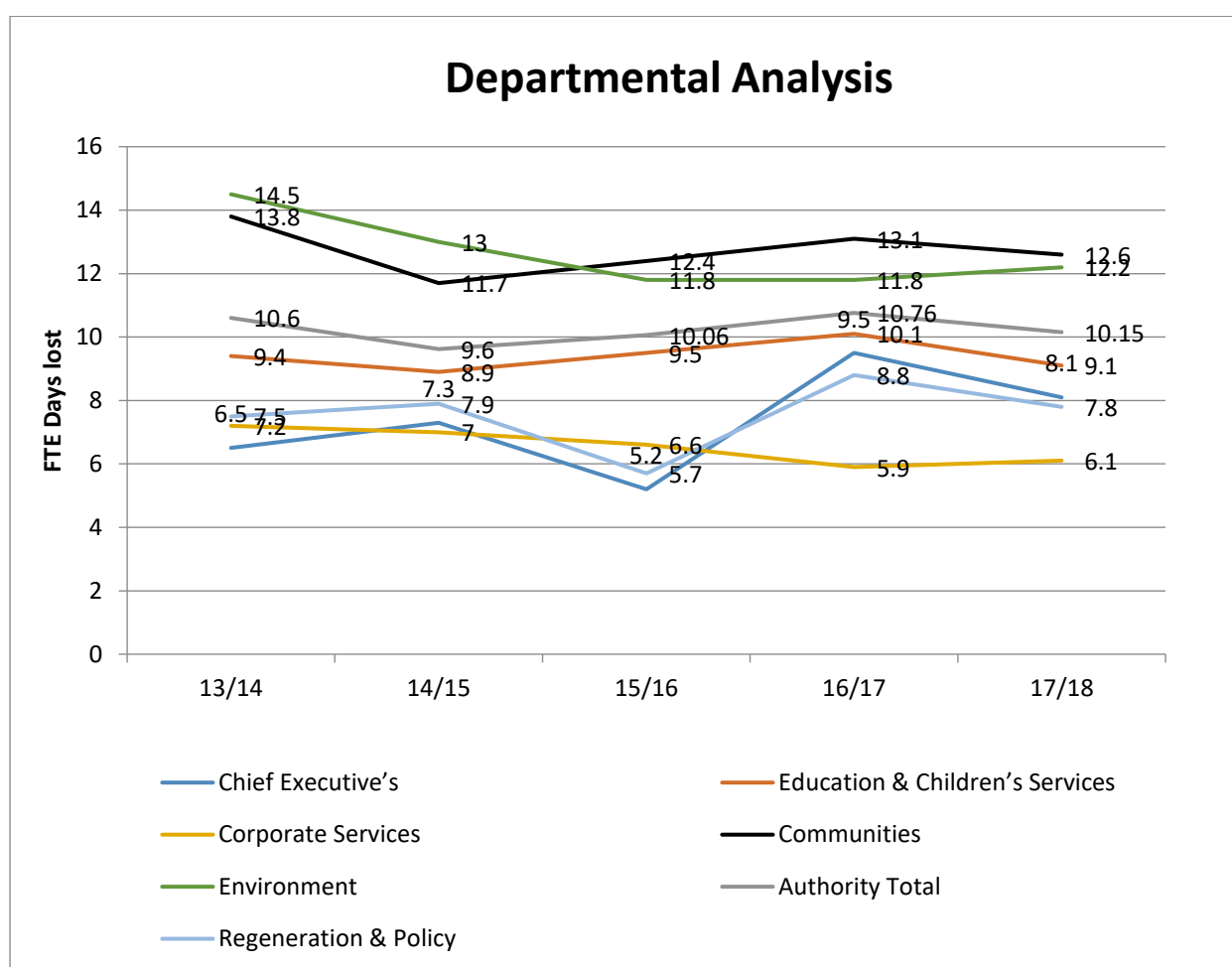
[Table 5: Departmental Analysis](#)

When departmental performance is compared to that of the previous year (Table 3) it can be seen that performance has improved the most within Chief Executive's Department where a reduction of 1.4 days has been achieved. In fact a significant reduction of at least a 1 day per FTE has been achieved in 3 departments. Year on year sickness absence rates have decreased in all but Environment and Corporate Services departments. (Corporate Services shows a year on year decline in performance despite achieving the target).



The divisions with the greatest variance (decrease - /increase +) compared to 2016/17 are:

- Information Technology, Chief Executive's ( -7.6)
- Waste & Environmental Services, Environment ( -3.9)
- Integrated Services, Communities ( -2.6)
- Primary Schools, Education & Children's ( -2.0)
- Secondary Schools, Education & Children's ( -1.4)
- Business Support & Improvement, Communities ( +5.5)
- Curriculum and Wellbeing, Education & Children's ( +3.1)
- Special Schools, Education & Children ( +3.0)
- Administration & Law ( +2.7)
- Revenues and Financial Compliance ( +2.6)



**Table 6: Cost of Absence**

The table below illustrates the cumulative cost of occupational sick pay for Q1 to Q4 since 2013/14. This excludes additional costs that may be incurred by divisions as a consequence in particular those delivering e.g. Overtime costs, agency costs; other replacement costs.

**\* Including schools**

<b>Occupational Sick Payments (OSP) Q4 cum</b>			
<b>Department</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Chief Executives	£108,456.24	£190,653.94	£166,562.56
Communities	£1,642,339.13	£1,613,819.38	£1,598,842.63
Corporate Services	£136,397.99	£117,062.49	£93,515.84
Education & Children	£3,357,268.50	£3,510,068.25	£3,144,098.50
Environment	£841,008.75	£830,328.38	£836,010.00
Regeneration & Policy	£127,323.83	£176,695.38	£147,354.73
<b>Total</b>	<b>£6,212,794.43</b>	<b>£6,438,627.80</b>	<b>£5,986,384.27</b>

[Table 7: Employee Wellbeing appointment data](#)

The table below indicates the number of employees being supported by the Employee Wellbeing Centre. Each employee will attend at least one appointment with either the Occupational Health Nurse or Clinician. Depending on the recommendations made, a proportion will be offered further wellbeing support services via the centre such as counselling, cognitive behaviour therapy or post-traumatic stress therapy.

As can be illustrated by the data below there has been a 20% increase in the number of referrals to the Employee wellbeing Centre.

<b>Number of Employees Supported by Occupational Health Centre</b>				
<b>Department</b>	<b>Number of Employees Attended Q4 Cumulative</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Chief Executives	47	69	85	91
Communities	686	711	654	653
Corporate Services	76	50	66	56
Environment	936	811	763	997
Education & Children	433	557	571	643
Regeneration & Policy	9	13	10	23
External	150	218	281	301
<b>Total</b>	<b>2339</b>	<b>2429</b>	<b>2430</b>	<b>2764</b>

[Table 8: Number of employees dismissed on the grounds of capability \(health\)](#)

Valuing our employees by supporting good health and wellbeing is one of the authority's core values. There is much research to demonstrate that attendance at work contributes to positive health and wellbeing. The authority aims to support its employees by providing a safe and healthy workplace and promoting a culture where regular attendance can be expected of all. Absence from work is unlikely to be a positive experience for the absent employee(s) or his / her colleagues, so the authority actively manages and supports those employees who experience ill health during their employment in line with its Sickness Absence Management policy.

However, there are occasions where an employee cannot be supported back to work to his/her substantive role or redeployed into suitable alternative employment due to the nature of the illness or condition and in such circumstances an employee will be dismissed on the grounds of capability (health). Table 4 below details the number of employees that have been dismissed on the grounds of capability (health) over the last three years:

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>EOY</b>	<b>EOY</b>	<b>EOY</b>
<b>Total</b>	70	59	69

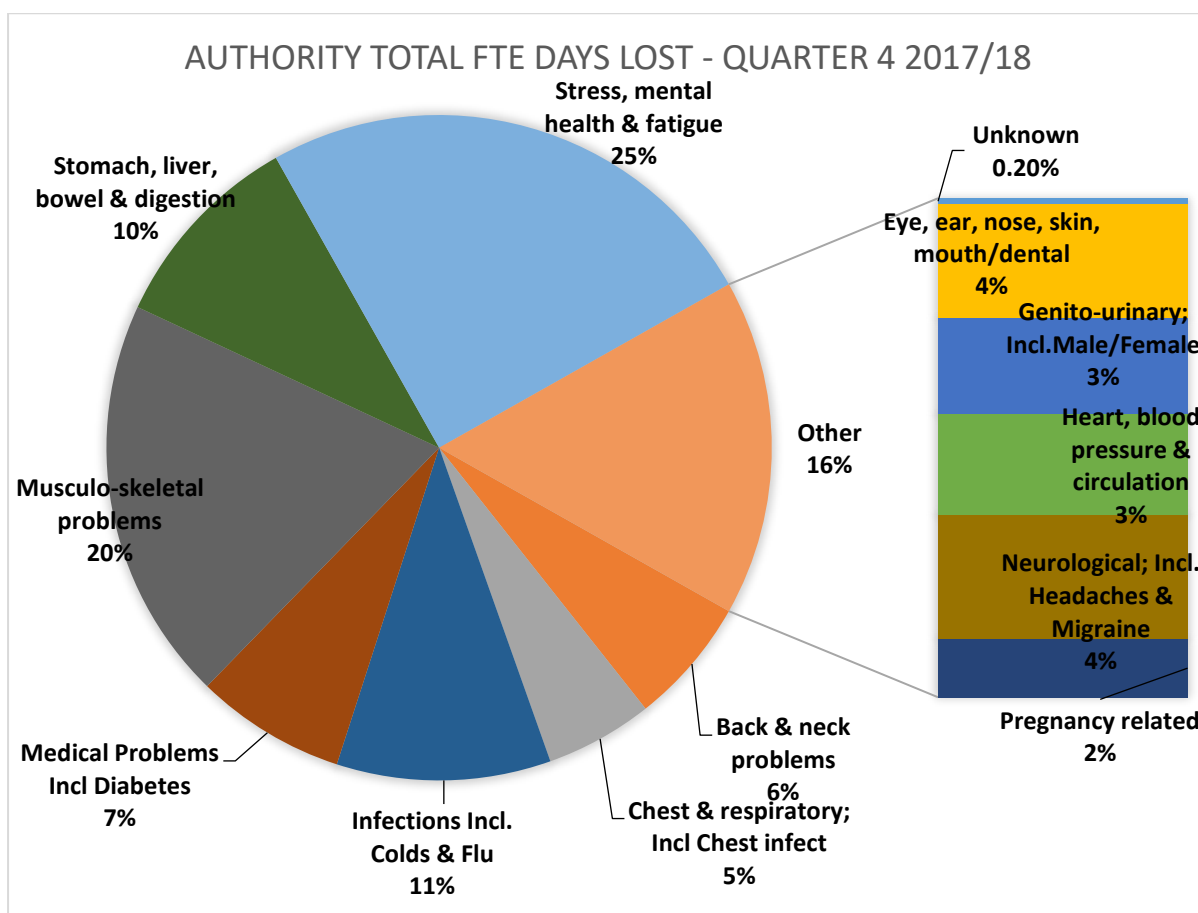
[Table 9: Causes of absence – whole year cumulative Q4 2017/18](#)

Stress, mental health & fatigue is the most common cause of absence within the authority (25%) followed by musculoskeletal problems (20%). Other reasons for absence are as detailed within the pie chart above and will vary from one reporting period due to seasonal variations, e.g. infections - including colds & flu (11%).

Whilst stress, mental health & fatigue is the main cause of absence within CCC and an area of significant concern, the level of absence for this reason is comparable with other public sector organisations including health, education and civil service.

This is the main corporate priority area that People Management will be supporting during 2018/19 by:

- Undertaking a ‘heat map’ of the organisation and identifying service areas/teams where levels of stress, mental health & fatigue is of most concern;
- Undertaking further analysis work within these service areas/teams to understand the main causes utilising the Health & Safety Executive’s ‘Management Standard Approach’;
- Identifying actions and resources to address the current position and set milestones for improvement.



**Table 10: Sector comparisons**

The benchmarking figures below are derived from the results of a health and wellbeing survey conducted by the Chartered Institute of Personnel and Development (CIPD). The survey was completed by 1,021 respondents in November 2017 from manufacturing and production, private sector, public services and voluntary, community and not-for-profit organisations.

Public Sector Comparators	No. of responses	Average days lost per employee per year 2017 (CIPD)	CCC 2017/18
Public Services	231	8.5	10.15
Non-profit sector	131	7.3	10.15
Manufacturing and production	150	6.2	10.15
Private sector	509	5.6	10.15

Within the published data there are sector and occupational differences illustrated. The table below attempts to match similar occupational groups to similar divisions and service areas within the Authority.

Private, public and non-profit sector comparators	Average days lost per employee per year	Similar occupational group within CCC	End of Year 2017/18
Care services/ Housing association	11.3 7.9	Homes and Safer Communities (includes Care & Support)	13.8
IT services	4.0	Information Technology	9.9
Transport distribution & storage	7.8	Transport and Engineering	10.6
Hotels, catering and leisure	5.3	Strategic Development (includes Catering) Leisure	12.8 10.6
Professional Services (accountancy, advertising, consultancy)	5.9	Finance Revenues & Compliance People Management Admin & Law	5.0 7.2 7.6 6.5
Media (Broadcasting and Publishing)	4.4	Media and Marketing	13.2

[Table 11: Comparative sickness absence performance indicator](#)

Carmarthenshire directly employs approximately 7,990 employees in a range of occupations including catering, cleaning, residential / domiciliary care, refuse and leisure services. In many of the local authorities listed below these services are contracted outside of the authority and therefore not included in the respective calculations. It should be noted that, according to benchmarking figures, these occupations generally have higher sickness absence rates either due to the physical nature of the work or being more susceptible to illness due to interaction with service users/customers.

It should also be noted that the actual make up of local government reported sickness figures can also vary considerably i.e. first 3 days removed, long term sickness removed; Carmarthenshire County Council include both.

All Wales Comparative benchmarking data for 2017/18 is published once audited in September 2018. Comparisons of unaudited end of year results shared by Welsh Authorities indicate that Carmarthenshire has improved its ranking position from 14<sup>th</sup> to 12<sup>th</sup> and is now median in the table compared to 3<sup>rd</sup> quartile at end of year in 2016/17. CCC performance against 2017/18 comparisons will be reflected in the half year progress report to P&R Scrutiny committee later in the year.

Mae'r dudalen hon yn wag yn fwriadol

**Y Pwyllgor Archwilio**

28 Medi 2018

**Pwnc:** Adroddiadau Lleol Swyddfa Archwilio Cymru**Argymhellion / penderfyniadau allweddol sy'n ofynnol:**

Derbyn a nodi adroddiad Swyddfa Archwilio Cymru a nodir uchod.

**Rhesymau:**

Derbyn adroddiad Swyddfa Archwilio Cymru

**Pwyllgor craffu perthnasol i ymgynghori ag ef:**

dd/b

**A oes angen Penderfyniad gan y Bwrdd Gweithredol?** Nac oes**A oes angen Penderfyniad gan y Cyngor?** Nac oes**DEILIAD PORTFFOLIO YR AELOD GWEITHREDOL O'R BWRDD GWEITHREDOL:-**

Y Cynghorydd David Jenkins

Adroddiad Swyddfa  
Archwilio Cymru

Mae'r dudalen hon yn wag yn fwriadol





WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Trosolwg a Chraffu – Addas ar gyfer y Dyfodol? – **Cyngor Sir Gaerfyrddin**

Blwyddyn archwilio: 2017-18

Dyddiad cyhoeddi: Mehefin 2018

Cyfeirnod y ddogfen: 634A2018-19

Paratowyd y ddogfen hon at ddefnydd mewnol Cyngor Sir Gaerfyrddin fel rhan o waith a wnaethpwyd yn unol â swyddogaethau statudol.

Nid yw'r Archwilydd Cyffredinol, staff Swyddfa Archwilio Cymru na, lle y bo'n berthnasol, yr archwilydd penodedig, yn derbyn dim cyfrifoldeb mewn perthynas ag unrhyw aelod, cyfarwyddwr, swyddog neu weithiwr arall yn rhinwedd ei swydd unigol, nac i unrhyw drydydd parti.

Os daw cais am wybodaeth y gallai'r ddogfen hon fod yn berthnasol iddi, tynnir sylw at y Cod Ymarfer a gyhoeddwyd dan adran 45 o Ddeddf Rhyddid Gwybodaeth 2000. Mae'r Cod ar gyfer adran 45 yn nodi'r arferion a ddisgwylir gan awdurdodau cyhoeddus wrth ddelio â cheisiadau, gan gynnwys ymgynghori â thrydydd partiön perthnasol. Yng nghyswllt y ddogfen hon, ystyrir bod Archwilydd Cyffredinol Cymru, Swyddfa Archwilio Cymru, a lle y bo'n berthnasol, yr archwilydd penodedig, yn drydydd parti perthnasol. Dylid anfon unrhyw ymholiadau ynglŷn â datgelu neu aildefnyddio'r ddogfen hon i Swyddfa Archwilio Cymru yn [info.officer@audit.wales](mailto:info.officer@audit.wales).

Rydym yn croesawu gohebiaeth a galwadau ffôn yn y Gymraeg ac yn Saesneg. Ni fydd gohebu yn y Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Saesneg. This document is also available in English.

Roedd y tîm a wnaeth y gwaith yn cynnwys Jeremy Evans, Alison Lewis a Gareth Lewis, dan gyfarwyddyd Huw Rees.

# Y Cynnwys

Er eu bod yn cefnogi'r gwaith trosolwg a chraffu, mae angen cryfhau trefniadau'r Cyngor ar gyfer y swyddogaeth graffu er mwyn helpu i ateb heriau nawr ac yn y dyfodol.

## Adroddiad cryno

Cynigion ar gyfer Gwella 5

Er eu bod yn cefnogi'r gwaith trosolwg a chraffu, mae angen cryfhau trefniadau'r Cyngor ar gyfer y swyddogaeth graffu er mwyn helpu i ateb heriau nawr ac yn y dyfodol.

Mae'r Cyngor wedi creu diffiniad clir o rôl trosolwg a chraffu ond mae angen iddo wella'r amgylchedd lle mae'r gwaith craffu yn digwydd er mwyn ei helpu i ateb heriau nawr ac yn y dyfodol 6

Mae cyfleoedd i gryfhau'r modd y mae'r swyddogaeth trosolwg a chraffu yn cael ei ddarparu, a hynny drwy gynllunio'r agenda'n well ac ymgysylltu â'r cyhoedd 7

Nid yw'r Cyngor yn gwerthuso effaith y gwaith trosolwg a chraffu, ac ni all ddangos pa mor effeithiol yw hynny yn gyffredinol 9

## Atodiadau

Atodiad 1 – canlyniadau a nodweddion ar gyfer trosolwg a chraffu effeithiol ar ran llywodraeth leol 10

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# Adroddiad cryno

## Crynodeb

- 1 Gyda'r 22 o gynghorau yng Nghymru, boom yn archwilio pa mor 'addas ar gyfer y dyfodol' yw eu swyddogaethau craffu. Boom yn ystyried sut mae cynghorau'n ymateb i'r heriau sy'n bodoli ar hyn o bryd i'w gweithgareddau craffu. Roedd y rhain yn cynnwys Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015 a sut mae'r cynghorau'n craffu ar y Byrddau Gwasanaethau Cyhoeddus. Boom hefyd yn archwilio pa mor dda yw sefyllfa'r cynghorau o ran eu gallu i ymateb i heriau yn y dyfodol, megis y pwysau parhaus ar gyllid cyhoeddus a'r posibilrwydd o symud tuag at fwy o gydweithio ar lefel ranbarthol rhwng awdurdodau lleol.
- 2 Fel rhan o'r adolygiad hwn boom hefyd yn adolygu cynnydd cynghorau o ran rhoi sylw i'r argymhellion yn ein Hastudiaeth Wella Genedlaethol flaenorol, sef **Craffu Da? Cwestiwn Da!** (Mai 2014) (gweler **Atodiad 2**). Byddwn hefyd yn mynd ar drywydd unrhyw gynigion perthnasol ar gyfer gwella a gyhoeddwyd mewn unrhyw adroddiadau lleol, gan gynnwys y rheini yn ein hadolygiadau thematig o Gynllunio Arbedion a Threfniadau Llywodraethu ar gyfer Pennu Newidiadau Arwyddocaol i Wasanaethau yn 2016-17.
- 3 Nod ein hadolygiad oedd:
  - canfod dulliau o wreiddio egwyddorion datblygu cynaliadwy mewn prosesau ac arferion craffu fel sail ar gyfer rhannu arferion a llywio gwaith yr Archwilydd Cyffredinol yn y dyfodol yng nghyswllt Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015;
  - rhoi sicrwydd bod swyddogaethau craffu mewn sefyllfa dda i ymateb i heriau a disgwyliadau nawr ac yn y dyfodol;
  - helpu i wreiddio craffu effeithiol ar ran aelodau etholedig o ddechrau'r cylch etholiadol newydd ymlaen; a
  - gweld pa mor dda y mae cynghorau wedi ymateb i ganfyddiadau ein Hastudiaeth flaenorol o Wella Craffu.
- 4 Fel sylfaen i'n canfyddiadau, fe wnaethon ni seilio ein dull adolygu ar y Canlyniadau a'r Nodweddion ar gyfer Trosolwg a Chraffu Effeithiol ar ran Llywodraeth Leol yr oedd rhanddeiliaid craffu yng Nghymru wedi eu llunio ac wedi cytuno arnynt yn sgil ein Hastudiaeth Wella Genedlaethol flaenorol, sef **Craffu Da? Cwestiwn Da!**
- 5 Fe wnaethon ni gynnal ein gwaith maes ym mis Hydref a mis Tachwedd 2017. Fe wnaethon ni adolygu dogfennau, cyfworld â swyddogion a chynnal grwpiau ffocws â chynghorwyr. Fe wnaethon ni hyn er mwyn deall eu barn ar drefniadau craffu presennol Cyngor Sir Gaerfyrddin (y Cyngor). Yn benodol, sut mae'r Cyngor yn mynd ati ac yn bwriadu ymateb i'r heriau a nodir uchod.
- 6 Fe wnaethon ni wyllo sampl o gyfarfodydd craffu ac adolygu dogfennau cyfarfodydd personol a ddarparwyd i gynghorwyr i'w cynorthwyo gyda'u rôl graffu, megis adroddiadau a chyflwyniadau.

- 7 Daethon ni i'r casgliad eu bod yn cefnogi'r gwaith trosolwg a chraffu, ond mae angen cryfhau trefniadau'r Cyngor ar gyfer y swyddogaeth graffu er mwyn helpu i ateb heriau nawr ac yn y dyfodol. Daethom i'r casgliad hwn oherwydd:
- mae'r Cyngor wedi creu diffiniad clir o rôl trosolwg a chraffu ond mae angen iddo wella'r amgylchedd lle mae'r gwaith craffu yn digwydd er mwyn ei helpu i ateb heriau nawr ac yn y dyfodol;
  - mae cyfleoedd i gryfhau'r modd y mae'r swyddogaeth trosolwg a chraffu yn cael ei ddarparu, a hynny drwy gynllunio'r agenda'n well ac ymgysylltu â'r cyhoedd; ac
  - nid yw'r Cyngor yn gwerthuso effaith y gwaith trosolwg a chraffu, ac ni all ddangos pa mor effeithiol yw hynny yn gyffredinol.

## Cynigion ar gyfer gwella

- 8 Mae'r tabl isod yn cynnwys ein cynigion am ffyrdd y gallai'r Cyngor wella effeithiolrwydd ei swyddogaeth trosolwg a chraffu fel ei fod mewn sefyllfa well i ateb heriau nawr ac yn y dyfodol.

### Eitem 1: cynigion ar gyfer gwella

<b>Cynigion ar gyfer gwella</b>	
<b>C1</b>	<b>Adolygu strwythur y pwyllgor trosolwg a chraffu i sicrhau ei fod yn gallu ateb heriau nawr ac yn y dyfodol.</b>
<b>C2</b>	<b>Egluro rôl aelodau'r Bwrdd Gweithredol ym mhroses y pwyllgor trosolwg a chraffu er mwyn sicrhau bod pwyllgorau'n cyflawni eu rôl o ran dal y Weithrediaeth i gyfrif.</b>
<b>C3</b>	<b>Dweud yn benodol yn yr adroddiadau sy'n cael eu cyflwyno i'r pwyllgor trosolwg a chraffu pam mae'r pwyllgor yn cael yr wybodaeth a sut mae hyn yn ymwneud â rôl y pwyllgor craffu.</b>
<b>C4</b>	<b>Sicrhau mai Cadeiryddion ac aelodau'r pwyllgor sy'n rheoli agendâu'r pwyllgor drwy benderfynu a chytuno ar gynnwys a blaenoriaethu'r materion y mae'r pwyllgor craffu yn edrych arnynt er mwyn cael digon o amser i graffu'n fwy effeithiol.</b>
<b>C5</b>	<b>Canfod a gweithredu ffyrdd newydd o annog y cyhoedd i ymwneud fwy â'r maes trosolwg a chraffu.</b>
<b>C6</b>	<b>Sefydlu trefniadau ar gyfer asesu pa mor effeithiol yw'r gwaith trosolwg a chraffu a beth yw ei effaith.</b>

# Adroddiad manwl

Er eu bod yn cefnogi'r gwaith trosolwg a chraffu, mae angen cryfhau trefniadau'r Cyngor ar gyfer y swyddogaeth graffu er mwyn helpu i ateb heriau nawr ac yn y dyfodol.

Mae'r Cyngor wedi creu diffiniad clir o rôl trosolwg a chraffu ond mae angen iddo wella'r amgylchedd lle mae'r gwaith craffu yn digwydd er mwyn ei helpu i ateb heriau nawr ac yn y dyfodol;

- 9 Mae gan y gwaith trosolwg a chraffu rôl bendant yn y Cyngor. Mae'r cynghorwyr a'r swyddogion yn ystyried bod craffu yn rhan bwysig o drefniadau llywodraethu'r Cyngor. Ond yn y camau cynnar y mae'r Cyngor o ran paratoi ar gyfer yr heriau llywodraethu sy'n gysylltiedig â gweithio ar y cyd â chyrff cyhoeddus eraill. Er enghraifft, nid yw eto wedi dechrau ar y gwaith o graffu ar y Bwrdd Gwasanaethau Cyhoeddus. Mae'r cynlluniau i ymgorffori a chryfhau cyfraniad y gwaith craffu i Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015 a'r trefniadau cydweithio rhanbarthol yn y camau cynnar.
- 10 Mae'r strwythur trosolwg a chraffu yn dal yn seiliedig ar drefniadau adrannol blaenorol. Nid yw'n gyson â chylch gwaith y prif swyddog cyfredol na phortffolios y Bwrdd Gweithredol cyfredol. Dywedodd y swyddogion a'r aelodau wrthym fod hyn yn golygu ei bod yn anodd penderfynu ba bwyllgor trosolwg a chraffu y dylai eitemau fynd, a pha brif swyddogion ac aelodau o'r Bwrdd Gweithredol ddylai fynychu pa bwyllgorau. Nid oes raid i bwyllgorau craffu fod yn gyson â'r Bwrdd Gweithredol a/neu bortffolios adrannol, a gwyddom fod rhai cynghorau wedi strwythuro eu pwyllgorau yn drawsbynciol neu thematig. Ond oherwydd pryderon cynghorwyr a swyddogion, a gan fod amser wedi mynd heibio ers yr adolygiad diwethaf o'r strwythur yn 2012, byddai'n amserol i'r Cyngor ystyried a yw ei strwythur trosolwg a chraffu yn dal yn briodol.
- 11 Wrth weithio i wella effeithiolrwydd cyfarfodydd y pwyllgor craffu, mae'r Cyngor wedi mynd ati'n ddiweddar i gyflwyno cyfarfodydd ymlaen llaw. Mae'r rhain yn gymorth i aelodau'r pwyllgor baratoi ar gyfer y cyfarfodydd trosolwg a chraffu, ac mae nodiadau o'r cyfarfod ymlaen llaw yn gymorth i Gadeiryddion weithio'n fwy effeithiol. Mae eitem ar yr agenda, o'r enw 'y diweddaraf am gamau craffu' yn galluogi'r pwyllgor i weld beth yw cynnydd ei gamau gweithredu.
- 12 Mae cyfansoddiad y Cyngor yn nodi'n glir beth yw'r rolau trosolwg a chraffu i aelodau'r pwyllgor, aelodau'r Bwrdd Gweithredol a swyddogion y Cyngor yng nghyfarfodydd y pwyllgor. Ond fe ddywedodd aelodau'r pwyllgor wrthym nad oeddent yn siŵr beth yw rôl aelodau'r Bwrdd Gweithredol yn y broses trosolwg a chraffu. Er enghraifft, mae dryswch o ran sut i wahodd aelodau'r Bwrdd Gweithredol i bwyllgorau a ph'un a ddylen nhw gyflwyno adroddiadau ai peidio. Y

mae'r pwyllgorau trosolwg a chraffu yn dal swyddogion i gyfrif, ond prin yw'r enghreifftiau o aelodau'r Bwrdd Gweithredol yn cyflwyno adroddiadau, yn cymryd cwestiynau ac yn cael eu dal i gyfrif yn y pwyllgorau. Mae angen i aelodau'r Bwrdd Gweithredol ac aelodau'r pwyllgor trosolwg a chraffu ddeall yn well beth yw rôl swyddogion ac aelodau'r Bwrdd Gweithredol yn y cyfarfodydd trosolwg a chraffu. Mae'r Cyngor yn cydnabod bod y swyddogaeth graffu wedi bod yn un sydd wedi'i harwain ormod gan swyddogion ac mae'n gweithio gyda'r cynghorwyr i fynd i'r afael â hyn.

- 13 Roedd y swyddogion yn darparu gwybodaeth gynhwysfawr i aelodau'r pwyllgor craffu. Fe welson ni hyn fel rhan o'r adolygiad. Pan fo pwyllgorau trosolwg a chraffu wedi gweld nad oes digon o wybodaeth a data ganddynt i gyflawni eu rôl yn effeithiol, maen nhw wedi gofyn am ragor o wybodaeth.
- 14 Mae cyflwyniadau gan gyrrff allanol mewn cyfarfodydd trosolwg a chraffu yn cael eu rhoi ar ddechrau'r cyfarfodydd. Yn y cyfarfodydd a welson ni, nid oedd yr wybodaeth ar gael ymlaen llaw ac nid oedd terfyn amser ar yr eitemau sydd ar yr agenda. Roedd hyn yn golygu bod y cyflwyniadau'n cymryd amser anghymesur yn y cyfarfod, gan adael llai amser i graffu.
- 15 Nid yw bob amser yn glir pam mae rhai eitemau ar yr agenda. Er mwyn i aelodau'r pwyllgor fod yn effeithiol, mae angen iddyn nhw fod yn glir pam mae'r pwyllgor yn ystyried adroddiadau. Ar hyn o bryd, mae'r adroddiadau i'r pwyllgorau trosolwg a chraffu yn cynnwys nodyn sy'n dweud: 'er gwybodaeth i'r pwyllgor' neu 'gofynnir i'r pwyllgor nodi', heb reswm clir pam bydd hyn yn gymorth iddynt gyflawni eu rôl trosolwg a chraffu.
- 16 Nid oedd aelodau'r pwyllgor trosolwg a chraffu yn gwybod yn iawn sut roedd y pwyllgorau'n manteisio ar waith archwilio, arolygu a rheoleiddio. Er bod rhai pwyllgorau yn gweld gwybodaeth gan Estyn ac Arolygiaeth Gofal Cymru, prin oedd y dystiolaeth fod blaenraglenni gwaith trosolwg a chraffu yn ystyried gwaith archwilio mewnol neu waith Swyddfa Archwilio Cymru.
- 17 Mae swyddogion gwasanaethau democrataidd y Cyngor yn darparu cymorth pwrpasol i'r swyddogion trosolwg a chraffu. Dywedodd swyddogion wrthym fod y cymorth i'r gwaith craffu yn dynn, ac mae swyddi gwag yn y tîm. Roedd aelodau'r pwyllgor trosolwg a chraffu yn canmol cymorth y swyddogion gwasanaethau democrataidd. Ond mae'r cynghorwyr yn pryderu am gapasiti'r swyddogion i roi cymorth i'r swyddogaeth trosolwg a chraffu yn y dyfodol. Mae prosiect newid yn cael ei gynnal ar hyn o bryd. Mae'n edrych ar y model gorau ar gyfer cefnogi'r swyddogaeth trosolwg a chraffu.

## **Mae cyfleoedd i gryfhau'r modd y mae'r swyddogaeth trosolwg a chraffu yn cael ei ddarparu, a hynny drwy gynllunio'r agenda'n well ac ymgysylltu â'r cyhoedd**

- 18 Mae blaenraglenni gwaith clir ar gael i bob pwyllgor trosolwg a chraffu, ac maen nhw ar gael ar wefan y Cyngor. Mae pwyllgorau'n defnyddio blaenraglen waith y

Bwrdd Gweithredol fel sail i'w blaenraglenni eu hunain. Mae adolygu'r rhaglen waith yn eitem sefydlog ar agenda'r pwyllgorau trosolwg a chraffu. Mae eitemau sefydlog y flaenraglen waith yn ymdrin â swyddogaethau allweddol y Cyngor, er enghraifft: monitro perfformiad a'r gyllideb, a'r Adroddiad Blynyddol drafft a'r Cynllun Gwella. Cytunir ar y rhain fel rhan o adolygiad blynyddol gyda'r Cadeiryddion a'r Is-Gadeiryddion. Mae mynd ati fel mater o drefn i atgyfeirio adroddiadau gan y Bwrdd Gweithredol yn golygu weithiau bod llawer o eitemau ar agendâu'r pwyllgorau trosolwg a chraffu. Mae hyn yn cyfyngu ar faint o amser sydd ar gael i bob eitem, a sut mae'r pwyllgorau'n gallu casglu tystiolaeth gan amrywiaeth eang o ffynonellau. Mae hyn yn gwanhau'r broses o graffu'n effeithiol.

19 Mae angen i gadeiryddion ac aelodau'r pwyllgor sicrhau mai nhw sy'n rheoli agendâu'r pwyllgor, a hynny drwy benderfynu a chytuno ar y cynnwys. Fel rhan o'i flaenraglenni gwaith, mae pob pwyllgor hefyd yn nodi:

- eitemau sy'n cael eu cario drosodd o raglenni gwaith blaenorol;
- eitemau a gynigir ar gyfer y rhaglen waith eleni;
- eitemau sefydlog blynyddol;
- sesiynau datblygu;
- ymweliadau â safleoedd; a
- adolygiadau gorchwyl a gorffen.

Ond nid yw'r holl eitemau a nodir yn cael eu rhoi ar yr amserlen.

20 Gallai amrywiaeth ehangach o dystiolaeth fod yn sail i waith y pwyllgorau trosolwg a chraffu. Yn benodol, tynnodd y cynghorwyr sylw at ddiffyg cyfraniad gan y cyhoedd i'r gwaith trosolwg a chraffu. Mae'r Cyngor yn adolygu'r ffordd y mae'n ymgysylltu â'r cyhoedd. Gallai hyn gynnwys mabwysiadu 10 Egwyddor Cyfranogaeth Cymru ar gyfer Ymgysylltu â'r Cyhoedd<sup>1</sup>. Dywedodd aelodau'r pwyllgor trosolwg a chraffu a'r swyddogion wrthym ei bod yn her cynnwys y cyhoedd yn y gwaith craffu. Mae eitem sefydlog ar yr agenda ymhob cyfarfod ar gyfer cwestiynau gan y cyhoedd, ond nid ydynt mewn gwirionedd yn cael llawer o gwestiynau gan y cyhoedd. Nid yw'r Cyngor yn gweddarlledu cyfarfodydd y pwyllgor trosolwg a chraffu. Mae hyn eto yn golygu bod llai o gyfle i'r cyhoedd gyfrannu. Yng nghyfarfodydd y pwyllgorau trosolwg a chraffu y buon ni'n eu harsylwi, nid oedd y Cadeiryddion yn eu gwneud yn eglur ar ddechrau'r cyfarfod pwy oedd yn bresennol a beth oedd eu rôl yn y cyfarfod. Petai'r Cadeiryddion yn gwneud hyn, byddai hynny'n gymorth i unrhyw aelodau o'r cyhoedd sy'n dod i'r cyfarfod.

21 Yn y pwyllgorau trosolwg a chraffu y buon ni'n eu harsylwi, amrywiol oedd ymgysylltiad yr aelodau ac roedd rhai aelodau'n gadael cyn diwedd y cyfarfodydd. Petai'r aelodau'n paratoi'n well ar gyfer cyfarfodydd, yn cymryd rhan ystyrlon yn y

<sup>1</sup> Cyfranogaeth Cymru - **Egwyddorion Cenedlaethol ar gyfer Ymgysylltu â'r Cyhoedd**



drafodaeth, a chael lefel presenoldeb llawn, byddai hynny i gyd yn gwella ansawdd y cyfarfodydd.

- 22 Mae hyfforddiant ar gael i'r cynghorwyr ar arferion craffu a sgiliau cadeirio. Mae'r Cyngor wedi gwella ei drefniadau cynefino, yn eu plith cynnwys cynghorwyr yn y gwaith o ddylunio'r rhaglen gynefino. Ond mae lefel presenoldeb y cynghorwyr yn y sesiynau hyfforddi wedi bod yn isel - er enghraifft, dim ond tri chynghorydd ddaeth i'r sesiwn cyflwyniad i gadeirio cyfarfodydd craffu a gynhaliwyd ar 13 Medi 2017, ac 20 o gynghorwyr ddaeth i'r hyfforddiant ar benderfyniadau ar gyfer cenedlaethau'r dyfodol ar 21 Gorffennaf 2017. Gallai'r cynghorwyr ddeall yn well beth yw eu rôl yn y swyddogaeth trosolwg a chraffu drwy fanteisio ar yr hyfforddiant a'r cyfleoedd datblygu sydd ar gael iddynt.
- 23 Prin yw'r hyfforddiant ar yr heriau i graffu yn y dyfodol, er enghraifft ar graffu ar y Bwrdd Gwasanaethau Cyhoeddus a threfniadau gwasanaethau ar y cyd. Soniodd y cynghorwyr wrthym am gamau a allai eu helpu, gan gynnwys gwyllo cyfarfodydd pwyllgorau trosolwg a chraffu mewn cynghorau eraill, a siarad â chadeiryddion pwyllgorau mewn cynghorau eraill.

## Nid yw'r Cyngor yn gwerthuso effaith y gwaith trosolwg a chraffu, ac ni all ddangos pa mor effeithiol yw hyn yn gyffredinol

- 24 Mae rhai enghreifftiau, cyn etholiad y cyngor yn 2017, o graffu yn cyfrannu at ddatrys problemau hysbys, er enghraifft mewn perthynas ag absenoldeb salwch. Ond gan fod y pwyllgorau trosolwg a chraffu wedi dechrau'n hwyr yn y flwyddyn ddinesig hon, yn dilyn yr etholiad, mae hynny wedi golygu bod enghreifftiau mwy diweddar yn fwy prin.
- 25 Nid yw'r Cyngor wedi cynnal adolygiad o'i gynnydd o gymharu â'r cynllun gweithredu a'r argymhellion a oedd yn deillio o Astudiaeth Wella Genedlaethol Swyddfa Archwilio Cymru, sef 'Craffu Da? Cwestiwn Da!' a gynhaliwyd ym mis Mai 2014 (gweler Atodiad 2). Ac nid oes gan y Cyngor chwaith ddull ffurfiol o werthuso pa mor effeithiol yw'r swyddogaeth trosolwg a chraffu. Felly nid yw'r Cyngor yn gallu asesu beth yw effaith gyffredinol y swyddogaeth trosolwg a chraffu, na pha mor effeithiol ydyw.

# Atodiad 1

## Canlyniadau a nodweddion ar gyfer trosolwg a chraffu effeithiol ar ran llywodraeth leol

Eitem 2: canlyniadau a nodweddion ar gyfer trosolwg a chraffu effeithiol ar ran llywodraeth leol

Canlyniadau	Nodweddion
Beth mae craffu da yn ceisio'i gyflawni?	Sut beth fyddai hyn? Sut byddem ni'n ei adnabod?
1. Mae atebolrwydd democrataidd yn ysgogi gwelliant mewn gwasanaethau cyhoeddus. 'Gwasanaethau Gwell'	<p><b>Yr Amgylchedd</b></p> <ul style="list-style-type: none"><li>i) Mae trefniadau gwella'r cyngor yn diffinio'n glir ac yn gwerthfawrogi rôl craffu</li><li>ii) Mae'r swyddogaeth graffu yn cael cefnogaeth swyddogion pwrpasol sy'n gallu ymgymryd â gwaith ymchwil annibynnol yn effeithiol a rhoi hyfforddiant, cyngor a gwasanaeth dadansoddi o ansawdd uchel i aelodau'r pwyllgor Craffu.</li></ul> <p><b>Ymarfer</b></p> <ul style="list-style-type: none"><li>iii) Mae ymchwiliadau Trosolwg a Chraffu yn anwleidyddol gyda methodoleg gadarn sy'n ymgorffori amrywiaeth eang o safbwyntiau a thystiolaeth.</li></ul> <p><b>Effaith</b></p> <ul style="list-style-type: none"><li>iv) Mae'r swyddogaeth trosolwg a chraffu yn herio darparwyr gwasanaethau a'r rheini sy'n gwneud penderfyniadau yn rheolaidd ar sail tystiolaeth.</li><li>v) Mae'r swyddogaeth graffu yn darparu atebion ymarferol sydd wedi'u hategu â thystiolaeth gadarn i broblemau cydnabyddedig.</li></ul>

Canlyniadau	Nodweddion
Beth mae craffu da yn ceisio'i gyflawni?	Sut beth fyddai hyn? Sut byddem ni'n ei adnabod?
<p><b>2. Mae'r broses o wneud penderfyniadau democrataidd yn atebol, yn gynhwysol ac yn gadarn. 'Penderfyniadau gwell'</b></p>	<p><b>Yr Amgylchedd</b></p> <ul style="list-style-type: none"> <li>i) Mae cynghorwyr craffu yn cael yr hyfforddiant a'r cyfleoedd datblygu sydd eu hangen arnynt i gyflawni eu rôl yn effeithiol.</li> <li>ii) Mae'r broses yn cael ei chefnogi'n effeithiol gan Dîm Rheolaeth Gorfforaethol y Cyngor sy'n sicrhau bod swyddogion craffu yn cael gwybodaeth o ansawdd uchel mewn modd amserol a chyson.</li> </ul> <p><b>Ymarfer</b></p> <ul style="list-style-type: none"> <li>iii) Mae'r swyddogaeth graffu yn cael ei harwain gan yr Aelodau ac yn arddel 'perchnogaeth' ar ei rhaglen waith, gan ystyried barn y cyhoedd, partneriaid a rheoleiddwyr a sicrhau cydbwysedd rhwng rhoi blaenoriaeth i bryderon y gymuned a materion o risg a phwysigrwydd strategol.</li> <li>iv) Mae rhanddeiliaid yn gallu cyfrannu at ddatblygu a chyflawni blaenraglenni gwaith ym maes craffu.</li> <li>v) Mae cyfarfodydd a gweithgareddau trosolwg a chraffu wedi'u cynllunio'n dda, maent yn cael eu cadeirio'n effeithiol ac yn defnyddio'r adnoddau sydd ar gael yn y ffordd orau bosib.</li> </ul> <p><b>Effaith</b></p> <ul style="list-style-type: none"> <li>vi) Mae Aelodau Anweithredol yn darparu gwasanaeth cadw cydbwysedd sy'n seiliedig ar dystiolaeth i'r swyddogaeth gwneud penderfyniadau ar lefel Weithredol.</li> <li>vii) Mae'r rheini sy'n gwneud penderfyniadau yn rhoi cyfrif drostynt eu hunain yn gyhoeddus mewn pwyllgorau craffu yng nghyswllt eu cyfrifoldebau portffolio.</li> </ul>
<p><b>3. Mae'r cyhoedd yn cymryd rhan mewn trafodaethau democrataidd am y ddarpariaeth o wasanaethau cyhoeddus yn awr ac yn y dyfodol.</b></p>	<p><b>Yr Amgylchedd</b></p> <ul style="list-style-type: none"> <li>i) Mae'r Tîm Rheolaeth Gorfforaethol a Gweithredol yn cydnabod bod craffu yn ddull pwysig y gall y cyngor ei ddefnyddio i ymgysylltu â'r gymuned.</li> </ul> <p><b>Ymarfer</b></p> <ul style="list-style-type: none"> <li>ii) Mae cyfathrebu effeithiol yn nodweddiadol o'r swyddogaeth graffu er mwyn codi ymwybyddiaeth o atebolrwydd democrataidd ac annog pobl i ymwneud â hynny.</li> <li>iii) Mae'r swyddogaeth graffu yn gweithredu mewn ffordd anwleidyddol ac yn delio'n effeithiol â gwrthdaro, tensiwn a materion gwleidyddol sensitif.</li> <li>iv) Mae'r swyddogaeth graffu yn meithrin ymddiriedaeth a pherthynas dda ag amrywiaeth eang o randdeiliaid mewnol ac allanol.</li> </ul> <p><b>Effaith</b></p> <ul style="list-style-type: none"> <li>v) Mae'r swyddogaeth trosolwg a chraffu yn galluogi 'llais' cymunedau a phobl leol ledled yr ardal i gael ei glywed fel rhan o brosesau gwneud polisiau a phenderfyniadau.</li> </ul>

# Atodiad 2

## Argymhellion o adroddiad astudiaeth wella genedlaethol yr Archwilydd Cyffredinol 'Craffu Da? Cwestiwn Da!' (Mai 2014)

Eitem 3: argymhellion **Craffu Da? Cwestiwn Da!** Astudiaeth Gwella Craffu

Argymhelliad	Partneriaid Cyfrifol
A1 Egluro rôl aelodau gweithredol ac uwch swyddogion wrth gyfrannu at y broses graffu.	Cynghorau, Llywodraeth Cymru, Cymdeithas Llywodraeth Leol Cymru
A2 Sicrhau bod aelodau craffu, ac yn benodol cadeiryddion craffu, yn cael hyfforddiant a chymorth er mwyn sicrhau eu bod yn meddu ar yr holl sgiliau sydd eu hangen i gynnal gwaith craffu effeithiol.	Cynghorau, Llywodraeth Cymru, Cymdeithas Llywodraeth Leol Cymru.
A3 Datblygu prosesau blaenraglennu craffu ymhellach er mwyn: <ul style="list-style-type: none"><li>• darparu rhesymeg glir dros ddewis pynciau;</li><li>• canolbwyntio mwy ar ganlyniadau</li><li>• sicrhau y defnyddir y dull craffu mwyaf addas ar gyfer y maes pwnc a'r canlyniad dymunol; a</li><li>• chysoni rhaglenni craffu â threfniadau rheoli perfformiad, hunanwerthuso a gwella'r cyngor.</li></ul>	Cynghorau.
A4 Sicrhau bod gwaith craffu yn defnyddio gwaith archwilio, arolygu a rheoleiddio yn effeithiol a bod ei weithgareddau yn ategu gwaith cyrff adolygu allanol.	Cynghorau, staff Swyddfa Archwilio Cymru, AGGCC, Estyn
A5 Sicrhau bod cyrff adolygu allanol yn ystyried rhaglenni gwaith craffu ac allbynnau gweithgareddau craffu, lle y bo'n briodol, wrth gynllunio a chyflawni eu gwaith.	Staff Swyddfa Archwilio Cymru, AGGCC, Estyn

Argymhelliad	Partneriaid Cyfrifol
<p>A6 Sicrhau y caiff effaith craffu ei gwerthuso'n briodol ac y gweithredir arni er mwyn gwella effeithiolrwydd y swyddogaeth; gan gynnwys gwneud gwaith dilynol ar gamau gweithredu arfaethedig ac archwilio canlyniadau.</p>	<p>Cynghorau, Llywodraeth Cymru, Cymdeithas Llywodraeth Leol Cymru.</p>
<p>A7 Cynnal hunanwerthusiadau rheolaidd o drefniadau craffu gan ddefnyddio 'canlyniadau a nodweddion trefniadau trosolwg a chraffu effeithiol i lywodraeth leol' a ddatblygwyd gan Rwydwaith Swyddogion Craffu Cymru.</p>	<p>Cynghorau.</p>
<p>A8 Rhoi cynlluniau gweithredu ar gyfer gwella craffu ar waith yn seiliedig ar astudiaeth wella Swyddfa Archwilio Cymru.</p>	<p>Cynghorau.</p>
<p>A9 Mabwysiadu 10 Egwyddor Cyfranogaeth Cymru ar gyfer Ymgysylltu â'r Cyhoedd wrth wella'r ffordd y mae'r swyddogaeth graffu yn ymgysylltu â'r cyhoedd a rhanddeiliaid.</p>	<p>Cynghorau.</p>

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Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Audit Committee Effectiveness – Carmarthenshire County Council

Audit year: 2017-18

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

The team who delivered the work comprised Jeremy Evans, Jason Garcia and Alison Lewis directed by Huw Rees.



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# Summary report

## Summary

- 1 As part of the Wales Audit Office work programme 2017-18, we carried out a review of the Audit Committee in Carmarthenshire County Council (the Council). The review evaluated whether the Council's Audit Committee is effectively discharging its remit against the requirements laid down in relevant legislation, professional guidance and its own constitution. The review also looked at whether the actions agreed at the Audit Committee's remit review session in July 2016 have been progressed.
- 2 The remit of a Council's Audit Committee is governed by the Local Government (Wales) Measure 2011. The Chartered Institute of Public Finance Accountancy (CIPFA), in its 2013 guidance document, has set out model terms of reference and core principles for an Audit Committee<sup>1</sup>.
- 3 The Local Government (Wales) Measure 2011 states that 'a local authority must appoint an Audit Committee to:
  - review and scrutinise the authority's financial affairs;
  - make reports and recommendations in relation to the authority's financial affairs;
  - review and assess the risk management, internal control and corporate governance arrangements of the authority;
  - make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements;
  - oversee the authority's internal and external audit arrangements; and
  - review the financial statements prepared by the authority.'
  - In addition, the Measure states, 'a local authority may confer on its Audit Committee such other functions as the authority considers suitable to be exercised by such a committee.'
- 4 The CIPFA guidance states that Audit Committees represent a key component of governance and their function is to provide an independent and high-level resource to support good governance and strong public financial management. The guidance states that, 'the purpose of an Audit Committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. In this way, they are an important source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance'. For financial accounts approval purposes the

<sup>1</sup> CIPFA (2013) *Audit Committees – Practical Guidance for Local Authorities and Police* (2013 Edition). Since we completed the fieldwork CIPFA has updated the guidance document, there is now a 2018 edition.

Council has designated the Audit Committee as the body charged with governance for the Council.

- 5 During November 2017 and April 2018, we observed the Audit Committee. We also carried out document reviews, interviewed officers and councillors and ran a workshop with Audit Committee members to understand their views on the Council's Audit Committee.
- 6 In this review, we asked 'Is the Council's Audit Committee effectively discharging its remit?' We found that the Audit Committee is committed to improving the way it operates and now needs to take action to strengthen its effectiveness in key areas to more fully discharge its role. We came to this conclusion because:
  - a more comprehensive understanding of the Audit Committee's remit by committee members could improve the committee's effectiveness;
  - the Audit Committee needs to strengthen its role in risk management and the Annual Governance Statement; and
  - the Council needs to further develop its arrangements for reviewing the effectiveness of the Audit Committee.

## Proposals for improvement

- 7 The table below contains our proposals for ways the Council could improve the effectiveness of its Audit Committee.

Exhibit 1: proposals for improvement

Proposals for improvement	
<b>P1</b>	<b>Review the role of Audit Committee in the preparation of the Annual Governance Statement.</b>
<b>P2</b>	<b>Strengthen the role of Audit Committee by ensuring the risk register is presented to the committee regularly throughout the year, and where further assurance is required on specific risks that risk owners are invited to the committee to discuss risk mitigation measures.</b>
<b>P3</b>	<b>Ensure that all Audit Committee members have access to full versions of all internal audit and external regulatory and audit reports, and strengthen arrangements for tracking actions taken to address the recommendations they include.</b>
<b>P4</b>	<b>Improve the information provided to Audit Committee by:</b> <ul style="list-style-type: none"> <li>• ensuring that reports give enough context and background for committee members to understand the key risks and issues; and</li> <li>• ensuring that reports are more specific about what action the Audit Committee needs to take in order to discharge its core functions.</li> </ul>

**Proposals for improvement**

- P5 Complete the implementation of the revised management arrangements for the internal audit function to ensure that potential conflicts of interest are mitigated.**

## The Audit Committee is committed to improving the way it operates and now needs to take action to strengthen its effectiveness in key areas to more fully discharge its role

### A more comprehensive understanding of the Audit Committee's remit by committee members could improve the committee's effectiveness

- 8 The remit of the Audit Committee is clearly defined in the Council's Constitution. There are eight councillors and one co-opted voting external lay member on the committee. The committee's membership changed following the Council elections in May 2017, so some members are new to their role on Audit Committee.
- 9 The Audit Committee meets quarterly. The committee has a forward work programme. The forward work programme is on the agenda of each Audit Committee meeting. However, committee members rarely make many changes to the forward work programme presented to them by officers.
- 10 Pre-meetings are held before Audit Committee. The pre-meetings involve the Chair, Vice Chair, Director of Corporate Services and Head of Revenues and Financial Compliance. The meetings provide a forum for officers to highlight key issues, and for the Chair to run through the agenda in preparation for the meeting. Those committee members attending the pre-meetings told us they were useful in supporting the committee meeting.
- 11 Reports provided to Audit Committee by officers need to give enough context and background for committee members to understand the key risks and issues they need to consider. Further clarity would be gained if the reports were more specific about the action the Audit Committee needs to take in order to discharge its core functions. For example, moving away from reports that simply ask the committee 'to receive the report' or 'approve progress'. The report should make it clear to the committee why they are considering it and what action they need to take in response to it, including whether further action is needed.
- 12 The Council provided specific training to members of the Audit Committee in July 2017. Committee members who attended this training told us it was useful. The Council continues to run development sessions at least every six months for the Audit Committee. Members that we asked reported finding these sessions useful. Members can suggest items for the development sessions. So far, the sessions have covered topics including the remit of the Audit Committee, understanding the Council's statement of accounts, and changes to procurement practices. Most committee members also reported that they thought the amount of training and development they had received to carry out their role on the Audit Committee was sufficient. However, from our observation of Audit Committee meetings, and our

workshop with committee members, we identified that further training for members on the remit of the Audit Committee, their role as committee members and the differences between the remit of Audit Committee and the scrutiny function would be useful.

## The Audit Committee needs to strengthen its role in risk management and the Annual Governance Statement

- 13 Our review looked at whether the Council's Audit Committee was effectively carrying out the seven core functions of an Audit Committee identified by the Chartered Institute of Public Finance and Accountancy<sup>2</sup>.
- 14 **Core function 1 – 'For the Audit Committee to be satisfied that the authority's assurance statements, including the Annual Governance Statement (AGS), properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority's objectives.'**
- We found there was limited awareness among Audit Committee members about the content of the Annual Governance Statement or the committee's role in the development and oversight of it. The Council's Corporate Governance Group prepares the Annual Governance Statement. The Corporate Governance Group's membership includes the Executive Board Member (Resources), Executive Board Member (Business Manager) and key senior officers in the organisation. The Chair of the Audit Committee is invited as an observer to these meetings. However, the meetings have not been held quarterly this year and there was an oversight in that the Chair was not invited to the last meeting. Because of this, at the time of our review, the current Chair of the Audit Committee had not had the opportunity to attend any meetings of the group.
  - The minutes of the Corporate Governance Group go to the Audit Committee meetings. Appendices related to the Annual Governance Statement are now included as separate attachments to the minutes, with the aim of giving the Annual Governance Statement more visibility at Audit Committee. The Annual Governance Statement is included as part of the statement of accounts, which goes each year to the Audit Committee. The role of the Audit Committee in the preparation and oversight of the Annual Governance Statement, and their role on the Corporate Governance Group needs reviewing to ensure there is enough opportunity for the Audit Committee to input into this key governance process and discharge its responsibility effectively in this area.

<sup>2</sup> CIPFA (2013) *Audit Committees – Practical Guidance for Local Authorities and Police* (2013 Edition).

15 **Core function 2 – ‘In relation to the authority’s internal audit functions:**

- **oversee its independence, objectivity, performance and professionalism**
- **support the effectiveness of the internal audit process**
- **promote the effective use of internal audit within the assurance framework.’**
- We found there is a positive relationship with the internal audit function and the committee were supportive of the work of internal audit. Currently not all Audit Committee members are sent all internal audit reports. Internal audit reports do get circulated to the: Chair and Vice Chair of the Audit Committee, Leader of the Council, Executive Board Member for Resources and relevant Executive Board members (depending on the subject matter). Should the wider Audit Committee membership want to see reports they would need to request them. As a result, the wider committee membership does not routinely review all internal audit findings and assess the associated risks. Internal audit reports produced for Audit Committee could also be improved by providing greater context to the audit work. This would help Audit Committee members to see the bigger picture with issues highlighted. For example: reports should make it clear:
  - where similar issues have been identified before;
  - if there are patterns emerging;
  - whether lessons have been learnt from earlier audits; and
  - if lessons learnt are being applied effectively across services.
- We also found that, due to the Head of Internal Audit now undertaking a new wider role with responsibility as Head of Revenues and Financial Compliance, there is a potential conflict of interest. The Council has recently appointed a new Principal Auditor. It is intended that this individual manages all internal audit work undertaken on areas for which the Head of Revenues and Financial Compliance has operational management responsibilities. The Council and the Audit Committee need to satisfy themselves that these revised arrangements mitigate the conflict of interest and that they operate effectively.

16 **Core function 3 – ‘Consider the effectiveness of the authority’s risk management arrangements and the control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations.’**

- The Audit Committee’s oversight of the Council’s risk management arrangements is currently limited. The Audit Committee has been receiving the minutes of the risk management steering group. However, it did not receive the corporate risk register at Audit Committee between its March 2017 and March 2018 meetings. This was despite the Audit Committee on 24 March 2017 agreeing the risk register would go to Audit Committee at six monthly intervals.

- The risk register presented to Audit Committee on 23<sup>rd</sup> March 2018 had some gaps in information and committee members have asked for further information.
  - Positively, the Audit Committee has asked that officers responsible for risks on the register attend future Audit Committee meetings to discuss the risks.
- 17 **Core function 4 – ‘Monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority’s exposure to the risks of fraud and corruption.’**
- The Council works well with the external auditor in managing the exposure to the risk of fraud and corruption. The external auditor asks the Council to complete a questionnaire to support this work. The Director of Corporate Services and the Chair of the Audit Committee complete this questionnaire jointly.
  - The Audit Committee’s work around value for money is currently limited.
- 18 **Core function 5 – ‘Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.’**
- The Council has improved its arrangements for considering the reports and recommendations from external audit. The Audit Committee now considers all relevant reports from the Wales Audit Office. However, the Audit Committee is not routinely seeing reports from other external regulators and inspectors, and cannot consider the risks that these may pose to the Council. The committee needs to see these reports to assure itself that any risks in the reports are properly considered.
- 19 **Core function 6 – ‘Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.’**
- Members of Audit Committee reported a positive relationship with both internal and external audit. Committee members also reported positively on the informal meeting that had taken place jointly with internal and external audit. The committee has requested that this informal meeting arrangement continues to take place twice a year. The Audit Committee has not met with other external regulators and inspectors such as Estyn and Care Inspectorate Wales. This is something they may wish to consider.
- 20 **Core function 7 – ‘Review the financial statements, external auditor’s opinion and reports to members, and monitor management action in response to the issues raised by external audit.’**
- The Audit Committee effectively reviews the reports presented to them but the arrangements for tracking and monitoring management action in response to issues raised by both external and internal audit could be strengthened. Recommendations from internal and external audit reports are added to the Council’s Performance Information and Management System (PIMS). Actions are assigned to an officer, with a date for the action to be



completed. However, the Audit Committee are currently not getting reports to show where actions have or have not been taken within the set timescales.

21 As well as these core functions, CIPFA recognise some wider functions the Audit Committee can carry out to support the Council further. These are:

- consider governance, risk or control matters at the request of other committees or statutory officers;
- work with local standards committees to support ethical values and reviewing the arrangements to achieve those values;
- review and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice<sup>3</sup>; and
- provide oversight of other public reports, such as the annual report.

We found limited evidence of the committee undertaking these wider functions. However, Audit Committee members recognised there were opportunities to strengthen links with other Council committees, and for them to have a better understanding of when it might be appropriate to refer matters to overview and scrutiny committees.

## The Council needs to further develop its arrangements for reviewing the effectiveness of the Audit Committee

22 In July 2016, members of the Audit Committee carried out a review session. The objective of the review was to discuss the remit of the Audit Committee and agree any changes needed to meet the committee's responsibilities. Several actions were identified, some have been implemented. For example, Annual Governance Statement appendices are now attached to the Corporate Governance Group minutes when they are reported to the Audit Committee. However, other actions have still not yet been implemented:

- the corporate risk register has not being considered by the Audit Committee twice yearly;
- there is no tracking of Wales Audit Office recommendations by the Audit Committee; and
- the committee have not looked at other Audit Committees to determine if there are good practice approaches that it could adopt.

The Audit Committee is now beginning to take action on these outstanding matters.

23 The Audit Committee carried out a self-assessment exercise at their development session on 15<sup>th</sup> November 2017. The self-assessment exercise was limited in its effectiveness as it took place after only two meetings of the new Audit Committee, which made it difficult for newer members to make an effective assessment. In addition, there was no written output of the exercise or action plan for improvement

<sup>3</sup> CIPFA (2011) *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition)*.

arising from the discussion. A more thorough self-assessment exercise, including a review the effectiveness and impact of the Audit Committee would help to support improvement.



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# Annual Improvement Report 2017-18

## Carmarthenshire County Council

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Jeremy Evans, Alison Lewis and Gareth W. Lewis under the direction of Huw Rees.

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# Summary report

## 2017-18 performance audit work

- 1 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including Carmarthenshire County Council's (the Council) own mechanisms for review and evaluation. For 2017-18, we undertook improvement assessment work at all councils. We also undertook work at all councils in relation to the Wellbeing of Future Generations Act, a service-user-perspective themed review<sup>1</sup> and a review of overview and scrutiny arrangements. At some councils, we supplemented this work with local risk-based audits, identified in the Audit Plan for 2017-18.
- 2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in [Exhibit 1](#).

## The Council is meeting its statutory requirements in relation to continuous improvement

- 3 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2018-19.

<sup>1</sup> We are currently undertaking this work in Carmarthenshire County Council and will report our findings and conclusions separately in due course



## Recommendations and proposals for improvement

- 4 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
  - make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
  - conduct a special inspection, and publish a report and make recommendations; and
  - recommend to ministers of the Welsh Government that they intervene in some way.
- 5 During the course of the year, the Auditor General did not make any formal recommendations. However, we have made a number of proposals for improvement and these are repeated in this report. We will monitor progress against them and relevant recommendations made in our national reports ([Appendix 3](#)) as part of our improvement assessment work.

## Audit, regulatory and inspection work reported during 2017-18

### Exhibit 1: Audit, regulatory and inspection work reported during 2017-18

Issue date	Brief description	Conclusions	Proposals for improvement
June 2018	<p><b>'Scrutiny: Fit for the Future?' Review</b></p> <p>We reviewed how well placed Councils' overview and scrutiny functions are to respond to current and future challenges.</p>	<p>While supportive of overview and scrutiny the Council's arrangements for the scrutiny function need strengthening to help meet current and future challenges.</p> <ul style="list-style-type: none"> <li>• The Council has clearly defined the overview and scrutiny role but it needs to improve the environment in which scrutiny operates to help it meet current and future challenges;</li> <li>• there are opportunities to strengthen the delivery of the overview and scrutiny function through better agenda planning and public engagement; and</li> <li>• the Council does not evaluate the impact of overview and scrutiny activity and cannot demonstrate its overall effectiveness.</li> </ul>	<p>P1 Review the overview and scrutiny committee structure to ensure it is able to meet current and future challenges.</p> <p>P2 Clarify the role of Executive Board members in the overview and scrutiny committee process, to ensure that committees are undertaking their role in holding the Executive to account.</p> <p>P3 Be specific in the reports presented to overview and scrutiny why the committee is receiving the information and how this relates to the role of the scrutiny committee.</p> <p>P4 Ensure that Chairs and committee members control committee agendas by deciding on and agreeing content and prioritising the issues that scrutiny examines, to allow enough time for more effective scrutiny.</p> <p>P5 Identify and implement further ways to encourage greater public involvement in overview and scrutiny.</p> <p>P6 Put in place arrangements for assessing the effectiveness and impact of overview and scrutiny.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
February 2018	<p><b>Aligning the Levers of Change – Success and Challenges</b></p> <p>This piece of work was undertaken to help Councils to identify, understand and address current challenges with managing change. Implementation of the review findings will bring the opportunity to refine current arrangements in councils by promoting what is working well, identifying any barriers and developing local improvement opportunities. This project was undertaken in all 22 Councils across Wales.</p>	<p>The collated views from officers and councillors were reported back to the Council's Transformation, Innovation and Change Board in July 2018. Whilst there was no public report from this work, we asked the Council to consider how to respond to the key observations made.</p>	None

Issue date	Brief description	Conclusions	Proposals for improvement
November 2017	<p><b>Annual audit letter 2016-17</b></p> <p>Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in <a href="#">Appendix 2</a> of this report.</p>	<ul style="list-style-type: none"> <li>• The Council complied with its responsibilities relating to financial reporting;</li> <li>• I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources but there remains scope for the Council to make further improvements; and</li> <li>• my work to date on certification of grant claims and returns has not identified significant issues that would impact on the accounts or key financial systems.</li> </ul>	None

Issue date	Brief description	Conclusions	Proposals for improvement
<b>Local risk-based performance audit</b>			
July 2018	<p><b>Audit Committee Effectiveness</b></p> <p>We reviewed how well the Council's Audit Committee is discharging its remit against the requirements laid down in relevant legislation, professional guidance and its own constitution. The review also looks at whether the actions agreed at the Audit Committee's remit review session in July 2016 have been progressed.</p>	<p>The Audit Committee is committed to improving the way it operates and now needs to take action to strengthen its effectiveness in key areas to more fully discharge its role:</p> <ul style="list-style-type: none"> <li>• a more comprehensive understanding of the Audit Committee's remit by committee members could improve the committee's effectiveness;</li> <li>• the Audit Committee needs to strengthen its role in risk management and the Annual Governance Statement; and</li> <li>• the Council needs to further develop its arrangements for reviewing the effectiveness of the Audit Committee.</li> </ul>	<p>P1 Review the role of Audit Committee in the preparation of the Annual Governance Statement.</p> <p>P2 Strengthen the role of Audit Committee by ensuring the risk register is presented to the committee regularly throughout the year, and where further assurance is required on specific risks that risk owners are invited to the committee to discuss risk mitigation measures.</p> <p>P3 Ensure that all Audit Committee members have access to full versions of all internal audit and external regulatory and audit reports, and strengthen arrangements for tracking actions taken to address the recommendations they include.</p> <p>P4 Improve the information provided to the Audit Committee by:</p> <ul style="list-style-type: none"> <li>• ensuring that reports give enough context and background for committee members to understand the key risks and issues; and</li> <li>• ensuring that reports are more specific about what action the Audit Committee needs to take in order to discharge its core functions.</li> </ul> <p>P5 Complete the implementation of the revised management arrangements for the internal audit function to ensure that potential conflicts of interest are mitigated.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
April 2018	<p><b>Evaluation of the Council's Review of People Performance Management 2017</b></p> <p>We reviewed the work completed by the Council's Corporate People Performance Management Review Working Group. The group was created to review two detailed cases within the Council where failings in people management had led to employee dismissals; losses in revenue or assets; and negative publicity for the Council.</p>	<p>The Council has completed an effective review of people performance management and reported its findings but it has taken too long to act on the recommendations:</p> <ul style="list-style-type: none"> <li>• the Council has carried out a thorough and comprehensive review of its people performance management processes and developed clear and targeted recommendations; and</li> <li>• over seven months has elapsed since the review concluded, but no action has yet been taken to address the report's recommendations.</li> </ul>	<p>None.</p> <p>But the Council's Working Group had made recommendations in its final report that were passed to the Council's People Strategy Group to implement and monitor.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
<p>July 2018 (as part of the AIR)</p>	<p><b>Follow up to a proposal for improvement (PFI) from the Corporate Assessment Report 2015 (published January 2016).</b></p> <p>The PFI related to the Corporate Assessment section on Use of Resources - Finance and was specifically about the Council's procurement arrangements: Strengthen procurement arrangements by:</p> <ul style="list-style-type: none"> <li>• reviewing the reasons for non-compliance with procedures and taking corrective action to prevent these re-occurring;</li> <li>• setting up and maintaining a Tender Register and Contracts Register;</li> <li>• establishing, maintaining and regularly reporting to Audit Committee a list of single tender actions; and</li> <li>• reviewing the differences in the use of the Council's framework contracts to drive a more consistent process going forward.</li> </ul>	<p>The Council has taken steps to improve procurement procedures and this is an area that is moving forward with the adoption of a Category Management approach. However, single tender actions are not yet being reported to Audit Committee.</p> <p>We came to this conclusion because:</p> <ul style="list-style-type: none"> <li>• there were no issues from Wales Audit Office grants testing in 2016-17;</li> <li>• contract and tender registers have been introduced;</li> <li>• contract standing orders have been revised;</li> <li>• procurement training has been provided across departments with detailed guidance updated and made available to staff; and</li> <li>• the Council is in the process of adopting a new 'category management' approach to procurement (which it started in July 2017). This is a new way of approaching procurement which is being undertaken in partnership with Pembrokeshire County Council. The 'category management' approach involves grouping together similar spend areas and having a manager responsible for each category. The Council are currently piloting three areas (Corporate and ICT, Highways and Parks and Building Maintenance). The Council's objectives in adopting this approach are: getting enhanced expertise, promoting regional working, reducing duplication, increasing economies of scale and generating cash savings. This new way of working could potentially deliver significant benefits and savings, although it is too early in the new arrangements to form a judgement on this.</li> </ul>	<p>None.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
<b>Improvement planning and reporting</b>			
April 2017	<b>Wales Audit Office annual improvement plan audit</b> Review of the Council's published plans for delivering on improvement objectives.	The Council has complied with its statutory improvement planning duties.	None.
November 2017	<b>Wales Audit Office annual assessment of performance audit</b> Review of the Council's published performance assessment.	The Council has complied with its statutory improvement reporting duties.	None.
<b>Reviews by inspection and regulation bodies</b>			
No reviews by inspection and regulation bodies have taken place during the time period covered in this report.			



# Appendices

## Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake a forward-looking annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. Improvement authorities (defined as local councils, national parks, and fire and rescue authorities) have a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'.

The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil his duties. Staff of the Wales Audit Office, on behalf of the Auditor General, produce the annual improvement report. The report discharges the Auditor General's duties under section 24 of the Measure, by summarising his audit and assessment work in a published annual improvement report for each authority. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether (as a result of his improvement plan audit under section 17) he believes that the authority has discharged its improvement planning duties under section 15.

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

## Appendix 2 – Annual Audit Letter

Cllr Emlyn Dole  
Leader  
Carmarthenshire County Council  
County Hall  
Jail Hill  
Carmarthen  
SA31 1JP

**Reference:** 270A2017-18

**Date issued:** 30 November 2017

Dear Cllr Dole

### Annual Audit Letter – Carmarthenshire County Council 2016-17

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

#### The Council complied with its responsibilities relating to financial reporting

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards. On 29 September 2017 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Dyfed Pension Fund's financial position and transactions. I issued a certificate confirming that the audit of the financial statements had been completed on the same date. My report and certificate are contained within the Statement of Accounts.

The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on the 29 September 2017, and a more detailed report will have been subsequently issued.

**I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources but there remains scope for the Council to make further improvements**

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. The Auditor General has highlighted areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made in his [Annual Improvement Report 2016-17](#).

**My work to date on certification of grant claims and returns has not identified significant issues that would impact on the accounts or key financial systems**

The Council has taken a number of steps to improve grants management over a number of years and some of these actions are now delivering improvements. There remain some areas where the Council needs to improve its grant certification arrangements.

The main areas where improvements were needed are shown below:

- non-compliance with the Council's own procurement rules;
- the awarding of funding to third parties and the subsequent checks that the grant funding has been spent in accordance with the scheme's terms and conditions; and
- supporting evidence to confirm eligible expenditure items in the claim.

I have begun my audit of the 2016-17 grants and I will report the outcomes of this work in early 2018, when the programme of certification work is complete.

The financial audit fee for 2016-17 is currently expected to be in line with the agreed fee set out in the Annual Audit Plan.

Yours sincerely



**Richard Harries**

**Engagement Director**

**For and on behalf of the Auditor General for Wales**

cc: Mark James, Chief Executive

Chris Moore, Chief Finance Officer

## Appendix 3 – National report recommendations 2017-18

### Exhibit 2: national report recommendations 2017-18

Summary of proposals for improvement relevant to local government, included in national reports published by the Wales Audit Office, since publication of the last AIR.

Date of report	Title of review	Recommendation
June 2017	<a href="#"><u>Savings Planning in Councils in Wales</u></a>	The report did not include any recommendations or proposals for improvement, although proposals for improvement were included in local reports issued to each Council.
October 2017	<a href="#"><u>Public Procurement in Wales</u></a>	The report contained seven recommendations. Six of the recommendations were for the Welsh Government, one of the recommendations was for public bodies:  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.
October 2017	<a href="#"><u>Good governance when determining significant service changes – National Summary</u></a>	The report did not include any recommendations or proposals for improvement, although proposals for improvement were included in local reports issued to each Council. The report was designed primarily to provide insight, share existing practice and prompt further conversations and discussions between councils and other organisations.
December 2017	<a href="#"><u>Local Government Financial Reporting 2016-17</u></a>	The report did not include any recommendations or proposals for improvement.

Date of report	Title of review	Recommendation
January 2018	<a href="#">How Local Government manages demand – Homelessness</a>	<p>R1 Implementing the Housing (Wales) Act 2014 requires local authorities to develop services which are focussed on preventing homelessness and reducing demand. These are very different to traditional casework led homelessness services, and prevention work requires new skills and early interaction with users and potential users. We found local authorities' progress in revising and strengthening services is variable (paragraphs 1.12 to 1.20). <b>We recommend that local authorities:</b></p> <ul style="list-style-type: none"> <li>• ensure their staff are sufficiently skilled to deal with the new demands of mediating, problem solving, negotiating and influencing with homeless people; and</li> <li>• review and reconfigure their services to engage more effectively with homeless and potentially homeless people to prevent homelessness.</li> </ul> <p>R2 The Welsh Government provided funding to support local authorities to implement the Housing (Wales) Act 2014 and this funding has been critical in enabling new preventative services to be developed. The funding is in place until 2019-20 but authorities need to ensure they use the headspace provided by these resources to revise their services to deliver their responsibilities in the future (paragraphs 1.21 to 1.28). <b>We recommend that local authorities review their funding of homelessness services to ensure that they can continue to provide the widest possible preventative approach needed. Reviews should consider use of Supporting People as well as General Council fund monies to support delivery of the authority's homelessness duties.</b></p> <p>R3 How services are configured and managed at the first point of contact can significantly influence how effective local authorities are in managing and reducing demand. Easy to access services which maximise usage, avoid gate keeping and focus on early solutions can significantly improve the prospects for successful homelessness prevention. We found that some authority point of entry systems are poorly designed which reduces the authority's prospects for early intervention to prevent homelessness from occurring (paragraphs 2.4 to 2.11). <b>We recommend that local authorities:</b></p> <ul style="list-style-type: none"> <li>• design services to ensure there is early contact with service users;</li> <li>• use 'triage' approaches to identify and filter individuals seeking help to determine the most appropriate response to address their needs; and</li> <li>• test the effectiveness of first point of contact services to ensure they are fit for purpose.</li> </ul>

Date of report	Title of review	Recommendation
January 2018	<a href="#"><u>How Local Government manages demand – Homelessness</u></a>	<p>R4 Establishing clear standards of service that set out what the authority provides and is responsible for is critical to ensuring people know what they are entitled to receive and what they need to resolve themselves. We found that authorities are not always providing clear, concise and good quality information to help guide people to find the right advice quickly and efficiently (paragraphs 2.12 to 2.17). <b>We recommend that local authorities publish service standards that clearly set out what their responsibilities are and how they will provide services to ensure people know what they are entitled to receive and what they must do for themselves. Service standards should:</b></p> <ul style="list-style-type: none"> <li>• be written in plain accessible language.</li> <li>• be precise about what applicants can and cannot expect, and when they can expect resolution.</li> <li>• clearly set out the applicant’s role in the process and how they can help the process go more smoothly and quickly.</li> <li>• be produced collaboratively with subject experts and include the involvement of people who use the service(s).</li> <li>• effectively integrate with the single assessment process.</li> <li>• offer viable alternatives to the authority’s services.</li> <li>• set out the appeals and complaints processes. These should be based on fairness and equity for all involved and available to all.</li> </ul> <p>R5 Local authorities need to design services to engage with service users effectively and efficiently, but current standards are too variable to ensure service users are getting access to the advice they need (paragraphs 2.18 to 2.24). <b>To improve current performance we recommend that local authorities make better use of their websites to help manage demand by:</b></p> <ul style="list-style-type: none"> <li>• <b>testing the usability and effectiveness of current website information using our lines of enquiry set out in <a href="#">Appendix 5</a>;</b></li> <li>• <b>increasing and improving the range, quality and coverage of web based information; making better use of online applications; and</b></li> <li>• <b>linking more effectively to information from specialist providers and advice specialists, such as Citizens Advice.</b></li> </ul>

Date of report	Title of review	Recommendation
January 2018	<a href="#">How Local Government manages demand – Homelessness</a>	<p>R6 The Housing (Wales) Act 2014 introduces a new duty on social services and housing associations to collaborate with local authority homelessness services in preventing homelessness. We found that these arrangements are not operating effectively and service responses to prevent homelessness and assist homeless people are not always being provided, nor are they consistently effective (paragraphs 3.13 to 3.25). <b>We recommend that local authorities set out and agree their expectations of partners identifying how they will work together to alleviate homelessness. The agreement should be reviewed regularly and all partners' performance reviewed to identify areas for improvement.</b></p> <p>R7 Local authorities monitoring systems and evaluation approaches to ensure compliance with their responsibility under the Equality Act 2010 and the Public Sector Equality Duty are not working as well as they should (paragraph 3.35 to 3.39). <b>We recommend that local authorities address weaknesses in their equalities monitoring, and ensure that their homelessness service accurately records and evaluates appropriate data to demonstrate equality of access for all service users that the local authority has a duty towards.</b></p> <p>R8 Managing demand can be challenging for local authorities. There are some clear lessons to be learnt with regard to the implementation of the Housing (Wales) Act 2014 and homelessness prevention duties that can be applied to managing demand in other services (paragraphs 4.24 to 4.27). <b>We recommend that local authorities use the checklist set out in Appendix 10 to undertake a self-assessment on services, to help identify options to improve how they can help manage demand.</b></p>



Date of report	Title of review	Recommendation
February 2018	<a href="#">Housing Adaptations</a>	<p>The report contained nine recommendations. One of the recommendations was for the Welsh Government, eight of the recommendations were for local authorities and/or delivery organisations:</p> <p>R1 There are many sources of funding and policies for adaptations, which results in disabled and older people receiving very different standards of service (paragraphs 1.5 to 1.9). To address these discrepancies <b>we recommend that the Welsh Government set standards for all adaptations to ensure disabled and older people receive the same standard of service irrespective of where they live, who their landlord is and whether they own their own home.</b></p> <p>R2 Most public bodies are clear on how their work on adaptations can positively impact on disabled and older people, and have set suitable aims that provide focus for action. For adaptations, having the right strategic goals also establishes a clear basis for decision-making on who should be prioritised for services and how and where to use resources. However, we found that current policy arrangements have a number of deficiencies and public bodies are not maximising the benefit of their investment (paragraphs 3.8 to 3.15). <b>We recommend that local authorities work with partner agencies (health bodies, housing associations and Care and Repair) to strengthen their strategic focus for the provision of adaptations by:</b></p> <ul style="list-style-type: none"> <li>• <b>setting appropriate strategic objectives for adaptations that focus on wellbeing and independence;</b></li> <li>• <b>improving the quality of information on the demand for adaptations by using a wide range of data to assess need including drawing on and using information from partners who work in the local-authority area; and</b></li> <li>• <b>linking the system for managing and delivering adaptations with adapted housing policies and registers to make best use of already adapted homes.</b></li> </ul> <p>R3 Ensuring that all those who might need an adaptation have all the information they need in order to apply for and receive an adaptation is important. Good-quality and accessible information is therefore essential for delivery organisations to demonstrate fair access and transparency. However, we identified weaknesses in the quality and coverage of public information relating to housing adaptations (paragraphs 2.6 to 2.15). <b>We recommend that delivery organisations provide information on housing adaptations in both Welsh and English, and accessible formats including braille, large fonts, audio versions and other languages. Information should be promoted widely via a range of media including social media, websites and published information, and also through key partners. Preferably, information should be produced jointly and policies aligned between delivery bodies to improve coverage and usage.</b></p>

Date of report	Title of review	Recommendation
February 2018	<a href="#">Housing Adaptations</a>	<p>R4 Given the wide number of routes into services, delivery organisations need to ensure they have robust systems to deal effectively and quickly with applications. However, we found that the processes used by delivery organisations vary widely and often create difficulties for disabled and older people seeking assistance (paragraphs 2.16 to 2.19). <b>We recommend that delivery organisations streamline applications by creating single comprehensive application forms covering all organisations within a local-authority area that are available via partners and online.</b></p> <p>R5 Delivery of adaptations can be delayed by a variety of factors (paragraphs 2.20 to 2.33). To improve timeliness in delivery <b>we recommend that:</b></p> <ul style="list-style-type: none"> <li>• <b>the Welsh Government reviews whether local authorities should continue to use the means test for Disabled Facilities Grants (DFGs);</b></li> <li>• <b>local authorities provide or use home improvement agency services to support disabled and older people to progress their DFG applications efficiently;</b></li> <li>• <b>delivery organisations work with planning authorities to fast track and streamline adaptations that require approvals;</b></li> <li>• <b>delivery organisations use Trusted Assessors to undertake less complex adaptation assessments; and</b></li> <li>• <b>the Welsh Government streamlines its approval processes for Physical Adaptation Grants (PAGs).</b></li> </ul>

Date of report	Title of review	Recommendation
February 2018	<a href="#">Housing Adaptations</a>	<p>R6 Most local authorities, housing associations and Care and Repair agencies have established processes to appoint, oversee and manage builder and/or contractor performance. However, we found wide variations in how delivery organisations arrange, contract and deliver building works (paragraphs 2.37 to 2.44). <b>We recommend that delivery organisations:</b></p> <ul style="list-style-type: none"> <li>• <b>introduce formal systems for accrediting contractors to undertake adaptations. These should include:</b> <ul style="list-style-type: none"> <li>– standards of customer care such as keeping to appointments, keeping the site tidy, controlling noise etc;</li> <li>– vetting of financial standing, tax and VAT status;</li> <li>– promoting good health and safety practices;</li> <li>– requiring the use of warranty schemes;</li> <li>– ensuring that adequate insurance is held; and</li> <li>– requiring references.</li> </ul> </li> <li>• <b>use framework agreements and partnered contracts to deliver adaptations;</b></li> <li>• <b>address weaknesses in the contracting of adaptations, updating Schedule of Rates used to tender work and undertaking competitive tendering to support value for money in contracting;</b></li> <li>• <b>develop effective systems to manage and evaluate contractor performance by:</b> <ul style="list-style-type: none"> <li>– setting an appropriate range of information to judge performance and delivery of works covering timeliness of work; quality of work; applicant/tenant feedback; cost of work (including variations); health and safety record; and customer feedback;</li> <li>– regularly reporting and evaluating performance to identify opportunities to improve services; and</li> <li>– providing formal feedback to contractors on their performance covering key issues such as client satisfaction, level and acceptability of variations, right first-time work, post-inspection assessment and completion within budget and on time.</li> </ul> </li> </ul>

Date of report	Title of review	Recommendation
February 2018	<a href="#">Housing Adaptations</a>	<p>R7 Maximising impact and value for money in provision of adaptations requires effective joint working between housing organisations and health and social care services to ensure the needs of often very vulnerable people can be met, and their quality of life improved. However, our findings highlight that delivery organisations continue to have a limited strategic focus on adaptations, concentrating on organisational specific responses rather than how best collectively to meet the needs of disabled or older people (paragraphs 3.16 to 3.21). <b>We recommend that local authorities work with partner agencies (health bodies, housing associations and Care and Repair) to develop and improve joint working to maximise both take-up and the benefits of adaptations in supporting independence by pooling of resources, co-locating staff and creating integrated delivery teams</b></p> <p>R8 Most public bodies recognise the value of adaptations in reducing the risk of falls, preventing hospital admissions and speeding up discharge from hospital. However, the importance of adaptations is not always reflected in local partnership arrangements and outside of Occupational Therapists, health professionals noted that the different local-authority and housing-association systems for administering, approving and delivering adaptations are difficult to navigate (paragraphs 3.22 to 3.24). To enhance take-up and usage of adaptations with health bodies <b>we recommend that delivery organisations jointly agree and publish joint service standards for delivery of adaptations within each local-authority area. The service standards should clearly set out how each agency approaches delivery of adaptations and how they will provide services to ensure people know what they are entitled to receive. Service Standards should:</b></p> <ul style="list-style-type: none"> <li>• be written in plain accessible language;</li> <li>• be precise about what people can and cannot expect to receive;</li> <li>• be produced collaboratively to cover all adaptations services within an area;</li> <li>• set out the eligibility for the different funding streams, application and assessment processes, timescales and review processes; and</li> <li>• offer the viable options and alternatives for adaptations including linking with adapted housing registers to maximise use of already adapted homes.</li> </ul>

Date of report	Title of review	Recommendation
February 2018	<a href="#">Housing Adaptations</a>	<p>R9 Having the right performance indicators and regularly reporting performance against these are important for public bodies to manage operational performance, identify areas of improvement and evaluating the positive impact of services. We found that the current range of performance indicator data is extremely limited and not sufficient to enable a full evaluation of performance (paragraphs 4.5 to 4.20). To effectively manage performance and be able to judge the impact of adaptations, <b>we recommend that the Welsh Government and delivery organisations:</b></p> <ul style="list-style-type: none"> <li>• <b>set appropriate measures to judge both the effectiveness and efficiency of the different systems for delivering adaptations and the impact on wellbeing and independence of those who receive adaptations;</b></li> <li>• <b>ensure delivery organisations report against their responsibilities in respect of the Equalities Act 2010;</b></li> <li>• <b>ensure performance information captures the work of all delivery organisations – local authorities, housing associations and Care and Repair agencies; and</b></li> <li>• <b>annually publish performance for all delivery organisations to enable a whole systems view of delivery and impact to support improvement to be taken.</b></li> </ul>
April 2018	<a href="#">Speak my language: Overcoming language and communication barriers in public services</a>	<p><b>Ensuring that people who face language and communication barriers can access public services</b></p> <p>R1 Public bodies are required to ensure that people can access the services they need. To take account of the requirements of the 2010 Equality Act and other legislation, we recommend that public bodies regularly review the accessibility of their services to people who do not speak English or Welsh as a main language including Deaf people who use sign language. This assessment can include using our checklist.</p> <p><b>Developing interpretation and translation services in Wales</b></p> <p>R2 Our work with public bodies, interpretation and translation service providers and service users has identified some challenges for interpretation and translation services. <b>We recommend that the Welsh Government work with public bodies, representative groups and other interested parties to make sure that:</b></p> <ul style="list-style-type: none"> <li>• <b>the supply of interpreters is sufficient especially for languages in high demand such as BSL and Arabic;</b></li> <li>• <b>interpreters with specialist training are available to work in mental health services and with people who have experienced trauma or violence; and</b></li> <li>• <b>quality assurance and safeguarding procedures are in place.</b></li> </ul>

Date of report	Title of review	Recommendation
May 2018	<a href="#"><u>Reflecting on Year One: How Have Public Bodies Responded to the Well-being of Future Generations</u></a>	The report did not include any recommendations or proposals for improvement.
May 2018	<a href="#"><u>Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities</u></a>	<p>R1 People with a learning disability have a right to live independently. The last 50 years have seen significant changes in the provision of accommodation and support. Service provision has moved to a model that enables people to live in the community in ordinary houses throughout Wales (paragraphs 1.3 to 1.10). <b>We recommend that local authorities continue to focus on preventing people becoming dependent on more expensive placements in care homes by providing effective support at home and a range of step up accommodation by:</b></p> <ul style="list-style-type: none"> <li>• improving the evaluation of prevention activity so local authorities understand what works well and why.</li> <li>• utilising the mapping of prevention services under the Social Services and Well-being (Wales) Act 2014 that covers other agencies and service providers.</li> <li>• improving the signposting of additional help so carers and support networks can be more resilient and self-reliant. This should include encouraging carers to make long-term plans for care to maintain and protect their dependants' wellbeing.</li> <li>• sharing risk analysis and long-term planning data with other local authorities, service providers, and partners to agree a shared understanding of the range of options.</li> </ul> <p>R2 Population projections show that the number of people with a learning disability will increase in the future, and those aged over 65 and those with a moderate or severe learning disability will rise significantly (paragraphs 1.3 to 1.10). <b>We recommend that local authorities improve their approach to planning services for people with learning disabilities by building on the Regional Partnership Boards' population assessments for people with learning disabilities and agreeing future priorities.</b></p>

Date of report	Title of review	Recommendation
May 2018	<a href="#"><u>Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities</u></a>	<p>R3 The Welsh Government produced guidance to local authorities, entitled 'developing a commissioning strategy for people with a learning disability' to support authorities in producing strategic plans for the commissioning of learning disability services. In conjunction with codes of practice developed following the Social Services and Well-being (Wales) Act 2014, the Welsh Government requires local authorities to develop integrated commissioning options with Local Health Board services. The aim is to provide a joined-up and cost-effective approach to the commissioning of services but our review highlighted weaknesses in current arrangements (paragraph 2.4 to 2.12). <b>We recommend that local authorities do more to integrate commissioning arrangements with partners and providers and take account of the work of the National Commissioning Board by:</b></p> <ul style="list-style-type: none"> <li>• understanding the barriers that exist in stopping or hindering further integration;</li> <li>• improving the quality of joint strategic plans for learning disability services (see also paragraphs 3.11 to 3.14);</li> <li>• establishing investment models and sustainable financial structures, joint workforce planning and multi-year budgeting; and</li> <li>• developing appropriate governance and data sharing frameworks with key local partners that include a clear process for managing risk and failure.</li> </ul> <p>R4 Local authorities' engagement with people with learning disabilities and their carers is variable. Whilst many authority services have positive relationships with advocacy groups, some are less successful in involving these groups and carers in evaluating the quality of services (paragraph 2.18 to 2.20). <b>We recommend that local authorities do more to involve people with learning disabilities and their carers in care planning and agreeing pathways to further independence by:</b></p> <ul style="list-style-type: none"> <li>• consistently including people with learning disabilities and their carers in the writing, monitoring and development of care plans;</li> <li>• systematically involving carers and advocacy groups in evaluating the quality of services;</li> <li>• involving people with learning disabilities in procurement processes; and</li> <li>• ensuring communications are written in accessible and appropriate language to improve the understanding and impact of guidance and information.</li> </ul>

Date of report	Title of review	Recommendation
May 2018	<a href="#"><u>Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities</u></a>	<p>R5 Local Authorities could do more to involve service providers in commissioning and make the tendering process more effective by making it easier to navigate and more outcome focused. However, providers are not as effectively engaged as they should be (paragraphs 2.28 to 2.38). We recommend that local authorities collaborate with providers, the third sector and suppliers in understanding challenges, sharing data, and pooling expertise by:</p> <ul style="list-style-type: none"> <li>• improving the quality, range, and accessibility of tendering information; and</li> <li>• working with providers to shape local markets by coming to a common understanding of the opportunities, risks, and future priorities in providing learning disabilities services.</li> </ul> <p>R6 Most local authorities do not have effective arrangements to monitor and evaluate their commissioning of learning disability services (paragraphs 3.3 to 3.15). We recommend that local authorities develop a more appropriate set of performance indicators and measures of success that make it easier to monitor and demonstrate the impact of service activity by:</p> <ul style="list-style-type: none"> <li>• co-designing measures, service and contract performance indicators with service providers, people with learning disabilities and their carers;</li> <li>• ensure commissioners have sufficient cost and qualitative information on the full range of placement and care options available;</li> <li>• equipping commissioners with data to demonstrate the long-term financial benefits of commissioning choices, this includes having the right systems and technology;</li> <li>• integrating the outcomes and learning from reviews of care plans into performance measures;</li> <li>• evaluating and then learning from different types of interventions and placements; and</li> <li>• including learning disability services in local authority scrutiny reviews to challenge performance and identify improvements.</li> </ul>



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Mae'r dudalen hon yn wag yn fwriadol

**Pwyllgor Archwilio**

28 Medi 2018

**Pwnc: ADRODDIAD DATGANIADAU ARIANNOL – CYNGOR SIR GAERFYRDDIN****Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

I dderbyn adroddiad y Swyddfa Archwilio Cymru o'r Datgandiadau ariannol Cyngor Sir Gaerfyrddin 2017-18.

**Y Rhesymau:**

Mae'r Archwilydd Ceffredinol yn gyfrifol am ddarparu barn a yw'r Datgandiadau Ariannol yn rhoi darlun cywir a theg ynglŷn â sefyllfa ariannol Cyngor Sir Gaerfyrddin ar Mawrth 31af 2018.

**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**Enw Pennaeth y****Gwasanaeth:**

Chris Moore

**Awdur yr Adroddiad:****Swyddi:**Cyfarwyddwr  
Gwasanaethau  
Corfforaethol**Rhif ffôn:** 01267 224886

**EXECUTIVE SUMMARY**  
**Audit Committee**

28<sup>th</sup> September 2018

<b>SUBJECT</b>	
Carmarthenshire County Council Audit of Financial Statements report	
<b>1. BRIEF SUMMARY OF PURPOSE OF REPORT.</b>	
The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the position of Carmarthenshire County Council at 31 <sup>st</sup> March 2018. This report summarises the findings from the audit undertaken.	
<b>DETAILED REPORT ATTACHED?</b>	<b>YES</b>

**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 Moore Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
None	<b>Yes</b>	None	None	None	None	None

**Legal**

Compliance with the Accounts and Audit Regulations 2014

## CONSULTATIONS

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

Signed: C Moore Director of Corporate 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:

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Accounts and Audit (Wales) Regulations 2014		Corporate Services Department, County Hall, Carmarthen
Code of Practice on Local Authority Accounting 2017		Corporate Services Department, County Hall, Carmarthen

Mae'r dudalen hon yn wag yn fwriadol



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Audit of Financial Statements Report – Carmarthenshire County Council

Audit year: 2017-18

Date issued: September 2018

Document reference: 820A2018-19

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](mailto: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.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

The team who delivered the work comprised Richard Harries, Jason Garcia and Kate Havard.



# Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

## Summary report

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# Summary report

## Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Carmarthenshire County Council at 31 March 2018 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative levels at which we judge such misstatements to be material for Carmarthenshire County Council is £6.4 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity. We have defined both senior officer emoluments and related party disclosures as material by nature and have applied lower levels of materiality to these disclosures.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of Carmarthenshire County Council, for 2017-18, that require reporting under ISA 260.

## Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2018 on 15 June 2018 in line with the agreed deadline, and have now substantially completed the audit work.
- 7 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Director of Corporate Services.

## Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 9 The proposed audit report is set out in [Appendix 2](#).

## Significant issues arising from the audit

### Uncorrected misstatements

- 10 There are no misstatements identified in the financial statements, which remain uncorrected.

### Corrected misstatements

- 11 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

### Other significant issues arising from the audit

- 12 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:

- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.**  
We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
- **We did not encounter any significant difficulties during the audit.**  
We received information in a timely and helpful manner and were not restricted in our work. Management's engagement with auditors throughout the audit process has been very helpful and constructive and allowed us to resolve queries efficiently and effectively.
- **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
- **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
- **We did not identify any material weaknesses in your internal controls.**
- **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

## The accounts and audit deadlines going forward

- 13 Under the Accounts and Audit (Wales) (Amendments) Regulations 2018<sup>1</sup>, in the future the Council and the Auditor General are required to meet earlier statutory deadlines. Under the amended regulations the new deadlines are due to change in stages, with the final change taking effect from 2020-21. **Exhibit 1** sets out the new dates.

### Exhibit 1: changes introduced by the amended regulations

Annual financial statements	Financial statements signed by the responsible finance officer	Financial statements approved by the Council and published (with the signed audit certificate)
2017-18	30 June 2018	30 September 2018
2018-19	15 June 2019	15 September 2019
2019-20	15 June 2020	15 September 2020
2020-21 and thereafter	31 May 2021	31 July 2021

- 14 In terms of the 2017-18 financial statements, Council officers have made strong progress in producing its draft financial statements two weeks earlier, without sacrificing their quality.
- 15 This coming autumn we will continue to work closely with officers to ensure that further improvements are made to the preparation and audit of the 2018-19 financial statements. A key aspect of these improvements will be to bring more of our audit work forward, so that wherever possible it is completed before we receive the draft financial statements.

## Independence and objectivity

- 16 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 17 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and Carmarthenshire County Council that we consider to bear on our objectivity and independence.

<sup>1</sup> <http://www.legislation.gov.uk/wsi/2018/91/contents/made>

# Appendix 1

## Final Letter of Representation

Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

[Date]

### Representations regarding the 2017-18 financial statements

This letter is provided in connection with your audit of the financial statements of Carmarthenshire County Council for the year ended 31 March 2018 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

### Management representations

#### Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2017-18; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

#### Information provided

We have provided you with:

- Full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Carmarthenshire County Council and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

### Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

## Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on 28 September 2018.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Director of Corporate Services - signed on behalf of management

Date:

Signed by:

Chair of the Audit Committee - signed on behalf of those charged with governance

Date:

# Appendix 2

## Proposed audit report of the Auditor General to the Members of Carmarthenshire County Council

### Report on the audit of the financial statements

#### Opinion

I have audited the financial statements of:

- Carmarthenshire County Council

for the year ended 31 March 2018 under the Public Audit (Wales) Act 2004.

Carmarthenshire County Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of Carmarthenshire County Council as at 31 March 2018 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

#### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

### Other information

The Responsible Financial officer is accountable for the other information in the 2017-18 statement of accounts. The other information in the statement of accounts comprises the Narrative Report and Annual Governance statement. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## Report on other requirements

### Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

### Matters on which I report by exception

In the light of the knowledge and understanding of the Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

### Certificate of completion of audit

I certify that I have completed the audit of the accounts of Carmarthenshire County Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

### Responsibilities

#### Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 6, the responsible financial officer is accountable for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is accountable for assessing the council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Anthony J Barrett

For and on behalf of the Auditor General for Wales

24 Cathedral Road

Cardiff

CF11 9LJ

[Date]

# Appendix 3

## Summary of corrections made to the draft financial statements

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

### Exhibit 2: summary of corrections made to the draft financial statements

Value of correction	Nature of correction
£53.6 million	There was a classification error in Note 6.49 of the Cashflow Account between the movement in pensions liabilities figure and the other non-cash transactions figure. The movement in pensions liabilities has been restated at +£26,835,000 and the other non-cash transactions restated at -£17,115,000. This error occurred as items were included in the other non-cash transactions figure that should be excluded.
Narrative disclosure in Annual Governance Statement	There were some narrative adjustments made to the Annual Governance Statement included in the Council's financial statements.
Various presentational amendments	Various other presentational amendments were made to the draft financial statements.



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Mae'r dudalen hon yn wag yn fwriadol



**Pwyllgor Archwilio**

28 Medi 2018

**Pwnc: ADRODDIAD DATGANIADAU ARIANNOL – CRONFA BENSIWN DYFED****Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

I dderbyn adroddiad y Swyddfa Archwilio Cymru o'r Datganiadau ariannol Cronfa Bensiwn Dyfed 2017-18.

**Y Rhesymau:**

Mae'r Archwilydd Ceffredinol yn gyfrifol am ddarparu barn a yw'r Datganiadau Ariannol yn rhoi darlun cywir a theg ynglŷn â sefyllfa ariannol Cronfa Bensiwn Dyfed ar Mawrth 31af 2018.

**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:**

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Chris Moore

**Awdur yr Adroddiad:****Swyddi:**Cyfarwyddwr  
Gwasanaethau  
Corfforaethol**Rhif ffôn:** 01267 224886

**EXECUTIVE SUMMARY**  
**Audit Committee**

28<sup>th</sup> September 2018

<b>SUBJECT</b>	
Dyfed Pension Fund Audit of Financial Statements report	
<b>1. BRIEF SUMMARY OF PURPOSE OF REPORT.</b>	
The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the position of Dyfed Pension Fund at 31 <sup>st</sup> March 2018. This report summarises the findings from the audit undertaken.	
<b>DETAILED REPORT ATTACHED?</b>	<b>YES</b>

**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 Moore director of corporate services

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

**Legal**  
Compliance with the Accounts and Audit Regulations 2014

## CONSULTATIONS

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

**Signed: C Moore director of corporate 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:**

<b>Title of Document</b>	<b>File Ref No.</b>	<b>Locations that the papers are available for public inspection</b>
Accounts and Audit (Wales) Regulations 2014		Corporate Services Department, County Hall, Carmarthen
Code of Practice on Local Authority Accounting 2017		Corporate Services Department, County Hall, Carmarthen

Mae'r dudalen hon yn wag yn fwriadol



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Adroddiad ar yr Archwiliad o Ddatganiadau Ariannol – **Cronfa Bensiwn Dyfed**

Blwyddyn archwilio: 2017-18

Dyddiad cyhoeddi: Medi 2018

Cyfeirnod y ddogfen: 792A2018-19

Paratowyd y ddogfen hon fel rhan o waith a gyflawnir yn unol â swyddogaethau statudol.

Os gwneir cais am wybodaeth y gallai'r ddogfen hon fod yn berthnasol iddi, tynnir sylw at y Cod Ymarfer a gyhoeddwyd o dan adran 45 o Ddeddf Rhyddid Gwybodaeth 2000. Mae Cod adran 45 yn nodi'r arfer a ddisgwylir gan awdurdodau cyhoeddus wrth ymdrin â cheisiadau, yn cynnwys ymgynghori â thrydydd partïon perthnasol. Mewn perthynas â'r ddogfen hon, mae Archwilydd Cyffredinol Cymru a Swyddfa Archwilio Cymru yn drydydd partïon perthnasol. Dylid anfon unrhyw ymholiadau ynglŷn â datgelu neu aildefnyddio'r ddogfen hon i Swyddfa Archwilio Cymru yn [swyddog.gwybodaeth@archwilio.cymru](mailto:swyddog.gwybodaeth@archwilio.cymru).

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

Mae'r ddogfen hon hefyd ar gael yn Saesneg. This document is also available in English.

Roedd y tîm a gyflawnodd y gwaith yn cynnwys Richard Harries, Jason Garcia a Kate Havard.

# Cynnwys

Mae'r Archwilydd Cyffredinol yn bwriadu cyhoeddi adroddiad archwilio diamod ar eich datganiadau ariannol.

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# Adroddiad cryno

## Cyflwyniad

- 1 Mae'r Archwilydd Cyffredinol yn gyfrifol am roi barn ynghylch pa un a yw'r datganiadau ariannol yn rhoi darlun gwir a theg o sefyllfa ariannol Cronfa Bensiwn Dyfed ar 31 Mawrth 2018 a'i hincwm a'i gwariant ar gyfer y flwyddyn a ddaeth i ben bryd hynny.
- 2 Nid ydym yn ceisio cael sicrwydd llwyr bod y datganiadau ariannol wedi'u datgan yn gywir, ond rydym yn mabwysiadu'r cysyniad o berthnasedd. Wrth gynllunio a chynnal yr archwiliad, rydym yn ceisio nodi camddatganiadau perthnasol yn eich datganiadau ariannol, hynny yw, y rhai hynny a allai gamarwain rhywun sy'n darllen y cyfrifon.
- 3 Y swm meintiol a ddefnyddiwn i farnu bod camddatganiadau o'r fath yn berthnasol i Gronfa Bensiwn Dyfed yw £24.4 miliwn. Gall materion ansoddol penodol megis gofynion cyfreithiol a gofynion rheoleiddio a sensitifrwydd gwleidyddol hefyd effeithio ar b'un a fernir bod eitem yn berthnasol.
- 4 Mae Safon Archwilio Ryngwladol (ISA) 260 yn ei gwneud yn ofynnol i ni gofnodi rhai materion sy'n deillio o'r archwiliad o'r datganiadau ariannol i'r sawl sy'n gyfrifol am lywodraethu corff mewn da bryd i gymryd camau priodol.
- 5 Mae'r adroddiad hwn yn nodi, i'w hystyried, y materion sy'n deillio o'r archwiliad o ddatganiadau ariannol Cronfa Bensiwn Dyfed ar gyfer 2017-18, y mae angen cyflwyno adroddiad arnynt o dan ISA 260.

## Statws yr archwiliad

- 6 Cawsom y datganiadau ariannol drafft ar gyfer y flwyddyn a ddaeth i ben 31 Mawrth 2018 ar 6 Gorffennaf 2018. Rydym bellach wedi cwblhau'r gwaith archwilio i raddau helaeth.
- 7 Bu'r gwaith o baratoi'r cyfrifon a'r broses archwilio eleni yn hwyrach na blynnyddoedd blaenorol. Y rheswm dros hyn yw bod aelod allweddol o dîm cyllid y Gronfa Bensiwn wedi bod yn ddifrifol wael. Mae'r aelodau o'r tîm sy'n weddill wedi ymdrechu'n galed i gyflwyno'r cyfrifon drafft a chefnogi'r broses archwilio a hoffem ddiolch iddynt am y gefnogaeth hon.
- 8 Mae pethau y gellir eu dysgu o'r broses archwilio eleni ac yn yr hydref byddwn yn gweithio'n agos gyda swyddogion er mwyn sicrhau bod mwy o welliannau yn cael eu gwneud i'r gwaith o baratoi ac archwilio datganiadau ariannol 2018-19.
- 9 Agwedd allweddol ar y gwelliannau hyn fydd cyflawni mwy o'n gwaith archwilio yn gynharach, fel ei fod, lle bynnag y bo modd, wedi'i gwblhau cyn i ni gael y datganiadau ariannol drafft.
- 10 Rydym yn cyflwyno adroddiad i chi ar y materion pwysicaf sy'n deillio o'r archwiliad, y credwn y dylech eu hystyried cyn cymeradwyo'r datganiadau ariannol. Mae'r tîm



archwilio eisoes wedi trafod y materion hyn gyda'r Cyfarwyddwr Gwasanaethau Corfforaethol.

## Adroddiad archwilio arfaethedig

- 11 Bwriad yr Archwilydd Cyffredinol yw cyhoeddi adroddiad archwilio diamod ar y datganiadau ariannol unwaith y byddwch wedi darparu Llythyr Sylwadau i ni yn seiliedig ar yr hyn a nodir yn **Atodiad 1**.
- 12 Nodir yn adroddiad archwilio arfaethedig yn **Atodiad 2**.

## Materion pwysig sy'n deillio o'r archwiliad

### Camddatganiadau nas cywirwyd

- 13 Ni nodwyd unrhyw gamddatganiadau yn y datganiadau ariannol, nad ydynt wedi cael eu cywiro.

### Camddatganiadau a gywirwyd

- 14 Mae camddatganiadau a gywirwyd gan y rheolwyr. Dim ond datganiadau cyflwyniadol oedd y rhain ac nid oeddent yn effeithio ar Gyfrif y Gronfa na'r Datganiad Asedau Net cyffredinol.

## Materion pwysig eraill sy'n deillio o'r archwiliad

- 15 Fel rhan o'r archwiliad, rydym yn ystyried nifer o faterion ansoddol a meintiol sy'n berthnasol i'r cyfrifon ac yn cyflwyno adroddiad i chi ar unrhyw faterion o bwys sy'n codi. Nid oedd unrhyw faterion yn codi yn y meysydd hyn eleni:
  - **Nid oes gennym unrhyw bryderon ynglŷn â'r agweddau ansoddol ar eich arferion cyfrifyddu ac adrodd ariannol.** Cafwyd gennym fod y wybodaeth a ddarparwyd yn berthnasol, yn ddibynadwy, yn gymaradwy ac yn hawdd ei deall. Daethom i'r casgliad fod y polisiau a'r amcangyfrifon cyfrifyddu yn briodol a bod datgeliadau'r datganiadau ariannol yn ddiduedd, yn deg ac yn glir.
  - **Ni ddaethom ar draws unrhyw anawsterau sylweddol yn ystod yr archwiliad.** Cawsom wybodaeth mewn modd amserol a defnyddiol ac ni chyfyngwyd ar ein gwaith.
  - **Ni wnaethom drafod na gohebu â rheolwyr am unrhyw faterion sylweddol y mae angen i ni eich hysbysu amdanynt.** Rydym wedi ymdrin â'r risgiau a nodwyd yn y cynllun archwilio ac nid oes unrhyw faterion y mae angen tynnu eich sylw atynt.

- **Nid oes unrhyw faterion eraill sy'n arwyddocaol i'r gwaith o oruchwylio'r broses o gyflwyno adroddiadau ariannol y mae angen i ni eich hysbysu amdanynt.**
- **Ni nodwyd unrhyw wendidau perthnasol yn eich rheolaethau mewnol**
- **Nid oes unrhyw faterion eraill y mae'n ofynnol iddynt, yn ôl safonau archwilio, gael eu cyfleu i'r sawl sy'n gyfrifol am lywodraethu.**

## Annibyniaeth a gwrthrychedd

- 16 Fel rhan o'r broses derfynol, mae'n ofynnol i ni roi sylwadau i chi ynghylch ein hannibyniaeth.
- 17 Rydym wedi cydymffurfio â safonau moesegol ac, yn ein barn broffesiynol, rydym yn annibynnol ac ni chaiff ein gwrthrychedd ei beryglu. Nid oes unrhyw gydbertnasau rhwng Swyddfa Archwilio Cymru a Chronfa Bensiwn Dyfed sy'n effeithio ar ein gwrthrychedd a'n hannibyniaeth yn ein barn ni.

# Atodiad 1

## Llythyr Sylwadau Terfynol

[Pennawd llythyr y corff a archwilir]

Archwilydd Cyffredinol Cymru  
Swyddfa Archwilio Cymru  
24 Heol y Gadeirlan  
Caerdydd  
CF11 9LJ

[Dyddiad]

## Sylwadau ar ddatganiadau ariannol 2017-18

Darperir y llythyr hwn mewn perthynas â'ch archwiliad o ddatganiadau ariannol Cronfa Bensiwn Dyfed ar gyfer y flwyddyn a ddaeth i ben 31 Mawrth 2018 er mwyn mynegi barn ar ba mor wir a theg ydynt ac i ba raddau y maent wedi'u paratoi'n briodol.

Rydym yn cadarnhau hyd eithaf ein gwybodaeth a'n cred, ar ôl cynnal ymchwiliadau a oedd yn ddigonol yn ein barn ni, y gallwn wneud y sylwadau canlynol i chi.

## Sylwadau rheolwyr

### Cyfrifoldebau

Rydym wedi cyflawni ein cyfrifoldebau o ran y canlynol:

- paratoi'r datganiadau ariannol yn unol â gofynion deddfwriaethol a Chod Ymarfer CIPFA ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig 2017-18; yn arbennig, mae'r datganiadau ariannol yn rhoi darlun gwir a theg yn unol â hynny; a
- chynllunio, gweithredu, cynnal ac adolygu trefniadau rheolaeth fewnol er mwyn atal a chanfod twyll a gwallau.

### Gwybodaeth a roddwyd

Rydym wedi rhoi'r canlynol i chi:

- Mynediad llawn i'r canlynol:
  - yr holl wybodaeth rydym yn ymwybodol ohoni sy'n berthnasol i'r broses o baratoi'r datganiadau ariannol megis llyfrau cyfrifon a dogfennaeth ategol, cofnodion cyfarfodydd a materion eraill;
  - gwybodaeth ychwanegol y gwnaethoch ofyn amdani gennym at ddiben yr archwiliad; a

- mynediad anghyfyngedig i staff yr oedd angen cael tystiolaeth archwilio ganddynt, yn eich barn chi.
- Canlyniadau ein hasesiad o'r risg y gall y datganiadau ariannol fod wedi eu cam-ddatgan mewn modd perthnasol o ganlyniad i dwyll.
- Ein gwybodaeth am dwyll neu dwyll a amheuir yr ydym yn ymwybodol ohono ac sy'n effeithio ar Gronfa Bensiwn Dyfed ac yn ymwneud â:
  - rheolwyr;
  - cyflogeion sydd â rolau pwysig yng nghyd-destun rheolaeth fewnol; neu
  - eraill lle gallai'r twyll gael effaith berthnasol ar y datganiadau ariannol.
- Ein gwybodaeth am unrhyw honiadau o dwyll, neu dwyll a amheuir, sy'n effeithio ar y datganiadau ariannol a roddwyd i ni gan gyflogeion, cyn-gyflogeion, rheoleiddwyr neu eraill.
- Ein gwybodaeth am bob achos hysbys neu achos a amheuir o ddiffyg cydymffurfio â deddfau a rheoliadau y dylid ystyried eu heffeithiau wrth baratoi'r datganiadau ariannol.
- Manylion yr holl bartïon cysylltiedig a'r holl gydberthnasau a thrafodion partïon cysylltiedig rydym yn ymwybodol ohonynt.

### Sylwadau ar y datganiadau ariannol

Cofnodwyd pob trafodyn, ased a rhwymedigaeth yn y cofnodion cyfrifyddu ac fe'u hadlewyrchir yn y datganiadau ariannol.

Mae'r rhagdybiaethau arwyddocaol a ddefnyddiwyd i wneud amcangyfrifon cyfrifyddu, gan gynnwys y rheini a fesurwyd ar werth teg, yn rhesymol.

Cyfrifwyd yn briodol am gydberthnasau a thrafodion partïon cysylltiedig ac fe'u datgelwyd yn briodol.

Addaswyd ar gyfer pob digwyddiad neu datgelwyd pob digwyddiad a ddigwyddodd ar ôl y dyddiad adrodd y mae angen ei addasu neu ei ddatgelu.

Datgelwyd pob achos gwirioneddol neu bosibl hysbys o ymglyfreitha a hawliadau y dylid ystyried eu heffeithiau wrth baratoi'r datganiadau ariannol i'r archwilydd, a chyfrifwyd amdanynt a'u datgelu yn unol â'r fframwaith cyflwyno adroddiadau ariannol perthnasol.

Nid oes unrhyw gamddatganiadau perthnasol, gan gynnwys hepgoriadau, yn y datganiadau ariannol.

## Sylwadau gan y rhai sy'n gyfrifol am lywodraethu

Cydnabyddwn fod y sylwadau a wnaed gan y rheolwyr, uchod, wedi eu trafod â ni.

Cydnabyddwn ein cyfrifoldeb am baratoi datganiadau ariannol gwir a theg yn unol â'r fframwaith cyflwyno adroddiadau ariannol perthnasol. Cymeradwywyd y datganiadau ariannol gan y Pwyllgor Archwilio ar 28 Medi 2018.

Rydym yn cadarnhau ein bod wedi cymryd yr holl gamau y dylem fod wedi'u cymryd i sicrhau ein bod yn ymwybodol o unrhyw wybodaeth archwilio berthnasol ac i sicrhau bod y wybodaeth honno wedi'i throsglwyddo i chi. Rydym yn cadarnhau, hyd y gwyddom, nad oes unrhyw wybodaeth archwilio berthnasol nad ydych yn ymwybodol ohoni.

Llofnodwyd gan:

Llofnodwyd gan:

Cyfarwyddwr Gwasanaethau Corfforaethol –  
llofnodwyd ar ran y rheolwyr

Cadeirydd y Pwyllgor Archwilio –  
llofnodwyd ar ran y rhai sy'n gyfrifol am  
lywodraethu (cyfarwyddwr yn unig yn  
achos cwmnïau)]

Dyddiad:

Dyddiad:

# Atodiad 2

## Adroddiad archwilio arfaethedig yr Archwilydd Cyffredinol i aelodau Cyngor Sir Caerfyrddin fel awdurdod gweinyddu Cronfa Bensiwn Dyfed

### Adroddiad ar yr archwiliad o'r datganiadau ariannol

#### Barn

Rwyf wedi archwilio datganiadau ariannol Cronfa Bensiwn Dyfed ar gyfer y flwyddyn a ddaeth i ben 31 Mawrth 2018 o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004. Mae datganiadau ariannol Cronfa Bensiwn Dyfed yn cynnwys cyfrif y gronfa, y datganiad asedau net a'r nodiadau cysylltiedig, gan gynnwys crynodeb o bolisiâu cyfrifyddu pwysig. Y fframwaith adrodd ariannol a gymhwyswyd wrth eu paratoi yw'r gyfraith berthnasol a'r Cod Ymarfer ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig 2017-18 sy'n seiliedig ar y Safonau Adrodd Ariannol Rhyngwladol (IFRS).

Yn fy marn i, mae'r datganiadau ariannol:

- yn rhoi darlun gwir a theg o drafodion ariannol y gronfa bensiwn yn ystod y flwyddyn a ddaeth i ben 31 Mawrth 2018 ac o swm a natur ei hasedau a'i rhwymedigaethau ar y dyddiad hwnnw; ac
- wedi'u paratoi'n briodol yn unol â'r gofynion deddfwriaethol a'r Cod Ymarfer ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig 2017-18.

#### Sail y farn

Cynhaliais fy archwiliad yn unol â'r gyfraith berthnasol a'r Safonau Archwilio Rhyngwladol yn y DU (ISAs (DU)). Caiff fy nghyfrifoldebau o dan y safonau hyn eu disgrifio ymhellach yn adran cyfrifoldebau'r archwilydd am archwilio'r datganiadau ariannol yn fy adroddiad. Rwy'n annibynnol ar y gronfa bensiwn yn unol â'r gofynion moesegol sy'n berthnasol i'm harchwiliad o'r datganiadau ariannol yn y DU, yn cynnwys Safon Foesegol y Cyngor Adrodd Ariannol, ac rwyf wedi cyflawni fy nghyfrifoldebau moesegol eraill yn unol â'r gofynion hyn. Credaf fod y dystiolaeth archwilio rwyf wedi'i chael yn ddigonol ac yn briodol i ddarparu sail i'm barn.

#### Casgliadau yn ymwneud â busnes gweithredol

Nid oes gennyf unrhyw beth i'w nodi o ran y materion canlynol y mae Safonau Archwilio Rhyngwladol y DU yn ei gwneud yn ofynnol i mi gyflwyno adroddiad i chi arnynt os bydd yr amgylchiadau canlynol yn berthnasol:

- nid yw'r defnydd o sail gyfrifyddu busnes gweithredol wrth baratoi'r datganiadau ariannol yn briodol; neu

- nid yw'r swyddog ariannol cyfrifol wedi datgelu yn y datganiadau ariannol unrhyw ansicrwydd perthnasol a nodwyd a all fwrw amheuaeth sylweddol ar allu'r gronfa bensiwn i barhau i fabwysiadu sail gyfrifyddu busnes gweithredol am gyfnod o ddeuddeg mis o leiaf o'r dyddiad pan awdurdodir cyhoeddi'r datganiadau ariannol.

### Gwybodaeth arall

Mae'r swyddog ariannol cyfrifol yn atebol am y wybodaeth arall yn y Datganiad o Gyfrifon. Mae'r wybodaeth arall yn cynnwys yr adroddiad naratif. Nid yw fy marn am y datganiadau ariannol yn cwmpasu'r wybodaeth arall ac, ar wahân i'r graddau a nodir yn benodol fel arall yn fy adroddiad, nid wyf yn mynegi unrhyw fath o gasgliad sicrwydd ar hynny.

Mewn cysylltiad â'm harchwiliad o'r datganiadau ariannol, fy nghyfrifoldeb yw darllen y wybodaeth arall er mwyn nodi anghysondebau perthnasol â'r datganiadau ariannol archwiliedig a nodi unrhyw wybodaeth sy'n ymddangos fel petai'n berthnasol anghywir ar sail y wybodaeth a ddaeth i law wrth i mi gyflawni'r archwiliad neu sy'n berthnasol anghyson â'r wybodaeth honno. Os dof yn ymwybodol o unrhyw gamddatganiadau neu anghysondebau perthnasol amlwg, ystyriaf y goblygiadau i'm hadroddiad.

### Adrodd ar ofynion eraill

#### Barn ar faterion eraill

Yn fy marn i, yn seiliedig ar y gwaith a wnaed yn ystod fy archwiliad:

- mae'r wybodaeth yn yr adroddiad Naratif ar gyfer y flwyddyn ariannol y paratowyd y datganiadau ariannol ar ei chyfer yn gyson â'r datganiadau ariannol ac mae'r adroddiad blynyddol wedi ei baratoi yn unol â Rheoliadau Cynllun Pensiwn Llywodraeth Leol 2013.

#### Materion y cyflwynaf adroddiad arnynt drwy eithriad

Yn sgil gwybodaeth a dealltwriaeth o'r gronfa bensiwn a'i amgylchedd a gafwyd yn ystod yr archwiliad, nid wyf wedi nodi unrhyw gamddatganiadau perthnasol yn yr adroddiad Naratif.

Nid oes gennyf unrhyw beth i'w nodi o ran y materion canlynol, y cyflwynaf adroddiad i chi arnynt os bydd yr amgylchiadau canlynol yn berthnasol, yn fy marn i:

- ni chadwyd cofnodion cyfrifyddu digonol;
- nid yw'r datganiadau ariannol yn gyson â'r cofnodion a'r ffurflenni cyfrifyddu; neu
- nid wyf wedi derbyn yr holl wybodaeth ac esboniadau sydd eu hangen arnaf ar gyfer fy archwiliad.

Tystysgrif cwblhau archwiliad

Ardystiaf fy mod wedi cwblhau'r archwiliad o gyfrifon Cronfa Bensiwn Dyfed yn unol â gofynion Deddf Archwilio Cyhoeddus (Cymru) 2004 a Chod Ymarfer Archwilio Archwilydd Cyffredinol Cymru.

## Cyfrifoldebau

### Cyfrifoldebau'r swyddog ariannol cyfrifol am y datganiadau ariannol

Fel yr esbonnir yn fanylach yn y Datganiad o Gyfrifoldebau ar gyfer y datganiadau ariannol a nodir ar dudalennau 1 i 2, mae'r swyddog ariannol cyfrifol yn atebol am baratoi'r datganiadau ariannol, sy'n rhoi darlun gwir a theg, ac am y fath reolaeth fewnol ag sy'n angenrheidiol ym marn y swyddog ariannol cyfrifol i allu paratoi datganiadau ariannol heb unrhyw gamddatganiadau perthnasol, boed hynny drwy dwyll neu wall.

Wrth baratoi'r datganiadau ariannol, mae'r swyddog ariannol cyfrifol yn atebol am asesu gallu'r gronfa pensiwn i barhau fel busnes gweithredol, gan ddatgelu fel y bo'n gymwys, faterion sy'n ymwneud â'r busnes gweithredol a defnyddio sail cyfrifyddu busnes gweithredol oni thybir nad yw'n briodol.

### Cyfrifoldebau'r archwilydd am archwilio'r datganiadau ariannol

Fy amcanion yw cael sicrwydd rhesymol ynghylch p'un a yw'r datganiadau ariannol gyda'i gilydd yn rhydd o gamddatganiad perthnasol, boed hynny drwy dwyll neu wall, a chyhoeddi adroddiad archwilio sy'n cynnwys fy marn. Mae sicrwydd rhesymol yn lefel uchel o sicrwydd, ond nid yw'n gwarantu y bydd archwiliad a gynhelir yn unol â Safonau Archwilio Rhyngwladol y DU bob amser yn canfod camddatganiad perthnasol pan fo'n bodoli. Gall camddatganiadau ddeillio o dwyll neu wall ac fe'u hystyrir yn berthnasol os, yn unigol neu gyda'i gilydd, y gellid disgwyl iddynt yn rhesymol ddylanwadu ar benderfyniadau economaidd defnyddwyr a wneir ar sail y datganiadau ariannol hyn.

Ceir disgrifiad pellach o gyfrifoldebau'r archwilydd am archwilio'r datganiadau ariannol ar wefan y Cyngor Adrodd Ariannol yn [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). Mae'r disgrifiad hwn yn rhan o'r hadroddiad archwilio.

Anthony J Barrett

Dros ac ar ran Archwilydd Cyffredinol Cymru

24 Heol y Gadeirlan

Caerdydd

CF11 9LJ

Dyddiad:





Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone.: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

Swyddfa Archwilio Cymru  
24 Heol y Gadeirlan  
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: [post@archwilio.cymru](mailto:post@archwilio.cymru)

Gwefan: [www.archwilio.cymru](http://www.archwilio.cymru)

**Y Pwyllgor Archwilio  
28 Medi 2018**

**Llythyr Cynrychiolaeth i Swyddfa Archwilio Cymru  
Cyngor Sir Gar**

**Yr argymhellion / penderfyniadau allweddol sydd eu hangen:**

Er mwyn cydnabod y Llythyr Cynrychiolaeth oddi wrth y Cyfarwyddwr Gwasanaethau Corfforaethol a Chadeirydd y Pwyllgor Archwilio i Swyddfa Archwilio Cymru – Cyngor Sir Gar

**Y Rhesymau:**

Mae angen cydnabyddiaeth ffurfiol y Pwyllgor am ymateb y Cyfarwyddwr Gwasanaethau Corfforaethol gan Swyddfa Archwilio Cymru

Angen ymgynghori â'r Pwyllgor Craffu perthnasol: Amh.

Angen i'r Bwrdd Gweithredol wneud penderfyniad : NAC OES

Angen i'r Cyngor wneud penderfyniad : NAC OES

(Dileer fel y bo'n briodol )

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:- Y Cyng.  
David Jenkins

Y Gyfarwyddiaeth :  
Gwasanaethau Corfforaethol

Awdur yr Adroddiad:

Mr C Moore

Swydd:

Cyfarwyddwr y Gwasanaethau  
Corfforaethol,

Cyngor Sir Gâr

Rhif ffôn: 01267 224120

Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**28th September 2018**

**Letter of Representation to Wales Audit Office**  
**Carmarthenshire County Council**

In line with the Statement on Auditing Standards ( SAS440 - Management Representations), the Wales Audit Office require a "Letter of Representation" on an Annual Basis from the Director of Corporate Services.

The Wales Audit Office require that the Committee responsible for approving the Accounts under Regulation 8 of the Accounts and Audit Regulations formally acknowledge the Director of Corporate Services' response.

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 Moore** Director of Corporate Services

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

**CONSULTATIONS**

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below  
Signed: **C Moore** Director of Corporate 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



**EICH CYNGOR arleinamdani**  
[www.sirgar.llyw.cymru](http://www.sirgar.llyw.cymru)

**YOUR COUNCIL doitonline**  
[www.carmarthenshire.gov.wales](http://www.carmarthenshire.gov.wales)

Eich cyf / Your ref:

Gofynner am / Please ask for: Chris Moore

Fy nghyf / My ref:

Llinell Uniongyrchol / Direct Line: 01267 224121

Dyddiad / Date: 28<sup>th</sup> September, 2018

E-bost / E-mail: CMoore@carmarthenshire.gov.uk

## Final Letter of Representation

Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

### Representations regarding the 2017-18 financial statements

This letter is provided in connection with your audit of the financial statements of Carmarthenshire County Council for the year ended 31 March 2018 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

### Management representations

#### Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2017-18; in particular the financial statements give a true and fair view in accordance therewith; and
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

**Chris Moore. FCCA**

Cyfarwyddwr y Gwasanaethau Corfforaethol, Neuadd y Sir, Caerfyrddin, SA31 1JP  
Director of Corporate Services, County Hall, Carmarthen, SA31 1JP

Mae Cyngor Sir Caerfyrddin yn croesawu gohebiaeth yn Gymraeg neu yn Saesneg  
Carmarthenshire County Council welcomes correspondence in Welsh or English



## Information provided

We have provided you with:

- Full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Carmarthenshire County Council and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

## Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on 28 September 2018.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Director of Corporate Services – signed on behalf of management

Date:

Signed by:

Chair of the Audit Committee – signed on behalf of those charged with governance

Date:

Mae'r dudalen hon yn wag yn fwriadol



**Y PWYLLGOR ARCHWILIO**  
**28/09/2018**

**Llythyr Cynrychiolaeth i Swyddfa Archwilio Cymru**  
**Cronfa Bensiwn Dyfed**

**Yr argymhellion / penderfyniadau allweddol sydd eu hangen:**

Er mwyn cydnabod y Llythyr Cynrychiolaeth oddi wrth y Cyfarwyddwr Gwasanaethau Corfforaethol a Chadeirydd y Pwyllgor Archwilio i Swyddfa Archwilio Cymru - Cronfa Bensiwn Dyfed

**Y Rhesymau:**

Mae angen cydnabyddiaeth ffurfiol y Pwyllgor am ymateb y Cyfarwyddwr Gwasanaethau Corfforaethol gan Swyddfa Archwilio Cymru

Angen ymgynghori â'r Pwyllgor Craffu perthnasol: Amh.

Angen i'r Bwrdd Gweithredol wneud penderfyniad : NAC OES

Angen i'r Cyngor wneud penderfyniad : NAC OES

(Dileer fel y bo'n briodol )

**Awdur yr Adroddiad:**  
**Chris Moore**

**Swydd:**  
**Cyfarwyddwr y Gwasanaethau**  
**Corfforaethol,**  
**Cyngor Sir Gâr**

**Rhif ffôn**  
**01267 224120**  
**e-bost:**  
**CMoore@sirgar.gov.uk**

**EXECUTIVE SUMMARY**  
**AUDIT COMMITTEE**  
**DATE 28/09/2018**

**Letter of Representation to Wales Audit Office**  
**Dyfed Pension Fund**

**BRIEF SUMMARY OF PURPOSE OF REPORT**

In line with the Statement on Auditing Standards ( SAS440 - Management Representations), the Wales Audit Office require a "Letter of Representation" on an Annual Basis from the Director of Corporate Services.

The Wales Audit Office require that the Committee responsible for approving the Accounts under Regulation 8 of the Accounts and Audit Regulations formally acknowledge the Director of Corporate Resources' response.

**DETAILED REPORT ATTACHED?**

**YES**

**IMPLICATIONS**

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

**CONSULTATIONS**

<p>I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below  Signed: C Moore  Director of Corporate Services</p>	
<p>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</p>	
<p>Section 100D Local Government Act, 1972 – Access to Information  List of Background Papers used in the preparation of this report :There are none</p>	

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

Eich cyf / Your ref:

Gofynner am / Please ask for: Chris Moore

Fy nghyf / My ref:

Llinell Uniongyrchol / Direct Line: 01267 224120

Dyddiad / Date: 28 Medi 2018

E-bost / E-mail: CMoore@sirgar.gov.uk

## Llythyr Sylwadau Terfynol

Archwilydd Cyffredinol Cymru  
Swyddfa Archwilio Cymru  
24 Heol y Gadeirlan  
Caerdydd  
CF11 9LJ

28 Medi 2018

### Sylwadau ar ddatganiadau ariannol 2017-18

Darperir y llythyr hwn mewn perthynas â'ch archwiliad o ddatganiadau ariannol Cronfa Bensiwn Dyfed ar gyfer y flwyddyn a ddaeth i ben 31 Mawrth 2018 er mwyn mynegi barn ar ba mor wir a theg ydynt ac i ba raddau y maent wedi'u paratoi'n briodol.

Rydym yn cadarnhau hyd eithaf ein gwybodaeth a'n cred, ar ôl cynnal ymchwiliadau a oedd yn ddigonol yn ein barn ni, y gallwn wneud y sylwadau canlynol i chi.

### Sylwadau rheolwyr

Cyfrifoldebau

Rydym wedi cyflawni ein cyfrifoldebau o ran y canlynol:

- paratoi'r datganiadau ariannol yn unol â gofynion deddfwriaethol a Chod Ymarfer CIPFA ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig 2017-18; yn arbennig, mae'r datganiadau ariannol yn rhoi darlun gwir a theg yn unol â hynny; a
- chynllunio, gweithredu, cynnal ac adolygu trefniadau rheolaeth fewnol er mwyn atal a chanfod twyll a gwallau.

Gwybodaeth a roddwyd

Rydym wedi rhoi'r canlynol i chi:

- Mynediad llawn i'r canlynol:
  - yr holl wybodaeth rydym yn ymwybodol ohoni sy'n berthnasol i'r broses o baratoi'r datganiadau ariannol megis llyfrau cyfrifon a dogfennaeth ategol, cofnodion cyfarfodydd a materion eraill;
  - gwybodaeth ychwanegol y gwnaethoch ofyn amdani gennym at ddiben yr archwiliad; a
- mynediad anghyfyngedig i staff yr oedd angen cael tystiolaeth archwilio ganddynt, yn eich barn chi.
- Canlyniadau ein hasesiad o'r risg y gall y datganiadau ariannol fod wedi eu cam-ddatgan mewn modd perthnasol o ganlyniad i dwyll.

**Chris Moore. FCCA**

Cyfarwyddwr y Gwasanaethau Corfforaethol, Neuadd y Sir, Caerfyrddin, SA31 1JP  
Director of Corporate Services, County Hall, Carmarthen, SA31 1JP

Mae Cyngor Sir Caerfyrddin yn croesawu gohebiaeth yn Gymraeg neu yn Saesneg  
Carmarthenshire County Council welcomes correspondence in Welsh or English



**Tudalen 219**  
**BUDDSODDWYR | INVESTORS**  
**MEWN POBL | IN PEOPLE**

- Ein gwybodaeth am dwyll neu dwyll a amheuir yr ydym yn ymwybodol ohono ac sy'n effeithio ar Gronfa Bensiwn Dyfed ac yn ymwneud â:
  - rheolwyr;
  - cyflogeion sydd â rolau pwysig yng nghyd-destun rheolaeth fewnol; neu
  - eraill lle gallai'r twyll gael effaith berthnasol ar y datganiadau ariannol.
- Ein gwybodaeth am unrhyw honiadau o dwyll, neu dwyll a amheuir, sy'n effeithio ar y datganiadau ariannol a roddwyd i ni gan gyflogeion, cyn-gyflogeion, rheoleiddwyr neu eraill.
- Ein gwybodaeth am bob achos hysbys neu achos a amheuir o ddiffyg cydymffurfio â deddfau a rheoliadau y dylid ystyried eu heffeithiau wrth baratoi'r datganiadau ariannol.
- Manylion yr holl bartïon cysylltiedig a'r holl gydberthnasau a thrafodion partïon cysylltiedig rydym yn ymwybodol ohonynt.

#### Sylwadau ar y datganiadau ariannol

Cofnodwyd pob trafodyn, ased a rhwymedigaeth yn y cofnodion cyfrifyddu ac fe'u hadlewyrchir yn y datganiadau ariannol.

Mae'r rhagdybiaethau arwyddocaol a ddefnyddiwyd i wneud amcangyfrifon cyfrifyddu, gan gynnwys y rheini a fesurwyd ar werth teg, yn rhesymol.

Cyfrifwyd yn briodol am gydberthnasau a thrafodion partïon cysylltiedig ac fe'u datgelwyd yn briodol. Addaswyd ar gyfer pob digwyddiad neu datgelwyd pob digwyddiad a ddigwyddodd ar ôl y dyddiad adrodd y mae angen ei addasu neu ei ddatgelu.

Datgelwyd pob achos gwirioneddol neu bosibl hysbys o ymgyfreitha a hawliadau y dylid ystyried eu heffeithiau wrth baratoi'r datganiadau ariannol i'r archwilydd, a chyfrifwyd amdanynt a'u datgelu yn unol â'r fframwaith cyflwyno adroddiadau ariannol perthnasol.

Nid oes unrhyw gamdatganiadau perthnasol, gan gynnwys hepgoriadau, yn y datganiadau ariannol.

#### Sylwadau gan y rhai sy'n gyfrifol am lywodraethu

Cydnabyddwn fod y sylwadau a wnaed gan y rheolwyr, uchod, wedi eu trafod â ni.

Cydnabyddwn ein cyfrifoldeb am baratoi datganiadau ariannol gwir a theg yn unol â'r fframwaith cyflwyno adroddiadau ariannol perthnasol. Cymeradwywyd y datganiadau ariannol gan y Pwyllgor Archwilio ar 28 Medi 2018.

Rydym yn cadarnhau ein bod wedi cymryd yr holl gamau y dylem fod wedi'u cymryd i sicrhau ein bod yn ymwybodol o unrhyw wybodaeth archwilio berthnasol ac i sicrhau bod y wybodaeth honno wedi'i throsglwyddo i chi. Rydym yn cadarnhau, hyd y gwyddom, nad oes unrhyw wybodaeth archwilio berthnasol nad ydych yn ymwybodol ohoni.

Llofnodwyd gan:

Llofnodwyd gan:

Cyfarwyddwr Gwasanaethau  
Corfforaethol – llofnodwyd ar ran y  
rheolwyr

Dyddiad:

Cadeirydd y Pwyllgor Archwilio –  
llofnodwyd ar ran y rhai sy'n gyfrifol am  
lywodraethu (cyfarwyddwr yn unig yn  
achos cwmnïau)

Dyddiad:

**Y Pwyllgor Archwilio**  
**28 Medi 2018**

**Ymholiadau archwilio ar gyfer y rheiny sy'n gyfrifol am  
lywodraethu a rheolaeth**

**Yr argymhellion / penderfyniadau allweddol sydd eu hangen:**

1. Cymeradwyo'r ymatebion i'r ceisiadau a gyflwynwyd i'r rheolwyr ac i'r Pwyllgor Archwilio fel y nodwyd yn yr adroddiad.

**Y Rhesymau:**

Rhoi sicrwydd i Swyddfa Archwilio Cymru ynghylch nifer o feysydd llywodraethu sy'n effeithio ar yr archwiliad o'r datganiadau ariannol.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol: Amh.

Angen i'r Bwrdd Gweithredol wneud penderfyniad : NAC OES

Angen i'r Cyngor wneud penderfyniad : NAC OES

(Dileer fel y bo'n briodol )

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:- Y Cyng.  
David Jenkins

Y Gyfarwyddiaeth :  
Gwasanaethau Corfforaethol

Awdur yr Adroddiad

Mr C Moore

Swydd:

Cyfarwyddwr y Gwasanaethau  
Corfforaethol,

Rhif ffôn: 01267 224120

Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**28th September 2018**

**Audit enquiries to those charged with governance and management**

The Welsh Audit Office is required to conduct their financial audit in accordance with the requirements set out in International Standards on Auditing (ISAs). As part of the requirements of the ISAs they are required to formally seek the Authority's documented consideration and understanding on a number of governance areas that impact on the audit of the financial statements. These considerations are relevant to both the Council's management and 'those charged with governance' (the Audit Committee).

The areas of governance on which they are seeking views:

1. Management processes in relation to:
  - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud;
  - identifying and responding to risks of fraud in the organisation;
  - communication to employees of views on business practice and ethical behaviour; and
  - communication to those charged with governance the processes for identifying and responding to fraud.
2. Management's awareness of any actual or alleged instances of fraud.
3. How management gain assurance that all relevant laws and regulations have been complied with.
4. Whether there is any potential litigation or claims that would affect the financial statements.
5. Management processes to identify, authorise, approve, account for and disclose related party transactions and relationships.

The information provided informs their understanding of the Council and its business processes and supports their work in providing an audit opinion on the 2017-18 financial statements.

**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 Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	ICT <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>	Physical Assets <b>NONE</b>
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## CONSULTATIONS

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

Signed: **C Moore**

Director of Corporate 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:

2016/17 accounts closure working papers

Corporate and HR Policies

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2017/18 accounts working papers		County Hall, Carmarthen

Mae'r dudalen hon yn wag yn fwriadol



24 Heol y Gadeirlan / Cathedral Road  
Caerdydd / Cardiff CF11 9LJ  
Ffôn / Tel: 029 20 320500  
Ebst / Email: [info@wao.gov.uk](mailto:info@wao.gov.uk)  
[www.wao.gov.uk](http://www.wao.gov.uk)

Mr Chris Moore  
Director of Corporate Services  
Carmarthenshire County Council  
County Hall  
Carmarthen  
SA31 1JP

Reference	CarmCC
Date	12 <sup>th</sup> April 2018
Pages	1 of 7

Dear Chris

## **Carmarthenshire County Council 2017-18**

### **Audit enquiries to those charged with governance and management**

As you will be aware I am required to conduct my financial audit in accordance with the requirements set out in International Standards on Auditing (ISAs). As part of the requirements of the ISAs I am writing to you to formally seek your documented consideration and understanding on a number of governance areas that impact on my audit of your financial statements. These considerations are relevant to both the Council's management and 'those charged with governance'

I have set out below the areas of governance on which I am seeking your views.

#### 1. Management processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud;
- identifying and responding to risks of fraud in the organisation;
- communication to employees of views on business practice and ethical behaviour; and
- communication to those charged with governance the processes for identifying and responding to fraud.

2. Management's awareness of any actual or alleged instances of fraud.
3. How management gain assurance that all relevant laws and regulations have been complied with.
4. Whether there is any potential litigation or claims that would affect the financial statements.
5. Management processes to identify, authorise, approve, account for and disclose related party transactions and relationships.

The information you provide will inform our understanding of the Council and its business processes and support our work in providing an audit opinion on your 2017-18 financial statements.

I have included your responses for 2016-17 in Appendix 1 and would be grateful if you could update these to reflect your current arrangements. Could you please provide this information on behalf of both management and those charged with governance by 30<sup>th</sup> July 2018. In the meantime, if you have queries, please contact me on 07854 022649.

Yours sincerely

Jason Garcia  
Audit Manager

## Appendix A

### International Standard for Auditing (UK and Ireland) 240 – The auditor’s responsibilities relating to fraud in an audit of financial statements

#### Background

Under the ISA, the primary responsibility for preventing and detecting fraud rests with both management and ‘those charged with governance’, which for the Council is the Audit Committee. This includes fraud that could impact on the accuracy of the annual accounts. The ISA requires us, as external auditors, to obtain an understanding of how the Council exercises oversight of management’s processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

What is ‘fraud’ in the context of the ISA? The ISA views fraud as either:

- the intentional misappropriation of the Council’s assets (cash, property, etc); or
- the intentional manipulation or misstatement of the financial statements.

#### What are we required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities if we are to properly discharge our responsibilities under ISA240. We are therefore making requests from both management and the Audit Committee:

Enquiries of management		
Question	2017-18 Response	2016-17 Response
1) What is management’s assessment of the risk that the financial statements may be materially misstated due to fraud and what are the principle reasons?	It is management’s opinion that the risk of material misstatement of the financial statements due to fraud are low due to the checks and controls that are in place. The Authority has an adequate and effective control environment in operation. There are clear Governance arrangements with	It is management’s opinion that the risk of material misstatement of the financial statements due to fraud are low due to the checks and controls that are in place. The Authority has an adequate and effective control environment in operation. There are clear Governance arrangements with

	<p>defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud. The Authority's Anti Fraud and Anti Corruption Strategy 2011/2015 was approved by Audit Committee in 30th September 2011 and is available on the Authority's Intranet. Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p> <p>The Authority participates in the "<b>National Fraud Initiative</b>", where data on Payroll, Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues are matched nationally to identify</p>	<p>defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud. The Authority's Anti Fraud and Anti Corruption Strategy 2011/2015 was approved by Audit Committee in 30<sup>th</sup> September 2011 and is available on the Authority's Intranet. Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p> <p>The Authority participates in the "<b>National Fraud Initiative</b>", where data on Payroll, Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues are matched nationally to identify potential individual frauds. The exercise reviewing data nationally across Local</p>
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	<p>potential individual frauds. The exercise reviewing data nationally across Local Authorities and other Public Sector Organisations was undertaken during 2016/2017.</p> <p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>Internal Audit plan their work using risk assessment principles and taking into account changes in services. The adoption of a three year rolling programme provides assurance of the adequacy of audit coverage and allows the flexibility to deal with changes to systems within the Authority.</p> <p>Internal Audit continues to provide training to a range of staff. Fraud awareness is a key area covered as part of the training.</p>	<p>Authorities and other Public Sector Organisations was undertaken during 2016/2017 and the data is currently being reviewed.</p> <p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>Internal Audit plan their work using risk assessment principles and taking into account changes in services. The adoption of a three year rolling programme provides assurance of the adequacy of audit coverage and allows the flexibility to deal with changes to systems within the Authority.</p> <p>Internal Audit continues to provide training to a range of staff. Fraud awareness is a key area covered as part of the training.</p>
<p>2) How can management assure the Audit Committee that it has not been inappropriately influenced by external pressures?</p>	<p>There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p>	<p>There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p>

<p>3) Are management aware of any organisational pressure to meet revenue and capital budgets or other financial constraints?</p>	<p>Public Services in Wales continue to face unprecedented reductions in government settlements which have obviously made the budget process extremely difficult.</p> <p>It is a key requirement of the Section 151 Officer to put forward a balanced budget for approval by County Council. Leading up to his Report to County Council, there is significant consultation with Elected Members, Officers and the public to set priorities and cost the implications of any proposals.</p> <p>Elected Members, staff and the public have been kept fully abreast of the developments on the financial position of the Authority throughout the budget setting process, and established reporting systems are in place to ensure that budgets are monitored during the year.</p> <p><b>Decisions have had to be made in respect of prioritisation of services and the inclusion of substantial budget reductions in order to achieve a balanced budget with an acceptable Council Tax increase.</b></p>	<p>Public Services in Wales continue to face unprecedented reductions in government settlements which have obviously made the budget process extremely difficult.</p> <p>It is a key requirement of the Section 151 Officer to put forward a balanced budget for approval by County Council. Leading up to his Report to County Council, there is significant consultation with Elected Members, Officers and the public to set priorities and cost the implications of any proposals.</p> <p>Elected Members, staff and the public have been kept fully abreast of the developments on the financial position of the Authority throughout the budget setting process, and established reporting systems are in place to ensure that budgets are monitored during the year.</p> <p><b>Decisions have had to be made in respect of prioritisation of services and the inclusion of substantial budget reductions in order to achieve a balanced budget with an acceptable Council Tax increase.</b></p>
<p>4) What processes are employed to identify and respond to the risks of fraud more generally and specific risks of misstatement in the financial statements?</p>	<p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing</p>	<p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing</p>

	<p>fraud detection and prevention service covers all areas with the exception of “Benefit Fraud”, which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud.</p> <p>Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p>	<p>fraud detection and prevention service covers all areas with the exception of “Benefit Fraud”, which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud.</p> <p>Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p>
5) How has management communicated expectations of ethical governance and standards of conduct and behaviour to all relevant parties, and when?	<p>The Authority’s Anti Fraud and Anti Corruption Strategy was approved by Audit Committee in September 2011 and is available on the Authority’s Intranet</p> <p>The Authority has an established Code of Conduct for Members and Staff, and a whistleblowing policy.</p> <p>All staff are required to make an annual declaration of personal interests and are reminded of the Officers code of Conduct.</p>	<p>The Authority’s Anti Fraud and Anti Corruption Strategy was approved by Audit Committee in September 2011 and is available on the Authority’s Intranet</p> <p>The Authority has an established Code of Conduct for Members and Staff, and a whistleblowing policy.</p> <p>All staff are required to make an annual declaration of personal interests and are reminded of the Officers code of Conduct.</p>
6) What arrangements are in place to report about fraud to those charged with governance?	<p>The Annual Report from the designated Head of Audit to Audit Committee provides an opportunity to summarise issues relating to fraud or to report any individual cases which have reached a conclusion. Any significant case of fraud concluding during</p>	<p>The Annual Report from the designated Head of Audit to Audit Committee provides an opportunity to summarise issues relating to fraud or to report any individual cases which have reached a conclusion. Any significant case of fraud concluding during</p>

	the year could form a separate Agenda Item to appraise the Committee of the facts of the individual case and advise of the control measures either already put in place or to be put in place to minimise the risk of any recurrence.	the year could form a separate Agenda Item to appraise the Committee of the facts of the individual case and advise of the control measures either already put in place or to be put in place to minimise the risk of any recurrence.
<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>2017-18 Response</b>	<b>2016-17 Response</b>
1) How do those charged with governance, exercise oversight of management's processes for identifying and responding to the risks of fraud within the Council and the internal control that management has established to mitigate those risks?	Approval of the Anti Fraud and Anti Corruption Strategy 2011-2015 approved by Audit Committee in 30 <sup>th</sup> September 2011 The Strategy sets out the Framework for detecting and dealing with fraud matters within the Council. Regular Audit Plan updates to Audit Committee, and reports on control issue identified during audits.	Approval of the Anti Fraud and Anti Corruption Strategy 2011-2015 approved by Audit Committee in 30 <sup>th</sup> September 2011 The Strategy sets out the Framework for detecting and dealing with fraud matters within the Council. Regular Audit Plan updates to Audit Committee, and reports on control issue identified during audits.
2) Have those charged with governance knowledge of any actual, suspected or alleged fraud since 1 April 2014?	Audit Committee is a public meeting so individual cases of "suspected fraud" cannot be discussed in such a forum. The Chair and Vice Chair of Audit Committee are provided with greater detail and day to day access to the Internal Audit Management Team. Details of suspected fraud would be shared "informally" with the Chair and Vice	Audit Committee is a public meeting so individual cases of "suspected fraud" cannot be discussed in such a forum. The Chair and Vice Chair of Audit Committee are provided with greater detail and day to day access to the Internal Audit Management Team. Details of suspected fraud would be shared "informally" with the Chair and Vice



	Chair i.e. outside of the Formal Committee Meeting.	Chair i.e. outside of the Formal Committee Meeting.
3) Have those charged with governance any suspicion that fraud may be occurring within the organisation?	All Members and employees have a responsibility to report Fraud and Corruption when they become aware of it. Under Financial Procedure Rules any suspected case of fraud or corruption by any officer or member must be reported to the Head of Audit, Risk and Procurement. Carmarthenshire County Council has a "Whistleblowing policy", managed by the Monitoring officer. This policy enables employees to raise concerns and also safeguard their interests in line with the Public Interest Disclosure Act 1998. Staff and the public are able to report suspected Benefit Fraud including Housing and Council Tax Benefit fraud through the dedicated "Fraud Hotline".	All Members and employees have a responsibility to report Fraud and Corruption when they become aware of it. Under Financial Procedure Rules any suspected case of fraud or corruption by any officer or member must be reported to the Head of Audit, Risk and Procurement. Carmarthenshire County Council has a "Whistleblowing policy", managed by the Monitoring officer. This policy enables employees to raise concerns and also safeguard their interests in line with the Public Interest Disclosure Act 1998. Staff and the public are able to report suspected Benefit Fraud including Housing and Council Tax Benefit fraud through the dedicated "Fraud Hotline".
4) Are those charged with governance satisfied that internal controls, including segregation of duties, exist and work effectively? If 'yes', please provide details. If 'no' what are the risk areas?	Yes  Regular Audit Plan updates to Audit Committee, and proposed coverage for coming financial years. Reports on control issue identified during audits	Yes  Regular Audit Plan updates to Audit Committee, and proposed coverage for coming financial years. Reports on control issue identified during audits
5) How do you encourage staff to report their concerns about fraud and what concerns	The Authority's Whistleblowing policy sets out a working environment where Staff can feel confident to raise any concerns about	The Authority's Whistleblowing policy sets out a working environment where Staff can feel confident to raise any concerns about

<p>about fraud are staff expected to report?</p>	<p>malpractice within the Council. Malpractice can include fraud, corruption, bribery, dishonesty, financial irregularities, serious maladministration because of deliberate and improper conduct, unethical activities (which may be of a criminal nature) and dangerous acts or omissions which create a risk to health, safety or the environment, criminal offences, or failure to comply with a legal or regulatory obligation.</p> <p>The Whistleblowing Procedure is regularly monitored by a Whistleblowing Group and annual reports regarding whistleblowing are submitted to Standards Committee</p>	<p>malpractice within the Council. Malpractice can include fraud, corruption, bribery, dishonesty, financial irregularities, serious maladministration because of deliberate and improper conduct, unethical activities (which may be of a criminal nature) and dangerous acts or omissions which create a risk to health, safety or the environment, criminal offences, or failure to comply with a legal or regulatory obligation.</p> <p>The Whistleblowing Procedure is regularly monitored by a Whistleblowing Group and annual reports regarding whistleblowing are submitted to Standards Committee</p>
<p>6) From a fraud and corruption perspective, what are considered by those charged with governance to be high risk posts within the organisation and how are the risks relating to these posts identified, assessed and managed?</p>	<p>The Audit Committee rely on both Internal Audit and External Audit to undertake an ongoing comprehensive review of the Authority. Individuals controlling large amounts of money / cash or managing high value or attractive assets will naturally be seen as higher risk albeit controls should be more secure to prevent any abuse. The Internal Audit Plan is compiled using a Risk Based Approach which takes in to account issues such as value, nature of transaction, past problems etc</p>	<p>The Audit Committee rely on both Internal Audit and External Audit to undertake an ongoing comprehensive review of the Authority. Individuals controlling large amounts of money / cash or managing high value or attractive assets will naturally be seen as higher risk albeit controls should be more secure to prevent any abuse. The Internal Audit Plan is compiled using a Risk Based Approach which takes in to account issues such as value, nature of transaction, past problems etc</p>
<p>7) Are those charged with governance aware of any related party relationships or transactions that could give rise to instances of fraud and how does they mitigate the risks associated with fraud related to related party</p>	<p>All Related Party Transactions are disclosed in the statement of Accounts as confirmed in the letter of representation.</p>	<p>All Related Party Transactions are disclosed in the statement of Accounts as confirmed in the letter of representation.</p>

relationships and transactions?		
8) Are those charged with governance aware of any entries made in the accounting records of the organisation that it believes or suspects are false or intentionally misleading?.	No – the Letter of representation confirms that the financial statements are free of material misstatements, including omissions	No – the Letter of representation confirms that the financial statements are free of material misstatements, including omissions
9) Are those charged with governance aware of any organisational, or management pressure to meet revenue and capital budgets or other financial constraints?	All Elected Members sit on Full Council and various scrutiny committees and have been kept abreast of, and consulted upon the financial outlook and budget setting. Extensive public consultation undertaken during the budget setting and specifically on the budget Savings proposals. In addition the External Voting Member is fully aware of the need to meet revenue and capital budgets or other constraints.	All Elected Members sit on Full Council and various scrutiny committees and have been kept abreast of, and consulted upon the financial outlook and budget setting. Extensive public consultation undertaken during the budget setting and specifically on the budget Savings proposals. In addition the External Voting Member is fully aware of the need to meet revenue and capital budgets or other constraints.

## International Standard for Auditing (UK and Ireland) 250 – Consideration of laws and regulations in an audit of financial statements

### Background

Under the ISA, in the UK and Ireland, the primary responsibility for ensuring that the entity's operations are conducted in accordance with laws and regulations and the responsibility for the prevention and detection of non compliance rests with management and 'those charged with governance', which for the Council is the Audit Committee. The ISA requires us, as external auditors, to obtain an understanding of how the Committee gains assurance that all relevant laws and regulations have been complied with.

### What are we required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA 250. We are therefore making requests from both management and the Audit Committee:

Enquiries of management		
Question	2017-18 Response	2016-17 Response
1) How have you gained assurance that all relevant laws and regulations have been complied with?	Code of Practice on Local Authority Accounting 2017/18, LAAP Bulletins reviewed, CIPFA/IPF training Courses. WAO findings	Code of Practice on Local Authority Accounting 2016/17, LAAP Bulletins reviewed, CIPFA/IPF training Courses. WAO findings
2) Are there any potential litigations or claims that would affect the financial statements?	No – covered in the letter of representation. Enquiries are made of the Assistant Chief Executive (HR) and the Monitoring Officer at year end, and again pre-publication of the statement to identify any potential post balance sheet date events. All known actual or possible litigation and claims whose effects should be considered when	No – covered in the letter of representation. Enquiries are made of the Assistant Chief Executive (HR) and the Monitoring Officer at year end, and again pre-publication of the statement to identify any potential post balance sheet date events. All known actual or possible litigation and claims whose effects should be considered when

	preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.	preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.
<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>2017-18 Response</b>	<b>2016-17 Response</b>
1) Have those charged with governance, exercise oversight of management's processes to ensure that all relevant laws and regulations have been complied with?	Reliance on Internal Audit, Monitoring Officer, Section 151 Officer, Letter of representation and WAO feedback	Reliance on Internal Audit, Monitoring Officer, Section 151 Officer, Letter of representation and WAO feedback
2) Are those charged with governance aware of any non-compliance with relevant laws and regulations?	No	No
3) If there have been instances of non-compliance what are they, and what oversight have those charged with governance had to ensure that action taken by management to address and gaps in control?	No.	No.

## International Standard for Auditing (UK and Ireland) 550 – Related parties

### Background

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties. For example:

- Related parties may operate through an extensive and complex range of relationships and structures, with a corresponding increase in the complexity of related party transactions.
- Information systems may be ineffective at identifying or summarising transactions and outstanding balances between an entity and its related parties.
- Related party transactions may not be conducted under normal market terms and conditions; for example, some related party transactions may be conducted with no exchange of consideration.

As related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

### What are we required to do?

Where the applicable financial reporting framework establishes requirements for related parties, the auditor has a responsibility to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework. We are therefore making requests from both management and the Audit Committee:

Enquiries of management		
Question	2017-18 Response	2016-17 Response
1) What controls are in place to identify, authorise, approve, account for and disclose	Enquires made of relevant officers and members for details of any potential related	Enquires made of relevant officers and members for details of any potential related

related party transactions and relationships?	party transactions. Evidence subjected to audit by WAO.  Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed.	party transactions. Evidence subjected to audit by WAO.  Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed.
2) Confirm that you have: <ul style="list-style-type: none"> <li>disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which you are aware; and</li> <li>appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework.</li> </ul>	Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed	Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed
<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>2017-18 Response</b>	<b>2016-17 Response</b>
1) How do those charged with governance exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	Disclosure made in the statement of Accounts which is approved by the Audit Committee, Letter of Representations and feedback from WAO.	Disclosure made in the statement of Accounts which is approved by the Audit Committee, Letter of Representations and feedback from WAO.

Mae'r dudalen hon yn wag yn fwriadol



## Y Pwyllgor Archwilio

28 Medi 2018

**Pwnc:**

**Ymholiadau archwilio ar gyfer y rheiny sy'n gyfrifol am lywodraethu a rheolaeth y Gronfa Pensiwn Dyfed**

**Yr argymhellion / penderfyniadau allweddol sydd eu hangen:**

Cymeradwyo'r ymatebion i'r ceisiadau a gyflwynwyd i'r rheolwyr ac i'r Pwyllgor Archwilio fel y nodwyd yn yr adroddiad.

**Y Rhesymau:**

Rhoi sicrwydd i Swyddfa Archwilio Cymru ynghylch nifer o feysydd llywodraethu sy'n effeithio ar yr archwiliad o'r datganiadau ariannol y Gronfa Pensiwn Dyfed.

**Angen ymgynghori â'r Pwyllgor Craffu perthnasol:**

Amh.

**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:  
Y Cyng. David Jenkins

**Y Gyfarwyddiaeth:**

Gwasanaethau  
Corfforaethol

**Swydd:**

Cyfarwyddwr y  
Gwasanaethau  
Corfforaethol

**Rhif ffôn:** 01267 224120

**Cyfeiriad E-bost:**

CMoore@sirgar.gov.uk

**Awdur yr Adroddiad:**

Mr C Moore

## EXECUTIVE SUMMARY

### Audit Committee

28<sup>th</sup> September 2018

#### Audit enquiries to those charged with governance and management

The Welsh Audit Office is required to conduct their financial audit in accordance with the requirements set out in International Standards on Auditing (ISAs). As part of the requirements of the ISAs they are required to formally seek the Authority's documented consideration and understanding on a number of governance areas that impact on the audit of the financial statements. These considerations are relevant to both the Dyfed Pension Fund's management and 'those charged with governance' (the Audit Committee).

The areas of governance on which they are seeking views:

1. Management processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud;
- identifying and responding to risks of fraud in the organisation;
- communication to employees of views on business practice and ethical behaviour; and
- communication to those charged with governance the processes for identifying and responding to fraud.

2. Management's awareness of any actual or alleged instances of fraud.

3. How management gain assurance that all relevant laws and regulations have been complied with.

4. Whether there is any potential litigation or claims that would affect the financial statements.

5. Management processes to identify, authorise, approve, account for and disclose related party transactions and relationships.

The information provided informs their understanding of the Dyfed Pension Fund and its business processes and supports their work in providing an audit opinion on the 2017-18 financial statements.

**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 Moore - Director of Corporate Services**

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>NONE</b>	Finance <b>NONE</b>	ICT <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>	Physical Assets <b>NONE</b>
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## CONSULTATIONS

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

**Signed: C Moore - Director of Corporate 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:**

**2017/18 accounts closure working papers**

**Corporate and HR Policies**

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2017/18 accounts working papers		County Hall, Carmarthen

Mae'r dudalen hon yn wag yn fwriadol

Mr Chris Moore  
Director of Corporate Services  
Carmarthenshire County Council  
County Hall  
Carmarthen  
SA31 1JP

**Reference**

**Date** 12<sup>th</sup> April  
2018

**Pages** 1 of 8

Dear Chris

**Dyfed Pension Fund 2017-18**

**Audit enquiries to those charged with governance and management**

As you will be aware I am required to conduct my financial audit in accordance with the requirements set out in International Standards on Auditing (ISAs). As part of the requirements of the ISAs I am writing to you to formally seek your documented consideration and understanding on a number of governance areas that impact on my audit of your financial statements. These considerations are relevant to both management and 'those charged with governance'.

I have set out below the areas of governance on which I am seeking your views.

1. Management processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud;
- identifying and responding to risks of fraud in the organisation;
- communication to employees of views on business practice and ethical behaviour; and
- communication to those charged with governance of the processes for identifying and responding to fraud.

2. Management's awareness of any actual or alleged instances of fraud.

- 
3. How management gain assurance that all relevant laws and regulations have been complied with.
  4. Whether there is any potential litigation or claims that would affect the financial statements.
  5. Management processes to identify, authorise, approve, account for and disclose related party transactions and relationships.

The information you provide will inform our understanding of the Pension Fund's arrangements and business processes and support our work in providing an audit opinion on their 2017-18 financial statements.

I have included your responses for 2016-17 in Appendix 1 and would be grateful if you could these to reflect your current arrangements. Could you please provide this information on behalf of both management and those charged with governance by 30<sup>th</sup> July 2018. In the meantime, if you have queries, please contact me on 07854 022649.

Yours sincerely

Jason Garcia  
Audit Manager

## Appendix A

### **International Standard for Auditing (UK and Ireland) 240 – The auditor’s responsibilities relating to fraud in an audit of financial statements**

#### **Background**

Under the ISA, the primary responsibility for preventing and detecting fraud rests with both management and ‘those charged with governance’. This includes fraud that could impact on the accuracy of the annual accounts. The ISA requires us, as external auditors, to obtain an understanding of how the Pension Fund exercises oversight of management’s processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

What is ‘fraud’ in the context of the ISA?

The ISA views fraud as either:

- the intentional misappropriation of assets (cash, property, etc); or
- the intentional manipulation or misstatement of the financial statements.

#### **What are we required to do?**

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities if we are to properly discharge our responsibilities under ISA240. We are therefore making requests from both management and those charged with governance:

<b>Enquiries of management</b>		
<b>Question</b>	<b>2017-18 Response</b>	<b>2016-17 Response</b>
1) What is management’s assessment of the risk that the financial statements may be materially misstated due to fraud and what are the principle reasons?	It is management’s opinion that the risk of material misstatement of the financial statements due to fraud are low due to the checks and controls that are in place. The Authority has an adequate and effective control environment in operation. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in	It is management’s opinion that the risk of material misstatement of the financial statements due to fraud are low due to the checks and controls that are in place. The Authority has an adequate and effective control environment in operation. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in

	<p>place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud. The Authority's Anti Fraud and Anti Corruption Strategy 2011/2015 was approved by Audit Committee in 30<sup>th</sup> September 2011 and is available on the Authority's Intranet. Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p> <p>The Authority participates in the "<b>National Fraud Initiative</b>", where data on Payroll, Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues are matched nationally to identify potential individual frauds. The exercise reviewing data nationally across Local Authorities and other Public Sector Organisations was</p>	<p>place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud. The Authority's Anti Fraud and Anti Corruption Strategy 2011/2015 was approved by Audit Committee in 30<sup>th</sup> September 2011 and is available on the Authority's Intranet. Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p> <p>The Authority participates in the "<b>National Fraud Initiative</b>", where data on Payroll, Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues are matched nationally to identify potential individual frauds. The exercise reviewing data nationally across Local Authorities and other Public Sector Organisations was</p>
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	<p>undertaken during 2016/2017.</p> <p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>Internal Audit plan their work using risk assessment principles and taking into account changes in services. The adoption of a three year rolling programme provides assurance of the adequacy of audit coverage and allows the flexibility to deal with changes to systems within the Authority.</p> <p>Internal Audit continues to provide training to a range of staff. Fraud awareness is a key area covered as part of the training</p>	<p>undertaken during 2016/2017 and the data is currently being reviewed.</p> <p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>Internal Audit plan their work using risk assessment principles and taking into account changes in services. The adoption of a three year rolling programme provides assurance of the adequacy of audit coverage and allows the flexibility to deal with changes to systems within the Authority.</p> <p>Internal Audit continues to provide training to a range of staff. Fraud awareness is a key area covered as part of the training</p>
2) How can management assure those charged with governance that it has not been inappropriately influenced by external pressures?	<p>There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p>	<p>There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p>
3) Are management	The global economy has been	The global economy has been

<p>aware of any organisational pressure to meet revenue and capital budgets or other financial constraints?</p>	<p>volatile and challenging over recent years which has impacted on the market value of the pension fund. Three year valuations are undertaken to ensure that the fund's liabilities and assets are scrutinised and any remedial timely action is undertaken when reviewing contributions.</p>	<p>volatile and challenging over recent years which has impacted on the market value of the pension fund. Three year valuations are undertaken to ensure that the fund's liabilities and assets are scrutinised and any remedial timely action is undertaken when reviewing contributions.</p>
<p>4) What processes are employed to identify and respond to the risks of fraud more generally and specific risks of misstatement in the financial statements?</p>	<p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority. The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud.  Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p>	<p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority. The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud.  Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p>
<p>5) How has management communicated expectations of ethical governance and standards of</p>	<p>The Authority's Anti Fraud and Anti Corruption Strategy was approved by Audit Committee in September 2011 and is available on the Authority's</p>	<p>The Authority's Anti Fraud and Anti Corruption Strategy was approved by Audit Committee in September 2011 and is available on the Authority's</p>

conduct and behaviour to all relevant parties, and when?	Intranet The Authority has an established Code of Conduct for Members and Staff, and a whistleblowing policy. All staff are required to make an annual declaration of personal interests and are reminded of the Officers code of Conduct.	Intranet The Authority has an established Code of Conduct for Members and Staff, and a whistleblowing policy. All staff are required to make an annual declaration of personal interests and are reminded of the Officers code of Conduct.
6) What arrangements are in place to report about fraud to those charged with governance?	The Annual Report from the designated Head of Audit to Audit Committee provides an opportunity to summarise issues relating to fraud or to report any individual cases which have reached a conclusion. Any significant case of fraud concluding during the year could form a separate Agenda Item to appraise the Committee of the facts of the individual case and advise of the control measures either already put in place or to be put in place to minimise the risk of any recurrence.	The Annual Report from the designated Head of Audit to Audit Committee provides an opportunity to summarise issues relating to fraud or to report any individual cases which have reached a conclusion. Any significant case of fraud concluding during the year could form a separate Agenda Item to appraise the Committee of the facts of the individual case and advise of the control measures either already put in place or to be put in place to minimise the risk of any recurrence.
<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>2017-18 Response</b>	<b>2016-17 Response</b>
1) How do those charged with governance, exercise oversight of management's processes for identifying and responding to the risks of fraud within the Pension Fund and the internal	Approval of the Anti Fraud and Anti Corruption Strategy 2011-2015 approved by Audit Committee in 30 <sup>th</sup> September 2011 The Strategy sets out the Framework for detecting and dealing with fraud matters within the Council. Regular Audit Plan updates to Audit Committee, and reports on control issue identified	Approval of the Anti Fraud and Anti Corruption Strategy 2011-2015 approved by Audit Committee in 30 <sup>th</sup> September 2011 The Strategy sets out the Framework for detecting and dealing with fraud matters within the Council. Regular Audit Plan updates to Audit Committee, and reports on control issue identified during

control that management has established to mitigate those risks?	during audits.	audits.
2) Have those charged with governance knowledge of any actual, suspected or alleged fraud since 1 April 2017?	Audit Committee is a public meeting so individual cases of “suspected fraud” cannot be discussed in such a forum. The Chair and Vice Chair of Audit Committee are provided with greater detail and day to day access to the Internal Audit Management Team. Details of suspected fraud would be shared “informally” with the Chair and Vice Chair i.e. outside of the Formal Committee Meeting.	Audit Committee is a public meeting so individual cases of “suspected fraud” cannot be discussed in such a forum. The Chair and Vice Chair of Audit Committee are provided with greater detail and day to day access to the Internal Audit Management Team. Details of suspected fraud would be shared “informally” with the Chair and Vice Chair i.e. outside of the Formal Committee Meeting.
3) Have those charged with governance any suspicion that fraud may be occurring within the organisation?	All Members and employees have a responsibility to report Fraud and Corruption when they become aware of it. Under Financial Procedure Rules any suspected case of fraud or corruption by any officer or member must be reported to the Head of Audit, Risk and Procurement. Carmarthenshire County Council has a “Whistleblowing policy”, managed by the Monitoring officer. This policy enables employees to raise concerns and also safeguard their interests in line with the Public Interest Disclosure Act 1998. Staff and the public are able to report suspected Benefit Fraud including Housing and Council Tax Benefit fraud through the dedicated “Fraud Hotline”.	All Members and employees have a responsibility to report Fraud and Corruption when they become aware of it. Under Financial Procedure Rules any suspected case of fraud or corruption by any officer or member must be reported to the Head of Audit, Risk and Procurement. Carmarthenshire County Council has a “Whistleblowing policy”, managed by the Monitoring officer. This policy enables employees to raise concerns and also safeguard their interests in line with the Public Interest Disclosure Act 1998. Staff and the public are able to report suspected Benefit Fraud including Housing and Council Tax Benefit fraud through the dedicated “Fraud Hotline”.
4) Are those charged	Yes	Yes

<p>with governance satisfied that internal controls, including segregation of duties, exist and work effectively? If 'yes', please provide details. If 'no' what are the risk areas?</p>	<p>Regular Audit Plan updates to Audit Committee, and proposed coverage for coming financial years. Reports on control issue identified during audits</p>	<p>Regular Audit Plan updates to Audit Committee, and proposed coverage for coming financial years. Reports on control issue identified during audits</p>
<p>5) How do you encourage staff to report their concerns about fraud and what concerns about fraud are staff expected to report?</p>	<p>The Authority's Whistleblowing policy sets out a working environment where Staff can feel confident to raise any concerns about malpractice within the Council. Malpractice can include fraud, corruption, bribery, dishonesty, financial irregularities, serious maladministration because of deliberate and improper conduct, unethical activities (which may be of a criminal nature) and dangerous acts or omissions which create a risk to health, safety or the environment, criminal offences, or failure to comply with a legal or regulatory obligation. The Whistleblowing Procedure is regularly monitored by a Whistleblowing Group and annual reports regarding whistleblowing are submitted to Standards Committee</p>	<p>The Authority's Whistleblowing policy sets out a working environment where Staff can feel confident to raise any concerns about malpractice within the Council. Malpractice can include fraud, corruption, bribery, dishonesty, financial irregularities, serious maladministration because of deliberate and improper conduct, unethical activities (which may be of a criminal nature) and dangerous acts or omissions which create a risk to health, safety or the environment, criminal offences, or failure to comply with a legal or regulatory obligation. The Whistleblowing Procedure is regularly monitored by a Whistleblowing Group and annual reports regarding whistleblowing are submitted to Standards Committee</p>
<p>6) From a fraud and corruption perspective, what are considered by those charged with governance to be high risk posts within the organisation and how are the risks</p>	<p>The Audit Committee rely on both Internal Audit and External Audit to undertake an ongoing comprehensive review of the Authority. Individuals controlling large amounts of money / cash or managing high value or attractive assets</p>	<p>The Audit Committee rely on both Internal Audit and External Audit to undertake an ongoing comprehensive review of the Authority. Individuals controlling large amounts of money / cash or managing high value or attractive assets will naturally be</p>

<p>relating to these posts identified, assessed and managed?</p>	<p>will naturally be seen as higher risk albeit controls should be more secure to prevent any abuse. The Internal Audit Plan is compiled using a Risk Based Approach which takes in to account issues such as value, nature of transaction, past problems etc</p> <p>The Pensions Administration section has an audit trail of all transactions via the workflow system in addition to the daily journals which record each key suppression. Staff members are restricted on access level by the software 'check pointing' facility. The pension fund participates in the NFI and additionally undertakes monthly mortality screening of pensioners and an annual screening of deferred members. The section has annual payroll and system audits by Carmarthenshire's audit team.</p> <p>Any fraud identified would immediately be reported to Head of Financial Services and the Local Pension Board.</p>	<p>seen as higher risk albeit controls should be more secure to prevent any abuse. The Internal Audit Plan is compiled using a Risk Based Approach which takes in to account issues such as value, nature of transaction, past problems etc</p> <p>The Pensions Administration section has an audit trail of all transactions via the workflow system in addition to the daily journals which record each key suppression. Staff members are restricted on access level by the software 'check pointing' facility. The pension fund participates in the NFI and additionally undertakes monthly mortality screening of pensioners and an annual screening of deferred members. The section has annual payroll and system audits by Carmarthenshire's audit team.</p> <p>Any fraud identified would immediately be reported to Head of Financial Services and the Local Pension Board.</p>
<p>7) Are those charged with governance aware of any related party relationships or transactions that could give rise to instances of fraud and how does they mitigate the risks associated with</p>	<p>All Related Party Transactions are disclosed in the statement of Accounts as confirmed in the letter of representation.</p>	<p>All Related Party Transactions are disclosed in the statement of Accounts as confirmed in the letter of representation.</p>

fraud related to related party relationships and transactions?		
8) Are those charged with governance aware of any entries made in the accounting records of the organisation that it believes or suspects are false or intentionally misleading?.	No – the Letter of representation confirms that the financial statements are free of material misstatements, including omissions	No – the Letter of representation confirms that the financial statements are free of material misstatements, including omissions
9) Are those charged with governance aware of any organisational, or management pressure to meet revenue and capital budgets or other financial constraints?	Three Elected Members sit on the pension panel and are kept informed quarterly on the global financial outlook and the performance/value of the pension fund.	Three Elected Members sit on the pension panel and are kept informed quarterly on the global financial outlook and the performance/value of the pension fund.

## International Standard for Auditing (UK and Ireland) 250 – Consideration of laws and regulations in an audit of financial statements

### Background

Under the ISA, in the UK and Ireland, the primary responsibility for ensuring that the entity's operations are conducted in accordance with laws and regulations and the responsibility for the prevention and detection of non compliance rests with both management and 'those charged with governance'. The ISA requires us, as external auditors, to obtain an understanding of how they gain assurance that all relevant laws and regulations have been complied with.

### What are we required to do?

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA 250. We are therefore making requests from both management those charged with governance.

Enquiries of management		
Question	2017-18 Response	2016-17 Response
1) How have you gained assurance that all relevant laws and regulations have been complied with?	Local Government Pension Scheme training courses and conferences run by the Local Government Chronicle and National Association of Pension Funds. Regulatory documents from the Department for Communities and Local Government.WAO findings	Local Government Pension Scheme training courses and conferences run by the Local Government Chronicle and National Association of Pension Funds. Regulatory documents from the Department for Communities and Local Government.WAO findings
2) Are there any potential litigations or claims that would affect the financial statements?	No – covered in the letter of representation. Enquiries are made of the Assistant Chief Executive (HR) and the Monitoring Officer at year end, and again pre-publication of the statement to identify any potential post balance sheet date events. All known actual or possible litigation and claims whose	No – covered in the letter of representation. Enquiries are made of the Assistant Chief Executive (HR) and the Monitoring Officer at year end, and again pre-publication of the statement to identify any potential post balance sheet date events. All known actual or possible litigation and claims whose effects should be



	effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.	considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.
<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>2017-18 Response</b>	<b>2016-17 Response</b>
1) How do those charged with governance, exercise oversight of management's processes to ensure that all relevant laws and regulations have been complied with?	Reliance on Internal Audit, Monitoring Officer, Section 151 Officer, Letter of representation and WAO feedback	Reliance on Internal Audit, Monitoring Officer, Section 151 Officer, Letter of representation and WAO feedback
2) Are those charged with governance aware of any non-compliance with relevant laws and regulations?	No	No
3) If there have been instances of non-compliance what are they, and what oversight have those charged with governance had to ensure that action taken by management to address and gaps in control?	No	No

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## International Standard for Auditing (UK and Ireland) 550 – Related parties

### Background

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties. For example:

- Related parties may operate through an extensive and complex range of relationships and structures, with a corresponding increase in the complexity of related party transactions.
- Information systems may be ineffective at identifying or summarising transactions and outstanding balances between an entity and its related parties.
- Related party transactions may not be conducted under normal market terms and conditions; for example, some related party transactions may be conducted with no exchange of consideration.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

### What are we required to do?

Where the applicable financial reporting framework establishes requirements for related parties, the auditor has a responsibility to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework. We are therefore making requests from both management and those charged with governance:

Enquiries of management		
Question	2017-18 Response	2016-17 Response
1) What controls are in place to identify, authorise, approve, account for and disclose related party transactions and	Enquires made of relevant officers and members for details of any potential related party transactions.	Enquires made of relevant officers and members for details of any potential related party transactions. Evidence

relationships?	Evidence subjected to audit by WAO.  Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed.	subjected to audit by WAO.  Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed.
2) Confirm that you have: <ul style="list-style-type: none"> <li>disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which you are aware; and</li> <li>appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework.</li> </ul>	Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed	Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed
<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>2017-18 Response</b>	<b>2016-17 Response</b>
1) How do those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transaction sand relationships?	Disclosure made in the statement of Accounts which is approved by the Audit Committee, Letter of Representations and feedback from WAO.	Disclosure made in the statement of Accounts which is approved by the Audit Committee, Letter of Representations and feedback from WAO.



**PWYLLGOR ARCHWILIO**  
**28 MEDI 2018**

<b>Datganiad Cyfrifon 2017-2018</b>		
<b>Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:</b>		
Cymeradwyo'r Datganiad Cyfrifon 2017/2018 Cyngor Sir Caerfyrddin ar ôl yr archwiliad.		
<b>Y Rhesymau:</b>		
Mae angen i'r Cyngor gymeradwyo Cyfrifon 2017/18 erbyn 30 Medi 2018 i gydymffurfio â Rheolau Cyfrifon ac Archwilio (Cymru) 2014.		
Mae gan y Pwyllgor Archwilio bwer dirprwyedig i gymeradwyo'r Cyfrifon yn unol a'r Mesuriad Llywodreath Leol.		
Ymgynghorwyd â'r pwyllgor craffu perthnasol NADDO		
Angen i'r Bwrdd Gweithredol wneud penderfyniad NAC OES		
Angen i'r Cyngor wneud penderfyniad NAC OES		
<b>YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-</b>		
Cyng. David Jenkins		
Y Gyfarwyddiaeth: Gwasanaethau Corfforaethol	Swydd:	Rhif ffôn: 01267 224120
Awdur yr Adroddiad: Chris Moore	Cyfarwyddwr y Gwasanaethau Corfforaethol	Cyfeiriad E-bost: <a href="mailto:CMoore@sirgar.gov.uk">CMoore@sirgar.gov.uk</a>

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**28<sup>th</sup> September 2018**

**Statement of Accounts 2017-2018**

In line with the Accounts and Audit (Wales) Regulations 2014, the Statement of Accounts is now presented to Audit Committee for approval.

As noted in the earlier agenda item (Welsh Audit Office report) a number of minor amendments were made to the accounts, including clarification in some disclosure notes.

For the Council Fund, there has been no change to the balance on general reserves for the year, and similarly no change to the Housing Revenue Account balance at year end.

All changes agreed with WAO have been reflected in the Statement of Accounts presented for approval.

<b>DETAILED REPORT ATTACHED ?</b>	<b>YES</b>
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**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: Chris Moore**

**Director of Corporate Services**

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

**1. Legal**

Compliance with the Accounts and Audit Regulations 2014

**2. Finance:**

Overall the Authority's Council Fund net expenditure for the year was below the original budget, resulting in a transfer of £480k to balances on the Council Fund as opposed to a budgeted transfer of £200k from Council Fund Balances and a transfer of £2,310 to Housing Revenue Account balances after setting aside £3,793k to support the Affordable Homes strategy.

At the balance sheet date the Council Fund General Balances stood at £9.783m, the Housing Revenue Account £20.114m and the balances held by schools under LMS £1.515m



**EICH CYNGOR arleinamdani**  
[www.sirgar.llyw.cymru](http://www.sirgar.llyw.cymru)

**YOUR COUNCIL doitonline**  
[www.carmarthenshire.gov.wales](http://www.carmarthenshire.gov.wales)

# CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below  
Signed: Chris Moore Director of Corporate Services

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
Accounts and Audit (Wales) Regulations 2014		Corporate Services Department, County Hall, Carmarthen
Code of Practice on Local Authority Accounting 2017		Corporate Services Department, County Hall, Carmarthen

Mae'r dudalen hon yn wag yn fwriadol





**STATEMENT OF ACCOUNTS**  
**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2018**

**CHRIS MOORE FCCA  
DIRECTOR OF CORPORATE SERVICES  
COUNTY HALL  
CARMARTHEN**

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## 1 NARRATIVE REPORT

The following Statement of Accounts brings together in summary form the financial transactions of the Authority for the year 2017-18.

The Authority's Accounts for the year 2017-18 are set out on the following pages of this report, and have been produced in line with the 2017-18 Code of Practice on Local Authority Accounting (the Code).

### 1.1 The accounts consist of the following financial statements:

#### **Expenditure and Funding Analysis**

This statement shows the reconciliation between how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices as shown in the Comprehensive Income and Expenditure Statement.

#### **Comprehensive Income and Expenditure Statement (CIES)**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The reconciliation to the taxation position is shown in the Expenditure and Funding Analysis and the Movement in Reserves Statement.

#### **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Provision of Services line shows a deficit of £38.787m being the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

#### **The Balance Sheet**

This shows the assets and liabilities of the Authority as at 31 March 2018.

#### **The Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period.

#### **The Housing Revenue Account Income and Expenditure Statement and Movement on the Housing Revenue Account Statement**

This shows the income and expenditure incurred on Council housing (which is included in the whole Authority income and expenditure statement) and how the surplus/deficit for the year reconciles to the movement on HRA balance for the year.

#### **Dyfed Welsh Church Fund and Other Trust Funds**

These accounts show the financial transactions and net assets relating to sums within the trusts.

The accounts are supported by the Statement of Accounting Policies (Note 6.1 - Notes to the Accounts).

## 1.2 Revenue Budget

The following table shows how the actual spend on services during 2017-18 compared with the budget set for the year.

Service	Working Budget				Actual				Variance For Year
	Expenditure	Income	Net Non Controllable	Net	Expenditure	Income	Net Non Controllable	Net	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	24,208	(7,815)	(3,540)	12,853	25,423	(9,180)	(3,540)	12,703	(151)
Education & Children	159,766	(21,554)	30,289	168,501	184,233	(45,857)	30,289	168,665	164
Corporate Services	79,482	(51,162)	(4,446)	23,874	81,535	(53,532)	(4,446)	23,558	(317)
Communities	134,503	(53,133)	15,494	96,864	135,480	(54,163)	15,494	96,811	(53)
Environment	113,685	(75,344)	22,034	60,375	114,498	(76,107)	22,034	60,425	50
<b>Departmental Expenditure</b>	<b>511,643</b>	<b>(209,008)</b>	<b>59,831</b>	<b>362,465</b>	<b>541,168</b>	<b>(238,839)</b>	<b>59,831</b>	<b>362,160</b>	<b>(306)</b>
Net Interest & Capital									
Accounting Adjustments				(20,605)				(22,793)	(2,188)
Pension Reserve Adjustment				(16,962)				(16,962)	0
Accumulated Leave				15				15	0
<b>Levies and Contributions:</b>									
Brecon Beacon Nat Parks				138				138	0
Fire Authority				9,349				9,349	0
<b>Net Expenditure</b>				<b>334,401</b>				<b>331,907</b>	<b>(2,494)</b>
Contribution to/(from) General Balances				(200)				480	680
To/(from) Departmental Reserves				0				209	209
Transfer to City Deal Reserve				0				2,000	2,000
Transfer to other Earmarked Reserves				0				890	890
<b>Net Budget</b>				<b>334,201</b>				<b>335,486</b>	<b>1,286</b>
Revenue Support Grant				(191,881)				(191,881)	0
Non Domestic Rates				(60,295)				(60,295)	0
Council Tax				(82,024)				(83,310)	(1,286)
				0				0	0

The financial position, at year end showed an under-spend at service level of £306k.

The Education department was £164k over budget after offsetting underspends due to staff vacancies and secondments against overspends due mainly to school based EVR and redundancy costs, increased number of care proceedings entering the legal system and a shortfall in the Music Service SLA income from schools. The Environment budget experienced pressures, mostly within the Highways and Transport division as a result of the non achievement of income targets in Parking Services and increased winter maintenance on the Highways service which resulted in a net overspend of £50k

The under-spends in other departments, plus the savings on capital financing costs and a higher than estimated collection level on Council Tax means that the Authority transferred £480k to general reserves for the 2017-18 financial year compared to a budgeted transfer from reserves of £200k.

HOUSING REVENUE ACCOUNT	Working Budget			Actual			Variance For Year
	Expenditure	Income	Net	Expenditure	Income	Net	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Revenue Account	36,957	(39,245)	(2,288)	33,344	(39,447)	(6,103)	(3,815)
Set aside for Affordable Homes Strategy	0	0	0	3,793	0	3,793	3,793
Net HRA	36,957	(39,245)	(2,288)	37,137	(39,447)	(2,310)	(22)
Transfers to/(from) HRA balances	0	0	2,288	0	0	2,310	22

The Housing Revenue Account (HRA) reported an under spend of £22k for the year following a transfer of £3.8m to support our Affordable Homes strategy.

The main variances were:

- increased revenue Repairs and Maintenance of £334k due mainly to increased delivery on voids.
- increased Supervision and Management costs £33k
- capital financing costs of £54k more than budgeted due to a small increase in interest rates and reduces borrowing as a result of an underspend on the capital programme.
- reduction in the provision for debt the write-off £254k, based on arrears levels and aged debt analysis.
- rental income higher due to the settlement of insurance claims

### 1.3 Reserves

In the changeable and challenging environment currently facing Local Government the Authority is committed to maintaining a reasonable level of reserves. At the year end the general reserves amounted to the following:

	£'000	£'000
Council Fund:		
Held by Schools under Local Management of Schools Regulations (LMS)	1,515	
Generally available for new expenditure	9,783	11,298
Housing Revenue Account		20,114
		<u>31,412</u>

In addition to general reserves the Authority holds earmarked reserves of £81.140m for specific purposes.

### 1.4 Borrowing

£21.0m new borrowing was taken from the Public Works Loans Board (PWLB) in 2017-18.

As at the 31 March 2018 the Authority's total borrowing stood at £400m, which was within the Authority's authorised limit of £532m. Further detail is included in Note 6.47 to the Accounts.

The Authority's borrowing procedures and limits are outlined in the Treasury Management Policy and Strategy, which is approved annually.

### 1.5 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The debit balance on the Pensions Reserve of £321m therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

### 1.6 Current Economic Climate

The accounting statements are required to reflect the conditions applying at the end of the financial year.

All the assets of the Authority are re-valued on a cyclical basis and in many instances therefore the current valuation (last undertaken in past years) is likely to reflect current market value or a fair reflection thereof.

The financial year has been a period of significant political and economic uncertainty at a national level. The most significant factors affecting the council were/are:

- The outcome of the General Election in June 2017, which resulted in hung parliament. The Democratic Unionist Party agreed to a “confidence and supply agreement” enabling the Conservative Party to form a government, albeit with a very small majority;
- A possible easing of the austerity agenda and a relaxation of public sector pay restraint;
- A gradual but sustained increase in the underlying rate of inflation from historic low levels, and widespread uncertainty regarding the pace of change of interest rates;
- Continuing and significant uncertainty regarding the terms of the UK’s departure from the European Union, and the implications for the UK economy (including the impact on public sector revenues), the terms of any future trade and customs arrangements and the potential for any future grant funding streams to replace existing EU programmes; and
- The First Minister’s announced intention of standing down later in the year, and the current uncertainty over his successor, and what this might mean for the future of Local Authority funding in Wales.

Most recently the Authority’s current three year Medium Term Financial Plan (MTFP) was agreed by Council in February 2018 and was based on estimates of known commitments and formulated in the context of the financial settlement for 2018-19. The previous Cabinet Secretary gave an indication in the provisional settlement of an overall reduction in Welsh Government funding to local authorities of -1.5% in 2019-20, which was subsequently revised up -1% a month later speaking at the 2017 WGLA conference. No further information has been forthcoming.

Our overall financial standing has been maintained at a prudent level. The majority of our reserves are earmarked for specific purposes – whether this is to address liabilities now or in the future e.g. Insurance reserves, or for financing specific capital schemes.

### 1.7 **Capital**

In 2017-18 the Authority spent some £66.4m on capital projects. This expenditure was financed by a combination of borrowing, useable capital receipts, government grants, contributions and direct revenue financing.

£21.4m was spent on Housing with the areas of spend being as follows:

#### **Public Sector**

Refurbishment & redevelopment of housing stock and the purchase of additional housing stock	£17.9m
---	--------

#### **Private Sector**

Disability Facility Grants	£2.3m
Other Improvements	£1.2m

The major areas of expenditure on non-housing services were as follows:

	<b>£'m</b>	
Education & Childrens Services	23.0	New Schools, Renovations and Improvements to existing Schools & Children & Family Services projects
Leisure	2.0	Rights of Way, Sports & Leisure, Arts & Culture and Libraries
Infrastructure	9.3	Roads, Bridges, Cycle Paths, Road Safety, Car Parks, & Coastal Defence
Fleet	0.9	New welfare buses and grounds maintenance equipment
Economic Development	3.8	Physical Regeneration Projects County Wide, Community Development and Joint Ventures
Social Services	0.6	Care Homes and Learning Disability Developments
Corporate	5.4	Capital Minor Works and IT Strategy Developments

### 1.8 **Further Information**

Further information about the accounts is available from the Head of Financial Services, Corporate Services Department, County Hall, Carmarthen, SA31 1JP.

## 2 STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### **The Authority's Responsibilities**

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Director of Corporate Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

### **Audit Committee Approval**

Approval of Statement of Accounts post audit.

Chair of Audit Committee

Dated: 28 September 2018

### **The Director of Corporate Services' Responsibilities**

The Director of Corporate Services is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;

### **Certification of Accounts**

I certify that the Statement of Accounts on pages 36 to 139 gives a true and fair view of the financial position of Carmarthenshire County Council at 31<sup>st</sup> March 2018 and its income and expenditure for the year ended 31<sup>st</sup> March 2018.

Chris Moore FCCA  
Director of Corporate Services

Dated: 19 September 2018



### 3 ANNUAL GOVERNANCE STATEMENT

#### Assurance Executive Summary

*The Corporate Governance arrangements of the Council are acceptable.*

*It is important that a Governance Statement includes an evaluation and conclusion and provides a clear judgement on whether the governance arrangements outlined are fit for purpose.*

*To enable this judgement the Council's Internal Audit service conducted a review of our arrangements against the adopted standards (see 3.3 below)*

#### Table - Internal Audit Report extract:-

Findings of Carmarthenshire County Council's - Internal Audit review of AGS and Corporate Governance	
Post Review Assurance Level	Description for Assurance Level
Acceptable	Moderate controls, some areas of non-compliance to agreed controls Medium/Low risk of not meeting objectives Medium/Low risk of fraud, negligence, loss, damage to reputation
Internal Audit found no fundamental control issues to be addressed as a high priority. Although there are some control issues required to strengthen existing procedures.	

#### Summary of Issues

	Findings	Action
1	The Code of Corporate Governance should be reviewed and updated with the 7 <b>new</b> key principles to comply with the new CIPFA/SOLACE 'Delivering good governance in Local Government' framework	<b>Code to be updated</b>
2	A review of the 91 specific requirements of each of the 7 key Principles was undertaken and it was identified that in some instances key documents were not available, and those that were available were not always up to date and were not always readily available	<b>Snag list to be addressed</b>
3	The previous AGS did not contain a definitive executive assurance summary	<b>Included above</b>

Key Finding - The Code of Corporate Governance should be reviewed and updated with the 7 new key principles to comply with the new CIPFA/SOLACE 'Delivering good governance in Local Government' framework.

### 3.1 Scope of Responsibility

Carmarthenshire County Council (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for and used economically, efficiently and effectively and to secure continuous improvement in this regard.

The Authority is responsible for putting in place proper arrangements for the Governance of its affairs and facilitating the effective exercise of its functions including having appropriate arrangements for the management of risk.

The Authority details how it deals with all aspects of Governance through its Constitution which defines the standards, roles and responsibilities of the Executive, its Members, Committees and its Officers. The Constitution includes a Scheme of Delegation outlining the decision making process, taking into account the relevant legislation.

A **Corporate Governance Group** comprising key Officers and 2 Executive Board Members is in place to inform and monitor progress on issues affecting Governance, including the **Code of Corporate Governance**, approved by Council in June 2012 and updated by Audit Committee in March 2016. The Chair of the Audit Committee is invited to the Corporate Governance Group meetings in an observer capacity.

The Code of Corporate Governance recognises policies and processes that are consistent with the principles of the CIPFA / SOLACE Framework '**Delivering Good Governance in Local Government**' (Guidance Notes for Welsh Authorities 2016 Edition – Published September 2016). This framework identifies 7 key principles of good governance which complement the Well-being of Future Generations Act requirements.

This Statement explains how the Authority has complied with the various elements of the Governance Framework.

### 3.2 The Governance Framework

The Governance Framework comprises the systems, processes, cultures and values by which the Authority is directed and controlled and also the way it accounts to, engages with and leads the Community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of Internal Control is a significant part of that framework and is designed to manage risk to a reasonable level. It aims to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives. It evaluates the likelihood and impact of identified risks being realised and to manage individual risks appropriately.

### 3.3 The Governance Environment

The CIPFA/SOLACE Governance Framework sets out 7 fundamental principles of Corporate Governance. The 'CIPFA Seven' are:

1. **Integrity and Values** - *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.*
2. **Openness and engagement** - *Ensuring openness and comprehensive stakeholder engagement.*

3. **Making a difference** - *Defining outcomes in terms of sustainable economic, social, and environmental benefits.*
4. **Making sure we achieve what we set out to do** - *Determining the interventions necessary to optimise the achievement of the intended outcomes.*
5. **Valuing our people; engaging, leading and supporting** - *Developing capacity and the capability of leadership and individuals.*
6. **Managing risks, performance and finance** - *Managing risks and performance through robust internal control and strong public financial management.*
7. **Good transparency and accountability** - *Implementing good practices in transparency, reporting, and audit to deliver effective accountability.*

For 2018/19 the Council has created a Well-being Objective on Building a Better Council and Making Better Use of Resources and action plan for this is sub headed by the above 7 principles. During 2016/17 we reported Corporate Governance progress against the seven principles above but not as a Well-being Objective.

The Authority addresses the 7 Fundamental Principles through the following:

- 3.3.1 **Integrity and Values** - *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.*

#### **3.3.1.1 Standards Committee**

Standards Committee oversees standards of members conduct, arranges training for members of the Council and members of Town and Community Councils on the Code of Conduct, and considers applications for dispensations to participate in meetings where members identify personal and prejudicial interests in the business in hand.

Training on the Code of Conduct for Members and Co-opted Members was provided to county councillors by the Authority's Monitoring Officer, Deputy Monitoring Officers and Senior Solicitors, with the Chair of the Standards Committee in attendance, as part of the Induction Programme following the May 2017 county council elections, so as to make members aware of the standards required of them in decision-making and in their role as councillors. An easy use guide to the Code was handed out and the guide was also made available on-line.

During the financial year 9 dispensations were granted by the Committee to county councillors to participate in items of business where they had personal and prejudicial interests.

#### **3.3.1.2 Core Values**

The Council's Core Values were refreshed during 2015/16 in conjunction with staff, elected members, senior management and the trades unions. They provide a foundation for service priorities and act as a guide to develop inclusive services, which are responsive to the needs of customers whilst supporting and valuing our staff. Our values underpin and guide the way that we work, the way we improve and the way we make decisions in our community:

##### **1. Working as one team**

We recognise that by working together and making constructive connections we can make the best use of our resources for our communities.

## 2. Focus on our customers

We work to improve the lives of the people in our communities this is our focus and key purpose.

## 3. Listen to improve

We will listen and engage with our communities, partners and all stakeholders to inform our improvement plans.

## 4. Strive for excellence

We will remain vigilant and ensure that we deliver to the best of our abilities and always explore ways to improve what we do.

## 5. Act with Integrity

We will actively think about what is the right thing to do when presented with choices in a work situation.

## 6. Take personal responsibility

We will all consider how we support and apply these values so they actively underpin and guide the way we work.

To supplement the work undertaken on Core Values we have introduced a set of Behavioural Standards and developed an e-learning module which is available on the authority's 'Learning Curve', and is currently being rolled out to all our staff to ensure that our Core Values are embedded throughout the Authority.

### 3.3.1.3 The Constitution

The Authority adopted a new form of Constitution in the form promoted by the Welsh Assembly Government upon the modernisation of local government following the Local Government Act 2000, and this has been kept under constant review since then to ensure that it meets the needs of the Authority and its regulators in terms of transparency of Governance, accountability and decision making.

The Constitution is published on the Council's website and essentially explains the way the Council operates and how it takes decisions. It comprises 8 parts, namely:

1. *Summary & Explanation* – a brief overview of the make-up of the Council and its decision making bodies.
2. *The Articles* – a fuller description of the Council and its constituent parts.
3. *Functions / Delegations* - This Part explains which Members are responsible for which decisions, and in particular whether they are decisions which can only be taken by the Council, or only by the Executive Board, and the decisions which have been delegated to officers to take under a Scheme of Delegation.
4. *Rules of Procedure* - including the rules relating to the Conduct of Council and Committee meetings (commonly known as "**Standing Orders**"), rules relating to proceedings of the Executive Board and Scrutiny Committees, rules relating to access to information, **Contract Procedure Rules, Financial Procedure Rules and Officer Employment Rules.**
5. *Codes & Protocols* - Amongst the Codes included in this Part is the statutory **Code of Conduct for Members.** In this respect Members' conduct is strictly governed whether it be in respect of their role as Councillors or as decision makers. In particular Members having a personal and prejudicial interest in any business being transacted at meetings have to declare their interest and withdraw from the meeting (unless they have obtained a dispensation to participate).
6. a) *Councillors and Co-Opted Members' Scheme of Allowances* - which sets out the respective Job Profiles and Personal Specifications for Members, Executive Board Members, and Chairs and Vice-Chairs of Committees, as well as details of payments which Members are entitled to. In relation to payments to Members as of the 1<sup>st</sup> April

2012 the Independent Remuneration Panel for Wales, which is the body formed to determine Members' payments (now called "salaries"), used its new powers to actually prescribe the amounts to be paid as opposed to prescribing maximum payments which could be made. The purpose of this prescription was to make payments more consistent across Wales.

6. *b) Management Structures.*
7. *Names & Addresses of Councillors.*
8. *Bilingual Composition of Executive Board and Committees.*

The Constitution is a living document and individual amendments are reported to Council for decision on an as and when required basis, following consideration by the Constitutional Review Working Group. The main amendments made to the Constitution during the 2017/18 year were the amendments required by *The Size and Composition of Local Planning Authority Committees (Wales) Regulations 2017* which restricted membership of Planning Committees to no fewer than 11, no more than 21 members (and no more than a 50% quorum of the Council's overall membership), restricted membership from multi-member wards to one member from the ward, removed the ability to nominate substitute members and imposed a 50% quorum for meetings.

The County Council reviewed its political balance and composition of Committees following the May 2017 local government elections.

#### **3.3.1.4 Corporate Governance Group**

As stated in Section 3.1, a Corporate Governance Group has been established to co-ordinate, manage and report on the Governance arrangements of the Authority. The Group comprised:

- Executive Board Member - Resources
- Executive Board Member - Business Manager
- Chair of Audit Committee (in an observer capacity)
- Director of Corporate Services (s.151 Officer)
- Head of Administration & Law (Monitoring Officer)
- Head of Financial Services
- Director of Regeneration & Policy
- Assistant Chief Executive (People Management)
- Head of Revenues and Financial Compliance
- Employee Services Manager
- Nominated substitutes allowable

The Group are responsible for updating the Code of Governance and developing the Annual Governance Statement, for the approval by:

- the Leader
- the Chief Executive
- the Audit Committee in compliance with the requirements of The Local Government (Wales) Measure 2011

In addition, the Group now oversees the work of the Information Management Group.

#### **3.3.1.5 Monitoring Officer**

The Monitoring Officer (Head of Administration & Law) is responsible for maintaining the Constitution to ensure that it reflects up to date legislative requirements and the Authority's Governance needs, and is also responsible for ensuring that the provisions are fully

complied with at all levels of the Authority's activities. As Chief Legal Officer supported by the in-house legal team, the Monitoring Officer has access to all meetings of the Authority including the Executive Board and the Authority's Corporate Management Team. The Monitoring Officer is well placed to play a proactive role in supporting Members and Officers in both formal and informal settings to comply with the law and with the Authority's own procedures. As the Head of Service with ultimate responsibility for the Democratic Services Unit, the Monitoring Officer is also responsible for the formal recording and publication of the democratic decision making process.

The Monitoring Officer works closely with the Chief Executive as the Head of Paid Service and the Section 151 Officer in accordance with the provisions of the Local Government and Housing Act 1989 and will report to Council or the Executive Board if she considers that any proposal will give rise to unlawfulness.

There is an All Wales Network of Monitoring Officers which meets on a quarterly basis to discuss topical issues and share best practice, which the Monitoring Officer attends.

### 3.3.2 **Openness and engagement** - *Ensuring openness and comprehensive stakeholder engagement.*

#### 3.3.2.1 **Consulting and Engaging with Citizens and Service Users**

The Authority has a well-established method of consulting and engaging with citizens and service users. There is a **Citizens Panel**, a **50 Plus Network** to consult older people, a **Youth Forum** and numerous specific consultation groups to seek the views of those with specified protected characteristics as recognised by the 2011 **Equality Act**. The Council also publishes all of its on-going consultations on the Council website.

The Authority also makes extensive use of the annual **National Survey for Wales** commissioned by Welsh Government. The results are used to help the Authority in its self-assessment of services and are included in our Annual Report.

The Authority has been webcasting all Full Council meetings since May 2013 and Planning Committee since November 2014 and Executive Board meetings from September 2015.

The Authority undertakes extensive consultation on its Budget annually, which includes seminars, Insight events for young people, on-line surveys, social media, and stake holder meetings with Town and Community Councils and Unions. The results of the consultations are considered and presented to Executive Board and County Council as part of the Budget Strategy Report.

#### 3.3.2.2 **Dealing with Complaints**

The Authority has a corporate **Customer Complaints & Compliments Procedure** and statistics and analysis of the complaints received are reported to each Scrutiny Committee and annually by the Standards Committee. The Complaints Procedure is in line with the Welsh Government's Model Concerns and Complaints Policy and was reviewed and revised in 2016/17.

The Authority has a centralised Complaints Team for most services which ensures compliance with the requirements set out in our Procedure and consistency of approach across the whole Authority. During 2017/18, it was agreed that Adult Social Care Complaints would be managed by the Communities Department.

Annual reports are provided to the Corporate Management Team and Scrutiny Committees with more detailed reports provided to departments when required in order to monitor trends, identify problem areas and generate service improvement based on customer experience.

The Authority investigated and responded to 855 complaints during 2017/18 compared to 731 during 2016/17. The Complaints Team also addressed a further 714 enquiries and requests for assistance.

### 3.3.2.3 Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales considers complaints from Members of the public in relation to Members' conduct and maladministration. His Report is published annually.

S.16 Ombudsman's Reports (i.e. Public interest reports) are reported to County Council as required by law. No Public Interest Reports were issued against the Authority during the 2017/18 year.

### 3.3.2.4 Ensuring Effective External Communication

The Authority's Marketing and Media team promotes the work of the council and supports proactive engagement with members of the public, helping them to access information on council services wherever and whenever it is convenient to them.

The Authority's new-look website receives an average of 4,600 page views every day from residents and businesses. We've had 300+ people send feedback or ask a question since the site went live in February 2018. We're continuously improving the website based on suggestions from the public and staff. We're adding more services online and reviewing our existing eforms to ensure that they are easy to use. MyAccount also launched at the same time as the website and to date 3,000 people have signed up to this service.

Customer Services has made it easier for people to get information and support across all council services. A new Hwb model was originally trialled successfully in Llanelli and is now rolling out to other areas, offering pre-booked appointments and drop-in advice, as well as access to training and employment support. A mobile Hwb also supports rural communities. Increasing use of Social Media enables open engagement and conversations with members of the public, and as well as a tool for promoting council services it also acts as an effective customer service tool with a growing number of people using it to communicate with us.

Almost 8,000 follow the council's main Facebook account and in the region of 8,000 also follow the main Twitter account. Thousands more follow and engage with the authority's other social media accounts, including Carmarthenshire markets, libraries, sport and leisure, theatres, Pembrey Country Park and more.

The Marketing and Media team work with the Executive Board and Departmental Management Teams to plan proactive communications, supporting service areas to engage with the right people, at the right time, in the right way.

### 3.3.3 **Making a difference** - *Defining outcomes in terms of sustainable economic, social, and environmental benefits.*

### 3.3.3.1 Purpose and Vision

The Authority has a firm mechanism for collaboration with key partners and is a statutory member of the Carmarthenshire Public Services Board (PSB). The Well-being of Future Generations Act puts a well-being duty on specified public bodies across Carmarthenshire to act jointly through the PSB. The PSB is tasked with improving the economic, social, environmental and cultural well-being of Carmarthenshire.

[www.thecarmarthenshirewewant.wales](http://www.thecarmarthenshirewewant.wales)

- In May 2018 the PSB published a Well-being plan which sets out its local objectives to improving the economic, social, environmental and cultural well-being of the County and the steps it proposes to take to meet them.
- The Well-being Objectives of the Carmarthenshire PSB are not intended to address the core services and provision of the individual partners, rather they are to enhance and add value through collective action. The statutory partners of the PSB (Council, Health Board, Fire & Rescue Service and Natural Resources Wales) each have to publish their own Well-being Objectives.

For 2016/17 we set an Improvement Plan and In October 2017 we published an Annual Report on our performance for that year. For both of these we received a Certificate of compliance from the Wales Audit Office.

### 3.3.3.2 Well-being of Future Generations Act (Wales) 2015

This is a new Act introduced by the Welsh Government which will change aspects of how we work. The general purpose of the Act, is to ensure that the governance arrangements of public bodies for improving the well-being of Wales, take the needs of future generations into account. The Act is designed to improve the economic, social, environmental and cultural well-being of Wales, in accordance with sustainable development principles. The new law states that:-

- i. We must carry out sustainable development, improving the economic, social, environmental and cultural well-being of Wales. The sustainable development principle is: '*... the public body must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.*'
- ii. We must demonstrate 5 ways of working:
  - Long term
  - Integrated
  - Involving
  - Collaborative
  - Preventative
- iii. We must work towards achieving all of the 7 national well-being goals in the Act. Together they provide a shared vision for public bodies to work towards a:
  - prosperous Wales
  - resilient Wales
  - healthier Wales
  - more equal Wales
  - Wales of cohesive communities
  - Wales of vibrant culture and thriving Welsh Language
  - globally responsible Wales



As a public body we must publish our Well-being Objectives that maximise our contribution to these National Well-being Goals.

List of Carmarthenshire's Well-being Objectives 2017/18:

- Help to give every child the best start in life and improve their early life experiences
- Help children live healthy lifestyles (Childhood Obesity)
- Continue to Improve learner attainment for all
- Reduce the number of young adults that are Not in Education, Employment or Training (NEET)
- Tackle poverty by doing all we can to prevent it, helping people into work and improving the lives of those living in poverty
- Create more jobs and growth throughout the county
- Increase the availability of rented and affordable homes
- Help people live healthy lives (Tackling risky behaviour and Adult obesity)
- Support good connections with friends, family and safer communities
- Support the growing numbers of older people to maintain dignity and independence in their later years
- A Council wide approach to supporting Ageing Well in Carmarthenshire
- Look after the environment now and for the future
- Improve the highway and transport infrastructure and connectivity
- Promote Welsh Language and Culture
- Building a Better Council and Making Better use of Resources (New for 2018)

We included our Statutory Well-being Statement when we published our Statutory Well-being Objectives on 1<sup>st</sup> April 2017. This sets out our governance arrangements to support our planned outcomes.

### **Well-being Statement**

- i. We feel that our Well-being Objectives contribute significantly to the achievement of the National Well-being Goals. Our Well-being Objectives relate to different aspects of life's course and address well-being in a systematic way.
- ii. These Well-being Objectives have been selected from considerable consultation feedback and a range of different sources of information on need, performance data and regulatory feedback. In developing action plans to achieve these objectives we will involve people (in all their diversity) with an interest in achieving them.
- iii. The steps we take to achieve the Well-being Objectives (our action plans) look to ensure that long term, preventative, integrated, collaborative and involvement approaches are fully embraced.
- iv. An Executive Board member has a specific responsibility for the overall Act. In addition, each Executive Board portfolio holder will have responsibility to relevant Well-being Objectives/KIOP.

- v. To ensure that we take these action plan steps we will use our in house developed Performance Information Monitoring System dashboard. All the action plans will be monitored and reported on quarterly to department management teams and the Corporate Management Team and Executive Board. In addition progress will be reported to Scrutiny Committees. The Council will prepare an Annual report on its Well-being Objectives and revise the objectives if required.
- vi. The content of action plans to achieve the Well-being Objectives are adequately resourced and embedded in Service business To achieve these objectives services will 'join-up' and work together, work with partners and fully involve citizens in all their diversity.
- vii. Our Objectives are long term but our action plans will include milestones that will enable monitoring and assurance of progress.
- viii. To ensure that our Well-being Objectives are deliverable and that the expectations of the Act are embraced we will adapt financial planning, asset management, risk assessment, performance management and scrutiny arrangements.

### **Where change needs to happen in Corporate Governance**

The Act identifies.....' *a core set of activities that are common to the corporate governance of public bodies (SPF1 Para 47). Applying the requirements of the Act to these activities is likely to most effectively secure the type of change required*'.

- |                                 |                       |
|---------------------------------|-----------------------|
| 1. Corporate & Service Planning | 2. Financial Planning |
| 3. Asset Management             | 4. Workforce Planning |
| 5. Procurement                  | 6. Risk Management    |
| 7. Performance Management       |                       |

### **3.3.3.3 Leader's Annual Report and Five Year Plan**

Following local government elections in May 2017 the previous Leader was re-appointed at the AGM of the 24<sup>th</sup> May 2017.

The Leader announced his Executive Board Members to Council at the AGM, and the new allocation of seats between the Plaid and Independent Coalition, being 7 Executive Board Seats for Plaid and 3 for the Independents, with the office of Deputy Leader being given to the Independent Group.

In January 2018 the Executive Board approved their 'Moving Forward in Carmarthenshire: the next 5-years' plan. The plan identifies almost 100 priority projects, schemes or services the Executive Board want to deliver over the next 5-years. The Authority's new Corporate Strategy is being developed in line with the Well-being of Future Generations (Wales) Act 2015, and will incorporate the key projects and programmes within this plan.

**3.3.3.4 New Corporate Strategy** .Following publication of the above Executive Board 5 year plan the Council took the opportunity to publish a New Corporate Strategy (June 2018). It consolidates the following plans into one document –:-

1. It supersedes the 2015-20 Corporate Strategy
2. It incorporates our Improvement Objectives as required by the Local Government Measure 2009 (See Appendix 1).
3. It includes our Well-being Objectives as required by the Well-being of Future Generations (Wales) Act 2015. For the first time in Wales, there is a shared vision and set of goals for all public bodies to work towards, our Well-being Objectives are set to maximise our contribution to these (See Appendix 1).
4. It includes Carmarthenshire County Council's Executive Board key projects and programmes for the next 5 years as set out in 'Moving Forward in Carmarthenshire: the next 5 years'.

**3.3.4 Making sure we achieve what we set out to do - *Determining the interventions necessary to optimise the achievement of the intended outcomes.***

**3.3.4.1 Managing Performance / Scrutiny Function**

The Authority's Elected Members are closely involved in managing performance, at both Executive Board and Scrutiny Committee level. Performance data often initiates in-depth studies by the Scrutiny Committees, usually via Task and Finish Groups, and these have contributed in a proactive way to policy development and service improvement on numerous occasions in recent years.

The Authority's sophisticated system for Performance Management (PIMS) is well used by Officers and Members and is used as a 'real-time' tool (via the Dashboard facility) by the Corporate Management Team and Preliminary Executive Board for monitoring performance. Detailed information is extracted and used by the Authority's Scrutiny Committees and the data is used to identify specific topic areas where the Committees undertake more intensive studies to monitor performance and make policy recommendations. The Authority is a partner in the Public Services Board (PSB) and the Council's Policy and Resources Scrutiny Committee receives an Annual Performance Report from the incumbent Chair of the PSB.

PIMS Dashboards are being developed for analysing performance informatics on specific areas/projects that include Corporate Safeguarding, TIC projects and for Departmental managerial use - with a view to develop more holistic Dashboards where appropriate.

**3.3.5 Valuing our people; engaging, leading and supporting - *Developing capacity and the capability of leadership and individuals.***

Following the local government elections in Wales in May 2017 Carmarthenshire County Council has 30 new county councillors, and a comprehensive package of training, development and induction is being provided to them and returning members.

**3.3.5.1 Democratic Services Committee**

This is a statutory Committee with terms of reference which include promoting and supporting good governance. An important aspect of that aim is secured by the provision of reasonable training and development opportunities for Members and the appointment of the Chair of the Committee as the Member Development Champion. In that respect the Committee reviewed and endorsed the Induction programme in its March 2017 meeting

in relation to the training to be provided to members after the May 2017 elections, and evaluated the feedback of that training from members later in the year.

The Committee also considered the outcome of the survey made of members regarding the timing of meetings and concluded that most members preferred meeting arrangements to remain as currently, and conducted a survey of the members' IT needs.

### 3.3.5.2 Managing our Workforce

Carmarthenshire County Council has some 8,000 employees who each contribute to the achievement of our Corporate Priorities.

Our staff are supported by the People Management Division who maintain a range of Policies and Procedures to ensure that all staff are managed in a fair and consistent way. Key Policies and Procedures include:

- Health & Safety Policy
- Staff Recruitment and Selection Policy including safe recruitment
- Induction Procedure
- Whistleblowing Policy
- Grievance and Disciplinary Policies
- Officers' Code of Conduct
- Restructuring Policy
- People Strategy
- Pay Policy
- Agile Working Policy

Our Staff are encouraged to develop and this is consistent with our objectives as an organisation that has been accredited with **Investors in People**. The development of our workforce is underpinned by the following:

- Appraisal Process
- Learning and Development Strategy
- Encouraging Continuous Professional Development (CPD)
- Effective Workforce Planning
- People Strategy

Following the implementation of the Single Status Agreement in 2011/12, a small officer group continues to maintain an overview of the management of change, the NJC pay and grading structure and offers advice to managers regarding reward generally. This group aims to ensure that the integrity of the pay, benefits and grading structure is maintained.

In addition, the Council publishes a Pay Policy by April each year, as required under Section 38 of the Localism Act. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding those working in local authority schools). The Pay Policy is agreed by Full Council and is published on the Authority's website.

The Authority conducts and publishes annual equal pay audits, the most recent of which does not suggest any evidence of discrimination within the pay structures nor the allowances paid. The pay gaps are generally as a result of segregation of the sexes between job types rather than application of the allowances.

The Authority seeks to maximise agile working opportunities to support our Strategic objectives by:

- **Modernising service delivery:** using new technology to deliver services provides possibilities for streamlining processes and being closer to our customers.
- **Recruitment and Retention:** Different working practices will help us to recruit, and retain our valued employees.
- **Accommodation strategy:** agile working will help to reduce accommodation needs and make more effective use of buildings.
- **Flexible working agenda:** agile working will support the wider work-life balance agenda, supporting a more inclusive workforce.
- **Environmental:** agile working can lead to fewer car journeys, reduced congestion at peak times and reduced pollution.

The above points represent the strategic principles that underpin our Agile Working Policy.

Our Whistleblowing Policy is there to protect our Employees if they find that they need to report a serious concern about a service the council provides or the conduct of another Employee, Councillor or other individual acting for the Council. The Authority takes Whistleblowing very seriously, and has developed and rolled out a very comprehensive E-Learning module that sits on the 'Learning Curve' section of our recently revised INTRANET. Awareness raising of the policy itself is done via the intranet, Department newsletters, posters, all staff emails and we also produce a short guide which is available to those employees not on email. Whistleblowing officers have received refresher training to re-inforce their role of being the initial point of contact for managing concerns. HR Advisors, legal advisors and whistleblowing officers have received external training to strengthen the links between other HR policies and whistleblowing.

### 3.3.5.3 Scheme of Delegation to Officers

The Scheme of Delegation itemises the decisions which are delegated to officers, whether by the Council or by the Executive Board. In exercising delegated powers Officers must comply both with any statutory requirements and the Council's Policy and Budget Framework, amongst other requirements. Any significant decisions have to be recorded and are subject to the call-in rules. Executive decisions by officers are now published.

### 3.3.6 **Managing risks, performance and finance** - *Managing risks and performance through robust internal control and strong public financial management*

#### 3.3.6.1 Risk Management

The Authority has a Risk Management Steering Group which reports directly to Executive Board, Audit Committee and Chief Officers' Management Team (CMT). The Risk Management Steering Group comprises an Executive Board Member Risk Champion (Executive Board Member for Resources), Departmental Risk Champions and is chaired by the Head of Revenues and Financial Compliance.

The Authority aims to embed good risk management into all its processes including a specific section in Committee Reports for the implications from a Risk Management perspective to be discussed and explained.

Corporate, Service and Project Risks are captured within a Risk Register. We use "**Web Based Risk Register Software**", which allows Departments to input, access, maintain and manage Service and Project Risks. The Corporate Risk Register is reported to the Audit Committee.

### 3.3.6.2 Risk Management Steering Group

The Risk Management Steering Group has been seen as a very good example of how Risk Management can be developed and ensure that Risk Management is embedded in decision making throughout the organisation. The Group meet quarterly and is supported by the work of its Sub Groups i.e. Property & Liability Risks, Motor Fleet Risks, CCTV group and Contingency Planning Sub Groups.

### 3.3.6.3 Scrutiny Committees

The Scrutiny Function plays a highly valuable role in ensuring performance improvement and challenge. The role of Scrutiny in “Task and Finish Groups” has clearly had a positive influence on policy development.

The Authority has a well-developed system of performance management. Scrutiny Committees receive a Quarter 1 and Quarter 3 report and an Annual Report on performance which includes an update on all Performance Indicators and Key Actions contained within the Improvement Plan.

All Scrutiny Committees have the constitutional power to call-in executive decisions in respect of their own functional responsibilities, whether taken by the Executive Board collectively or by individual Executive Board Members on their own portfolio areas. In order to allow call in to be exercised no decision taken by the Executive Board or Executive Board Members shall take effect until 3 working days after the decision is published and circulated via e-mail to Members of the relevant Scrutiny Committee.

In line with the Local Government Measure 2011, the respective Chairs of the Community Scrutiny Committee and Environment Scrutiny Committee are Members from the opposition Group.

### 3.3.6.4 Financial Administration (Section 151 Officer)

The Director of Corporate Services is the responsible officer for the administration of the Authority’s affairs under Section 151 of the Local Government Act 1972 and carries overall responsibility for the financial administration of the County Council.

The Chartered Institute of Public Finance and Accountancy (CIPFA) previously published a **“Statement on the Role of the Chief Financial Officer in Local Government”**. The Statement describes the role and responsibilities of the Chief Financial Officer (CFO) and sets out 5 Key Principles (see below) that define the core activities and behaviours that belong to the role of CFO in public service organisations and the organisational arrangements needed to support them. Carmarthenshire County Council through the appointment of the Director of Corporate Services fully complies with the Statement.

**Principle 1** - The CFO in a Local Authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority’s strategic objectives sustainably and in the public interest.

**Principle 2** - The CFO in a Local Authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Authority’s overall financial strategy.

**Principle 3** - The CFO in a Local Authority must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.

**Principle 4** - The CFO in a Local Authority must lead and direct a finance function that is resourced to be fit for purpose.

**Principle 5** - The CFO in a Local Authority must be professionally qualified and suitably experienced.

The Financial Services Division provides support to Departments and co-ordinates and supports the budget preparation and financial monitoring process.

The Authority operates to a defined set of Financial Procedure Rules and Contract Procedure Rules which are maintained by the Corporate Services Department with any amendments approved by the Audit Committee.

### 3.3.6.5 Dyfed Pension Fund Panel

Carmarthenshire County Council is the statutorily appointed Administering Authority for the Dyfed Pension Fund. The Pension Fund Committee comprises of three County Council Members plus a nominated substitute to act in the absence of a Member. The Pension Fund Committee has the following responsibilities:

- To review the performance of the Dyfed Pension Fund, decide on the strategic direction of all matters relating to the investment of the Fund and monitor all aspects of the investment function.
- To determine on Administering Authority Pension Fund matters.

During 2017-18 the Pension Fund Committee was supported by the Director of Corporate Services and Head of Financial Services, the Financial Services Division and an Independent Investment Adviser. The Director of Corporate Services was the Section 151 Officer

The Fund's Governance Policy sets out in detail the Governance arrangements of the Fund.

The Local Pensions Board established in 2015-16 under the Public Service Pension Act (PSPA) 2013 has an oversight or scrutiny role and is intended to assist the Administering Authority in securing compliance with regulations and requirements imposed by the Pensions Regulator and the Department for Communities and Local Government.

Following HM Government's approval of the Wales Investment Pool in November 2016 and the establishment of the Wales Pension Partnership (WPP) Joint Governance Committee an extensive procurement process was undertaken to appoint a Financial Conduct Authority regulated Third Party Pool Operator to manage the investments of the 8 Welsh Pension Funds. In November 2017 the WPP Joint Governance Committee approved the appointment of Link Asset Services as their Operator. Link Asset Services have subsequently been developing the initial Partnership Sub Fund investment proposal and Prospectus application for the FCA submission.

Carmarthenshire County Council has been selected as the Host Authority to provide administrative and secretarial support and implement decisions made by the Joint Governance Committee.

The Authority for 2017/18 has produced a separate Statement of Accounts for the Dyfed Pension Fund and therefore further information in respect of governance and activity of both the Fund and the WPP can be found in this document.

### 3.3.6.6 The City Deal

The City Deal will be governed by a Joint Committee arrangement composed of the Leaders of the local authorities of Carmarthenshire, Swansea (Chair), Neath Port Talbot and Pembrokeshire. The City Deal met in shadow form during the 2017/18 year pending formalisation of the Joint Committee Agreement. Carmarthenshire CC's Chief Executive is the lead Accountable Officer for the City Deal and the authority hosts the Regional Office function on behalf of the Joint Committee.

### 3.3.7 **Good transparency and accountability** - *Implementing good practices in transparency, reporting, and audit to deliver effective accountability*

#### 3.3.7.1 Audit, Standards and Democratic Services Committees

The Audit Committee is a key component of Corporate Governance, providing a source of assurance about the Authority's arrangements for managing risk, maintaining an effective control environment and reporting on financial as well as non-financial performance.

The Standards Committee (which includes a majority of External Members) promotes high standards of conduct for Members as well as maintaining an overview of the Authority's processes for complaints handling and its Whistleblowing Procedure.

The Authority also has a Democratic Services Committee (5 Elected Members) and a statutory designated Head of Democratic Services. The Committee's terms of reference as set by the Authority include securing the provision of reasonable training and development opportunities for Members, appointing a Member Development Champion and promoting and supporting good governance.

#### 3.3.7.2 Internal Audit

The review of the effectiveness of the system of Internal Control and Governance arrangements is informed by the work of the Internal Auditors on which the Authority gains assurance. Internal Audit are required to undertake their work in accordance with the standards as set out in the **Public Sector Internal Audit Standards (PSIAS)** established in 2013 are the agreed professional standards for Internal Audit in Local Government.

As required by the Standards, the Head of Internal Audit prepares an Annual report for consideration by the Audit Committee. The format of the Annual Report complies with the requirements of the Code of Practice.

*The overall opinion is that the Authority has an 'Acceptable' control environment in operation. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place, Risk Management and the control framework is generally sound and operated reasonably consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members. Sufficient assurance work has been carried out to form a reasonable conclusion on the adequacy and effectiveness of the Authority's internal control environment. Where weaknesses have been identified through reviews, Internal Audit have worked with management to agree appropriate corrective actions and a timescale for improvement.*



The Authority maintains an effective Internal Audit function. The **Strategic and Annual Audit Plans** are approved by Audit Committee annually and regular reports are made to the Audit Committee throughout the year on progress and any significant weaknesses identified.

During 2017-18 the Head of Audit's responsibilities were revised to include the operational management of Revenues and Benefits, as well as Internal Audit, Risk and Procurement. To ensure there was no conflict of interest in the audit reviews for the operational areas during this period all revenue audit reports were dealt with by the Senior Revenues Manager, ie reflecting the arrangements that were in place prior to the Head of Revenues and Financial Compliance being in post. The other areas continued to follow the arrangement that the Principal Officers agreed and signed off the reports.

A draft protocol has been prepared and will be submitted for approval by Audit Committee in September 2018.

The Public Sector Internal Audit Standard (PSIAS) became effective from 1<sup>st</sup> April 2013 and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.

The two possible approaches to external assessments outlined in the Standards included either a full external assessment or an internal self-assessment which is validated by an external reviewer. Carmarthenshire County Council elected to adopt the self-assessment approach with an external validation undertaken by a suitable qualified and experienced external assessor with the required level of knowledge of the application of the PSIAS, as agreed with the Welsh Chief Auditors' Group. The purpose of the external assessment is to help improve delivery of the audit service to an organisation. The assessment is designed to be a supportive process that identifies opportunities for development which ultimately help to enhance the value of the audit function to the Authority. The self-assessment and the external assessment concluded that the Internal Audit Service is generally conforming.

In addition to the planned work, the Internal Audit Unit undertakes fraud investigation and proactive fraud detection work.

### 3.3.7.3 External Regulators

Services are reviewed during the year by external regulators, such as Estyn, CIW and Wales Audit Office. The subsequent reports are actioned accordingly.

The Wales Audit Office as External Auditor to the Authority reviews and comments on the financial aspects of Corporate Governance which includes the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption.

All reports are presented to relevant committees, and we also maintain a log of regulatory reports and recommendations.

### 3.3.7.4 Information Assets

The Council's Director of Regeneration & Policy acts as the Authority's **Senior Information Risk Owner**. A Corporate Information Governance Group meets regularly

in order to safeguard and secure the Authority's information. Minutes of these meetings are provided for consideration to the Corporate Management Team.

There are various safeguards in place to guard against the loss or release of personalised information. These include encryption of laptops, memory storage media and other devices. The Authority employs:

- an IT Security Officer who advises on data security and external advisers and consultants are employed from time to time to test and advise on the Authority's security arrangements.
- a Data Protection Officer who advises on legal compliance and ensures that policies and procedures are in place and are being adhered to.

These safeguards are subject to ongoing review and include a combination of technical solutions and training for staff involved in managing and handling sensitive data.

The Authority's Data Protection Officer is currently working closely with ICT Services and relevant services and departments to assess and prepare for the introduction of the new General Data Protection Regulation (GDPR) which takes effect in May 2018. Training for third tier managers is being rolled-out and an e-learning module has been published for all staff to undertake.

#### **3.3.7.5 Review of Effectiveness**

A review of the effectiveness of our Governance arrangements (including the system of Internal Control) is undertaken regularly by the Corporate Governance Group through its work. That work includes continuous challenge of the governance framework. The AGS is the framework that is used to seek these assurances, through continuous monitoring of actions in the AGS.

The review of effectiveness is informed by managers within the Authority who have responsibility for the development and maintenance of the Governance environment, the Head of Internal Audit's Annual Report and also by comments made by the External Auditors (Wales Audit Office).

The effectiveness of the Governance framework draws on evidence and assurances from:

- Council
- Leadership / Executive Board
- Executive Board Members
- Scheme of Delegation to Officers
- The Audit Committee / Scrutiny Committees / Risk Management Steering Group
- Standards Committee
- Internal Audit
- External Audit
- Public Services Ombudsman for Wales

#### **3.3.7.6 Council**

The Council meets on a monthly basis and takes decisions on Council functions. Its Agendas are published at least 3 clear days in advance of meetings, and its meetings are open to the public (subject to exemptions) and webcast. Its Minutes are published and are available to the Public.

The Wales Audit Office, Annual Improvement Report (AIR) 2017-18, July 2018 concluded that *'the Council is meeting its statutory requirements in relation to continuous improvement.'*

### **3.3.7.7 Leadership / Executive Board**

The Executive Board takes decisions on executive functions within the policy and budget framework set by the Council. The Agenda is published at least 3 clear days in advance of its meetings and meetings are held in public (subject to statutory exemptions) and webcast. Its Minutes are published and its decisions are subject to call in by the relevant Scrutiny Committee (ref para 3.3.6.3).

In the post 2017 local government election a Coalition Administration was formed between the Plaid and the Independent Groups with 7 Plaid: 3 Independent members.

The Authority meets with Town and Community Councils twice yearly in a formal Forum.

### **3.3.7.8 Executive Board Members**

The Executive Board Members have decision making powers in relation to their own portfolio areas. Their decisions are published and are subject to call in by the relevant Scrutiny Committees (ref para 3.3.6.3). Portfolios have been amended following the 2017 elections.

### **3.3.7.9 Audit Committee**

The Audit Committee meets throughout the year to provide independent assurance to the Authority in relation to the effectiveness of the Internal Control Environment and Risk Management Framework.

The Audit Committee are also responsible for approving the Authority's Statement of Accounts.

Under the **Local Government Wales Measure 2011** it is mandatory for Local Authorities to have an Audit Committee. The Measure provides that there must be an independent External Voting Member on the Audit Committee.

Job Profiles are in place for both the Chair of Audit Committee and the Members of Audit Committee. In line with the Local Government Measure 2011, the Chair of Audit Committee is a Member from the Opposition Group.

### **3.4 Governance issues to be addressed**

The following additional Governance issues need to be considered and addressed during the next 12 months:

1. To ensure all agreed and valid Regulatory Recommendations and Proposals for Improvement are being actioned and monitored by departments. That a dashboard/PIMS function is developed to enable this.
2. **For 2017/18** - To publish an Annual Report on our 2017/18 Well-being Objectives **by 31<sup>st</sup> October 2018.**
3. **For 2018/19**
  - To publish a New Corporate Strategy 2018-23 by the 30th June 2018 and monitor Action Plans via PIMS.
  - To ensure that our Well-being Objectives are considered as part of the Budget Setting Process.
  - Publish a pay policy by April 2019 in accordance with Section 38 of the Localism Act.
  - Develop and implement pay model to accommodate national pay agreement in conjunction with trade unions.
  - Monitor and evaluate People Strategy Group/Workstream actions relating to WAO People Performance Management recommendations.
  - Introduce revised Disclosure and Barring Service checking policy.
  - Update the Code of Governance to ensure that it's in line with the CIPFA standards and Wellbeing of Future Generations Act.
  - City Deal – monitor and assess the impact of the City Deal.
  - Post balance sheet date three companies have been formed to support the service delivery for Carmarthenshire CC which are subject to clear governance structures defined in the agreed shareholders agreements

We propose over the coming year to take steps to address the above matters to further enhance our Governance arrangements. An Action Plan summarising the above Actions, Responsible Officers and Target Dates is attached in Appendix 2. We are satisfied that these steps will address the need for improvements and will monitor their implementation and operation as part of our next annual review.

**Approved 28<sup>th</sup> September 2018**

**Leader of Council**

**Chief Executive**

**APPENDIX 1***UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN  
PREVIOUS ANNUAL GOVERNANCE STATEMENTS*

<b>SOURCE</b>	<b>ISSUES</b>	<b>RESPONSIBLE OFFICER</b>	<b>ACTIONS/PROGRESS</b>	<b>STATUS</b>
AGS 2013/14 No. 5b	Review Financial Procedure Rules and ensure Budget Managers are fully aware of their responsibilities.	Head of Audit, Risk & Procurement	Financial Procedure Rules to be updated approved by Audit Committee.	Ongoing
AGS 2014/15 No. 6	Responding to the new EU General Data Protection Regulation (GDPR) (as a replacement to the Data Protection Act 1998).	Director of Regeneration and Policy	The Authority's Data Protection Officer is working closely with ICT Services and other relevant services and departments to assess requirements and prepare for the introduction of the new regulations which take effect in May 2018. Training and support is being provided to staff as required.	Ongoing
AGS 2014/15 No. 8	Monitor progress with implementing improvements in the management of Supporting People Grant.	Head Of Housing & Public Protection	Monitoring in place through quarterly reporting to the Audit Committee. Progress has been positive and changes have been implemented. Audit Committee now have requested 6 monthly reports.	Ongoing Still being reported to Audit Committee now on a 6 monthly basis
AGS 2015/16 No. 1	Respond to the new Well-being of Future Generations Act and develop effective working relationships to work in collaboration with PSB Partners.	Director of Regeneration and Policy	Public Services Board established in May 2016. PSB Wellbeing plan has been issued and approved.	Completed
AGS 2015/16 No. 2	Monitor compliance with Welsh Language Standards.	Director of Regeneration and Policy	New standards introduced across the Authority. Monitoring of compliance will be on-going.	Completed

*UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN  
PREVIOUS ANNUAL GOVERNANCE STATEMENTS*

<b>SOURCE</b>	<b>ISSUES</b>	<b>RESPONSIBLE OFFICER</b>	<b>ACTIONS/PROGRESS</b>	<b>STATUS</b>
AGS 2015/16 No. 3	To ensure an Action Plan relating to proposals for improvement raised in the Corporate Assessment 2015/16 is completed and monitored.	Director of Regeneration and Policy	A 25 point Action Plan was agreed and incorporated in our 2016/17 ARIP and this was monitored throughout the year. This Action Plan featured on the CMT and PEB dashboard.  The WAO Annual Improvement Report for 2016/17 includes a follow up to the Corporate Assessment.	Completed
AGS 2015/16 No. 7	Assess and monitor the impact of the Partnership City Deal on the Authority.	Director of Regeneration and Policy	The Swansea Bay City Deal was signed off by Welsh and UK Governments on the 20 <sup>th</sup> March 2017. Carmarthenshire County Council will host the Regional Office and accountable body lead role.  The Joint Committee Agreement has been unanimously signed off by all 4 authorities by July 2018.	Completed
AGS 2015/16 No. 9	Develop a new Risk & Business Continuity Strategy.	Head of Audit, Risk and Procurement	Drafted and agreed with Exec Board Member (Risk Champion) – approval process now to be followed.	Ongoing
AGS 2016/17 No. 1	To ensure all agreed and valid Regulatory Recommendations and Proposals for Improvement are being actioned and monitored by departments. That a dashboard/PIMS function is developed to enable this.	Director of Regeneration and Policy		Due date - July 2018

<i>UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS</i>				
<b>SOURCE</b>	<b>ISSUES</b>	<b>RESPONSIBLE OFFICER</b>	<b>ACTIONS/PROGRESS</b>	<b>STATUS</b>
AGS 2016/17 No.2	<b>For 2016/17</b> - To publish an Annual Report on 2016/17 performance and our progress on year two of our Corporate Strategy.	Director of Regeneration and Policy		Completed
AGS 2016/17 No.3	<b>For 2017/18</b> <ul style="list-style-type: none"> <li>• To publicise our Well-being Objectives.</li> <li>• to publish our Action Plans on our Well-being Objectives for 2017/18 and monitor their implementation.</li> <li>• to address the Corporate Governance expectations of the Well-being of Future Generations Act.</li> <li>• during the year continue to adopt and strengthen the 5 ways of working.</li> </ul>	Assistant Chief Executive (Regeneration and Policy)	Objectives completed and published.  Quarterly monitoring and reporting.  Annual report incorporates year one of Well-being objectives.  Commissioner published report.	Completed
AGS 2016/17 No.4	To ensure our Well-being Objectives inform the budget setting process.	Assistant Chief Executive (Regeneration and Policy)	Key expectation of the Act – Corporate Strategy addresses how resources are matched to priorities.	Ongoing
AGS 2016/17 No.5	To ensure improved integration of Service and Financial Planning as agreed with WAO in the Financial Planning Report.	Head of Financial Services	Business plans aligned to financial planning and performance data. Discussed at Member seminars.	Completed

<i>UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS</i>				
<b>SOURCE</b>	<b>ISSUES</b>	<b>RESPONSIBLE OFFICER</b>	<b>ACTIONS/PROGRESS</b>	<b>STATUS</b>
AGS 2016/17 No.6	Review and monitor employment safeguarding processes in relation to: <ul style="list-style-type: none"> <li>• HR Record keeping in relation to safeguarding complaints and investigations relating to staff;</li> <li>• Provision of references for posts involved in regulated activity;</li> </ul> Pre-employment checks for posts involved in regulated activity.	Director of Communities	Key perf measures considered quarterly. IA reviews arrangement again this year and identified improvement in the processes.	Ongoing
AGS 2016/17 No.7	Review Recruitment and Selection Policy to ensure compliance with employment legislation and support recruitment process review.	People Services Manager	Drafted Now going through consultation.	Ongoing
AGS 2016/17 No.8	Publish a Pay Policy by April 2018 in accordance with Section 38 of the Localism Act	Assistant Chief Executive (People Management)	Work commenced Already compliant with WG requirements	Completed
AGS 2016/17 No.9	To monitor and evaluate recommendations made by the People Performance Review Task and Finish Group	Assistant Chief Executive (Regeneration and Policy)	People Strategy Group will monitor the actions determined from their group	Completed



## APPENDIX 2

<b>GOVERNANCE ISSUES ACTION PLAN</b>			
<b>NEW GOVERNANCE ISSUES IDENTIFIED IN THIS YEAR'S ANNUAL GOVERNANCE STATEMENT</b>			
<b>ISSUE REF</b>	<b>ACTION</b>	<b>RESPONSIBLE OFFICER</b>	<b>TARGET DATE</b>
AGS 2017/18 No.1	<b>For 2017/18</b> - To publish an Annual Report on 2017/18 performance against our Well-being Objectives.	Director of Regeneration and Policy.	31 October 2018
AGS 2017/18 No.2	<b>For 2018/19</b> To publish our New Corporate Strategy that consolidates a number of plans.  1. It supersedes the 2015-20 Corporate Strategy.  2. It incorporates our Improvement Objectives as required by the Local Government Measure 2009.  3. It includes our Well-being Objectives as required by the Well-being of Future Generations (Wales) Act 2015.  4. It includes Carmarthenshire County Council's Executive Board key projects and programmes for the next 5 years as set out in 'Moving Forward in Carmarthenshire: the next 5 years'.	Director of Regeneration and Policy.	June 2018
AGS 2017/18 No.3	To ensure our Well-being Objectives inform the budget setting process.	Director of Regeneration and Policy. Head of Financial Services.	December 2018
AGS 2017/18 No.4	Publish a pay policy by April 2019 in accordance with Section 38 of the Localism Act.	Assistant Chief Executive – People Management.	April 2019
AGS 2017/18 No.5	Develop and implement pay model to accommodate national pay agreement in conjunction with trade unions.	Assistant Chief Executive – People Management.	April 2019

**GOVERNANCE ISSUES ACTION PLAN**

<b>NEW GOVERNANCE ISSUES IDENTIFIED IN THIS YEAR'S ANNUAL GOVERNANCE STATEMENT</b>			
<b>ISSUE REF</b>	<b>ACTION</b>	<b>RESPONSIBLE OFFICER</b>	<b>TARGET DATE</b>
AGS 2017/18 No.6	Monitor and evaluate People Strategy Group/Work stream actions relating to WAO People Performance Management recommendations.	Assistant Chief Executive – People Management.	March 2019
AGS 2017/18 No.7	Introduce revised Disclosure and Barring Service checking policy.	Assistant Chief Executive – People Management.	March 2019
AGS 2017/18 No. 8	Update the Code of Governance to ensure that it's in line with the CIPFA standards and Wellbeing of Future Generations Act.	Head of Revenues and Financial Compliance.	March 2019
AGS 2017/18 No.9	City Deal – monitor and assess the impact of the City Deal.	Director Regeneration & Policy. Director Corporate Services.	March 2019
AGS 2017/18 No.10	Post balance sheet date three companies have been formed to support the service delivery for Carmarthenshire CC which are subject to clear governance structures defined in the agreed shareholders agreements	CMT	March 2019

#### 4 THE INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES TO THE MEMBERS OF CARMARTHENSHIRE COUNTY COUNCIL

##### Report on the audit of the financial statements

##### Opinion

I have audited the financial statements of:

- Carmarthenshire County Council

for the year ended 31 March 2018 under the Public Audit (Wales) Act 2004.

Carmarthenshire County Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of Carmarthenshire County Council as at 31st March 2018 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

##### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

##### Other information

The Responsible Financial officer is accountable for the other information in the 2017-18 statement of accounts. The other information in the statement of accounts comprises the Narrative Report and Annual Governance statement. My opinion on the financial statements does not cover the other information and, except to the extent otherwise

explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Report on other requirements**

#### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

#### **Matters on which I report by exception**

In the light of the knowledge and understanding of the council and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

#### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Carmarthenshire County Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

### **Responsibilities**

#### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 6, the responsible financial officer is accountable for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is accountable for assessing the council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

**Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Anthony J Barrett  
For and on behalf of the  
Auditor General for Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

**Date: 28 September 2018**

## 5 FINANCIAL STATEMENTS

The financial statements comprise of the following:

### 5.1 EXPENDITURE AND FUNDING ANALYSIS (EFA)

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents and council tax) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure statement.

### 5.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

### 5.3 MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the accounts to the amounts chargeable to council tax and dwelling rents for the year. The Net Increase/Decrease line shows the statutory Council Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

### 5.4 BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is that which the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

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## 5.5 CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

**5.1 EXPENDITURE AND FUNDING ANALYSIS (EFA)**

2017-18	Difference between Council Fund (CF) and Housing Revenue Account (HRA) (Surplus)/Deficit and Comprehensive Income and Expenditure Statement (CIES) (Surplus)/Deficit		
	Net Expenditure Chargeable to the CF and HRA £'000	Total Adjustments £'000	Net Expenditure in the CIES £'000
<b>Department</b>			
Chief Executive	9,035	2,601	11,636
Education & Children	143,210	24,867	168,077
Corporate Services	20,318	1,084	21,402
Communities	86,435	12,831	99,266
Environment	43,222	12,459	55,681
Housing Revenue Account	(20,097)	15,405	(4,692)
Insurance & Corporate	5,141	(4,476)	665
<b>Net Cost of Services</b>	<u>287,264</u>	<u>64,771</u>	<u>352,035</u>
Other Income & Expenditure	(300,658)	(12,590)	(313,248)
<b>(Surplus)/Deficit before transfers to/(from) earmarked reserves</b>	<u><b>(13,394)</b></u>	<u><b>52,181</b></u>	<u><b>38,787</b></u>
Transfers to/(from) earmarked reserves	6,812		
<b>(Surplus)/Deficit after transfers to/(from) earmarked reserves</b>	<u><u><b>(6,582)</b></u></u>		
CF & HRA Balance at 31st March 2017:	(23,315)		
(Surplus)/Deficit	(6,582)		
CF & HRA Balance at 31st March 2018:	<u><u><b>(29,897)</b></u></u>		
<b>2016-17</b>			
<b>Department</b>			
Chief Executive	8,344	1,244	9,588
Education & Children	146,143	19,783	165,926
Corporate Services	19,774	(624)	19,150
Communities	86,242	7,706	93,948
Environment	41,637	9,361	50,998
Housing Revenue Account	(18,973)	14,964	(4,009)
Insurance & Corporate	2,369	(3,345)	(976)
<b>Net Cost of Services</b>	<u>285,536</u>	<u>49,089</u>	<u>334,625</u>
Other Income & Expenditure	(296,987)	(15,478)	(312,465)
<b>(Surplus)/Deficit before transfers to/(from) earmarked reserves</b>	<u><b>(11,451)</b></u>	<u><b>33,611</b></u>	<u><b>22,160</b></u>
Transfers to/(from) earmarked reserves	6,035		
<b>(Surplus)/Deficit after transfers to/(from) earmarked reserves</b>	<u><u><b>(5,416)</b></u></u>		
CF & HRA Balance at 31st March 2016:	(17,899)		
(Surplus)/Deficit	(5,416)		
CF & HRA Balance at 31st March 2017:	<u><u><b>(23,315)</b></u></u>		

See note 6.5 for Explanation of adjustments between Net expenditure chargeable to the CF and HRA and Net expenditure in the CIES.

2016-17 amounts have been restated for Chief Executive and Corporate Services to reflect the transfer of a service between the two departments.





**5.3 MOVEMENT IN RESERVES STATEMENT**

	Council Fund Balance £'000	Earmarked Council Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	TOTAL USABLE RESERVES £'000	Unusable Reserves £'000	TOTAL AUTHORITY RESERVES £'000
<b>Balance at 31 March 2016</b>	<b>(8,779)</b>	<b>(69,808)</b>	<b>(9,120)</b>	<b>(18,633)</b>	<b>0</b>	<b>(863)</b>	<b>(107,203)</b>	<b>(620,380)</b>	<b>(727,583)</b>
<b>Movement in reserves during 2016/17</b>									
(Surplus) or deficit on the provision of services	22,520	0	(360)	0	0	0	22,160	0	22,160
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	74,218	74,218
<b>Total Comprehensive Income and Expenditure</b>	<b>22,520</b>	<b>0</b>	<b>(360)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,160</b>	<b>74,218</b>	<b>96,378</b>
Adjustments between accounting basis and funding basis under regulations(Note 6.4)	(28,786)	0	(4,825)	3,658	0	272	(29,681)	29,681	0
<b>Net (Increase)/Decrease before Transfers to/from Earmarked Reserves</b>	<b>(6,266)</b>	<b>0</b>	<b>(5,185)</b>	<b>3,658</b>	<b>0</b>	<b>272</b>	<b>(7,521)</b>	<b>103,899</b>	<b>96,378</b>
Transfers to/(from) Earmarked Reserves(Note 6.23)	5,741	(6,035)	294	0	0	0	0	0	0
<b>(Increase)/Decrease in Year</b>	<b>(525)</b>	<b>(6,035)</b>	<b>(4,891)</b>	<b>3,658</b>	<b>0</b>	<b>272</b>	<b>(7,521)</b>	<b>103,899</b>	<b>96,378</b>
<b>Balance at 31 March 2017</b>	<b>(9,304)</b>	<b>(75,843)</b>	<b>(14,011)</b>	<b>(14,975)</b>	<b>0</b>	<b>(591)</b>	<b>(114,724)</b>	<b>(516,481)</b>	<b>(631,205)</b>
<b>Movement in reserves during 2017/18</b>									
(Surplus) or deficit on the provision of services	40,227	0	(1,440)	0	0	0	38,787	0	38,787
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(55,648)	(55,648)
<b>Total Comprehensive Income and Expenditure</b>	<b>40,227</b>	<b>0</b>	<b>(1,440)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,787</b>	<b>(55,648)</b>	<b>(16,861)</b>
Adjustments between accounting basis and funding basis under regulations(Note 6.4)	(47,418)	0	(4,763)	6,358	0	27	(45,796)	45,796	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(7,191)</b>	<b>0</b>	<b>(6,203)</b>	<b>6,358</b>	<b>0</b>	<b>27</b>	<b>(7,009)</b>	<b>(9,852)</b>	<b>(16,861)</b>
Transfers to/(from) Earmarked Reserves(Note 6.23)	6,712	(6,812)	100	0	0	0	0	0	0
<b>(Increase)/Decrease in Year</b>	<b>(479)</b>	<b>(6,812)</b>	<b>(6,103)</b>	<b>6,358</b>	<b>0</b>	<b>27</b>	<b>(7,009)</b>	<b>(9,852)</b>	<b>(16,861)</b>
<b>Balance at 31 March 2018</b>	<b>(9,783)</b>	<b>(82,655)</b>	<b>(20,114)</b>	<b>(8,617)</b>	<b>0</b>	<b>(564)</b>	<b>(121,733)</b>	<b>(526,333)</b>	<b>(648,066)</b>

**5.4 BALANCE SHEET**

<b>31/03/17</b>			<b>31/03/18</b>
<b>£'000</b>			<b>£'000</b>
		<b>Notes</b>	
1,321,435	Property, Plant & Equipment	6.9	1,306,643
2,246	Heritage Assets	6.10	2,246
25,290	Investment Property	6.11	22,552
1,961	Long Term Investments	6.12	1,953
6,128	Long Term Debtors	6.13	7,926
<u>1,357,060</u>	<b>Long Term Assets</b>		<u>1,341,320</u>
22,155	Short Term Investments	6.14	22,184
0	Assets Held for Sale	6.15	0
977	Inventories	6.16	1,030
50,794	Short Term Debtors	6.17	53,494
16,022	Cash and Cash Equivalents	6.18	18,782
<u>89,948</u>	<b>Current Assets</b>		<u>95,490</u>
(13,203)	Short Term Borrowing	6.19	(10,018)
(57,723)	Short Term Creditors	6.20	(59,814)
(1,755)	Provisions	6.21	(2,056)
<u>(72,681)</u>	<b>Current Liabilities</b>		<u>(71,888)</u>
(3,757)	Provisions	6.21	(3,216)
(378,071)	Long Term Borrowing	6.22	(392,936)
(361,294)	Other Long Term Liabilities	6.45	(320,704)
<u>(743,122)</u>	<b>Long Term Liabilities</b>		<u>(716,856)</u>
<u><b>631,205</b></u>	<b>Net Assets</b>		<u><b>648,066</b></u>
9,304	Council Fund		9,783
14,011	Housing Revenue Account	7.2	20,114
74,133	Earmarked Council Fund Reserves	6.23	81,140
1,710	Council Fund Reserves Held by Schools under LMS	6.23	1,515
0	Major Repairs Reserve	6.23	0
14,975	Capital Receipts Reserve	6.24	8,617
591	Capital Grants Unapplied	6.25	564
<u>114,724</u>	<b>Usable Reserves</b>		<u>121,733</u>
331,384	Revaluation Reserve	6.26	308,873
552,106	Capital Adjustment Account	6.27	543,920
(884)	Financial Instruments Adjustment Account	6.28	(937)
336	Deferred Capital Receipts Reserve	6.29	332
(361,294)	Pensions Reserve	6.30	(320,704)
(5,167)	Accumulated Absences Account	6.31	(5,151)
<u>516,481</u>	<b>Unusable Reserves</b>		<u>526,333</u>
<u><b>631,205</b></u>	<b>Total Reserves</b>		<u><b>648,066</b></u>

**5.5 CASH FLOW STATEMENT**

<b>2016-17</b>		<b>Note</b>	<b>2017-18</b>
<b>£'000</b>			<b>£'000</b>
130,179	Taxation		131,492
343,073	Grants		333,248
14,468	Rents		15,221
188	Interest received		165
93,378	Other receipts from operating activities		105,846
<b>581,286</b>	<b>Cash inflows generated from operating activities</b>		<b>585,972</b>
(210,931)	Cash paid to and on behalf of employees		(211,970)
(28,241)	Housing benefit paid out		(27,310)
(48,002)	NNDR payments to national pool		(47,433)
(19,474)	Precepts paid		(20,710)
(17,737)	Interest paid		(17,822)
(230,097)	Other payments for operating activities		(232,400)
<b>(554,482)</b>	<b>Cash outflows generated from operating activities</b>		<b>(557,645)</b>
<b>26,804</b>	<b>Net cash flows from operating activities</b>	6.49	<b>28,327</b>
	Purchase of property, plant & equipment, investment property and intangible assets		(54,512)
(56,004)	Purchase of short term and long term investments		(418,900)
(317,400)	Other payments for investing activities		(11,693)
(9,850)	Proceeds from Sale of property, plant & equipment, investment property and intangible assets		1,940
2,998	Proceeds of short term and long term investments		418,879
303,333	Other receipts from investing activities		26,855
21,922	<b>Net cash flows from investing activities</b>		<b>(37,431)</b>
<b>(55,001)</b>			
17,657	Cash receipts of short and long term borrowing		21,895
(5,727)	Repayments of short term and long term borrowing		(10,011)
(2,562)	Other payments for financing activities		(20)
<b>9,368</b>	<b>Net cash flows from financing activities</b>		<b>11,864</b>
<b>(18,829)</b>	<b>Net increase or decrease in cash and cash equivalents</b>		<b>2,760</b>
	Cash and cash equivalents at the beginning of the reporting period		16,022
34,851	<b>Cash and cash equivalents at the end of the reporting period</b>	6.18	<b>18,782</b>
<b>16,022</b>			

## 6 NOTES TO THE ACCOUNTS

### 6.1 Statement of Accounting Policies

#### General

The Statement of Accounts summarises the transactions of Carmarthenshire County Council for the 2017-18 financial year and its position at the year ended 31 March 2018.

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and the Service Reporting Code of Practice 2017/18, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Areas within the accounts that do not comply with the above publication have been suitably noted where necessary.

#### 6.1.1 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivables on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- An exception to this principle is when certain revenue payments are made quarterly (e.g. electricity, gas) where the revenue accounts are charged with four

payments. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

### 6.1.2 **Property, Plant & Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

**Recognition:** Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

**Measurement:** Assets are initially measured at cost, comprising the purchase price and/or any expenditure that is directly attributable to bringing the asset into working condition for its intended use.

Assets are then carried in the Balance Sheet on the basis recommended by CIPFA and in accordance with The Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards. Assets are classified into the groupings required by the Code of Practice on Local Authority Accounting on the following basis:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value

With the exception of infrastructure and community assets, revaluations of fixed assets are carried out on the basis of a five-year rolling programme with any material change to asset values being adjusted in the accounts in the year it arises.

The historic timetable of assets revaluations is given below:

Chief Executives, Regeneration	2013-14
Schools	2014-15
Housing Stock & Depreciated Replacement Costs valued assets	2015-16
Social Care, Leisure, Environment	2016-17
Environment	2017-18

Assets acquired under finance leases are capitalised in the Authority's accounts, together with the liability to pay future rentals.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

**Impairment:**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

**Disposals and Assets Held for Sale**

When it becomes highly probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and credited to the Capital Receipts Reserve. These can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the Council Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – either a straight-line allocation over the useful life of the asset or as a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 40 years.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been charged based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Component Accounting**

Component accounting is used when a single asset has one or more constituent parts with a significantly different economic life to the main asset. Components within the main asset would therefore be depreciated at different rates.

In order to determine whether there is a material difference in the depreciation charge, the Authority carries out a sensitivity analysis on its largest capital projects. A charge is calculated based on the asset as a whole compared to a charge based on the component parts. The component based charge will be used if there is a material difference between the two calculations.



### 6.1.3 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### 6.1.4 Heritage Assets

There are different types of Heritage Assets which have been accounted for as follows.

- **Former Community Assets**

Those heritage assets which were formerly included within community assets have been transferred to the new Heritage Assets category. They are recorded at historic cost and include Carmarthen Castle, civic regalia and works of art.

- **Infrastructure Artwork**

These assets were previously included as infrastructure and were either part of a larger capital project or standalone artworks on roundabouts or in town centres. As former infrastructure assets they are recorded at historic cost.

- **Museum Exhibits/Archive Records**

The Authority holds a large collection museum exhibits and archive material which have not been included in the Balance Sheet. Cost information is not readily available for these items and the Authority believes that the benefits of obtaining a valuation for these items would not justify the cost.

### 6.1.5 Intangible Assets

These are assets that do not have a physical substance but will provide future economic benefits to the Authority such as software licences or internally generated assets which have been capitalised.

The Authority does not currently hold any intangible assets. Enhancements are categorised each year and any intangible assets would be identified as part of this annual exercise.

### 6.1.6 **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the Council Fund balance (MRP or Loans Fund Principal), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### 6.1.7 **Revenue Expenditure Funded from Capital under Statute (REFFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement account in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the Council Fund Balance so there is no impact on the level of Council Tax.

### 6.1.8 **Cash and Cash Equivalents**

Cash Equivalents are investments that are readily convertible to known amounts of cash with no change in value. Cash is withdrawn and deposited depending on a deficit or surplus of cash on the day. All call accounts are classified for this purpose. Cash Equivalents also includes fixed term investments that mature within three months or less from the date of acquisition.

### 6.1.9 **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

#### 6.1.10 **Leasing**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

A review of all leases held by the Authority (both as Lessee and Lessor) has been undertaken. All leases are currently treated as operating leases. A few small leases have been identified that could potentially be reclassified as finance leases. These relate to equipment and are insignificant both in terms of value and term length. The reclassification adjustments would not materially affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Authority.

##### **The Authority as Lessee – operating leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

##### **The Authority as Lessor – operating leases**

Where the Authority grants an operating lease over a property, the asset is retained in the Balance Sheet. Rental income is credited to the appropriate service in the Comprehensive Income and Expenditure statement.

#### 6.1.11 **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and

interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

#### 6.1.12 **Financial Assets**

##### Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where the Authority has made loans at less than market rates (soft loans), any material loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the Council Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

#### 6.1.13 **Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

#### 6.1.14 **Cost of Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

#### 6.1.15 **Provisions**

Provisions are made where an event has taken place that gives the Authority an obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured on the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

#### 6.1.16 **Reserves**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserves statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

#### 6.1.17 **Employee Benefits**

##### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

##### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

##### **Post-Employment Benefits**

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, administered by Carmarthenshire County Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payments of benefits is recognised in the Balance Sheet and the Education and Children's

Services Line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to teachers' pensions in the year.

### **The Dyfed Pension Fund**

The Fund is accounted for as a defined benefit scheme.

The liabilities of the Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (based on the indicative rate of return on high quality corporate bond [AA Corporate Bond]).

The assets of the Fund attributable to the Authority are included in the Balance Sheet at their fair value:

- quoted securities – bid price value
- unquoted securities – professional estimate
- unitised securities – bid price value
- property – market value.

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the Fund – cash paid as employer’s contributions to the fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the Council Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### **Discretionary Benefits**

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Fund.

#### **6.1.18 Interests in Companies and other Entities**

##### CWM Environmental

The Council has material interests in CWM Environmental that has the nature of a subsidiary that require the preparation of group accounts. Group Accounts have not been prepared, as the consolidation would not materially affect the Authority’s financial position, or the reader of the accounts’ ability to see the complete economic activities and exposure to risk of the Council.

##### Egni Sir Gar Cyfyngedig

Carmarthenshire County Council is the registered Custodian Trustee of Egni Sir Gar Cyfyngedig and has one board member on the board.

##### Llesiant Delta Wellbeing

In January 2018, the council’s Executive Board agreed:

- to establish a Local Authority Trading Company known as “Llesiant Delta Wellbeing” to transfer and grow the Careline service
- that the business plan be brought back to Executive Board for approval prior to implementation, which subsequently happened in May 2018.



In line with this approval, a company has been set up which is wholly owned by the Council, with council officers as directors and strong oversight effected through a governance group comprising four members including the Executive Board portfolio holder, the Director of Social Services, the Section 151 officer and the Monitoring Officer of the council.

As the company was not operational during the financial year, no figures are included within the 2017-18 Statement of Accounts.

#### Cartrefi Croeso Cyfyngedig

In November 2017, the council's Executive Board agreed to establish a housing company to build homes for sale and rent in Carmarthenshire and act as a catalyst for further regeneration activities. The Executive Board agreed that the business plan be brought back for their approval prior to implementation.

The company was subsequently created and is wholly owned by the Council. The Director of Social Services and the Director of Regeneration and Policy have been appointed as directors of the company. As the company was not operational during the financial year, no figures are included within the 2017-18 Statement of Accounts.

#### 6.1.19 **Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

We have identified the following arrangement that could fall within the above definition for accounting purposes:-

- ERW - the regional education consortium for Mid and South West Wales

	ERW	
	2017-2018	
	Total	CCC Share
	£'000	£'000
Expenditure	433	91
Income	(254)	(53)
Net Pensions Interest	37	7
Surplus/Deficit for the year	216	45
Current Assets	5	1
Current Liabilities	477	100
Long Term Liabilities	(292)	(61)
Total assets less liabilities	190	40
Reserves	190	40
Total Financing	190	40

Other potential arrangements include The Children's Commissioning Consortium Cymru (4 C's) amongst others. For the purposes of the accounts no actual entries have been made for these arrangements other than the direct expenditure and income applicable to each scheme. The adjustments are not material and would not affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

#### 6.1.20 **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### 6.1.21 **VAT**

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs, and all VAT paid is recoverable from them.

#### 6.1.22 **Carbon Reduction Commitment Energy Efficiency Scheme**

The authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the second phase, which ends on 31 March 2019. The authority is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the

costs of the authority's services and is apportioned to services on the basis of energy consumption.

## **6.2 Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 6.1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Uncertainty continues about both future funding and any potential reorganisation of local government, as well as uncertainty about the implications of the vote to leave the European Union. However, the Authority has a robust three year budget strategy with efficiency and service rationalisation proposals to deliver a balanced budget and has therefore determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result.

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £4m plus interest invested in Kaupthing, Singer and Friedlander (KSF) at that time. By the end of 2017-2018 £3.42m plus interest had been repaid by the administrators. See note 6.47.

Voluntary Controlled and Voluntary Aided schools are currently excluded from the Authority's balance sheet and have been since 2009-10 as although the Authority has liabilities and risks in terms of property costs such as repairs and maintenance, it does not own the schools nor does it have any rights to the future economic benefits inherent in the assets.

### 6.3 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £24.4m for 2017-18.</p> <p>The carrying amount of the net pensions liability at 31<sup>st</sup> March 2018 was £321m.</p> <p>However, the assumptions interact in complex ways. During 2017-18, the Authority's actuaries advised that the net pensions liability had decreased by £54.6m due to updating of the assumptions.</p>

#### 6.4 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

	Usable Reserves					Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
2017-18	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	(30,919)	(11,508)	0	0	0	42,427
Revaluation losses on Property Plant and Equipment	(13,980)	(3,447)	0	0	0	17,427
Movements in the market value of Investment Properties	(2,516)	0	0	0	0	2,516
Capital grants and contributions applied	14,158	473	0	0	0	(14,631)
Revenue expenditure funded from capital under statute	(1,993)	(2)	0	0	0	1,995
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,775)	(67)	0	0	0	1,842
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	8,384	4,276	0	0	0	(12,660)
Capital expenditure charged against the Council Fund and HRA balances	5,468	0	0	0	0	(5,468)

	Usable Reserves					Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
2017-18	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	62	0	0	0	(62)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	89	(89)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,809	54	(1,863)	0	0	0
Statutory Capital Receipts	24	0	(72)	0	0	48
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	8,296	0	0	(8,296)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0	1	0	0	(1)
Capital Receipts Set Aside	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(4)	0	0	4

	Usable Reserves					Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
2017-18	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	6,190	0	(6,190)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	6,190	0	(6,190)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(1)	(52)	0	0	0	53
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 6.45)	(50,134)	(1,222)	0	0	0	51,356
Employer's pensions contributions and direct payments to pensioners payable in the year	23,979	542	0	0	0	(24,521)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	16	0	0	0	0	(16)
<b>Total Adjustments</b>	<b>(47,418)</b>	<b>(4,763)</b>	<b>6,358</b>	<b>0</b>	<b>27</b>	<b>45,796</b>

	Usable Reserves					
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2016-17	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	(30,304)	(11,185)	0	0	0	41,489
Revaluation losses on Property Plant and Equipment	(4,306)	(4,439)	0	0	0	8,745
Movements in the market value of Investment Properties	(752)	0	0	0	0	752
Capital grants and contributions applied	12,398	58	0	0	0	(12,456)
Revenue expenditure funded from capital under statute	(1,722)	(9)	0	0	0	1,731
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,987)	(139)	0	0	0	5,126
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	7,313	4,207	0	0	0	(11,520)
Capital expenditure charged against the Council Fund and HRA balances	5,038	782	0	0	0	(5,820)



	Usable Reserves					
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2016-17	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	82	0	0	0	(82)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	354	(354)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,740	118	(2,858)	0	0	0
Statutory Capital Receipts	48	0	(135)	0	0	87
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	6,644	0	0	(6,644)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0	9	0	0	(9)
Capital Receipts Set Aside	0	0	4	0	0	(4)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(6)	0	0	6

	Usable Reserves					Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
<b>2016-17</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	6,170	0	(6,170)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	6,170	0	(6,170)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	154	(52)	0	0	0	(102)
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 6.45)	(36,785)	(832)	0	0	0	37,617
Employer's pensions contributions and direct payments to pensioners payable in the year	23,703	502	0	0	0	(24,205)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,406)	(6)	0	0	0	1,412
<b>Total Adjustments</b>	<b>(28,786)</b>	<b>(4,825)</b>	<b>3,658</b>	<b>0</b>	<b>272</b>	<b>29,681</b>

**6.5 Note to the Expenditure and Funding Analysis**

2017-18	Adjustments between Funding and Accounting Basis			
	Adjustments for Capital Purposes £'000	Net Changes for Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
<b>Department</b>				
Chief Executive	743	1,875	(17)	2,601
Education & Children	19,199	5,611	57	24,867
Corporate Services	749	345	(10)	1,084
Communities	7,652	5,204	(25)	12,831
Environment	9,872	2,595	(8)	12,459
Housing Revenue Account	14,957	448	0	15,405
Insurance & Corporate	(4,476)	0	0	(4,476)
<b>Net Cost of Services</b>	48,696	16,078	(3)	64,771
Other Income & Expenditure	(23,387)	10,757	40	(12,590)
<b>Difference between CF &amp; HRA (Surplus)/Deficit and CIES (Surplus)/Deficit on Provision of Services</b>	<b>25,309</b>	<b>26,835</b>	<b>37</b>	<b>52,181</b>
<b>2016-17</b>				
<b>Department</b>				
Chief Executive	622	613	9	1,244
Education & Children	17,830	681	1,272	19,783
Corporate Services	(85)	(548)	9	(624)
Communities	6,042	1,624	40	7,706
Environment	8,530	796	35	9,361
Housing Revenue Account	14,851	107	6	14,964
Insurance & Corporate	(3,345)	0	0	(3,345)
<b>Net Cost of Services</b>	44,445	3,273	1,371	49,089
Other Income & Expenditure	(25,556)	10,140	(62)	(15,478)
<b>Difference between CF &amp; HRA (Surplus)/Deficit and CIES (Surplus)/Deficit on Provision of Services</b>	<b>18,889</b>	<b>13,413</b>	<b>1,309</b>	<b>33,611</b>

**Narrative Explanation****Adjustments for Capital Purposes**

**Service lines** - adds in depreciation, impairment and revaluation gains and losses and deducts direct revenue funding.

**Other Income and Expenditure includes the following:**

Other Operating Expenditure - Adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. Adds/deducts charges to trading operations not included in service lines.

Financing and Investment income and expenditure – deducts the statutory charges for capital financing (MRP) and other revenue contributions are deducted from other income

and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. There are credits for capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### **Net Change for Pensions Adjustments**

**Service lines** – employer contributions made by the Authority are removed as allowed by statute and replaced with current service costs and past service costs.

### **Other Income and Expenditure includes the following:**

Financing and Investment Income – the net interest on the defined benefit liability is charged to the CIES.

### **Other Differences**

**Service lines** – adjusts for holiday pay transferred to the accumulated absence reserve.

**Financing and Investment Income and Expenditure** – adjustments to the General Fund for the timing differences for premiums and discounts.

## **6.6 Trading Operations**

The Authority undertakes various trading operations, as listed in the table below. These trading activities mainly derive their turnover from rents, fees and charges and are either undertakings with the public and other third parties or are internal trading operations, which were originally set up as DSOs. Social Services residential homes are not operated as a trading activity within the Authority. At present all costs attributable to the operation of these homes are charged direct to the Social Services budget. The actual outturn figures in respect of these trading operations are detailed below:

2016-17 Total Gross Expenditure £'000	2016-17 Total Gross Income £'000	2016-17 Total Net (Income)/ Expenditure £'000	Activities/Section	2017-18 Total Gross Expenditure £'000	2017-18 Total Gross Income £'000	2017-18 Total Net (Income)/ Expenditure £'000
31,524	(32,206)	(682)	Property Services Vehicle Repair &	29,799	(30,407)	(608)
1,131	(1,492)	(361)	Maintenance	1,080	(1,097)	(17)
3,965	(3,445)	520	Building Cleaning	4,178	(3,478)	700
5,202	(5,191)	11	Fleet Management	5,076	(5,140)	(64)
1,447	(1,725)	(278)	Civil Design	1,313	(1,553)	(240)
688	(311)	377	Rural Estate	4,511	(306)	4,205
993	(597)	396	Provision Markets	1,645	(581)	1,064
1,321	(1,673)	(352)	Industrial Sites	1,870	(1,749)	121
<b>46,271</b>	<b>(46,640)</b>	<b>(369)</b>		<b>49,472</b>	<b>(44,311)</b>	<b>5,161</b>

**6.7 Council Tax**

Council tax income is derived from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by dividing the amount of income required for Carmarthenshire County Council and the Dyfed-Powys Police & Crime Commissioner and Town & Community Councils by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts. The Council Tax Base for 2017-18 was 71,598.56 (70,928.91 for 2016-17).

Council Tax bills are based on multipliers for bands A to I. The following table shows the multiplier applicable to each band together with the equivalent number of Band 'D' properties within each band. In addition there is one lower band (A-) designed to offer the appropriate discount in respect of disabled dwellings where legislation allows a reduction in banding to that one below the band in which the property is actually valued.

Band	A-	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Band D Dwellings	19	4,875	15,979	13,846	12,484	14,117	8,242	3,232	535	106

Analysis of the net proceeds from Council Tax:

	2016-17 £'000	2017-18 £'000
Council Tax Collectable	100,781	104,642
Movement in Impairment Allowance	(758)	(622)
<b>Net Proceeds from Council Tax (including Precepts)</b>	<b><u>100,023</u></b>	<b><u>104,020</u></b>

**6.8 National Non Domestic Rates (NNDR)**

NNDR is organised on a national basis. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the Welsh Government who redistribute the sums payable back to local authorities on the basis of a fixed amount per head of population. Local businesses pay rates calculated by multiplying their rateable value by a rate specified by the Welsh Government (49.9p for 2017-18, 48.6p for 2016-17).

The total non-domestic rateable value at 31st March 2018 was £117,601,498 (£122,690,223 at 31st March 2017).

**6.9 Property, Plant & Equipment**

Movements in 2017-18	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Infra-structure	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gross Book Value 01/04/17</b>	<b>336,124</b>	<b>738,020</b>	<b>21,129</b>	<b>290,821</b>	<b>5,652</b>	<b>34,555</b>	<b>31,809</b>	<b>1,458,110</b>
Additions	17,817	14,870	3,650	5,924	1	96	15,140	<b>57,498</b>
Revaluation Increases Recognised in the Revaluation Reserve	37	7,404	0	0	0	1,561	0	<b>9,002</b>
Revaluation Losses Recognised in the Revaluation Reserve	(32)	(19,995)	0	0	(479)	(274)	0	<b>(20,780)</b>
Revaluation Increases Recognised in the Provision of Services	22	1,169	0	0	0	62	0	<b>1,253</b>
Revaluation Losses Recognised in the Provision of Services	(3,469)	(11,142)	(629)	(2,104)	(627)	(387)	(322)	<b>(18,680)</b>
Derecognition of Disposals	0	0	(363)	0	0	0	0	<b>(363)</b>
Reclassifications: to & from Assets Held for Sale	(67)	(82)	0	0	0	(1,375)	0	<b>(1,524)</b>
Reclassifications: to & from Investment Properties	0	0	0	0	740	468	0	<b>1,208</b>
Reclassifications: from Assets Under Construction to Investment Properties	0	0	0	0	0	0	(284)	<b>(284)</b>
Reclassifications: from Assets Under Construction	569	13,665	0	1,371	80	3,063	(18,748)	<b>0</b>
Write back of Dep'n to the Gross Carrying Amount on Revaluation	(2)	(7,071)	(1,105)	(1,089)	(58)	(786)	0	<b>(10,111)</b>
<b>Gross Book Value 31/03/18</b>	<b>350,999</b>	<b>736,838</b>	<b>22,682</b>	<b>294,923</b>	<b>5,309</b>	<b>36,983</b>	<b>27,595</b>	<b>1,475,329</b>
<b>Accumulated Depreciation and Impairment at 01/04/17</b>	<b>(10,887)</b>	<b>(40,776)</b>	<b>(7,262)</b>	<b>(76,354)</b>	<b>(468)</b>	<b>(928)</b>	<b>0</b>	<b>(136,675)</b>
Depreciation Charge	(11,509)	(21,510)	(2,498)	(6,386)	(23)	(501)	0	<b>(42,427)</b>
Depreciation Written Out to Revaluation Reserve	2	7,071	1,105	1,089	58	786	0	<b>10,111</b>
Derecognition of Disposals	0	0	305	0	0	0	0	<b>305</b>
Reclassifications: Depreciation & Impairments to Investment Properties	0	0	0	0	0	0	0	<b>0</b>
Other Movements in Depreciation and Impairments	0	14	0	0	(7)	(7)	0	<b>0</b>
<b>Cumulative Depreciation to 31/03/18</b>	<b>(22,394)</b>	<b>(55,201)</b>	<b>(8,350)</b>	<b>(81,651)</b>	<b>(440)</b>	<b>(650)</b>	<b>0</b>	<b>(168,686)</b>
<b>Net Book Value at 31/03/18</b>	<b>328,605</b>	<b>681,637</b>	<b>14,332</b>	<b>213,272</b>	<b>4,869</b>	<b>36,333</b>	<b>27,595</b>	<b>1,306,643</b>

Notes to the Accounts

Movements in 2016-17	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Infra-structure	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gross Book Value 01/04/16</b>	<b>326,472</b>	<b>751,829</b>	<b>14,897</b>	<b>276,390</b>	<b>3,782</b>	<b>21,813</b>	<b>19,165</b>	<b>1,414,348</b>
Additions	14,148	10,599	10,027	4,970	367	15	18,041	58,167
Revaluation Increases Recognised in the Revaluation Reserve	97	21,676	0	0	5	396	0	22,174
Revaluation Losses Recognised in the Revaluation Reserve	(11)	(12,793)	0	0	0	(220)	0	(13,024)
Revaluation Increases Recognised in the Provision of Services	0	5,413	0	0	0	628	0	6,041
Revaluation Losses Recognised in the Provision of Services	(4,439)	(9,693)	(282)	0	0	(372)	0	(14,786)
Derecognition of Disposals	0	(2,082)	(2,949)	0	0	0	0	(5,031)
Reclassifications: to & from Assets Held for Sale	(42)	0	0	0	0	(2,458)	0	(2,500)
Reclassifications: to & from Investment Properties	0	(293)	0	0	0	91	0	(202)
Reclassifications: from Assets Under Construction to Investment Properties	0	0	0	0	0	0	(871)	(871)
Reclassifications: from Assets Under Construction	(99)	(21,032)	9	9,461	1,498	14,689	(4,526)	0
Write back of Dep'n to the Gross Carrying Amount on Revaluation	(2)	(5,604)	(573)	0	0	(27)	0	(6,206)
<b>Gross Book Value 31/03/17</b>	<b>336,124</b>	<b>738,020</b>	<b>21,129</b>	<b>290,821</b>	<b>5,652</b>	<b>34,555</b>	<b>31,809</b>	<b>1,458,110</b>
<b>Accumulated Depreciation and Impairment at 01/04/16</b>	<b>296</b>	<b>(25,192)</b>	<b>(8,881)</b>	<b>(70,063)</b>	<b>(395)</b>	<b>(16)</b>	<b>0</b>	<b>(104,251)</b>
Depreciation Charge	(11,185)	(21,951)	(1,745)	(6,291)	(34)	(283)	0	(41,489)
Depreciation Written Out to Revaluation Reserve	2	5,604	573	0	0	27	0	6,206
Derecognition of Disposals	0	29	2,791	0	0	0	0	2,820
Reclassifications: Depreciation & Impairments to Investment Properties	0	39	0	0	0	0	0	39
Other Movements in Depreciation and Impairments	0	695	0	0	(39)	(656)	0	0
<b>Cumulative Depreciation to 31/03/17</b>	<b>(10,887)</b>	<b>(40,776)</b>	<b>(7,262)</b>	<b>(76,354)</b>	<b>(468)</b>	<b>(928)</b>	<b>0</b>	<b>(136,675)</b>
<b>Net Book Value at 31/03/17</b>	<b>325,237</b>	<b>697,244</b>	<b>13,867</b>	<b>214,467</b>	<b>5,184</b>	<b>33,627</b>	<b>31,809</b>	<b>1,321,435</b>

**Depreciation**

The following useful lives and depreciation rates have been used in the calculation of depreciation:

<b>Asset</b>	<b>Life (Years)</b>
Council Dwellings	30
Land <i>(including Community Assets)</i>	infinite
Buildings <i>(including Community Assets)</i>	30
Plant, Furniture & Equipment	5 to 10
Vehicles	1 to 10
Infrastructure	40

**Revaluations**

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on a depreciated historic cost basis.

**Statement of Non-Current Assets Carried at Current Value 2017-18**

The following statement shows the progress of the Authority's rolling programme for revaluation of fixed assets. The valuations are carried out in house by the Authority's Valuers who are Fellows of the Royal Institute of Chartered Surveyors. The basis for valuation is set out in the statement of accounting policies.

	<b>Council Dwellings £'000</b>	<b>Other Land &amp; Buildings £'000</b>	<b>Vehicles Plant &amp; Equipment £'000</b>	<b>Surplus Assets £'000</b>	<b>TOTAL £'000</b>
Movement in fair value as at:					
Previous Years	523,305	699,680	16,379	23,554	1,262,918
31 March 2014	19,476	(19,640)	1,851	(2,612)	(925)
31 March 2015	19,668	(40,940)	(683)	(1,269)	(23,224)
31 March 2016	(235,977)	112,729	(2,650)	2,140	(123,758)
31 March 2017	9,652	(13,809)	6,232	12,742	14,817
31 March 2018	14,875	(1,182)	1,553	2,428	17,674
<b>Gross Book Value at 31/03/18</b>	<b>350,999</b>	<b>736,838</b>	<b>22,682</b>	<b>36,983</b>	<b>1,147,502</b>



**Capital Commitments**

As at 31 March 2018 the Council was contractually committed to capital works which amounted to approximately £21.3 million. Major contracts included the following schemes:

	<b>£'000</b>
<b><u>COMMUNITIES</u></b>	
Public Sector Housing	1,008
Pembrey Country Park	799
Carmarthenshire Archives	2,247
Closed Circuit Cycle Track	409
<b><u>ENVIRONMENT</u></b>	
Carmarthen West Link Road	2,135
Glannamman Industrial Estate Workshops	37
St David's Park Block 4	876
<b><u>EDUCATION AND CHILDREN</u></b>	
<b>Modernising Education Programme</b>	
Burry Port	131
Carreg Hirfaen	10
Gorslas	5,458
Llangadog	3,112
Llannon - Demountable	34
Parc y Tywyn	1,043
Pen Rhos	170
Pontyberem	1,377
Trimsaran	331
Heol Goffa SAC	8
Bro Dinefwr	438
Coedcae	425
Dyffryn Amman	182
St John Lloyd	548
<b><u>ECONOMIC DEVELOPMENT</u></b>	
Pendine Attractor Project	489
	<b><u>21,267</u></b>

**6.10 Heritage Assets**Five Year Summary of Additions & Valuations

	Art Collections	Civic Regalia	Museum Exhibits	Public Sculptures	Ancient Monuments	Archive	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Previous Years	30	16	33	720	1,273	30	3	2,105
2013-14	0	0	31	2	1	0	0	34
2014-15	0	0	7	39	63	0	0	109
2015-16	0	0	0	0	0	0	(2)	(2)
2016-17	0	0	0	0	0	0	0	0
2017-18	0	0	0	0	0	0	0	0
<b>Cost or Valuation</b>								
<b>Gross Carrying Amount</b>	<b>30</b>	<b>16</b>	<b>71</b>	<b>761</b>	<b>1,337</b>	<b>30</b>	<b>1</b>	<b>2,246</b>
<b>31/03/18</b>								

**Heritage Assets: Archives collections**

The archive service was established in 1959 to collect historically important records. Since then it has accrued 8785 deposits of records – each deposit may be as small as one item or as large as several thousand. All the items are unique. The records held are categorised under various headings.

**Records under the Public Records Act 1958:**

Land Tax 1797, Hearth Tax 1670, Survey of Crown lands 1560 and Census for Carmarthenshire 1841-1911.

Carmarthenshire Quarter Sessions: Order/minute books 1748-1752, 1794-1813, and 1820 -1971. Case files and papers 1833-1971; Judges' notebooks, jury books, justices' roll, registers of convictions and appeal books, 19th and 20th centuries. Public Records deposited with the Clerk of the Peace.

Carmarthenshire electoral registers from 1851 (Carmarthenshire and Llanelli constituencies from 1918 to date)

Plans of railways, roads, canals, harbours and other public undertakings 1808-1950

Enclosure acts and awards 1810-1873

Turnpike Trust records relating to Carmarthenshire

Petty Sessions: minutes and registers in Carmarthenshire 19th and 20th centuries

Hospital Records: minutes, reports, financial records and plans for various hospitals.

Territorial Association: Carmarthen Territorial and Auxiliary Forces Association minutes.

Shipping Records: Crew agreements and official logbooks of ships registered in Llanelli 1863-1913; Registers of ships and fishing boats in the ports of Llanelli 1824-1957 and Carmarthen 1839-1849.

Land Valuation Records: Valuation lists made under the Finance Act 1910 by the Commissioners of Inland Revenue: this includes detailed valuations of properties in every parish in Carmarthenshire.

**OFFICIAL RECORDS**

County Council: Carmarthenshire County Council 1889-1974, motor vehicle licensing records 1907-1974; Dyfed County Council minutes 1973-1996: Carmarthenshire County council minutes 1997-2011.

Education Records: Log Books of various schools 1862-1976; school board minutes 1871-1903; school managers' minutes 1872-1973; some admission registers 19th and 20th centuries.

Board of Guardians and the Workhouse: Minutes and financial records of the Guardians for Carmarthenshire Union 19th century-1948; Llandeilo Union 1836-1948; Llandovery Union 1840-1950; Llanelli Union c. 1840-1948; Workhouse records from Penlan Carmarthen 1866-1975; Abercennen Llandeilo 1839-1969; Llanelli 1913-1950.

Borough Records: Records for Carmarthen, Kidwelly, Laugharne, Llandovery and Llanelli Borough including minutes, rate books, title deeds, rentals, accounts and other material.

District Councils: Minutes, rate books, financial records, correspondence and plans for Llandeilo RDC / UDC, Cwmamman UDC c.1860-1974 and Ammanford UDC 1903-1974.

Water Authority: Minutes, reports, accounts and correspondence of the Towy Fishery Board 1867-1951.

Parish Councils: Minutes, title deeds, rate books, financial records and correspondence from many parishes 1894-1974.

Ecclesiastical Records: Church in Wales: registers of baptisms, marriages and burials of all Carmarthenshire parishes 16th-20th centuries; vestry minutes, churchwardens' accounts, overseers' papers, rate books and tithe maps for some parishes 18th-20th centuries. Tithe Apportionments and tithe maps 1848-c.1920. Nonconformist: microfilms of non-parochial registers in the Public Record Office; some original chapel records 18th-20th centuries.

#### **DEPOSITED PRIVATE COLLECTIONS:**

Many of the following are still owned by the original depositor and are on indefinite loan to the archive service. A few notable items include the Vaughan of Golden Grove pedigree created in 1641, and regarded as one of the finest examples of its kind; the Golden Grove Books – four volumes of Welsh family pedigrees compiled in c.1703, but relating to sources dating back to the eleventh century; Rebecca Riots letters.

Family and Estate records: 14-20th centuries' collections relating to many estates across the county. These contain title deeds, rentals, correspondence, financial records, maps, diaries, political and personal records.

Solicitors: Records accumulated by the firms within Carmarthenshire including deeds, rentals, correspondence and maps covering many large estates.

Business Records: John Francis and son, estate agents: records include deeds, wills, rentals and maps relating to various estates together with a collection of over 1,000 sale catalogues. Others business records include Waddle Engineering Llanelli, Buckleys Brewery Llanelli, the woollen industry in the Teifi Valley, Emlyn Anthracite Colliery and Llanelli Harbour Trust records.

Societies: Carmarthenshire Antiquarian Society collection includes borough records; police records; ecclesiastical records; poor law records; education records; maps; railway plans and a series of scrapbooks containing title deeds, cuttings, pictorial and antiquarian material, 13th – 20th centuries. Also, other records include Carmarthenshire Women's Institutes, United Counties Hunters' Society, Llanelli Constituency Labour Party, Ferryside RNLI and the Carmarthen branch of ASLEF 20th century and other trade union records.

Ordnance Survey Maps: Including various maps relating to Carmarthenshire dating back to the Nineteenth Century.

Newspapers: Carmarthen Journal 1810 - present, The Welshman 1846 -1950, South Wales Guardian and the Amman Valley Chronicle.

All the above records are normally available for use by the public, however at present due to fungal contamination in the strong rooms, they have had to be removed for restoration works, so are currently unavailable. Before the collections are returned it will be necessary to ensure that suitable accommodation is available or otherwise to look at alternative solutions such as working with other bodies to provide the service. The exact timescales are unknown at present but in the meantime it is planned that some collections will be

deposited with Glamorgan Archives and Swansea University Archives during the calendar year 2016 in order to make them available to researchers.

### **Heritage Assets: Further information on Carmarthenshire County Council's museums' collections**

Carmarthenshire Museums Services consist of five museums and one heritage room.

While the collections of Carmarthenshire County Museum and Parc Howard Museum & Art Gallery are analysed separately, those of the Museum of Speed, Carmarthen Town Museum and Bro Aman Museum are included within the information about Carmarthenshire County Museum.

#### **Parc Howard**

Parc Howard was opened in 1912. Its collections have been drawn together mainly by donation. They reflect Llanelli's past. The Parc Howard collection is stored within the museum.

#### **Material Culture: including all material in the collection other than Fine Art and Ceramics**

This collection has a broad range of material culture reflecting the history of Llanelli from the 18<sup>th</sup> century. Notable items are an example of the Stepney Spare Wheel, products of the local iron, tin and steel industries and an example of the first tin beer can, which were made for the local Felinfoel Brewery. The collection also reflects local sport, brewing, religion, costume, WW2, and the town's civic history and notable figures. Of the 3,000 material culture objects in Parc Howard's collection, approximately 11% are on display at one time.

#### **Fine Art Collection**

This collection consists of nearly 500 works of art, including oil paintings, works of art on paper and sculptures. The core of the collection's most important paintings came from the collection of Lady Stepney, who originally leased the museum and park to Llanelli Borough Council. The collection contains works by Llanelli born artists James Dickson Innes and Charles William Mansel Lewis and a large scale work by Hubert von Herkomer. Paintings by John Bowen and Tony Evans, two significant 20th century local artists, are also held. Of the 491 works of art, some 8.5%, including the collections' most significant works, are on display at one time. The remaining items are held in a secure store but can be made accessible to scholars and are shown in rotating exhibitions.

#### **Ceramics Collection**

This collection contains the largest collection of Llanelly Pottery in public ownership. Nearly 80% of this collection of 721 items is on display at any one time. The Llanelly Pottery collection has been brought together since 1912 by a mixture of purchase and donation. The collection ranges from wares produced during the earliest years of manufacturing in 1840s until its final years during the 1920s. Among the earliest wares of significance are the collection of lithophanes and a bust of John Wesley, as well as examples of transfer printed ware patterns and forms. Approximately 30% of these are on display at any one time. Ceramics not on display are held in secure stores but can be made accessible to scholars.

#### **Carmarthenshire County Museum**

The collections were begun by the Carmarthenshire Antiquarian Society and opened in 1908, being one of Wales' oldest museums. The County Museum collections not on display are stored at the museum and in a large store at Kidwelly Industrial Museum.

**Material Culture: this includes all material except Archaeology, Natural Sciences, Ethnography and Fine Art.**

Carmarthenshire's post-medieval history encompasses both rural and industrial urban life and the collections reflect this dichotomy. The collections contain furniture, such as dressers, local ceramics, agricultural and industrial tools and machinery (including the anthracite coal industry), costume, samplers, quilts, lovespoons, photographs, militaria, numismatics, sports, education, tradition, the contents of a local cottage, faith, folk belief, education, memorabilia and commercial life. Of particular significance are the frieze from the Picton Monument, militia material, the cottage interior and a copy of the first translation of the New Testament into Welsh, as well as Carmarthenshire dressers with their original crockery. Of the collection of material culture of nearly 30,000 objects, approximately 9% of the collection is on display at any one time but objects not on display are held in secure stores but can be made accessible to scholars. Carmarthen Guildhall holds significant pieces of fixed and portable furniture made for it by David Morley of Carmarthen, and portraits of notable local people and other paintings.

**Archaeology Collection**

Archaeology is a major regional collection containing items of local, regional, Welsh, UK and international significance. It can be viewed in two parts, material primarily acquired by the Carmarthenshire Antiquarian Society (1907 – 1939) and acquisitions of large archives from controlled excavations (1967 – present), mainly from the Dyfed Archaeological Trust and CADW. These archives include the paper, photographic and digital records. The date range is from Middle Palaeolithic to 20<sup>th</sup> century.

Significant items include: Middle Palaeolithic/late Neanderthal chert tools from Coygan Cave (50,000 ya) (international importance), Mesolithic shale figurines and pierced beads from Nab Head (international importance), Bronze Age metalwork hoards (regional importance), Romano-British wooden figurine from Strata Florida (international importance), Romano-British brooch from Carmarthen (national importance), Romano-British gold pendant from Dolaucothi (national importance), excavation archives from Roman Carmarthen and Dolaucothi/Pumsaint (both national importance), early medieval inscribed standing stones (international importance), excavation archives from Dryslwyn and Laugharne castles and Carmarthen Greyfriars (national importance), Whitland floor tiles (national importance). The ceramics sequence from Laugharne Castle and Greyfriars combined provides a good reference collection for most of the medieval period in south-west Wales. There are over 30,000 items. At any time, 1.3% of the collection is on display.

**Natural History and Geology Collection**

This is a small collection of mainly local flora and fauna, rocks, fossils and minerals which has developed very slowly since the museum's inception.

Early natural history acquisitions include vertebrate skeletal material, taxidermy specimens, collections of eggs and invertebrates and a few examples of pressed plants. A significant item is an 17<sup>th</sup>/18<sup>th</sup> herbarium. Later acquisitions (1970s) are mainly stuffed animals used in display.

The geological collection dates from the early years of the museum and perhaps from the 1970s/80s when some local collections appear to have been acquired.

There are 1700 geological items of which 67 are on display, representing 4% of this collection.

**Ethnography**

This is a small collection of 300 objects acquired from families associated with the Carmarthenshire Antiquarian Society. The various provenances reflect the activities of

these families and individuals within the late Victorian/Edwardian empire. None of the collection is currently on display but has been exhibited in the recent past.

### Fine Art

This collection consists of oil paintings, works on paper and sculpture. It has one of the largest collections of oil paintings in a local museum in Wales. Notable works of art include the portraits of Sir Richard Vaughan of Golden Grove, Madam Bevan and David Morley. Works by 20<sup>th</sup> century Carmarthenshire artists are well represented, particularly those by Edward Morland Lewis, B. A. Lewis and Stanley Lewis. Of the 2000 or so works of art, approximately 216 or 11% are on display either at the county museum or in public buildings.

### Kidwelly Industrial Museum

This museum consists of an industrial complex, including buildings, machinery and displays. It is owned by Carmarthenshire County Council but is leased to an independent trust. The site also accommodates a large store of Carmarthenshire Museums Service.

## 6.11 Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2016-17 £'000	2017-18 £'000
Rental income from investment properties	(981)	(964)
Direct operating expenses arising from investment property	277	434
Net (gain)/loss	<u>(704)</u>	<u>(530)</u>
Indirect Expenditure	284	127
Net (Gains)/Losses from Fair Value Adjustments	753	2,516
Income and Expenditure in relation to Investment Properties and Changes in their Fair Value	<u><u>333</u></u>	<u><u>2,113</u></u>

The following table summarises the movement in the fair value of investment properties over the year:

	2016-17 £'000	2017-18 £'000
<b>Balance at start of year</b>	22,927	25,290
Additions:		
Enhancements	2,086	961
Disposals	(5)	(259)
Net Gains/(Losses) from fair value adjustments	(752)	(2,516)
Transfer:		
(To)/From Property, Plant and Equipment	1,034	(924)
	<u><u>25,290</u></u>	<u><u>22,552</u></u>

**6.12 Long Term Investments**

	31 March 2017 £'000	31 March 2018 £'000
Cwm Environmental Ltd.	329	329
Egni Sir Gar Cyfyngedig	900	900
Banks and 100% Wholly Owned Subsidiaries	732	724
	<u>1,961</u>	<u>1,953</u>

CWM Environmental Ltd. is a wholly owned subsidiary company of the Authority. The company has been set up in accordance with the Environmental Protection Act 1990 for the purpose of Waste Disposal.

The company was vested with the Welsh Office on 10 March 1997 and the following represents the Authority's Interest at 31 March 2018:

	£'000
Share Capital	<u>329</u>

The investment has been included in Long-Term Investments within the Balance Sheet and the Authority has given no commitment to this company to meet any accumulated deficits or losses.

CWM Environmental Ltd operate two wholly owned subsidiaries with the following shareholding:

Pembrokeshire Recycling Company Ltd	£1.00
Carmarthenshire Recycling Company Ltd	£1.00

Pembrokeshire Recycling Company Ltd and Carmarthenshire Recycling Company Ltd are registered in England and Wales and are dormant.

The Company has produced separate Annual Reports for the year ended 31 December 2017, which includes an unqualified audit opinion by its Auditors Broomfield & Alexander Limited. Detailed below is a summary of the trading results for the year ended 31 December 2017 and net assets as at that date for CWM Environmental Ltd:

	Year ended 31 December 2017 £'000
Turnover	13,396
Less: Cost of Sales	<u>(10,538)</u>
<b>Gross Profit</b>	<b>2,858</b>
Overheads	<u>(3,258)</u>
<b>Net Profit/(Loss) before taxation</b>	<b>(400)</b>
Taxation on loss / profit	43
<b>Retained Profit/(Loss)</b>	<b><u>(357)</u></b>
Net Assets as at 31 December 2017	<b><u>5,370</u></b>

A copy of the Annual Report can be obtained from the Registered Office at the following address:

MRF Unit, Alltynap Road  
Cillefwr Industrial Estate  
Johnstown, Carmarthen  
SA31 3RA

Whilst CWM Environmental has the nature of subsidiaries which require the preparation of group accounts, Group Accounts have not been prepared as the consolidation would not materially affect the Authority's financial position or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

In January 2018, the Council's Executive Board approved a report which recommended the transfer of the council's waste operations business, currently operated by CWM Environmental, into a new Teckal Compliant company. This is expected to add considerable benefit for the council in terms of future delivery as well as strengthened governance. As no change had been effected before the year end date, there have been no changes to the figures contained within the 2017-18 statement of accounts

Carmarthenshire County Council invested in the solar PV project set up by Egni Sir Gar Cyfyngedig - a community benefit society registered with the Financial Conduct Authority (number 7193). The scheme installed solar PV panels in 2016 on 17 non-domestic buildings within the Council's portfolio.

The society sold shares to fund the capital expenditure and working capital requirements associated with the development, installation and maintenance of the panels. The solar PV panel installation was completed during the 3rd quarter of 2016

The total generation of electricity from the whole portfolio over the last year was 518MWhs (megawatt-hours), equating to approximately a saving of over £35,508 in reduced electricity bills for the tenants. This generation is equivalent to 278 tonnes of CO2 offset.

A Share Purchase Agreement was set up between Carmarthenshire County Council and Egni Si Gâr Cyfyngedig.

	<b>£'000</b>
Ordinary 'A' Shares	100
Ordinary 'B' Shares	800
<b>Total Share Capital</b>	<b>900</b>

Each share has a nominal value of £1.00 each.



**6.13 Long Term Debtors**

	31 March 2017 £'000	31 March 2018 £'000
Mortgages raised on Council House Sales	5	1
Home Improvement Loans Longer than One Year	194	268
Charges against estates of persons in residential homes (Carmarthenshire County Council)	508	743
Charges against estates of persons in residential homes (External Providers)	1,244	1,671
Capital Contribution to the loans of 1st time homebuyers	1,147	1,098
Dwr Cymru Welsh Water	14	14
Car Loans	128	71
Loan National Botanic Garden of Wales	0	1,190
Loan Scarlets	2,616	2,616
Loan Towy Community Church	207	189
Other	65	65
	<b>6,128</b>	<b>7,926</b>

The Welsh Government's initiative Houses into Homes and Home Improvement Loans provides interest free loans to bring back empty properties into use. These payments to landlords will create a recyclable loan fund usable during the term of the scheme which ends 31/03/2030.

In November 2017 it was agreed by Executive Board to extend the Authority's interest free loan to the Botanic Garden for a further 2 years to 31st March 2020. The transaction has been recognised as a 'soft loan', where the interest rate charged is at below market rates. An adjustment has been made in the Comprehensive Income and Expenditure Statement to take account of the interest foregone which effectively reduces the amount outstanding to an amortised cost, thereby reducing the recorded amount outstanding. This balance is intended to be representative of what the loan could be traded for. Over the duration of the loan the amortised cost will increase back to the full amount outstanding of £1.350m at maturity date, as a result writing back forgone interest.

The County Council, as part of the Development Agreement entered into with Llanelli Rugby Football Club Limited (the club), advanced a sum of £2.4m for a term of 15 years to the club. In October 2010, the County Council agreed to a variation in the terms of the loan whereby interest payments of £216,000 were deferred to the end of the loan period in 2023. In October 2013, the Executive Board agreed to a variation in the terms of the loan whereby the interest charged will be reduced from the fixed rate of 7% to a variable rate of 3.5% plus the base interest rate (currently 0.50%) and capped at a maximum rate of 10%.

A 15 year annuity loan of £270k at a variable interest rate of 2.5% above base rate (currently 0.50%) was entered into with the Towy Community Church in December 2012 to assist in the implementation of the Xcel project.

**6.14 Short Term Investments**

This represents investments repayable within twelve months and is analysed as follows:

	<b>31 March 2017 £'000</b>	<b>31 March 2018 £'000</b>
Banks and 100% Wholly Owned Subsidiaries	17,148	12,166
Local Authorities	5,007	10,018
	<b><u>22,155</u></b>	<b><u>22,184</u></b>

**6.15 Assets Held for Sale**

	<b>Current Assets</b>	
	<b>2016-17 £'000</b>	<b>2017-18 £'000</b>
<b>Balance at start of year</b>	410	0
<b>Assets newly classified as held for sale:</b>		
- Property, Plant and Equipment	2,500	1,524
Assets sold	(2,910)	(1,524)
<b>Balance at year end</b>	<b><u>0</u></b>	<b><u>0</u></b>

**6.16 Inventories**

	Education &				Total £'000
	Environment £'000	Children £'000	Leisure £'000	Other £'000	
<b>2016-17</b>					
<b>Balance as at 31 March 2016</b>	795	83	118	10	1,006
Purchases	1,840	1,980	123	125	4,068
Recognised as an expense in the year	(1,886)	(1,970)	(106)	(123)	(4,085)
Written off balances	0	0	(6)	0	(6)
Other net movements in year	1	0	0	(7)	(6)
<b>Balance as at 31 March 2017</b>	<b>750</b>	<b>93</b>	<b>129</b>	<b>5</b>	<b>977</b>
<b>2017-18</b>					
Purchases	2,888	2,055	109	162	5,214
Recognised as an expense in the year	(2,783)	(2,060)	(139)	(165)	(5,147)
Written off balances	0	(1)	(16)	0	(17)
Other net movements in year	3	0	0	0	3
<b>Balance as at 31 March 2018</b>	<b>858</b>	<b>87</b>	<b>83</b>	<b>2</b>	<b>1,030</b>

**6.17 Short Term Debtors**

	31 March 2017 £'000	31 March 2018 £'000
HM Revenue & Customs	3,131	3,452
Central Government	12,382	18,976
Police, Fire, National Park and Local Authorities	8,152	8,140
NHS Bodies	4,887	3,900
Council Tax Payers	4,407	3,472
Housing Tenants	1,186	1,200
Employee Related	104	58
Other	16,545	14,296
	<b>50,794</b>	<b>53,494</b>

**6.18 Cash and Cash Equivalents**

The balance of Cash and Cash Equivalents is made up of the following elements:

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>		<b>£'000</b>
745	Cash held by the Authority	276
(2,727)	Bank current accounts	(2,503)
	Short-term deposits with banks and money	
18,004	market funds	17,007
0	Short-term deposits with Local Authorities	4,002
<b><u>16,022</u></b>	<b>Total Cash and Cash Equivalents</b>	<b><u>18,782</u></b>

**6.19 Short Term Borrowing**

This represents borrowing repayable within twelve months and is analysed as follows:

	<b>31 March</b>	<b>31 March</b>
	<b>2017</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Public Works Loan Board	12,835	9,611
Market Loan	64	64
Salix & Invest 2 Save	304	343
	<b><u>13,203</u></b>	<b><u>10,018</u></b>

**6.20 Short Term Creditors**

	<b>31 March 2017</b>	<b>31 March 2018</b>
	<b>£'000</b>	<b>£'000</b>
HM Revenue & Customs	(4,126)	(4,399)
Central Government	(2,799)	(2,090)
Police, Fire, National Park and Local Authorities	(4,081)	(2,388)
NHS Bodies	(642)	(998)
Housing Tenants	(441)	(542)
Council Tax Payers	(2,765)	(2,102)
Employee Related	(7,710)	(7,610)
Other	(35,159)	(39,685)
	<b><u>(57,723)</u></b>	<b><u>(59,814)</u></b>

**6.21 Provisions**

The summary below shows the movement in the level of provisions during 2017-18:

	1 April 2017 £'000	Reversal £'000	Addition £'000	Utilisation £'000	31 March 2018 £'000
Corporate Services Department	175	(40)	40	0	175
Environment Department	752	0	736	(349)	1,139
Education & Children	126	0	152	(126)	152
Chief Executive Department	88	0	0	0	88
Communities Department	1,938	(1,391)	930	0	1,477
Losses on Investments	781	(53)	0	0	728
Municipal Mutual Insurance (MMI)	133	0	13	0	146
Landfill Site - Aftercare Provision	999	0	0	(137)	862
Insurance	520	(15)	0	0	505
	<b>5,512</b>	<b>(1,499)</b>	<b>1,871</b>	<b>(612)</b>	<b>5,272</b>

	Current Liabilities (< 1 year) £'000	Long Term Liabilities (> 1 year) £'000	Total £'000
<b>Balances as at 31 March 2018</b>			
Corporate Services Department	175	0	175
Environment Department	886	253	1,139
Education & Children	152	0	152
Chief Executives Department	39	49	88
Communities Department	46	1,431	1,477
Losses on Investments	4	724	728
Municipal Mutual Insurance (MMI)	122	24	146
Landfill Site - Aftercare Provision	127	735	862
Insurance	505	0	505
	<b>2,056</b>	<b>3,216</b>	<b>5,272</b>

**Purpose of Main Provisions****Corporate Services Department**

Provision of £135k for remedial works on vacated buildings, plus provision for overtime for the closure of the accounts.

**Environment Department**

The total includes £14k for remedial works due to subsidence in Crown Park, £21k retention amount for Trebeddrod reservoir, £82k bad debts – trade waste, £131k for potential bad debts on livestock markets, £526k for approved asset transfer payments, £192k for Public Lighting I2S repayment and £173k for Carbon Reduction Programme allowances in respect of emissions generated in 2017-18.

**Education & Children's Services**

A provision of £152k has been made to meet the authority's Carbon Reduction Commitment responsibilities relating to 2017-18 in respect of schools.

**Chief Executive Department**

Provision of 39k is made for potential legal challenge on the right to charge for personal search fees and a provision of £49k for potential bad debts on Commercial Properties.

**Communities Department**

Provision of £864k is made for the potential write off of residents' contribution debt and £293k for a potential shortfall in Health Board income. A provision of £215k for legal/barristers costs for prosecutions relating to trading standards and animal health, £31k for agile working and £15k for Healthy Housing study. A specific provision of £60k is made in respect of unrecoverable debts on rental income from properties.

**Losses on Investments**

In October 2008 the Icelandic banking sector defaulted on its obligations. Provision has been made in the accounts for the estimated non-recoverable amounts. See note 6.47.

**Municipal Mutual Insurance (MMI)**

For the policy years before 1992/93, each local authority insured by MMI is exposed to a potential insurance liability relating to the closure of MMI on 30th September 1992. In January 2012 the Directors of MMI triggered the "MMI Scheme of Arrangement" with the levy notice being issued on 1st January 2014. The initial levy was for 15% and was increased to 25% at the end of 2015-16. Whilst there remains a net liability position on MMI's balance sheet the Schemes Administrator continues to monitor the claims position and will advise the scheme creditors if an adjustment to the levy is required. As the matter is on-going, the provision is retained in the accounts.

**Landfill Site - Aftercare**

Entities that operate landfill sites have a duty to carry out restoration works and undertake appropriate aftercare, including the monitoring and control of gas and leachate production at the sites. This provision recognises the estimated aftercare costs for the Wernddu and Nantycaws closed landfill sites.

**Insurance Provision**

This provision is for insurance claims that have been registered and are likely to fall on the Authority.

**6.22 Long Term Borrowing**

Total Outstanding as at	31st March 2017 £'000	31st March 2018 £'000	Maturity Dates
<b>Sources of Borrowing</b>			
Public Works Loan Board	371,108	385,421	2018-2068
Market Loans (Note i)	3,116	3,115	2018-2055
Interest Free Loans (Note ii)	3,847	4,400	2018-2033
	<b>378,071</b>	<b>392,936</b>	

(i) The FMS Wertmanagement AoR Bank loan is a Lenders Option Borrowers Option (LOBO) loan. It is shown at the Equivalent Interest Rate (EIR). It is a stepped interest rate loan, with a current rate of 4.72 %. The lender has the option to vary the interest rate at each interest payment date. If the lender exercises the option the Authority then has the option as to either accept the new interest rate or repay the loan back to the lender. In the accounts an adjustment has to be made to equalise the difference between the rate charged and the rate paid to show the true cost of the loan over the loan period.

(ii)

Interest Free Loans Total Outstanding as at	31st March 2017 £'000	31st March 2018 £'000
SALIX	100	27
Invest-2-Save	1,287	1,018
Home Improvement Loans Scheme	1,292	1,292
Town Centre Loans	1,168	2,063
	<b>3,847</b>	<b>4,400</b>

The Home Improvement Loan Scheme (HILS) is issued under statute by the Welsh Government. The purpose of the scheme is to provide loans to owner occupiers and the private rented sector to improve properties or to bring empty properties back into use. The term of the funding is until 31st March 2030, with advances to third parties repayable interest free.

The Town Centre Loans (TCL) is issued under statute by the Welsh Government. The purpose of the scheme is to provide loans to reduce the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of the town centres by encouraging more sustainable uses for empty sites and premises, such as residential, leisure and for key services. The term of the funding is until 31st March 2033, with advances to third parties repayable interest free.

**6.23 Earmarked Council Fund Reserves**

A summary of the earmarked reserves set up by this Authority or its predecessor Authorities is set out below:

	1 April 2016 £'000	Transfers In £'000	Transfers Out £'000	31 March 2017 £'000	Transfers In £'000	Transfers Out £'000	31 March 2018 £'000
Insurance	7,886	3,575	(1,516)	9,945	1,913	(1,117)	10,741
Major Development Fund	32,146	6,643	(1,304)	37,485	2,043	(810)	38,718
Capital Investment Fund	86	0	0	86	0	0	86
Outcome Agreement Fund	1,337	0	(1,328)	9	0	(9)	0
MEP Capital Funding	2,164	3,685	(2,400)	3,449	3,533	(3,042)	3,940
Development Fund	1,195	630	(311)	1,514	333	(220)	1,627
City Deal	0	0	0	0	2,000	0	2,000
Public Lighting Invest 2 Save	0	0	0	0	1,850	0	1,850
Salix Fund	251	210	(305)	156	162	(184)	134
Corporate Retirement Fund	3,143	0	(301)	2,842	751	(634)	2,959
Job Evaluation	1,402	0	(999)	403	0	0	403
Redundancy	888	8	(88)	808	87	(11)	884
IT Infrastructure	1,093	121	(140)	1,074	0	(153)	921
Financial Management System	73	44	0	117	0	0	117
Parc Dewi Sant/St David's Park	446	65	0	511	0	(43)	468
Joint Ventures	1,515	190	(537)	1,168	148	(68)	1,248
Externally Funded Schemes	1,801	441	(536)	1,706	987	(659)	2,034
Support Carmarthenshire Business	143	0	0	143	124	0	267
Llanelly House	60	350	0	410	0	(333)	77
National Botanic Garden	130	0	(65)	65	0	(30)	35
Community Asset Transfer Fund	239	0	(27)	212	0	(32)	180
Fleet Management	312	1,330	(266)	1,376	1,087	(512)	1,951
Highways Capital Funding	798	49	0	847	131	0	978
Council Tax/Housing Benefit	1,631	0	0	1,631	0	0	1,631
Housing Services Schemes	665	939	(381)	1,223	1,442	(1,041)	1,624
Employee Development	384	505	(231)	658	0	(193)	465
Departmental Reserves	6,070	1,634	(1,537)	6,167	1,750	(2,244)	5,673
Other	273	25	(170)	128	15	(14)	129
	<b>66,131</b>			<b>74,133</b>			<b>81,140</b>
<b>Held by Schools under LMS</b>	<b>3,677</b>	931	(2,898)	<b>1,710</b>	1,583	(1,778)	<b>1,515</b>
	<b>3,677</b>			<b>1,710</b>			<b>1,515</b>
<b>HRA:</b>							
Major Repairs	0	6,170	(6,170)	0	6,190	(6,190)	0
Total	<b>0</b>			<b>0</b>			<b>0</b>



**Insurance**

Funds have been set aside to meet the cost of claims and other losses that could fall on the Authority (see note 6.38).

**Major Development Fund**

This fund has been created to support major capital development projects in the County and its utilisation is reflected in the 5 year capital programme.

**Capital Investment Fund**

The fund was set up with aim of providing a means of supporting the Authority's Capital Programme.

**MEP Capital Funding**

Sum set aside to meet the cost of prudential borrowing to finance the Modernising Education Provision programme and its utilisation is reflected in the 5 year capital programme.

**Development Fund**

The aim of this fund is to assist the Authority in its long term planning by allocating resources to projects that, due to lack of funding, could not be carried out within normal budgetary allocations.

**City Deal**

Funding set aside to meet potential future expenditure in respect of the city deal projects, such as project development costs, borrowing and interest costs and Carmarthenshire's contribution towards the overall city deal operating costs (including the Regional Office) as per the Swansea Bay City region Joint Agreement.

**Public Lighting Invest 2 Save**

Reserve set aside to provide additional financial support for the Welsh Government Invest-to-save project of converting street lamps to dimmable LED lighting. The initiative will deliver a legacy of reduced energy costs and associated carbon taxes achieved through a 3 year programme of converting approximately 12,000 sodium lantern units to lower energy consumption LED units which will incorporate part-night dimming regimes.

**Salix Fund**

Salix, which is an independent social enterprise that provides funding for proven technologies which are cost effective in saving CO<sub>2</sub>, have provided the Authority with a grant to allow loans to be made to schools/ departments to fund energy saving schemes. These loans are repaid from the resultant savings and the fund is replenished for other schools/ departments to benefit from the scheme.

**Corporate Retirement Fund**

This Fund has been set up to support the Authority's redundancy and early retirement policy, enabling the Authority to provide for the actuarial strain on the Pension Fund which arises from any early retirement or redundancy.

**Job Evaluation**

The Authority has implemented the outcome of the Job Evaluation exercise and has set up this reserve to assist with the maintenance of the Single Status structures.

**Redundancy**

This fund has been established by Departments to meet potential redundancy costs that may be incurred at the termination of fixed term contracts for staff at the end of externally funded schemes.

**IT Infrastructure**

This fund has been established to support the planned replacement of the Authorities servers and IT infrastructure.

**Financial Management System**

Set up to meet the funding of the significant investment in the provision and development of the new Financial Management System. Delays in recruitment have impacted upon the development of the system but it is expected that the balance will be utilised in 2018-19.

**Parc Dewi Sant/St David's Park**

This fund has been established to finance the ongoing programme of refurbishment works that are required to allow the buildings to be used as office accommodation. Income generated from these buildings has been set aside into this reserve to allow funding of these works.

**Joint Ventures**

The Authority has entered into various Joint Venture agreements with the Welsh Government. Rental income received in relation to these is set aside to meet future obligations.

**Externally Funded Schemes**

To provide match funding for ongoing projects or externally funded schemes in future years.

**Support Carmarthenshire Business**

Reserve set aside to provide financial support to ratepaying businesses in Carmarthenshire experiencing difficulties providing short term loans for a maximum of 18 months.

**Llanelly House**

To meet the agreed funding support to the Llanelly House project, in order to assist with the sustainability of this new facility which is seen as being integral to the long term regeneration plans for the town centre.

**National Botanic Garden**

Reserve set aside to provide financial support to the National Botanic Garden.

**Community Assets Transfer Fund**

The authority recognised that there are some services or local facilities that could be operated more effectively if run by Community Groups or Community Councils. This fund was established to undertake improvements to facilities or give financial incentives to enable these projects to be taken forward.

**Fleet Management**

This reserve has been established to equalise the whole of life cost of operating and maintaining Council's vehicles to the service users over agreed durations.

**Highways Capital Funding (Local Government Borrowing Initiative LGBI)**

The fund has been established to meet the cost of borrowing to finance the Highways capital improvement and maintenance programme.

**Council Tax/Housing Benefits**

This reserve has been earmarked to meet the potential costs falling on Carmarthenshire arising from the annual reductions in the Housing Benefits Administration grant and Welfare reform.

**Housing Services Schemes**

This reserve has been set up to support Housing projects including Supporting People and bringing empty houses back into use and the Syrian Resettlement scheme.

**Employee Development Fund**

Reserve set aside to provide 4 tiers of work placement and training within the Council as a means of assisting local people, including young people with limited or no employment history to gain qualifications and employment in order to enhance their employment prospects.

**Departmental Reserves**

The Authority has a policy which permits allocations to departmental reserves, funded from in year underspends that can be allocated towards specific one off projects/services. This approach encourages prudent use of public money.

**6.24 Capital Receipts Reserve**

	<b>2016-17</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
Opening Balance	18,633	14,975
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,858	1,863
Statutory Capital Receipts	135	72
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	6	4
	<u>21,632</u>	<u>16,914</u>
Capital Receipts Set Aside	(4)	0
Use of the Capital Receipts Reserve to finance new capital expenditure	(6,644)	(8,296)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(9)	(1)
<b>Closing Balance</b>	<b><u>14,975</u></b>	<b><u>8,617</u></b>

The capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans. The major repairs allowance received from the Welsh Assembly Government was applied in full during the year. There was no balance carried forward in respect of this grant.

**6.25 Capital Grants Unapplied**

	<b>2016-17</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
Opening Balance	863	591
Additions	83	62
	<u>946</u>	<u>653</u>
Grants and Contributions applied	(355)	(89)
<b>Closing Balance</b>	<b><u>591</u></b>	<b><u>564</u></b>

**6.26 Revaluation Reserve**

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>		<b>£'000</b>
<b>333,733</b>	<b>Balance at 1 April</b>	<b>331,384</b>
22,174	Upward revaluation of assets	9,002
	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(20,779)
<u>(13,024)</u>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(11,777)
9,150	Difference between fair value depreciation and historical cost depreciation	(10,012)
<u>(1,404)</u>	Accumulated gains on assets sold or scrapped	<u>(722)</u>
(11,499)	Amount written off to the Capital Adjustment Account	(10,734)
<b><u>331,384</u></b>	<b>Balance at 31 March</b>	<b><u>308,873</u></b>

**6.27 Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 6.4 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2016-17 £'000		2017-18 £'000
555,560	<b>Balance at 1 April</b>	<b>552,106</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(31,394)	Charges for depreciation and impairment of non-current assets	(32,415)
(8,745)	Revaluation losses on Property, Plant and Equipment	(17,427)
(1,732)	Revenue expenditure funded from capital under statute	(1,995)
	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	
<u>(5,126)</u>		<u>(1,842)</u>
508,563		498,427
<u>1,404</u>	Adjusting amounts written out of the Revaluation Reserve	<u>722</u>
509,967	Net written out amount of the cost of non-current assets consumed in the year	499,149
4	Capital Receipts Set Aside	0
(87)	Additional in Year Movements	(48)
6,644	Use of the Capital Receipts Reserve to finance new capital expenditure	8,296
9	Use of Capital Receipts to finance Cost of Sales	1
6,170	Use of the Major Repairs Reserve to finance new capital expenditure	6,190
12,456	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	14,631
354	Application of grants to capital financing from the Capital Grants Unapplied Account	89
11,521	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	12,660
5,820	Capital expenditure charged against the General Fund and HRA balances	5,468
<u>552,858</u>		<u>546,436</u>
(752)	Movements in the market value of Investment Properties (debited) or credited to the Comprehensive Income and Expenditure Statement	(2,516)
<u><u>552,106</u></u>	<b>Balance at 31 March</b>	<u><u>543,920</u></u>

**6.28 Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the Council Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the Council Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2018 will be charged to the Council Fund over the next 5 years.

2016-17 £'000		2017-18 £'000
(986)	<b>Balance at 1 April</b>	(884)
	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	
102		(53)
<u>(884)</u>	<b>Balance at 31 March</b>	<u>(937)</u>

**6.29 Deferred Capital Receipts Reserve**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2016-17 £'000		2017-18 £'000
342	<b>Balance at 1 April</b>	336
	Transfer to the Capital Receipts Reserve upon receipt of cash	
(6)		(4)
<u>336</u>	<b>Balance at 31 March</b>	<u>332</u>

**6.30 Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>		<b>£'000</b>
<b>(264,514)</b>	<b>Balance at 1 April</b>	<b>(361,294)</b>
(83,368)	Remeasurements of the net defined benefit liability/(asset)	67,425
	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services	
(37,617)	in the Comprehensive Income and Expenditure Statement	(51,356)
24,205	Employer's pensions contributions and direct payments to pensioners payable in the year	24,521
<u><b>(361,294)</b></u>	<b>Balance at 31 March</b>	<u><b>(320,704)</b></u>

**6.31 Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the Account.

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>		<b>£'000</b>
<b>(3,755)</b>	<b>Balance at 1 April</b>	<b>(5,167)</b>
3,755	Settlement or cancellation of accrual made at the end of the preceding year	5,167
<u>(5,167)</u>	Amounts accrued at the end of the current year	<u>(5,151)</u>
	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	
(1,412)		16
<u><b>(5,167)</b></u>	<b>Balance at 31 March</b>	<u><b>(5,151)</b></u>



**6.32 Expenditure and Income Analysed by Nature**

The Authority's expenditure and income is analysed as follows. This is made up of expenditure and income both within and outside of the cost of services in the Comprehensive Income and Expenditure Statement, and reconciles to the surplus or deficit on the provision of services.

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>		<b>£'000</b>
	<b>Expenditure</b>	
250,913	Employee Expenses	266,847
256,316	Other Service Expenses	262,481
30,843	Support Service Recharges	30,868
50,234	Depreciation & Similar Charges	59,854
56,806	Interest Payable & Similar Charges	52,037
28,784	Precepts & Levies	30,197
2,268	Gains/Losses on Disposal of Non Current Assets	(21)
<b>676,164</b>	<b>Total Expenditure</b>	<b>702,263</b>
	<b>Income</b>	
(147,510)	Fees, Charges & Other Service Income	(148,317)
(29,536)	Interest and Investment Income	(23,544)
(155,743)	Income from Council Tax & Net Proceeds from Non Domestic Rates	(164,315)
(321,215)	Grants and Contributions	(327,300)
<b>(654,004)</b>	<b>Total Income</b>	<b>(663,476)</b>
<b>22,160</b>	<b>(Surplus)/deficit on the provision of services</b>	<b>38,787</b>

**6.33 Pooled Budgets**

The Authority has entered into a pooled budget arrangement with Hywel Dda Local Health Board for the provision of an integrated community equipment store. The Authority and the Board have an agreement in place with the partners contributing funds to the agreed budget of £148,768 and £381,960 respectively.

Any additional funding together with any deficit or surplus arising on the pooled budget at the end of each financial year is agreed between partners.

	2016-17	2017-18
	£'000	£'000
Funding provided to the pooled budget:		
the Authority	150	193
the Local Health Board	<u>382</u>	<u>382</u>
	532	575
Expenditure met from the pooled budget:	(512)	(601)
Net surplus/(deficit) arising on the pooled budget during the year	<u>20</u>	<u>(26)</u>
Authority share of the net surplus/ (deficit) arising on the pooled budget	<u>10</u>	<u>(13)</u>

**6.34 Members Allowances**

The Authority paid the following amounts to Members of the Council during the year:

	2016-17	2017-18
	£	£
Allowances	1,240,069	1,239,086
Expenses	42,702	50,554
<b>Total</b>	<b><u>1,282,771</u></b>	<b><u>1,289,640</u></b>

Further information on Members Allowances is available on the Authority's website [www.carmarthenshire.gov.wales](http://www.carmarthenshire.gov.wales) under Councillors Allowances.

**6.35 Employee Emoluments**

The numbers of employees whose remuneration excluding pension contributions was £60,000 or more were:

Remuneration Band	No. of Employees 2016-17	No. of Employees 2017-18	Left During 2017-18
60,000 to 64,999	36	38	0
65,000 to 69,999	16	16	0
70,000 to 74,999	10	6	0
75,000 to 79,999	6	4	1
80,000 to 84,999	3	4	0
85,000 to 89,999	12	8	0
90,000 to 94,999	2	6	0
95,000 to 99,999	3	4	0
100,000 to 104,999	3	4	2
105,000 to 109,999	1	0	0
<b>Total No. of Employees :</b>	<b>92</b>	<b>90</b>	<b>3</b>

Remuneration value includes redundancy/termination payments.

Included in the bandings above are three teachers who are employed by voluntary aided schools.

The bandings above exclude the senior officers of the Authority's Management Team that are listed in detail in the following tables.

**Senior Officers emoluments where salary is £150,000 or more per year**

The following table sets out Senior Officers emoluments where salary is £150,000 or more, including pension contributions or equivalent payments.

Post		Salary (including fees & allowances)	Pension contributions	Expense Allowances
Mr M V James Chief Executive & Returning Officer	16/17	170,424	0	193
	17/18	191,699	0	209

The salary figures above include fees in respect of County Council and Town & Community Council elections.

**Senior Officers emoluments where salary is between £60,000 & £150,000 per year**

Post		Salary (including fees & allowances)	Pension contributions
Director of Environment	16/17	116,764	15,125
	17/18	120,565	18,278
Director of Communities	16/17	134,198	17,311
	17/18	135,540	20,466
Director of Corporate Services	16/17	117,696	15,183
	17/18	121,045	18,278
Director of Education & Children's Services (i)	16/17	95,981	12,382
	16/17	37,906	4,876
	17/18	118,566	17,840
Head of Education Services (i)	16/17	65,921	8,496
Director of Regeneration & Policy (ii)	17/18	76,349	11,529

No compensation for loss of office, benefits in kind or bonus payments were made to the officers detailed in Senior Officers emoluments tables. No expense allowances were paid to Senior Officers where the salary is between £60,000 and £150,000 per year.

For the purpose of putting a value on the pension contributions relating to senior officers, the Common Contribution Rate of 15.1% for 2017/18 (12.9% for 2016/17) of pensionable pay has been used. This rate does not allow for the Deficit Recovery which is a liability of the Authority and does not relate specifically to the employee.

- (i) The Director of Education & Children's Services retired in December 2016. The former Head of Education Services was subsequently appointed interim Director and this was made permanent in November 2017.
- (ii) The post of Director of Regeneration & Policy was created in August 2017.

The ratio of the Chief Executive's remuneration to the median remuneration in Carmarthenshire County Council was as follows:

	2016/17	2017/18
Chief Executive's remuneration	£170,617	£191,908
Median remuneration of all employees	£21,274	£21,962
Ratio of the remuneration of the Chief Executive to the median remuneration of all employees	8.02 : 1	8.74 : 1

**6.36 Exit Packages**

During 2017-18 the Authority incurred significant expenditure in terms of redundancy costs paid to leavers together with costs incurred in compensation payments to the Local Government Pension Fund in respect of early access pension costs. During this period the authority operated a voluntary severance scheme to support the delivery of its required efficiencies.

All costs relating to termination benefits have been included as part of service definitions within the Comprehensive Income and Expenditure Statement.

The above costs are detailed in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total Number of Exit Packages by cost band		Total Cost of Exit Packages in each band	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17 £	2017/18 £
£0 - £20,000	74	31	39	47	113	78	734,506	652,663
£20,000 - £40,000	11	2	17	17	28	19	770,803	493,608
£40,000 - £60,000	2	0	3	5	5	5	250,519	257,794
£60,000 - £80,000	1	0	11	7	12	7	865,684	516,976
£80,000 - £100,000	0	0	2	3	2	3	166,698	261,378
£100,000 - £150,000	0	0	2	6	2	6	235,951	687,738
<b>TOTAL</b>	<b>88</b>	<b>33</b>	<b>74</b>	<b>85</b>	<b>162</b>	<b>118</b>	<b>3,024,160</b>	<b>2,870,157</b>

**6.37 Audit Costs**

In 2017-18 Carmarthenshire County Council incurred the following fees relating to financial audit and inspection, payable to the Wales Audit Office:

	2016-17 £'000	2017-18 £'000
Financial Audit Services	184	184
Local Government Measure	116	100
Certification of Grant Claims & Returns	72	63
Burry Port Harbour Inspection	1	1
<b>Total</b>	<b>373</b>	<b>348</b>

**6.38 Insurance Cost**

The insurance reserve is used to meet the cost of claims and other losses that could fall on the Authority. Whilst the Authority purchases a range of insurance cover, part of the risk remains with the Authority through the acceptance of "Policy Excesses" and through the setting of "Indemnity Limits".

On Liability and Property Policies there is a "Stop Loss" which is the aggregate maximum exposure that the Authority could face provided the Indemnity Limit is not breached (see below).

The Insurer may set a limit at the maximum exposure they are contracted to cover and this is termed the "Indemnity Limit".

The Table below illustrates the Authority's potential exposure by identifying the main policies, the relevant excess per claim, the overall Stop Loss and the Indemnity Limit that applied for the period 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018:

Description	Policy Excess (per claim/ event)	Stop Loss	Indemnity Limit
Liability	Public Liability £255,500  Employers' Liability £132,000	£3,216,150	£30,000,000
Property	Education Properties - £250,000  General Properties - £50,000  Housing Properties - £50,000	£1,000,000	Sum Insured £1,930,541,596
Motor	£1,000 per claim (own damage i.e. Council Vehicle)  No excess applies for 3 <sup>rd</sup> Party Property Damage or Personal Injury Claims	Not Applicable	* Damage to Own Vehicle – Market Value * 3 <sup>rd</sup> Party Vehicle or Property Damage - £5m any one claim * 3 <sup>rd</sup> Party Death or Injury – Unlimited

**6.39 Grant Income**

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2016-17 £'000	2017-18 £'000
<b>Credited to Services</b>		
<b>Education &amp; Children's Services:</b>		
DCELLS Post 16 & ACL Funding	6,344	5,921
Flying Start	3,847	3,915
Families First Grant	1,977	1,952
Education Improvement Grant	7,771	7,642
Deprivation Grant	4,505	4,761
European Social Fund	211	673
<b>Adult Social Services:</b>		
Supporting People	6,238	6,486
Continuing Health Care Grant	1,103	1,033
Intermediate Care Fund	1,656	1,951
Wanless Grant	688	844
General Capital Grant	2,294	3,556
Community Team Learning Disabilities	3,060	3,039
<b>Highways &amp; Transport Services:</b>		
Concessionary Fares Subsidy	2,001	1,868
Local Transport Services Grant	760	767
Rural Development Plan	206	560
<b>Cultural, Environmental, Regulatory &amp; Planning Services:</b>		
Sustainable Waste Management Grant	3,750	3,659
ERDF	90	92
European Social Fund	448	489
Rural Development Plan	204	299
Communities First Cluster	659	457
Sports Council for Wales	513	514
<b>Central Services to the Public:</b>		
Housing Benefit	51,250	50,717
Other Grants - WG funded *	3,423	6,353
Other Grants*	3,542	6,989
<b>Total</b>	<b>106,540</b>	<b>114,537</b>

\* The 2016-17 comparative balances for the Work choice Grant, Specific Grant for Renewals and ARBED Energy efficiency have been incorporated into: Other Grants–WG funded (£598k) and Other Grants (£418k).

	2016-17 £'000	2017-18 £'000
<b>Revenue Support Grant</b>	<b>195,966</b>	<b>191,881</b>
<b>Capital Grants and Contributions</b>		
21st Century Schools Grant/School Building Improvement Grant	5,225	4,248
Major Repairs Allowance	6,170	6,190
Transport Grants	3,116	5,906
Highways Improvement Fund	0	2,006
General Capital Grant	1,265	0
ERDF	17	149
Vibrant & Viable Places VVP	1,090	0
Other Grants & Contributions **	1,826	2,383
<b>Total</b>	<b>18,709</b>	<b>20,882</b>

\*\* The 2016-17 comparative balances for Flying Start, Targeted Match Funding, Intermediate Care Fund and Coastal Defence grant have been incorporated into Other Grants & Contributions (£567k).

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	31 March 2017 £'000	31 March 2018 £'000
<b>Revenue Grants Receipts in Advance</b>		
Communities various	80	65
Environment various	41	41
Education various	121	78
Chief Executive various	0	41
	<b>242</b>	<b>225</b>

#### 6.40 Related Party Transactions

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

#### **Central Government**

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. housing benefits). Grants received from government departments are set out in Note 6.39.



**Other Public Bodies**

The Authority has a pooled budget arrangement with Hywel Dda Local Health Board for the provision of an integrated community equipment store. Transactions are detailed in Note 6.33

**Dyfed Pension Fund**

The Dyfed Pension Fund is administered by Carmarthenshire County Council. Transactions between the two bodies are detailed in Note 6.45. Short Term Creditors (Note 6.20) includes an amount of £6.7m owed to the Dyfed Pension Fund at 31<sup>st</sup> March 2018 (£4.9m at 31<sup>st</sup> March 2017).

**Wales Pension Partnership**

A Wales Investment Pool Operator has been appointed by the Wales Pension Partnership to manage the investments and the reduction of investment management expenses for all 8 Wales pension funds. Carmarthenshire County Council is the Host Authority to provide administrative and secretarial support and implement decisions made by the Joint Governance Committee of the Wales Pension Partnership.

**CWM Environmental Limited**

CWM Environmental Limited is a wholly owned subsidiary company of Carmarthenshire County Council. Details of investments are included in Note 6.12 under Long Term Investments.

**Egni Sir Gar Cyfyngedig**

Carmarthenshire County Council is the registered Custodian Trustee of Egni Sir Gar Cyfyngedig. Details of investments are included in Note 6.12 under Long Term Investments.

**Cartrefi Croeso Cyfyngedig**

Cartrefi Croeso Cyfyngedig is a housing company wholly owned by Carmarthenshire County Council. The company was dormant during 2017-18 therefore no figures are included within the 2017-18 Statement of Accounts.

**Llesiant Delta Wellbeing**

Llesiant Delta Wellbeing is a company set up to expand and grow the Careline service which is wholly owned by Carmarthenshire County Council. The company was dormant during 2017-18 therefore no figures are included within the 2017-18 Statement of Accounts.

**Members' Interests**

The Authority has arrangements in place requesting members and Officers to identify and disclose related party transactions.

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2017-18 is shown in Note 6.34.

The Authority paid grants totalling £59k to organisations in which nine members had an interest. The grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants.

**Officers' Interests****Director of Regeneration and Policy**

During 2017-18, the Director of Regeneration and Policy (former Assistant Chief Executive) continued the position representing Carmarthenshire County Council on the Board of Coleg Sir Gar.

A summary of Carmarthenshire County Council's transactions with Coleg Sir Gar is set out below:

	<b>2016-17</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure	481	494
Income	966	967
	<b>2017</b>	<b>2018</b>
Balances outstanding at 31st March:	<b>£'000</b>	<b>£'000</b>
Creditor	2	48
Debtor	563	591

Expenditure includes payment to Coleg Sir Gar for the provision of 14-19 vocational courses.

Income includes funding from Coleg Sir Gar for the College Transport Contract and the provision of Adult Community Learning Courses.

**Chief Executive**

During 2017-18, the Chief Executive continued his role as a member of the Council of the University of Wales Trinity St David (UWTSD), which is the governing body of the university.

A summary of Carmarthenshire County Council's transactions with UWTSD is set out below:

	<b>2016-17</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure	46	108
Income	86	208
	<b>2017</b>	<b>2018</b>
Balances outstanding at 31st March:	<b>£'000</b>	<b>£'000</b>
Creditor	10	42
Debtor	32	53

Expenditure includes payments to UWTSD for staff training and course fees.

Income includes a contribution to the City Deal Partnership and charges for Highways works.

**6.41 Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	<b>2016-17</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
<b>Capital Investment</b>		
Property, Plant and Equipment	58,167	57,498
Investment Properties	2,086	960
Long Term Loans	3	0
Investments	900	0
Revenue Expenditure Funded from Capital under Statute	4,945	7,968
	<u>66,101</u>	<u>66,426</u>
<b>Sources of Finance</b>		
Capital Receipts	6,653	8,297
Government grants and other contributions	21,840	26,794
Sums set aside from revenue	4,440	3,140
Direct revenue contributions	1,734	2,417
Borrowing	31,434	25,778
	<u>66,101</u>	<u>66,426</u>
<b>Opening Capital Financing Requirement</b>	<b>454,325</b>	<b>471,326</b>
<b>Explanation of Movements in Year</b>		
Increase in underlying need to borrow (supported by government financial assistance)	3,724	3,572
Increase in underlying need to borrow (unsupported by government financial assistance)	13,277	9,547
Increase/(decrease) in Capital Financing Requirement	<u>17,001</u>	<u>13,119</u>
<b>Closing Capital Financing Requirement</b>	<b><u>471,326</u></b>	<b><u>484,445</u></b>

**6.42 Leases****Authority as Lessee***Operating Leases*

The Authority leases in property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments due under non-cancellable leases in future years are:-

	<b>2016-17</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
Not later than one year	723	743
Later than one year and not later than five years	2,227	1,996
Later than five years	4,453	4,085
	<u><b>7,403</b></u>	<u><b>6,824</b></u>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	<b>2016-17</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
Minimum Lease payments	1,024	987

**Authority as Lessor***Operating Leases*

The Authority leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The income credited to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2016-17 £'000	2017-18 £'000
Not later than one year	1,043	1,123
Later than one year and not later than five years	3,077	2,979
Later than five years	22,154	25,102
	<u>26,274</u>	<u>29,204</u>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into.

In 2017/18 £112,666 contingent rents were receivable by the Authority (£109,171 in 2016/17).

The Authority also holds various capital assets, principally vehicles, plant and office equipment financed under the terms of operating leases and accounted for as such, the rentals being charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement.

#### 6.43 Impairment Losses

An assessment has been made at the year-end which indicates that there are no instances of impairment to the Authority's assets.

#### 6.44 Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2017-18 Carmarthenshire County Council paid £10.1m to the Department for Education in respect of teachers' pension costs, which represents 16.48% of teachers and lecturers pensionable pay. The figures for 2016-17 were £10.1m and 16.48%. There were no contributions remaining payable at year-end. The contributions due to be paid in the next financial year are estimated to be £10.0m.

In addition, the County Council is responsible for all pension payments relating to added years it has awarded together with the related increases. In 2017-18 these amounted to £0.414m.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These benefits are fully accrued in the pensions liability described above.

#### **6.45 Defined Benefit Pension Schemes**

As part of the terms and conditions of employment of its officers and other employees, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments. Liabilities for these payments need to be disclosed at the time employees earn their future entitlement.

The Dyfed Pension Fund (the Fund) is a member of the Local Government Pension Scheme (LGPS). It is administered by Carmarthenshire County Council and is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Dyfed Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Dyfed Pension Fund Panel. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Committee and are advised by an Independent Investment Adviser and officers of Carmarthenshire County Council.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

#### **Discretionary Post-retirement Benefits**

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

#### **Transactions relating to Post-employment benefits**

The cost of retirement benefits is recognised in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2016-17 £'000	2017-18 £'000
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
Current Service Cost	26,294	40,095
Past Service Costs	271	111
Settlements and Curtailments	1,365	1,725
<b>Financing and Investment Income and Expenditure</b>		
Net Interest Expense	9,687	9,425
<b>Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services</b>	37,617	51,356
<b>Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets	(163,781)	(11,566)
Experience gain on liabilities	(17,482)	0
Actuarial gains and losses arising on changes in demographic assumptions	(16,312)	0
Actuarial gains and losses arising on changes in financial assumptions	280,943	(55,859)
<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	120,985	(16,069)
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit for Provision of Services for Post Employment Benefits in the accordance with the code	(37,617)	(51,356)
<b>Actual amount charged against the Council Fund Balance for pensions in the year:</b>		
Employers' Contributions payable to Scheme	24,205	24,521

**Assets and Liabilities in Relation to Post-employment Benefits****Carmarthenshire County Council**

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

	<b>2016-17</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
Balance as at 1 April	839,426	1,030,154
Interest on plan assets	30,174	25,699
Experience gain on assets	163,781	11,566
Administration expenses	(691)	(700)
Employer contributions	24,205	24,521
Contributions by scheme participants	7,327	7,354
Benefits paid	(34,068)	(36,289)
Balance as at 31 March	<u>1,030,154</u>	<u>1,062,305</u>

Reconciliation of Present Value of the Scheme Liabilities:

	<b>2016-17</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
Balance as at 1 April	(1,103,940)	(1,391,448)
Current Service Cost	(26,294)	(40,095)
Interest cost	(39,170)	(34,424)
Contributions by scheme participants	(7,327)	(7,354)
Experience gain on liabilities	17,482	0
Actuarial gains and losses arising on changes in demographic assumptions	16,312	0
Actuarial gains and losses arising on changes in financial assumptions	(280,943)	55,859
Curtailments	(1,365)	(1,725)
Benefits paid	34,068	36,289
Past service costs	(271)	(111)
Balance as at 31 March	<u>(1,391,448)</u>	<u>(1,383,009)</u>
<b>Net Scheme Liabilities</b>	<u><b>(361,294)</b></u>	<u><b>(320,704)</b></u>



The Dyfed Pension Fund assets comprised:

	<u>Quoted</u>	<b>2016-17</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
UK	Yes	253,417	215,647
Overseas Pooled Funds	No	224,574	239,019
US	Yes	98,895	106,231
Canada	Yes	5,151	5,312
Japan	Yes	33,995	36,118
Pacific Rim	No	30,905	27,620
Emerging Markets	No	78,292	83,922
Pooled Overseas	Yes	1,030	0
European ex UK	Yes	0	36,118
UK Index linked	Yes	99,925	104,106
UK Corporate	No	99,925	101,981
Property Funds	No	95,804	99,857
Cash instruments	Yes	0	0
Cash accounts	Yes	6,181	3,187
Net current assets	No	2,060	3,187
		<u><b>1,030,154</b></u>	<u><b>1,062,305</b></u>

### Scheme History

	<b>2013-14</b> <b>£'000</b>	<b>2014-15</b> <b>£'000</b>	<b>2015-16</b> <b>£'000</b>	<b>2016-17</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
Present value of liabilities in the Local Government Pension Scheme	(926,948)	(1,126,044)	(1,103,940)	(1,391,448)	(1,383,009)
Fair value of assets in the Local Government Pension Scheme	740,531	849,893	839,426	1,030,154	1,062,305
<b>Surplus/(deficit) in the scheme</b>	<u><b>(186,417)</b></u>	<u><b>(276,151)</b></u>	<u><b>(264,514)</b></u>	<u><b>(361,294)</b></u>	<u><b>(320,704)</b></u>

The liabilities show the underlying commitments that the Authority has in the long-run to pay post-employment benefits. The total net liability of £321m has a substantial impact on the net worth of the Authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy with the deficit on the Fund made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2019 is £23.8m.

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, returns on investments, future inflation etc. The Fund's assets and liabilities within the Balance Sheet and the current and past service costs included within the Comprehensive Income and Expenditure Statement have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31 March 2016.

The main assumptions used in its calculations are shown below:

	2016-17	2017-18
	%	%
<b>Financial Assumptions:</b>		
Rate of CPI inflation	2.3	2.1
Rate of increase in salaries	3.80	3.60
Rate of increase in pensions	2.3	2.2
Rate for discounting Fund liabilities	2.5	2.6

	2016-17	2017-18
	%	%
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners:		
Men	22.8	22.9
Women	25.5	25.6
Longevity at 65 for future pensioners:		
Men	25.0	25.1
Women	27.8	27.9

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

**Impact on the Defined Benefit Obligation  
of the Scheme**

	Increase in assumption £'000	Decrease in assumption £'000
Longevity (increase or decrease of 1 year)	27,548	(27,548)
Rate of inflation (increase or decrease by 0.1% p.a.)	25,480	(25,480)
Rate of increase in salaries (increase or decrease by 0.1% p.a.)	4,767	(4,767)
Rate of increase in pensions (increase or decrease by 0.1% p.a.)	25,480	(25,480)
Rate for discounting scheme liabilities (increase or decrease by 0.1% p.a.)	(25,018)	25,018

#### **6.46 Contingent Liabilities**

The Authority acts as a collection agent on behalf of Dwr Cymru in respect of Housing Revenue Account (HRA) Tenants water and sewerage charges. In return for this service the Authority has received a commission which has been treated as an income stream to the HRA. The treatment of this arrangement has been called in to question due to a Court ruling during 2015-16 (Kim Jones versus London Borough of Southwark) which ruled that Local Authorities collecting water rates via the HRA were doing so as a water supplier and not as an agent of the water supplier. Traditionally this has been viewed as an agency arrangement, but the Court ruling concludes that the Authority concerned was acting as a water supplier, which has significant financial implications for those affected, both in terms of the agency fee and where action has been taken against rent arrears that could be deemed to include water rates. The authority's legal advice is that our agreement would be found to be a *bona fide* agency agreement if challenged and as at 31<sup>st</sup> March 2018 we have not received any correspondence relating to potential claims. However, to reinforce even further that the Authority is collecting these monies as agents for Dwr Cymru and avoid the possibility of future legal challenges, the Council is currently entering into a new agreement with the water supplier which ensures that it is acting as an agent.

Whilst the Authority purchases a range of insurance cover, part of the risk remains with the Authority (see note 6.38). A number of insurance claims have been registered but not yet finalised. Where it is probable that costs will fall on the authority, expenditure has been recognised in the Comprehensive Income and Expenditure Statement and as a movement in the Insurance Provision (see note 6.21). It is possible that the Authority may incur costs relating to other registered claims or to claims that have yet to be submitted. Funds have been set aside in an Insurance Reserve (see note 6.23) for this purpose.

**6.47 Financial Instruments****Disclosure Notes for Financial Liabilities, Financial Assets and Risk****Financial Instruments Balances**

The borrowings and investments disclosed in the Balance Sheet include the following categories of financial instruments:

	Long Term		Current	
	31 March 2017 £'000	31 March 2018 £'000	31 March 2017 £'000	31 March 2018 £'000
Financial liabilities (principal amount)	377,955	392,821	10,012	7,029
Accrued Interest	0	0	3,191	2,989
Other accounting adjustments	116	115	0	0
Financial liabilities at amortised cost	<b>378,071</b>	<b>392,936</b>	<b>13,203</b>	<b>10,018</b>
<b>Total borrowings</b>				
Loans and receivables (principal amount)	584	576	22,046	22,004
Accrued Interest	148	148	109	180
Loans and receivables at amortised cost	<b>732</b>	<b>724</b>	<b>22,155</b>	<b>22,184</b>
Unquoted equity investment at cost	1,229	1,229	0	0
<b>Total investments</b>	<b>1,961</b>	<b>1,953</b>	<b>22,155</b>	<b>22,184</b>
Soft loans provided (Note i)	1,268	1,190	0	0

- (i) The Council made a loan to the National Botanic Garden of Wales at less than market rates (soft loans). This loan is for £1.35m at 0% interest and was extended in 2017/18 with the expectation it will be repaid in 2019/20. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account. The detailed soft loans information is as follows:

	<u>Soft Loans</u>	
	31-Mar-17	31-Mar-18
Opening Balance	1,190	1,268
+ New loans granted	0	0
- Fair value adjustment	0	233
+ Loans repaid	78	155
<b>Balance carried forward</b>	<b>1,268</b>	<b>1,190</b>
<b>Nominal value carried forward</b>	<b>1,350</b>	<b>1,350</b>

### Valuation Assumptions

The interest rate at which the fair value of this soft loan has been made is arrived at by taking the authority's prevailing cost of borrowing, 5%, and adding an allowance for the risk that the loan might not be repaid.

### Financial Instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Liabilities		Financial Assets		Totals	
	Liabilities measured at amortised cost		Loans and Receivables			
	2016-17 £'000	2017-18 £'000	2016-17 £'000	2017-18 £'000	2016-17 £'000	2017-18 £'000
Interest expense	(17,636)	(17,613)	0	0	(17,636)	(17,613)
Impairment Losses	0	0	0	0	0	0
<b>Interest payable and similar charges</b>	<b>(17,636)</b>	<b>(17,613)</b>	<b>0</b>	<b>0</b>	<b>(17,636)</b>	<b>(17,613)</b>
Interest Income	0	0	386	429	386	429
<b>Interest and investment income</b>	<b>0</b>	<b>0</b>	<b>386</b>	<b>429</b>	<b>386</b>	<b>429</b>
<b>Net gain/(loss) for the year</b>	<b>(17,636)</b>	<b>(17,613)</b>	<b>386</b>	<b>429</b>	<b>(17,250)</b>	<b>(17,184)</b>

### Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loans Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;

- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2017		31 March 2018	
	Carrying amount	Fair Value	Carrying amount	Fair Value
PWLB Debt	383,943	598,350	395,033	606,194
Non - PWLB debt	7,330	12,929	7,921	15,825
<b>Total Financial Liabilities</b>	<b><u>391,273</u></b>	<b><u>611,279</u></b>	<b><u>402,954</u></b>	<b><u>622,019</u></b>

The fair value is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

	31 March 2017		31 March 2018	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Money market loans < 1year	22,155	22,155	22,184	22,184
Money market loans > 1year	732	732	724	724
Total investments	<u>22,887</u>	<u>22,887</u>	<u>22,908</u>	<u>22,908</u>
Trade Debtors	17,416	17,416	17,252	17,252
<b>Total Loans and Receivables</b>	<b><u>40,303</u></b>	<b><u>40,303</u></b>	<b><u>40,160</u></b>	<b><u>40,160</u></b>

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date, and include accrued interest. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments.

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and include accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

The fair value of Public Works Loan Board (PWLB) loans of £606.194m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates, the PWLB redemption interest rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB, the PWLB Certainty rates. If a value is calculated on this basis, the carrying amount of £395.033m would be valued at £517.834m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £606.194m, comprising £392.108m principal; £2.925m accrued interest and a penalty of £211.161m.

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values.

- Level 1 Inputs – are unadjusted quoted prices in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 Inputs – are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 Inputs – are unobservable inputs for the asset or liability

For the purposes of this Council's financial liabilities and financial assets, level 2 is applicable.

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant observable inputs (Level 3) £'000	Total £'000
<b>Financial Liabilities</b>				
<b>Financial liabilities held at amortised cost:</b>				
PWLB	0	606,194	0	606,194
NON PWLB	0	15,825	0	15,825
<b>Total</b>	<b>0</b>	<b>622,019</b>	<b>0</b>	<b>622,019</b>
<b>Financial assets</b>				
Loans and Receivables	0	22,908	0	22,908
<b>Total</b>	<b>0</b>	<b>22,908</b>	<b>0</b>	<b>22,908</b>

Recurring fair value measurements using: 31 March 2017	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant observable inputs (Level 3) £'000	Total £'000
<b>Financial Liabilities</b>				
<b>Financial liabilities held at amortised cost:</b>				
PWLB	0	598,350	0	<b>598,350</b>
NON PWLB	0	12,929	0	<b>12,929</b>
<b>Total</b>	<b>0</b>	<b>611,279</b>	<b>0</b>	<b>611,279</b>
<b>Financial assets</b>				
Loans and Receivables	0	22,887	0	<b>22,887</b>
<b>Total</b>	<b>0</b>	<b>22,887</b>	<b>0</b>	<b>22,887</b>

### Disclosure of nature and Extent of Risk Arising from Financial Instruments

#### Key Risks

The Authority's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

#### Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Revised editions of the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice.
- by the adoption of a Treasury Policy Statement and treasury management clauses;



- by approving annually in advance prudential indicators for the following three years limiting:
  - The Authority's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures of the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management policy and strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported quarterly to Members. These policies are implemented by the Treasury and Pension Investments Section.

The annual Treasury Management strategy which incorporates the prudential indicators was approved by Council on 22<sup>nd</sup> February 2017 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2017/18 was set at £532m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £484m. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at £444m and £20m based on the Council's net debt.

The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

### **Credit Risk**

### **Investments**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. This risk is minimised through the Annual Investment Strategy (which forms part of the Authority's Treasury Management Policy and Strategy Report), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Treasury Management Policy and Strategy report also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The Council's Schedule of Approved Counterparties shows the minimum criteria for investment counterparties. This is as follows:

- An Upper Limit where Credit ratings of Short Term of F1, P-1 or A-1 apply together with Credit Ratings for Long Term AA-, Aa3 and AA-.  
Maximum Investment of £10m.
- A Middle Limit where Credit ratings of Short Term of F1, P-1 or A-1.  
Maximum Investment £7m.
- UK Banks Part Nationalised included as investment counterparties, as long as they continue to have appropriate UK Government support  
Maximum Investment £7m
- Other Limits
  - Local Authority. Maximum Investment £10m
  - AAA Rated Money Market Fund. Maximum Investment £5m
  - Debt Management Office £40m

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £19k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but excepting the £4m KSF deposit (detailed at the end of this note), there was no evidence at 31 March 2018 that this was likely to crystallise.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 2018 £'000	Historical Experience of default %	Adjustment for market conditions at 31 March 2018 %	Estimated maximum exposure to default £'000
<u>Deposits with banks and financial institutions</u>				
AAA rated counterparties	10,000	0.00	0.00	0
AA rated counterparties	14,000	0.02	0.03	4
A rated counterparties	19,000	0.06	0.08	15
BBB rated counterparties	0	0.17	0.19	0
Trade debtors	17,252	3.50	3.50	604
	<b><u>60,252</u></b>			<b><u>623</u></b>

The investment of £0.58m in Kaupthing, Friedlander and Singer (KSF) has been excluded from the above figures with full details being provided at the end of this note.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any other losses from non-performance by any of its counterparties in relation to deposits and bonds.

### Trade Debtors

The trade debtors figure of £17.252m shown above includes £9.683m which is past its due date for payment. The past due amount can be analysed by age as follows:

	<b>31st March 2017 £'000</b>	<b>31st March 2018 £'000</b>
Less than three months	2,247	1,863
Three to six months	840	1,049
Six months to one year	1,434	1,513
More than one year	4,763	5,257
	<b><u>9,284</u></b>	<b><u>9,682</u></b>

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral as at 31<sup>st</sup> March 2018 was £601k.

### Liquidity Risk

The Authority has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury management policy and strategy), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

### Refinancing and Maturity Risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury management policy and strategy addresses the main risks and the treasury management team addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is shown below together with the maximum and minimum exposures.

	2016 -2017			2017-2018		
	Approved	Approved	31st March	Approved	Approved	31st March
	Maximum	Minimum	2017	Maximum	Minimum	2018
	Limit	Limit	£'000	Limit	Limit	£'000
	%	%		%	%	
Less than one year	15	0	13,203	15	0	10,018
Between one and two years	25	0	7,029	25	0	5,292
Between two and five years	50	0	23,857	50	0	29,566
Between five and ten years	50	0	42,978	50	0	39,979
More than ten years	100	0	304,206	100	0	318,098
			<b>391,273</b>			<b>402,953</b>

The maturity analysis of financial assets is as follows:

	2016-2017	2017-2018
	£'000	£'000
Less than one year	22,155	22,184
Greater than one year	732	724
	<b>22,887</b>	<b>22,908</b>

All trade and other payables are due to be paid in less than one year and trade debtors of £17.252m are not shown in the table above.

### Market Risk

**Interest rate risk** - The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and effect the Council Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the Movements in Reserves Statement, unless the investments have been designated as Fair Value through the Income and Expenditure Account.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Policy and Strategy Report and the 5 year Capital Programme Report draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	<b>£'000</b>
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	(320)
Increase in Government grant receivable for financing costs	<u>(163)</u>
Impact on Surplus or Deficit on the Provision of Services	(483)
Share of overall impact debited to the HRA*	220
Decrease in fair value of fixed rate investment assets	<u>0</u>
Impact on Other Comprehensive Income and Expenditure	<u>(263)</u>
 Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	 <b>92,026</b>

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost

**Price risk** - The Authority, excluding the pension fund, does not invest in equity shares. It therefore has no exposure to loss arising from movements in price.

**Foreign exchange risk** - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

#### **Kaupthing Singer and Friedlander Ltd (KSF)**

Early in October 2008, the Icelandic bank Kaupthing collapsed and the UK subsidiary of the bank, Kaupthing Singer and Friedlander went into administration. The Authority had £4m deposited, with varying maturity dates and interest rates.

The Authority made a provision in 2008/09 in respect of the expected future impairment in anticipation of the regulations ceasing on 31 March 2018 and the Council Fund bearing the impact of the impairment. During 2017-18 £53k of the provision has been released

and £728k is being maintained as a contingency against future changes. This figure is made up of £580k principal and £148k interest.

All money within this institution is currently subject to the administration and receivership process. The amounts and timing of payments to depositors such as the Authority will be determined by the administrators/receivers.

For Kaupthing, Singer & Friedlander Ltd a total repayment of £3.420m principal and £210k interest was received (85.5%) to 2017-18. An estimated further 0.75% is expected to be received, taking total dividends expected to be paid to 86.25%.

The current position on actual payments received and estimated future payouts is as shown in the table.

<b>Date</b>	<b>Repayment</b>
Received to date	85.50%
Qtr 2 2018-19	0.10%
Qtr 2 2019-20	0.65%

Recoveries are expressed as a percentage of the Authority's claim in the administration, which includes interest accrued up to 7<sup>th</sup> October 2008.

#### 6.48 **Burry Port Harbour**

Carmarthenshire County Council has been given a range of statutory powers and duties for the purposes of improving, maintaining and managing the Burry Port harbour through the Burry Port Harbour Revision Order 2000. In accordance with the Harbours Act 1964, statutory harbour authorities are required to prepare annual statement of accounts relating to the harbour activities. Currently, the harbour activities are included in the Authority's statement of accounts, with the relevant figures being:

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>	<b><u>Expenditure</u></b>	<b>£'000</b>
43	Employee Costs	63
23	Premises Related Costs	46
65	Supplies and Services	26
55	Support Service Recharges	33
170	Depreciation & Similar Charges	3,215
<b>356</b>	<b><u>Total Expenditure</u></b>	<b>3,383</b>
	<b><u>Income</u></b>	
(99)	Fees and Costs Recoverable	(63)
(2)	Other Income	(1)
<b>(101)</b>	<b><u>Total Income</u></b>	<b>(64)</b>
<b>255</b>	<b><u>Net Cost</u></b>	<b>3,319</b>

2016-17		2017-18
£'000	<u>Assets held:</u>	£'000
3,143	Infrastructure, Land & Buildings	988
670	Plant / Vehicles / Equipment	0
55	Assets Under Construction	12
<u>3,868</u>		<u>1,000</u>

A separate annual income and expenditure account and statement of balances has been prepared for Burry Port Harbour as required under the 'smaller body' threshold as defined by the Accounts and Audit (Wales) Regulations 2014. The separate statement is available from the Head of Financial Services, Corporate Services Department, County Hall, Carmarthen, SA31 1JP.

From 1<sup>st</sup> April 2018, Carmarthenshire County Council has granted a long term lease to The Marine & Property Group Ltd, who have taken over the running and management of Burry Port Harbour. This will result in further investment and development of the harbour, which will increase its financial viability and sustainability going forwards.

As a consequence of the lease valuation the basis of valuation of the harbour has changed from depreciated historic cost to fair value, being the value of the freehold interest of the harbour.

#### 6.49 Reconciliation of Net Deficit to Net Cashflows from Operating Activities

2016-17		2017-18
£'000		£'000
(22,160)	Surplus/(Deficit) for Year:	(38,787)
41,489	Depreciation	42,427
8,745	Impairment & Downward Valuations	17,427
2,182	Increase/(Decrease) in Creditors	2,091
(3,404)	(Increase)/Decrease in Debtors	(4,498)
29	(increase)/Decrease in Inventories	(53)
13,412	Movement in Pension Liability	26,835
(13,489)	Other non-cash transactions	(17,115)
<u>26,804</u>	<b>Net Cash Flow from Operating Activities</b>	<u>28,327</u>

#### 6.50 Accounting Standards that have been issued but have not yet been adopted.

Where a new Standard has been published but has not yet been adopted by the Code, the Authority is required to disclose information relating to the impact of the accounting change. The changes that are introduced in the 2018/19 Code are:

- IFRS 15 - Revenue from contracts with customers, effective 2018-19, introduces a new comprehensive framework for revenue recognition which is a principles-based five-step model for recognising revenue arising from contracts with customers. It replaces IAS 18 Revenue and IAS 11 Construction Contracts and is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the

consideration the body expects to be entitled to, in exchange for those goods or services.

- IFRS 9 - Financial Instruments, replaces IAS39 and has been implemented in the 2018-19 Code of Practice. A new approach is introduced for the classification and measurement of financial assets. The second main change will be the introduction of an expected credit loss model for particular asset types, rather than an impairment of the asset resulting from a specific incident.
- The transitional reporting requirements for IFRS 9 and IFRS 15 have been adopted such that the preceding year is not restated.
- IFRS 16 – leases – A new leasing standard will be issued on 1st January 2019, which will affect the classification of operating and finance leases for lessees, and result in a potentially significant increase in the number of leased in assets that are recognised on the balance sheet, as well as the liabilities associated with those assets. CIPFA is currently considering new ways of assessing how the standard will impact on local authorities and a consultation has been issued. The standard is not anticipated to be adopted until 2019-20 at the earliest.

It is not anticipated that the above amendments will have a material impact on the information provided in the council's financial statements



**7 HOUSING REVENUE ACCOUNT (HRA)****7.1 HRA Income and Expenditure Statement**

2016-17 £'000		Note	2017-18 £'000
	<b>Expenditure</b>		
	Repairs and Maintenance		
2,431	- Responsive		1,948
4,635	- Planned/Cyclical		5,096
2,677	- Voids		3,054
6,798	Supervision and Management		7,701
1,265	Central Support Charges		1,290
272	Rents, Rates Taxes and other charges		319
223	Movement in the allowance for Bad Debts		218
15,624	Depreciation and Impairment of non current assets	8.11	14,956
	Revenue Expenditure funded from Capital under		
9	Statute		1
34	Debt Management Costs		35
<u>33,968</u>	<b>Total Expenditure</b>		<u>34,618</u>
	<b>Income</b>		
(36,229)	Dwelling rents	8.1	(37,622)
(109)	Non-Dwelling Rents		(117)
(28)	Leaseholders	8.2	(29)
(740)	Service Fees	8.2	(749)
(135)	Grants	8.6	(135)
(499)	Other Income		(495)
(520)	Commission - Water Rates	8.7	(446)
<u>(38,260)</u>	<b>Total Income</b>		<u>(39,593)</u>
<b>(4,292)</b>	<b>Net cost of HRA Services as included in the Comprehensive Income &amp; Expenditure Statement</b>		<b>(4,975)</b>
283	HRA services' share of Corporate and Democratic Core		283
<b>(4,009)</b>	<b>Net (Income)/cost for HRA Services</b>		<b>(4,692)</b>
	<b>HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
21	(Gain) or loss on the sale of HRA Non Current Assets		12
9,681	Interest Payable and similar charges		9,734
(49)	Interest and Investment Income		(64)
224	Net interest on the net defined benefit liability (asset)		233
<u>(6,228)</u>	Capital grants and contributions receivable		<u>(6,663)</u>
<u><b>(360)</b></u>	<b>(Surplus) or Deficit for the year on HRA Services</b>		<u><b>(1,440)</b></u>

**7.2 Movement on the HRA Statement**

The overall objectives for Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2016-17 £'000		Note	2017-18 £'000	2017-18 £'000
(9,120)	Balance on the HRA at the end of the previous year			(14,011)
(360)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account		(1,440)	
(4,825)	Adjustments between accounting basis and funding basis under statute	7.3	(4,763)	
(5,185)	Net Increase or (decrease) before transfers to or from reserves		(6,203)	
294	Transfers (to) or from reserves	7.4	100	
(4,891)	(Increase) or decrease in year on the HRA			(6,103)
<b>(14,011)</b>	<b>Balance on the HRA at the end of the current year</b>			<b>(20,114)</b>

**7.3 Adjustments between accounting basis and funding basis under statute**

2016-17 £'000		2017-18 £'000
(52)	Amortisation of Premiums and Discounts	(52)
(6)	Transfers to / (from) Accumulated Absences Account	0
(30)	Gain or loss on sale of HRA noncurrent assets	(14)
(330)	HRA share of contributions to or from the Pensions Reserve	(680)
782	Capital expenditure funded by the HRA	0
(5,189)	Transfer to / from the Capital Adjustment Account	(4,017)
<b>(4,825)</b>		<b>(4,763)</b>

**7.4 Transfers to or (from) Earmarked Reserves**

2016-17				2017-18		
£'000	£'000	£'000		£'000	£'000	£'000
Trfs from	Trfs to	Net		Trfs from	Trfs to	Net
274	(26)	248	Insurance Reserve	202	(138)	64
0	0	0	Employee Developmental	0	(7)	(7)
41	0	41	Salix	42	0	42
5	0	5	Corporate Retirement Fund	1	0	1
<b>320</b>	<b>(26)</b>	<b>294</b>		<b>245</b>	<b>(145)</b>	<b>100</b>

**8 NOTES TO THE HRA INCOME AND EXPENDITURE STATEMENT****Introduction**

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an authority's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ringfenced from the rest of the Council Fund, so that rents cannot be subsidised from council tax (or vice versa).

**8.1 Gross Rent Income**

This is the total rent income due for the year after allowance is made for voids etc. For 2017-18 this totalled £37.6m (£36.2m for 2016-17). At the 31<sup>st</sup> March 2018 2.78% of lettable properties were vacant (1.99% in 2016-17). Average rents were £81.65 a week in 2017-18 (£78.79 in 2016-17).

**8.2 Service Charges and Leaseholders**

This represents the income of the Authority from charges for services and facilities etc in connection with the provision of houses and other property within the HRA – This totalled £778k in 2017-18 (£768k in 2016-17).

**8.3 Rebates**

Assistance with rents is available under the Housing Benefit Scheme for those on low incomes. This totalled £22.7m in 2017-18 (£22m for 2016-17). 64.5% of the Council's tenants receive some help with the cost of rent and Council Tax (64.9% in 2016-17).

**8.4 Housing Stock**

The Council was responsible for managing on average 9,063 dwellings during 2017-18 (9,019 in 2016-17). The stock at 31 March 2018 was as follows:

	<b>2016-17</b>	<b>2017-18</b>
Houses	4,887	4,923
Flats / Maisonettes / Bedsits	1,967	1,987
Bungalows	2,181	2,181
	<u><b>9,035</b></u>	<u><b>9,091</b></u>

The change in stock can be summarised as follows:

	<b>2016-17</b>	<b>2017-18</b>
Opening Stock as at 1 April	9,002	9,035
Sales	0	(1)
Demolitions/Deactivated	0	0
New Building/Acquisitions/Conversions	33	57
Closing Stock as at 31 March	<u><b>9,035</b></u>	<u><b>9,091</b></u>

**8.5 Rent Arrears**

	<b>As at 31 March 2017 £'000</b>	<b>As at 31 March 2018 £'000</b>
Arrears	1,887	1,778
Arrears as a Percentage of Gross Rent Income	5.11%	4.62%

There is a 0.04% year on year decrease of current tenants rent arrears as a percentage of gross collectable rent debit. Performance is outside margins of what is considered good practice level (2%) at 2.55%. There is a 0.4% year on year decrease in former tenants rent arrears as a percentage of gross collectable rent debit. There is also 0.4% after allowing for the £342k write-offs.

Provision for Bad Debts at 31 March 2018 was £848,954 for rent (£933,019 inclusive of water rates). The comparative figures for 2016-17 are £995,446 for rent (£1,050,633 inclusive of water rates).

**8.6 Grants**

Supporting People Grant £135k (£135k in 2016-17) was received from the Welsh Government during 2017-18 as a result of the de-pooling of tenants support service costs.

**8.7 Commission**

The Authority collects water rates on behalf of Dwr Cymru Welsh Water and receives commission on the monies due. In 2017-18 this amounted to £446k (£520k in 2016-17) net of void loss on properties. The value of water rates was £3.5m in 2017-18 (£3.8m in 2016-17).

**8.8 Capital Expenditure**

Capital Expenditure in 2017-18 on HRA land and dwellings totalled £17.929m (£14.851m in 2016-17).

The agreement to exit the Housing Revenue Account Subsidy placed a limit on the borrowing we could undertake in relation to our HRA activities. (Currently 228m).

	<b>2016-17 £'000</b>	<b>2017-18 £'000</b>
<b>Funded by :</b>		
Major Repairs Allowance	6,170	6,190
Borrowing	7,660	11,266
Capital Receipts - Sales of Dwellings/Land	175	0
Grants	11	25
Capital Receipts - Mortgage Principal	6	1
Miscellaneous Income	47	447
Direct Revenue Financing	782	0
	<b>14,851</b>	<b>17,929</b>
<b>Spent on:</b>		
Houses	14,145	17,223
Land	477	477
Other	229	229
	<b>14,851</b>	<b>17,929</b>

**8.9 Capital Receipts**

Capital Receipts in 2017-18 totalled £0.057m (£0.115m in 2016-17). The table below shows the type of receipt and how much was used to finance capital expenditure and how much was used to repay debt and how much was placed in reserves.

	Financing Repayment Receipts				Financing Repayment Receipts			
	Expenditure	of Debt	Reserve	Total	Expenditure	of Debt	Reserve	Total
	2016-17	2016-17	2016-17	2016-17	2017-18	2017-18	2017-18	2017-18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sales of Council Dwellings	59	0	0	59	0	0	0	0
Sale of Land	43	0	0	43	0	0	54	54
Mortgage Principal	1	4	0	5	0	0	4	4
Other	8	0	0	8	0	0	(1)	(1)
	<b>111</b>	<b>4</b>	<b>0</b>	<b>115</b>	<b>0</b>	<b>0</b>	<b>57</b>	<b>57</b>

**8.10 IAS19 Accounting For Pensions Costs**

Actual deductions for pensions contributions and any adjustment for current service cost are shown in the net cost of service. Net interest costs are included in the surplus/deficit on HRA services and then adjusted in the Movement in Reserves Statement, to ensure that only prescribed statutory debits/credits calculated in accordance with the LG&H act 1989 are applied to the HRA.

The following transactions have been made during the year:

	2016-17	2017-18
	£'000	£'000
<b><u>HRA Income &amp; Expenditure Statement</u></b>		
<b>Cost of Service:</b>		
Current Service Cost	608	989
<b>Financing and Investment Income and Expenditure</b>		
Net Interest Cost	905	850
<b>Total Post Employment Benefit charged to the Surplus or (Deficit) for the year on HRA Services</b>	<b>1,513</b>	<b>1,839</b>
<b><u>Movement in Reserves Statement</u></b>		
Reversal of net charges made to the Surplus or (Deficit) for the year on HRA Services for Post Employment Benefits in the accordance with the code	(832)	(1,222)
<b>Actual amount charged against the HRA Balance for pensions in the year:</b>		
Employers' Contributions payable to Scheme	502	542
	<b>(330)</b>	<b>(680)</b>

**8.11 Depreciation**

Authorities are required to charge depreciation and impairment losses on all HRA properties calculated in accordance with proper practices, including non-dwelling properties. There is no specification in the Item 8 Determination that depreciation should be debited to the HRA Income and Expenditure Statement (or equally that it should be reversed out in the Statement of Movement on the HRA Balance). However, it has become generally accepted since the introduction of resource accounting into the HRA in 2005/06 that statutory requirements can be satisfied on a 'no net impact' basis - debits and credits expected by proper practices (but not specified in legislation) can be made to the HRA provided that they are subsequently reversed out and replaced by statutory amounts in the calculation of the HRA Balance.

Depreciation and Impairment losses have therefore been debited to the Income and Expenditure Statement in accordance with the general provisions of the Code and reversed out in the Movement on the HRA Balance. The depreciation charge has then been replaced with the HRA Minimum Revenue Provision via a credit from the Capital Adjustment Account to avoid having an effect on rent levels.

HRA dwellings are revalued on a 5 year cycle, which was last undertaken on the 1 April 2015.

Depreciation and Impairment Losses:

	<b>2016-17</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation on dwellings	11,185	11,509
Revaluation losses & impairments	4,439	3,447
	<b><u>15,624</u></b>	<b><u>14,956</u></b>

Revaluation losses and impairments were incurred on:

	<b>2016-17</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
Houses	4,000	3,065
Land	46	41
Other	393	341
	<b><u>4,439</u></b>	<b><u>3,447</u></b>

## 9 DYFED WELSH CHURCH FUND ACCOUNT

The Dyfed Welsh Church Fund is a scheme that mainly awards grants towards the costs of maintaining places of worship. However, registered charities which benefit residents may apply for help towards running costs, or the cost of a specific project or purchasing a piece of equipment. Besides nationally recognised charities, the Fund supports local charities responsible for providing recreational facilities or other services which are of benefit to the Community.

At Local Government Reorganisation 1996 the fund was split among the new Unitary Authorities with the amount available to each new authority being calculated on the following agreed percentages:

Carmarthenshire County Council	41%
Ceredigion County Council	25%
Pembrokeshire County Council	34%

It was agreed that Carmarthenshire County Council would take responsibility for administering the investment portfolio.

The following accounts provide a report of the financial transactions during the year and the disposition of its assets at the year end for the Fund in total, that is administered by Carmarthenshire County Council and then the second set of accounts details Carmarthenshire County Council's share of the Dyfed Welsh Church Fund when the LGR percentage split has been applied.

### 9.1 Fund Accounts administered by Carmarthenshire County Council

#### Revenue Account

2016-17 £'000 31/03/17		2017-18 £'000 31/03/18
	<b>Income</b>	
(14)	Rent of Buildings/Land	(14)
(72)	Investment Income	(82)
(2)	Other Income	0
(88)		(96)
	<b>Expenditure</b>	
110	Grants to Voluntary & Other Organisations	112
17	Management and Administration	20
4	Professional Fees	0
43	<b>Revenue Account (Surplus)/Deficit for the Year</b>	36
(46)	Net Profit on Sales of Investments	(74)
(571)	Change in unrealised (Gains)/Losses on investments	86
0	Change in unrealised (Gains)/Losses on Non- Current Assets	0
(574)	<b>Net (Surplus)/Deficit for the Year</b>	48

**Net Assets Statement**

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>		<b>£'000</b>
<b>31/03/17</b>		<b>31/03/18</b>
3,733	Investments	3,595
950	Other Land & Buildings	950
4,683		4,545
0	Debtors	0
692	Cash	734
(140)	Creditors	(92)
5,235	<b>Net Assets</b>	5,187
	<b>Represented by</b>	
431	Capital Adjustment Account	431
500	Revaluation Reserve	500
2,197	Capital Fund	2,145
552	Revenue Fund	642
1,555	Unrealised Profit/(Loss) Reserve	1,469
5,235	<b>Closing Balance of Fund</b>	5,187

**Reconciliation of the Movement in Fund Net Assets**

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>		<b>£'000</b>
4,661	Opening Net Assets	5,235
(43)	Revenue Account Surplus/(Deficit) for the Year	(36)
46	Net Profit on Sale of Investments	74
571	Unrealised Profit/(Loss) Reserve - Investments	(86)
0	Unrealised Profit/(Loss) Reserve - Non-Current Assets	0
5,235	<b>Closing Net Assets of the Fund</b>	5,187



**9.2 Fund Accounts for Carmarthenshire County Council  
Revenue Account**

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>		<b>£'000</b>
<b>31/03/17</b>		<b>31/03/18</b>
	<b>Income</b>	
(6)	Rent of Buildings/Land	(6)
(29)	Investment Income	(33)
0	Other Income	0
<u>(35)</u>		<u>(39)</u>
	<b>Expenditure</b>	
45	Grants to Voluntary & Other Organisations	55
6	Management & Administration	7
1	Professional Fees	0
<u>17</u>		<u>23</u>
	<b>Revenue Account (Surplus)/Deficit for the Year</b>	<u>23</u>
(19)	Net Profit on Sales of Investments	(30)
(234)	Change in unrealised (Gains)/Losses on Investments	35
0	Change in unrealised (Gains)/Losses on Non-Current Assets	0
<u>(236)</u>		<u>28</u>
	<b>Net (Surplus)/Deficit for the Year</b>	<u>28</u>

**Net Assets Statement**

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>		<b>£'000</b>
1,531	Investments	1,474
389	Other Land & Buildings	389
<u>1,920</u>		<u>1,863</u>
0	Debtors	0
137	Cash	146
(86)	Creditors	(66)
<u>1,971</u>		<u>1,943</u>
	<b>Net Assets</b>	<u>1,943</u>
	<b>Represented by</b>	
177	Capital Adjustment Account	177
205	Revaluation Reserve	205
901	Capital Fund	880
51	Revenue Fund	79
637	Unrealised Profit/(Loss) Reserve	602
<u>1,971</u>		<u>1,943</u>
	<b>Closing Balance of Fund</b>	<u>1,943</u>

**Reconciliation of the Movement in Fund Net Assets**

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>		<b>£'000</b>
1,735	Opening Net Assets	1,971
(17)	Revenue Account Surplus (Deficit) for the Year	(23)
19	Net Profit on Sales Reinvested	30
234	Unrealised Profit/(Loss) Reserve - Investments	(35)
0	Unrealised Profit/(Loss) Reserve - Non-Current Assets	0
<u>1,971</u>	<b>Closing Net Assets of the Fund</b>	<u>1,943</u>

**10 TRUST FUNDS 2017-2018****10.1 Receipts & Payments Account for the Year Ended 31 March 2018**

Total		Education Services 2017-18 £'000	Social Services 2017-18 £'000	Cultural Services 2017-18 £'000	Total 2017-18 £'000
2016-17 £'000					
	<b>Receipts</b>				
(309)	Dividends/Interest/Sales/Contributions	(103)	(4)	(180)	(287)
276	<b>Payments</b>	121	4	217	342
<u>(33)</u>	<b>(Surplus)/Deficit</b>	<u>18</u>	<u>0</u>	<u>37</u>	<u>55</u>

**10.2 Balance Sheet as at 31 March 2018**

Total		Education Services 2017-18 £'000	Social Services 2017-18 £'000	Cultural Services 2017-18 £'000	Total 2017-18 £'000
2016-17 £'000					
	<b>Assets</b>				
263	Investments	239	24	0	263
17	Stocks	0	0	17	17
0	Debtors	0	0	0	0
572	Cash	257	58	202	517
<u>852</u>	<b>Total Assets</b>	<u>496</u>	<u>82</u>	<u>219</u>	<u>797</u>
	<b>Liabilities</b>				
(1)	Creditors	0	0	(1)	(1)
<u>(1)</u>	<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>(1)</u>	<u>(1)</u>
<u>851</u>	<b>NET ASSETS</b>	<u>496</u>	<u>82</u>	<u>218</u>	<u>796</u>

Investments are shown at Book Value, however their Market Value as at 31<sup>st</sup> March 2018 was £812,184 (£824,727 as at 31<sup>st</sup> March 2017).

**11 NOTES TO THE TRUST FUNDS****11.1 Background**

Carmarthenshire County Council is currently responsible for the administration of sixty separate trust funds.

**11.2 Education Services**

The Council administers fifty one education related trusts, the majority of which are registered charities. The breakdown of the purposes for which the education trusts were established is as follows:

Prizes to Pupils in recognition of Academic Achievement	16
Provision of Further and or Higher Education Scholarships	18
School Funding ( <i>including special needs schools</i> )	10
Other	7

**11.3 Cultural Services**

The Council administers two cultural trust funds, one which was established specifically for the funding of an art gallery at "Oriol Myrddin", Carmarthen and one for Carmarthen Museum known as "George Arbour Stephens Trust Fund."

**11.4 Social Services**

During the financial year the Council was responsible for the administration of seven trusts on behalf of social services clients. Five are for the benefit of residents at specific residential homes throughout the County. Two relate to funds administered on behalf of individuals. Owing to the sensitive nature of these two trusts and the need to maintain privacy, details about the purpose for which each is administered is not published.

**12 SOCIAL CARE / CHILDREN'S SERVICES – SAFEKEEPING, SAFE CUSTODY, AMENITY FUNDS & STAFF BENEFIT ACCOUNTS****12.1 Residents Safekeeping**

People in residential homes are allowed a personal allowance payable to them each week. If the resident does not wish to spend all of this allowance in any given week, the balance is paid into the Residents Safekeeping account. The balance as at 31<sup>st</sup> March 2018 was £706,720 (£303,797 as at 31<sup>st</sup> March 2017) and this reflects the amount of personal allowances held by the Authority on behalf of its residents.

**12.2 Safe Custody Accounts**

The Communities Department maintains individual Safe Custody accounts for service users living in the community who are unable to deal with their financial affairs due to their mental incapacity. The Director of Communities is appointee with The Department of Work and Pensions for each of these service users. The balance as at 31<sup>st</sup> March 2018 was £1,125,494 (£957,141 as at 31<sup>st</sup> March 2017) and this reflects the amount of money held by the Authority on behalf of its service users.

**12.3 Amenity Funds**

Amenity funds represent funds held on behalf of establishments such as day centres and residential homes. Payments are for items purchased for the benefit of residents and clients of these establishments and the income is generated from donations and gifts etc from families of clients and bequests from the estates of deceased clients. The balance as at 31<sup>st</sup> March 2018 was £102,294 (£82,753 as at 31<sup>st</sup> March 2017).

Amenity funds also represent funds held on behalf of establishments such as childrens centres/playgroups. Payments are for items purchased for the benefit of residents and clients of these establishments and the income is generated from donations and gifts etc from families of clients and bequests from the estates of deceased clients. The balance as at 31<sup>st</sup> March 2018 was £5,584 (£5,453 as at 31<sup>st</sup> March 2017).

**12.4 Staff Benefit Accounts**

Staff Benefit Accounts represent funds held on behalf of staff working within particular establishments. Income is derived from donations received from families of clients and bequests from the estate of deceased clients. Payments are for items that benefit all staff working in a particular establishment. The balance as at 31<sup>st</sup> March 2018 was £6,435 (£7,846 as at 31<sup>st</sup> March 2017).

## 13 GLOSSARY OF TERMS

The following section attempts to explain the meaning of some of those technical terms that are used in the Statements. The section is split into General and those terms relating to the Pension Fund Accounts.

### **General**

#### ***Accrual***

An accrual is a sum shown in our accounts to cover income or expenditure for the accounting period that was not paid at the date of the balance sheet.

#### ***Assets Held for Sale***

These are assets which are no longer being used to provide a service and are being actively marketed with the likelihood of sale being highly probable within 1 year.

#### ***Audit***

An audit is an independent examination of our activities.

#### ***Balance***

The surplus or deficit on any account at any point in time.

#### ***Balance Sheet***

This is a statement of our assets, liabilities and other balances at the end of the financial year.

#### ***Bid Price***

The price that a third party would pay the scheme in an arm's length transaction for the investment.

#### ***Billing Authority***

A local authority responsible for collecting the council tax and non-domestic rates.

#### ***Budget***

A budget is a spending plan, usually for the following financial year.

#### ***Capital Expenditure***

Capital expenditure is spending on non-current assets such as Property, Plant and Equipment, Investment Properties and Heritage Assets. This would include the purchase or construction of new assets, together with subsequent expenditure on major maintenance or development work.

#### ***Capital Receipt***

These are the sales proceeds from the disposal of land and buildings which are restricted in their use by statute. They can only be used to fund new capital expenditure or set aside to finance historic capital expenditure.

#### ***Council Fund***

The main revenue fund of the local authority. Day to day spending on services is met from this fund.

#### ***Council Tax***

The main source of local taxation to local authorities. Council tax is levied on households within its area by the Billing Authority and the proceeds are used to meet the Billing Authority's council tax requirement and to pay the precepting authorities.

**Creditor**

A creditor is someone to whom money is owed at the end of the financial year for work done, goods received or services rendered.

**Current Assets**

These are short-term assets that are available for us to use in the following accounting year.

**Current Liabilities**

These are short-term liabilities that are due for payment by us in the following accounting year.

**Debtor**

A debtor is someone who owes money to us at end of the financial year.

**Depreciation**

Depreciation is a method of allocating the cost of Property Plant and Equipment assets over their useful lives.

**Direct Revenue Financing**

Resources provided from an authority's revenue budget to finance the cost of capital projects.

**Earmarked Reserves**

These are reserves that have been set aside for a specific purpose.

**Fees And Charges**

Income raised by charging users of services for the facilities, e.g. charges for the use of leisure facilities, car parking, the collection of trade refuse etc.

**Financial Year**

This is the accounting period. For local authorities it starts on 1 April and finishes on 31 March in the following year.

**Finance Leases**

A means by which capital items are bought. (When we use finance leases we take on most of the risks (and rewards) of owning the assets.)

**Gross Expenditure**

The total cost of providing the council's services before taking into account income, such as fees and charges for services etc.

**Heritage Assets**

Heritage Assets are defined as those that are held and maintained principally for their contribution to knowledge and culture.

**Housing Benefit**

An allowance to persons on low income (or none) to meet in whole or part their rent. Benefit is allowed or paid by local authorities but central government refunds part of the costs of the benefits and of the running costs of the service to local authorities. Benefit paid to the Authority's own tenants is known as 'rent rebate' and that paid to private sector tenants as 'rent allowance'.

**Housing Revenue Account (HRA)**

This account contains all our housing income and expenditure.

**IFRS**

International Financial Reporting Standard.

**IFRIC**

International Financial Reporting Interpretations Committee.

The above two are accounting standards which provide a guideline for financial accounting.

**Investment Properties**

These are properties that are being held solely to earn rentals or for capital appreciation or both, rather than for the provision of services

**Liability**

A liability is an amount due and payable at some time in the future.

**Minimum Revenue Provision (MRP)**

This is the amount we have to set aside to repay loans.

**National Non-Domestic Rates (NNDR)**

The NNDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local Authority spending. The NNDR is set by Government and is a percentage of the rateable values. The percentage is the same throughout Wales. The total collected is split among individual authorities in proportion to their adult populations.

**Net Realisable Value**

The selling price of the asset reduced by the relevant costs of selling it.

**Operating Leases**

A means by which capital items are bought.

These are leases where risks (and rewards) of ownership of the asset remain with the owner.

**Pensions Assets/Liabilities (Notes to the Movement in Net Pension Liabilities)**

**The Current Service Costs - the value of the increase in liabilities for active members as a result of their** service increasing by one year (i.e. from the start of the year to the end of the year), less any employee contributions.

**Employer Contributions** - The employer contributions are the amounts actually paid by the employer during the year. They include any amounts paid in respect of early retirement strains and any recharges in respect of compulsory added years benefits.

**Past Service Costs** - Past service costs arise when the employer makes a commitment to provide a higher level of benefit than previously promised, for example the creation of a pension benefit for a spouse where such a benefit did not previously exist or a grant of early retirement with added-on years of service.

**Interest Costs** - The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period. Another way of viewing the "interest on liabilities" is the unwinding of 1 year's discounting in relation to the liabilities.

**Interest on Pension Assets** – This is the interest on assets held at the start of the period and cashflows occurring during the period, calculated using the discount rate at the start of the year.

**Remeasurements (assets)** – This is the return on plan assets net of administration expenses and interest income. It replaces actuarial gains and losses on assets. For the LGPS, any change as a result of reviewing an employer's allocation of assets as at an actuarial valuation will also be included within remeasurements.

**Remeasurements (liabilities)** – Remeasurements (liabilities) can be sub-divided into 'Changes in actuarial assumptions' and 'Experience (gains) losses on liabilities'. 'Changes in actuarial assumptions' is not shown as its own separate entry but instead the changes in demographic and financial assumptions are shown separately.



**Gains or Losses on Settlements or Curtailment** - Where under the scheme rules the employees have the option to retire early or transfer out of the scheme, the resulting settlements and curtailments are allowed for in the normal demographic assumptions made by the actuary and any gains and losses arising are actuarial gains and losses. Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the employer becomes demonstrably committed to the transaction and recognised in the profit and loss account covering that date. Gains arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction and recognised in the profit and loss account covering that date.

**Pension Fund**

The fund maintained to meet pension payments on the retirement of participants.

**Precepting Authorities**

Those authorities which are not billing authorities, i.e. do not collect the council tax and non-domestic rates. For Carmarthenshire County Council the precepting authorities are Dyfed Powys Police and the Town & Community Councils.

**Precepts**

This is the amount that we levy/pay to a Non-Billing Authority (for example a Community Council) so that it can cover its expenses (after allowing for its income).

**Property, Plant and Equipment**

These are assets with a physical substance that are held for use in the production or supply of goods and services, for rental to others (as part of a service) or for administrative purposes. Any asset included in this category is expected to be used for more than one financial year.

**Provision**

Provisions are amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

**Prudential Code**

The Prudential Code is a professional code of practice to support local authorities in making capital investment decisions.

**Public Works Loan Board (PWLB)**

This is a Government agency that provides longer-term loans to local authorities. It charges interest rates only slightly higher than those at which the Government itself can borrow.

**Reserve**

Reserves are amounts set aside that do not fall within the definition of provisions and include general reserves (or 'balances') which every Authority must maintain as a matter of prudence.

**Revenue Account**

This is an account that records our day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

**Revenue Support Grant**

The main grant paid by Welsh Government to support the local authority budget.

**Securities**

These are investments such as stocks, shares and bonds.

**SeRCoP**

Service Reporting Code of Practice - establishes proper practices with regard to consistent financial reporting for services – all local authorities in the United Kingdom are expected to adopt its mandatory requirements and detailed recommendations. It is also expected that CIPFA members will comply with all the discretionary requirements of SeRCoP as it defines best practice in terms of financial reporting.

**Inventories**

Inventories are raw materials purchased for day-to-day use. The value of those items not used at the end of the financial year is shown within current assets in the balance sheet.

**Subjective Analysis**

An analysis of income and expenditure according to type. Such expenditure headings include employee, premises and transport expenses. Income includes government grants and fees and charges.

**Variance**

The difference between actual expenditure and budget - expressed in cash or percentage terms.

**Wales Audit Office**

An independent body lead by the Auditor General for Wales who is responsible for the appointment of external auditors to local authorities.

**PWYLLGOR ARCHWILIO  
28 MEDI 2018**

<b>Cyfriflen Cronfa Bensiwn Dyfed 2017-2018</b>		
<b>Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:</b>		
Cymeradwyo'r Datganiad Cyfriflen Cronfa Bensiwn Dyfed 2017-2018 ar ôl yr archwiliad.		
<b>Y Rhesymau:</b>		
Mae angen i'r Cyngor gymeradwyo Cyfriflen Cronfa Bensiwn Dyfed 2017-2018 erbyn 30 Medi 2018 i gydymffurfio â Rheolau Cyfrifon ac Archwilio (Cymru) 2014.		
Mae gan y Pwyllgor Archwilio bwer dirprwyedig i gymeradwyo'r Cyfrifon yn unol a'r Mesuriad Llywodreath Leol.		
Ymgynghorwyd â'r pwyllgor craffu perthnasol NADDO		
Angen i'r Bwrdd Gweithredol wneud penderfyniad NAC OES		
Angen i'r Cyngor wneud penderfyniad NAC OES		
<b>YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-</b>		
Cyng. David Jenkins		
Y Gyfarwyddiaeth: Gwasanaethau Corfforaethol	Swydd:	Rhif ffôn: 01267 224120
Awdur yr Adroddiad: Chris Moore	Cyfarwyddwr y Gwasanaethau Corfforaethol	Cyfeiriad E-bost: <a href="mailto:CMoore@sirgar.gov.uk">CMoore@sirgar.gov.uk</a>

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**28<sup>th</sup> September 2018**

**Dyfed Pension Fund Statement of Accounts 2017-2018**

In line with the Accounts and Audit (Wales) Regulations 2014, the Dyfed Pension Fund Statement of Accounts is now presented to Audit Committee for approval.

There are presentational misstatements that have been corrected by management. They did not affect the overall Fund Account or Net Asset Statement.

The changes agreed with WAO have been reflected in the Statement of Accounts presented for approval.

**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: **Chris Moore**

**Director of Corporate Services**

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

**Legal**

Compliance with the Accounts and Audit Regulations 2014

## CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below  
Signed: Chris Moore Director of Corporate Services

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
Accounts and Audit (Wales) Regulations 2014		Corporate Services Department, County Hall, Carmarthen
Code of Practice on Local Authority Accounting 2017		Corporate Services Department, County Hall, Carmarthen

Mae'r dudalen hon yn wag yn fwriadol

## DYFED PENSION FUND STATEMENT OF ACCOUNTS 2017-2018

### NARRATIVE REPORT

The Dyfed Pension Fund accounts are set out on the following pages and provide information about the financial position, performance and financial adaptability of the Fund for the year 2017-18. They show the results of the stewardship of management, that is, the accountability of management for the resources entrusted to it, and of the disposition of its assets at the period end.

The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 (the "Code"), which is based upon International Financial Reporting Standards (IFRS), as amended for the public sector. Reference is also made to the Financial Reports of Pension Schemes – A Statement of Recommended Practice published by the Pensions Research Accountants Group (PRAG) where it is felt that these disclosures provide more sufficient detail.

For readers with a more detailed or specialist interest of the operation of the Dyfed Pension Fund during 2017-2018, reference should be made to the Annual Report and Accounts 2017-18 (when published).

The main accounts and reports contained within this Statement of Accounts are as follows:

- The Fund Account.
- The Net Assets Statement.
- The Statement by the Consulting Actuary

### STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

#### **The Authority's Responsibilities**

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Director of Corporate Services
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- To approve the Statement of Accounts

## **Audit Committee Approval**

Approval of Dyfed Pension Fund Statement of Accounts post audit

Chair of Audit Committee

Dated: 28 September 2018

## **The Director of Corporate Services' Responsibilities**

The Director of Corporate Services is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Kept proper and timely accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;

## **Certification of Accounts**

I certify that the Statement of Accounts on pages 3 to 37 gives a true and fair view of the financial position of the Dyfed Pension Fund at 31<sup>st</sup> March 2018 and its income and expenditure for the year ended 31<sup>st</sup> March 2018.

Chris Moore FCCA  
Director of Corporate Services

Dated: 19 September 2018



# **The independent auditor's report of the Auditor General for Wales to the members of Carmarthenshire County Council as administering authority for Dyfed Pension Fund**

## **Report on the audit of the financial statements**

### **Opinion**

I have audited the financial statements of Dyfed Pension Fund for the year ended 31<sup>st</sup> March 2018 under the Public Audit (Wales) Act 2004. Dyfed Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31<sup>st</sup> March 2018 and of the amount and disposition at that date of its assets and liabilities,
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The responsible financial officer is accountable for the other information in the Statement of Accounts. The other information comprises the narrative report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Report on other requirements**

#### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative report for the financial year for which the financial statements are prepared is consistent with the financial statements and the annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013.

#### **Matters on which I report by exception**

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Dyfed Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

### **Responsibilities**

#### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the financial statements set out on pages 1 to 2, the responsible financial officer is accountable for the preparation of the financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the responsible financial officer is accountable for assessing the pension fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

#### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Anthony J Barrett  
For and on behalf of the Auditor General for Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

28 September 2018

## Fund Account for the Year Ended 31 March 2018

2016-17 £'000		<u>Note</u>	2017-18 £'000
	<b>Dealings with members, employers and others directly involved in the Fund</b>		
	Contributions		
	Employer		
36,980	Normal		42,417
7,125	Augmentation		7,475
7,951	Past Service Deficit		3,549
	Member		
17,739	Normal		18,077
76	Additional voluntary		152
1,889	Transfers in from other pension funds	6	1,699
<u>71,760</u>			<u>73,369</u>
	Benefits payable		
(61,761)	Pensions payable		(64,232)
(13,099)	Commutation and lump sum retirement benefits		(14,161)
(1,834)	Lump sum death benefits		(1,807)
(3,452)	Payments to and on account of leavers	7	(2,304)
<u>(80,146)</u>			<u>(82,504)</u>
<b>(8,386)</b>	<b>Net Additions (Withdrawals) from dealings with Members</b>		<b>(9,135)</b>
(7,371)	Management Expenses	8	(11,216)
<u>(15,757)</u>	<b>Net Additions (Withdrawals) including fund management expenses</b>		<b>(20,351)</b>
	<b>Returns on Investments</b>		
31,508	Investment Income	9	19,086
(47)	Taxes on Income (Irrecoverable Withholding Tax)	10	(138)
	Changes in the market value of investments		
374,710	Unrealised	11.2	(162,391)
52,245	Realised	11.3	260,838
<u>458,416</u>	<b>Net Return on Investments</b>		<u>117,395</u>
<u>442,659</u>	<b>Net Increase (Decrease) in the net assets available for benefits during the year</b>		<u>97,044</u>
1,900,409	Opening Net Assets of Scheme		2,343,068
<u><u>2,343,068</u></u>	<b>Closing Net Assets of Scheme</b>		<u><u>2,440,112</u></u>

## Net Assets Statement for the year ended 31 March 2018

31/03/17 £'000		<u>Note</u>	31/03/18 £'000
2,330,544	Investment Assets		2,428,563
4,880	Cash deposits		6,587
(246)	Investment liabilities		0
<u>2,335,178</u>		11.1	<u>2,435,150</u>
11,164	Current assets	16	9,563
(3,274)	Current liabilities	17	(4,600)
<u>7,890</u>	Net Current Assets/(Liabilities)		<u>4,963</u>
<u><b>2,343,068</b></u>	<b>Total Net Assets</b>		<u><b>2,440,112</b></u>

## Reconciliation of the movement in Fund Net Assets

2016-17 £'000		2017-18 £'000
1,900,409	Opening Net Assets	2,343,068
15,704	Net New Money Invested	(1,403)
426,955	Profit and losses on disposal of investments and changes in the market value of investments	98,447
<u><b>2,343,068</b></u>	<b>Closing Net Assets of Fund</b>	<u><b>2,440,112</b></u>

## Notes to the Dyfed Pension Fund Accounts for the year ended 31 March 2018

### 1 Description of the Fund

The Dyfed Pension Fund (the Fund) is part of the Local Government Pension Scheme and is administered by Carmarthenshire County Council.

The following description of the Fund is a summary only. For more detail, reference should be made to the Annual Report and Accounts 2017-2018 (when published) and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

#### 1.1 General

The Fund is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- the LGPS Scheme Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016.

It is a contributory defined pension scheme administered by Carmarthenshire County Council to provide pensions and other benefits for pensionable employees of Carmarthenshire County Council, Pembrokeshire County Council, Ceredigion County Council and a range of other scheduled and admission bodies within the former Dyfed geographical area. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The Fund is overseen by the Dyfed Pension Fund Committee (the Committee).

#### 1.2 Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Dyfed Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admission bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admission bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 65 employer organisations within the Dyfed Pension Fund as at 31 March 2018 and these are detailed in Note 21. The membership details of these organisations are summarised below:

<b>31/03/17</b>		<b>31/03/18</b>
19,052	Number of active contributors in the Fund	18,575
12,003	Number of pensioners	12,585
14,904	Number of deferred pensioners	15,354
<b><u>45,959</u></b>	<b>Total membership</b>	<b><u>46,514</u></b>
51	Number of employers with active members	51

These figures reflect the recorded position as at 31 March 2018 but are always subject to some movement post year end for notifications from employing bodies received after this date.

### 1.3 Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2018. Employee contributions are matched by employers' contributions which are set based on the triennial actuarial funding valuation as at 31 March 2016. Currently, employer contribution rates range from 7.4% to 27.7% of pensionable pay as detailed in Note 21.

### 1.4 Benefits

Pension benefits under the LGPS are based on final pensionable pay and length of pensionable service, summarised below:

	<b>Service pre 1 April 2008</b>	<b>Service 31 March 2008 - 31 March 2014</b>
<b>Pension</b>	Each year is worth $1/80 \times$ final pensionable salary.	Each year is worth $1/60 \times$ final pensionable salary.
<b>Lump Sum</b>	Automatic lump sum of $3 \times$ salary. In addition, part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1<sup>st</sup> April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of  $1/49^{\text{th}}$ . Accrued pension is uprated annually in line with the Consumer Price Index. Part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

There are a range of other benefits provided under the scheme including early retirement, ill-health pensions and death benefits. For more details, please refer to the Dyfed Pension Fund website – [www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk)

## 2 **Basis of preparation**

The Statement of Accounts summarises the Fund's transactions for the 2017-2018 financial year and its position at year end as at 31 March 2018. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-2018 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed in the Statement by the Consulting Actuary.

### **3 Summary of significant accounting policies**

#### Fund Account – revenue recognition

##### **3.1 Contributions**

Normal contributions, both from members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

##### **3.2 Transfers to and from other schemes**

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

##### **3.3 Investment income**

###### **3.3.1 Interest income**

Interest income is recognised in the fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

###### **3.3.2 Dividend income**

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

###### **3.3.3 Distributions from pooled funds**

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

### 3.3.4 Movement in the net market value of investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

### 3.4 Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

### 3.5 Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

As Carmarthenshire County Council is the administering Authority, VAT is recoverable on all Fund Activities. The Accounts are shown exclusive of VAT.

### 3.6 Management Expenses

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

All administrative expenses are accounted for on an accruals basis. All staff costs of the pensions administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to the Fund in accordance with council policy.

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

An element of one of the Investment Managers' fees is performance related. The performance related fee was £0.58m in 2017-2018 (2016-2017: Fee was £0.18m).

Where an investment manager's fee note has not been received by the year end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2017-2018, no fees are based on such estimates (2016-2017: £0.2m).

The costs of the council's pension investments team are charged direct to the fund and a proportion of the council's costs representing management time spent by officers on investment management is also charged to the fund.



## Net assets statement

### 3.7 Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined as follows:

#### 3.7.1 Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

#### 3.7.2 Fixed interest securities

Fixed interest securities are recorded at net market value.

#### 3.7.3 Unquoted investments

Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the investment manager.

#### 3.7.4 Limited partnerships

Fair value is based on the net asset value ascertained from periodic valuations by those controlling the partnership.

#### 3.7.5 Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if available. If this is not available then these investments will be valued at the closing single price. In the case of accumulation funds, the change in market value will also include income which is reinvested in the Fund.

### 3.8 Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market value of overseas investments and purchases and sales outstanding at the end of the reporting period.

### 3.9 Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

The Fund has had its own bank accounts, which deal with the transactions of the Fund, since 1 April 2011, in accordance with section 6 of the Local Government Pension Scheme (Management and Investment of Pension Funds) Regulations 2009.

Cash balances held by the Fund are invested on a short term basis on the London Money Market by Carmarthenshire County Council until it is required to meet its liabilities or to transfer surplus cash to the investment managers for reinvestment.

### 3.10 Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net asset statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

### 3.11 Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a reference in the accompanying actuarial report.

### 3.12 Additional voluntary contributions (AVC)

Occupational Pension Schemes are required by Statute to provide in-house AVC arrangements. The Fund has joint providers: Prudential, Standard Life and Equitable Life, where a range of investment options are available.

It is for individual scheme members to determine how much they contribute (subject to HM Revenue & Customs limits) and the investment components or its mix.

AVC's are invested separately from the assets of the Fund and are not included in the accounts in accordance with section 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Pension Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only - Note 18.

## **4 Critical judgements in applying accounting policies**

### 4.1 Fund liability

The Fund's liability is calculated every three years by the appointed actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 22. This estimate is subject to significant variances based on changes to the underlying assumptions.

### 4.2 Unquoted Property investments – Partners Group Red Dragon Limited Partnership

In assessing the fair value of non-traded financial instruments, the Limited Partnership uses a variety of market and income methods such as time of last financing, earnings and multiple analysis, discounted cash flow method and third party valuation and makes assumptions that are based on market conditions and expected market participant assumptions existing at the end of each reporting period. Other information used in determining the fair value of non-traded financial instruments include latest financial reports, subsequent cash flows and internally performed monitoring of triggering events (such as exits and IPOs) as well as pricing movements in comparable investments together with techniques such as option pricing models and estimated discounted value of future cash flows. These practices are in line with widely used international industry guidelines. The value of the Partners Group Red Dragon Limited Partnership as at 31 March 2018 was £44.0m (31 March 2017: £37.1m).

## 5 Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the net assets statement at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured.  However, the assumptions interact in complex ways.
Property – Limited Partnership investments	The Limited Partnership property investments are valued in line with widely used industry guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total Limited Partnership property investments are £44.0m. There is a risk that this investment may be under or overstated in the accounts.

## 6 Transfers in from other pension funds

2016-17		2017-18
£'000		£'000
0	Group transfers	0
1,889	Individual transfers	1,699
<u>1,889</u>		<u>1,699</u>

## 7 Payments to and on account of Leavers

2016-17		2017-18
£'000		£'000
(138)	Refunds to members leaving service	(150)
(1)	Payments for members joining state scheme	(12)
0	Group transfers	0
(3,313)	Individual transfers	(2,142)
<u>(3,452)</u>		<u>(2,304)</u>

## 8 Management Expenses

2016-17		2017-18
£'000		£'000
(942)	Administrative costs	(1,053)
(5,941)	Investment management expenses (Note 13)	(9,710)
(488)	Oversight and governance costs	(453)
<u>(7,371)</u>		<u>(11,216)</u>

2017-18 Audit fees of £28,054 included within Oversight and governance costs. (2016-17 £28,858)

## 9 Investment Income

2016-17		2017-18
£'000		£'000
21,921	Income from equities	10,189
9,597	Pooled property investments	8,879
(10)	Interest on cash deposits	18
<u>31,508</u>		<u>19,086</u>

## 10 Taxation

2016-17		2017-18
£'000		£'000
0	Withholding tax - Bonds	0
(47)	Withholding tax - equities	(138)
0	Withholding tax - pooled	0
<u>(47)</u>		<u>(138)</u>

## 11 Investments

### 11.1 Net investment assets

Fair value 31/03/2017 £'000		Fair value 31/03/2018 £'000
	<b><u>Investment assets</u></b>	
	<b>Bonds</b>	
221,350	UK Corporate Bonds - BlackRock	240,907
219,346	Indexed Linked Securities - BlackRock	248,675
	<b>Equities</b>	
568,252	UK Quoted Equities - BlackRock	480,061
	<b>Pooled Investments</b>	
578,845	Overseas equities - BlackRock	673,513
270,933	Global equities - Baillie Gifford	306,577
249,594	- Columbia Threadneedle	240,409
	<b>Pooled property investments</b>	
183,045	- Schroders	196,129
29,373	- Partners Group	35,745
	<b>Property</b>	
1,144	- Schroders	343
4,822	- Partners Group	5,714
	<b>Cash deposits</b>	
1,705	- BlackRock	258
275	- Schroders	3,829
2,900	- Partners Group	2,500
	<b>Investment income due</b>	
3,126	- BlackRock	0
45	- Schroders	265
	<b>Tax reclaims due</b>	
312	- BlackRock	132
99	- Schroders	93
	<b>Amounts receivable for sales</b>	
258	- BlackRock	0
<b>2,335,424</b>	<b>Total investment assets</b>	<b>2,435,150</b>
	<b><u>Investment liabilities</u></b>	
	<b>Amounts payable for purchases</b>	
(246)	- BlackRock	0
<b>(246)</b>	<b>Total investment liabilities</b>	<b>0</b>
<b>2,335,178</b>	<b>Net investment assets</b>	<b>2,435,150</b>

## 11.2 Reconciliation of movements in investments

During the year, investments purchased totalled £1,042m whilst sales totalled £778m. The sales realised a net gain of £264m. Acquisition costs are included in the purchase price of the investment.

	Fair value 31/03/2017 £'000	Purchases at Cost £'000	Sales at Cost £'000	Cash movement £'000	Change in unrealised gains/(losses) £'000	Fair value 31/03/2018 £'000
Bonds	440,696	40,488	(33)	0	8,431	489,582
Equities	568,252	573,159	(549,510)	0	(111,840)	480,061
Pooled investments	1,099,372	400,431	(207,119)	0	(72,185)	1,220,499
Pooled property investments	212,418	28,308	(20,504)	0	11,652	231,874
Property	5,966	25	(1,266)	0	1,332	6,057
	<b>2,326,704</b>	<b>1,042,411</b>	<b>(778,432)</b>	<b>0</b>	<b>(162,610)</b>	<b>2,428,073</b>
<b>Other investment balances</b>						
Cash deposits	4,880	0	0	1,707	0	6,587
Amount receivable for sales investments	258	0	0	(258)	0	0
Investment income due	3,171	0	0	(3,126)	220	265
Tax reclaims due	411	0	0	(186)	0	225
Amounts payable for purchases investments	(246)	0	0	246	0	0
	<b>2,335,178</b>	<b>1,042,411</b>	<b>(778,432)</b>	<b>(1,617)</b>	<b>(162,390)</b>	<b>2,435,150</b>

	Fair value 31/03/2016 £'000	Purchases at Cost £'000	Sales at Cost £'000	Cash movement £'000	Change in unrealised gains/(losses) £'000	Fair value 31/03/2017 £'000
Bonds	355,254	38,086	(9,469)	0	56,825	440,696
Equities	450,678	56,152	(10,681)	0	72,103	568,252
Pooled investments	874,407	1,081	(25,847)	0	249,731	1,099,372
Pooled property investments	202,363	25,283	(12,918)	0	(2,310)	212,418
Property	7,381	269	0	0	(1,684)	5,966
	<b>1,890,083</b>	<b>120,871</b>	<b>(58,915)</b>	<b>0</b>	<b>374,665</b>	<b>2,326,704</b>
<b>Other investment balances</b>						
Cash deposits	1,715	0	0	3,165	0	4,880
Amount receivable for sales investments	1,193	0	0	(935)	0	258
Investment income due	2,973	0	0	153	45	3,171
Tax reclaims due	364	0	0	47	0	411
Amounts payable for purchases investments	(948)	0	0	702	0	(246)
	<b>1,895,380</b>	<b>120,871</b>	<b>(58,915)</b>	<b>3,132</b>	<b>374,710</b>	<b>2,335,178</b>

11.3 Realised gains and losses

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>		<b>£'000</b>
2,796	Bonds	1
9,683	Equities	111,116
35,128	Pooled Investments	143,909
4,508	Pooled property investments	6,337
130	Property	(525)
<b><u>52,245</u></b>		<b><u>260,838</u></b>

11.4 Geographical analysis of investments

<b>Fair value</b>	<b>Geographical analysis</b>	<b>Fair value</b>
<b>31/03/17</b>		<b>31/03/18</b>
<b>£'000</b>		<b>£'000</b>
1,260,994	UK	1,237,439
124,203	Europe (excl UK)	137,572
483,243	North America	487,562
84,628	Japan	95,899
125,034	Pacific Rim	113,639
255,575	Emerging Markets	281,405
1,501	International pooled funds	81,634
<b><u>2,335,178</u></b>		<b><u>2,435,150</u></b>

11.5 Fund manager analysis

<b>Fair value</b>	<b>Fund manager analysis</b>	<b>Fair value</b>
<b>31/03/17</b>		<b>31/03/18</b>
<b>£'000</b>		<b>£'000</b>
1,592,948	BlackRock	1,643,546
184,608	Schroders	200,659
37,095	Partners Group	43,959
270,933	Baillie Gifford	306,577
249,594	Columbia Threadneedle	240,409
<b><u>2,335,178</u></b>		<b><u>2,435,150</u></b>

## 12 Concentration of Investments

The following investments represent more than 5% of the Fund's total net assets as at 31 March 2018:

	<b>Value as at 31/03/2018</b>	<b>Proportion of Investment Portfolio</b>
	<b>£'000</b>	<b>%</b>
BlackRock Aquila Life UK Equity Index Fund	480,057	19.71
Baillie Gifford Global Alpha Growth Fund	306,577	12.59
BlackRock Aquila Life over 5yr UK index linked	248,675	10.21
Blackrock Active Selection Fund UK	240,907	9.89
Columbia Threadneedle Global Equity Fund	240,408	9.87
Blackrock Ascent Life US Equity Fund	240,054	9.86
Blackrock Active Selection Fund - Emerging Market Index Fund	153,888	6.32

## 13 Investment Management Expenses

<b>2016-17</b>		<b>2017-18</b>
<b>£'000</b>		<b>£'000</b>
(3,813)	Management fees	(4,190)
(180)	Performance related fees	(577)
(50)	Custody fees	(29)
<u>(1,898)</u>	Transaction costs	<u>(4,914)</u>
<b><u>(5,941)</u></b>		<b><u>(9,710)</u></b>



## 14 Financial Instruments

### 14.1 Classification of financial instruments

Accounting policies describe how different asset classes are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities (excluding cash) by category and net assets statement heading.

2016-17				2017-18			
Designated at fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000	Designated at fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000
<b>Financial assets</b>							
440,696	0	0	440,696	489,582	0	0	489,582
568,252	0	0	568,252	480,061	0	0	480,061
1,099,372	0	0	1,099,372	1,220,499	0	0	1,220,499
Pooled property							
212,418	0	0	212,418	231,874	0	0	231,874
5,966	0	0	5,966	6,057	0	0	6,057
0	9,768	0	9,768	0	11,494	0	11,494
Other investment							
3,840	0	0	3,840	490	0	0	490
0	6,276	0	6,276	0	4,655	0	4,655
<b>2,330,544</b>	<b>16,044</b>	<b>0</b>	<b>2,346,588</b>	<b>2,428,563</b>	<b>16,149</b>	<b>0</b>	<b>2,444,712</b>
<b>Financial liabilities</b>							
Other investment							
(246)	0	0	(246)	0	0	0	0
0	0	(3,274)	(3,274)	0	0	(4,600)	(4,600)
<b>(246)</b>	<b>0</b>	<b>(3,274)</b>	<b>(3,520)</b>	<b>0</b>	<b>0</b>	<b>(4,600)</b>	<b>(4,600)</b>
<b>2,330,298</b>	<b>16,044</b>	<b>(3,274)</b>	<b>2,343,068</b>	<b>2,428,563</b>	<b>16,149</b>	<b>(4,600)</b>	<b>2,440,112</b>

### 14.2 Net gains and losses on financial instruments

2016-17 £'000	2017-18 £'000
<b>Financial assets</b>	
426,955	98,447
<b>426,955</b>	<b>98,447</b>
<b>0 Total Financial liabilities</b>	
<b>426,955</b>	<b>98,447</b>

### 14.3 Fair value of financial instruments and liabilities

The following table summarises the carrying value of the financial assets and financial liabilities by class of instrument compared with their fair values:

<b>Carrying value</b>	<b>Fair value</b>		<b>Carrying value</b>	<b>Fair value</b>
<b>31/03/17</b>	<b>31/03/17</b>		<b>31/03/18</b>	<b>31/03/18</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
<b>Financial assets</b>				
1,541,819	2,330,544	Fair value through profit and loss	1,802,228	2,428,562
16,044	16,044	Loans and receivables	16,151	16,151
<b>1,557,863</b>	<b>2,346,588</b>	<b>Total financial assets</b>	<b>1,818,378</b>	<b>2,444,713</b>
<b>Financial liabilities</b>				
(246)	(246)	Fair value through profit and loss	0	0
(3,274)	(3,274)	Financial liabilities at amortised cost	(4,600)	(4,600)
<b>(3,520)</b>	<b>(3,520)</b>	<b>Total financial liabilities</b>	<b>(4,600)</b>	<b>(4,600)</b>
<b>1,554,343</b>	<b>2,343,068</b>	<b>Total</b>	<b>1,813,778</b>	<b>2,440,112</b>

### 14.4 Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

#### Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed interest securities, quoted index linked securities and certain unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

#### Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

#### Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include limited partnerships, where fair value is ascertained from periodic valuations provided by those controlling the partnership. Assurance over the valuation is gained from the independent audit of the partnership.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the value at which the fair value is observable.

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
Fair values at 31 March 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
<b>Financial assets</b>				
Financial assets at fair value through profit and loss	1,125,306	1,066,610	236,646	2,428,562
Loans and receivables	16,151	0	0	16,151
<b>Total financial assets</b>	<b>1,141,457</b>	<b>1,066,610</b>	<b>236,646</b>	<b>2,444,713</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit and loss	0	0	0	0
Financial liabilities at amortised cost	(4,600)	0	0	(4,600)
<b>Total financial liabilities</b>	<b>(4,600)</b>	<b>0</b>	<b>0</b>	<b>(4,600)</b>
<b>Net financial assets</b>	<b>1,136,857</b>	<b>1,066,610</b>	<b>236,646</b>	<b>2,440,112</b>

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
Fair values at 31 March 2017 (re-stated)	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
<b>Financial assets</b>				
Financial assets at fair value through profit and loss	1,151,975	961,881	216,689	2,330,545
Loans and receivables	16,044	0	0	16,044
<b>Total financial assets</b>	<b>1,168,019</b>	<b>961,881</b>	<b>216,689</b>	<b>2,346,589</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit and loss	(246)	0	0	(246)
Financial liabilities at amortised cost	(3,274)	0	0	(3,274)
<b>Total financial liabilities</b>	<b>(3,520)</b>	<b>0</b>	<b>0</b>	<b>(3,520)</b>
<b>Net financial assets</b>	<b>1,164,499</b>	<b>961,881</b>	<b>216,689</b>	<b>2,343,069</b>

#### 14.5 Fair value – Basis of valuation

Description of Asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the Valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Pooled Investments – Quoted Equity	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing policy	Not required
Pooled Investments – Property Funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing policy	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
Unquoted Equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Vanture Capital Valuation Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts

#### 14.6 Reconciliation of fair value measurements within level 3

Asset Type	Market Value 1 April 2017 £'000	Transfers into Level 3 £'000	Transfers out of Level 3 £'000	Purchases £'000	Sales £'000	Unrealised Gains / (Losses) £'000	Realised Gains / (Losses) £'000	Market Value 31 March 2018 £'000
Equities - Unquoted overseas equity	6,218	0	0	0	(6,138)	(2,868)	2,788	0
Property	210,470	0	0	28,596	(21,217)	12,146	6,651	236,646
<b>Total</b>	<b>216,688</b>	<b>0</b>	<b>0</b>	<b>28,596</b>	<b>(27,355)</b>	<b>9,278</b>	<b>9,438</b>	<b>236,646</b>

## 14.7 Transfers between levels 1 and 2

There were no transfers between levels 1 and 2 investments during 2017-18.

## 15 **Nature and extent of risks arising from financial instruments**

### 15.1 Risk and risk management

The Fund has developed a formal risk assessment process and maintains a risk register which is updated annually. This ensures that risks are identified appropriately and are assessed and managed effectively.

For more details, and to view the Risk Register, please refer to the Fund's website -

[www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk)

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Authority manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Panel. Risk management policies are established to identify and analyse the risks faced by the Authority's pensions operations. Policies are reviewed regularly to reflect changes in activity and market conditions.

### 15.2 Market risk

Market risk is the risk of loss from fluctuations in equity prices and interest and foreign exchange rates. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Committee and its independent investment adviser undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in three ways:

- The exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments
- By investing in a diverse portfolio in terms of managers and investments and again by the actuary only anticipating a long-term return on a relatively prudent basis to reduce risk of under-performing
-

### 15.3 Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Panel to ensure it is within limits specified in the Fund's investment strategy.

### 15.4 Other price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities shown below, are consistent with a one standard deviation movement in the change in value of the assets over the latest three years:

<b>Asset Type</b>	<b>Potential market movements (+/-)</b>
Cash	1.60%
UK Equities	9.90%
Overseas Equities	12.20%
Global Pooled Equities inc UK	9.80%
UK Corporate Bonds	7.20%
Index Linked Securities	12.50%
Property	4.70%

Had the market price of the Fund increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows:

<b>Asset Type</b>	<b>Value as at 31 March 2018 £'000</b>	<b>Change %</b>	<b>Value on Increase £'000</b>	<b>Value on Decrease £'000</b>
Cash	6,587	1.60%	6,692	6,481
UK Equities	480,061	9.90%	527,586	432,534
Overseas Equities	673,513	12.20%	755,681	591,344
Global Pooled Equities incl UK	546,986	9.80%	600,590	493,381
UK Corporate Bonds	240,907	7.20%	258,252	223,561
Index Linked Gilts	248,675	12.50%	279,760	217,591
Property	237,931	4.70%	249,114	226,749
Sales receivable	(0)	0.00%	(0)	(0)
Purchases payable	(0)	0.00%	(0)	(0)
Income receivables	490	0.00%	491	491
<b>Total Assets</b>	<b>2,435,150</b>		<b>2,678,166</b>	<b>2,192,132</b>

Asset Type	Value as at 31 March		Value on Increase £'000	Value on Decrease £'000
	2017 £'000	Change %		
Cash	4,880	1.90%	4,973	4,787
UK Equities	568,252	9.60%	622,805	513,700
Overseas Equities	578,845	12.30%	650,042	507,647
Global Pooled Equities incl UK	520,527	9.20%	568,415	472,638
UK Corporate Bonds	221,350	7.80%	238,615	204,085
Index Linked Gilts	219,346	13.70%	249,397	189,296
Property	218,384	4.80%	228,866	207,901
Sales receivable	258	0.00%	258	258
Purchases payable	(246)	0.00%	(246)	(246)
Income receivables	3,582	0.00%	3,582	3,582
<b>Total Assets</b>	<b>2,335,178</b>		<b>2,566,707</b>	<b>2,103,648</b>

#### 15.4.1 Sensitivity of assets valued at level 3

Asset Type	Value as at 31 March		Value on Increase £'000	Value on Decrease £'000
	2018 £'000	Change %		
Equities - Unquoted overseas	0	12.20%	0	0
Property	236,646	4.70%	247,769	225,524
<b>Total Level 3 Assets</b>	<b>236,646</b>		<b>247,769</b>	<b>225,524</b>

#### 15.5 Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Committee in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates against the relevant benchmarks.

The actuary, as part of their triennial valuation and dictated by the Funding Strategy Statement, will only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing. Progress is analysed at three yearly valuations for all employers.

The Fund's direct exposure to interest rate movements as at 31 March 2017 and 31 March 2018 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

31/03/17 £'000	Asset type	31/03/18 £'000
4,880	Cash and cash equivalents	6,586
4,888	Cash held at CCC	4,908
440,696	Bonds	489,582
<b>450,464</b>	<b>Total</b>	<b>501,076</b>

#### 15.6 Interest rate risk sensitivity analysis

Interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates:

Asset type	Value as at	Change in year in the net assets	
	31/03/18	available to pay benefits	
	£'000	+1% £'000	-1% £'000
Cash and cash equivalents	6,586	66	(66)
Cash held at CCC	4,908	49	(49)
Bonds	489,582	4,896	(4,896)
<b>Total change in available assets</b>	<b>501,076</b>	<b>5,011</b>	<b>(5,011)</b>

Asset type	Value as at	Change in year in the net assets	
	31/03/17	available to pay benefits	
	£'000	+1% £'000	-1% £'000
Cash and cash equivalents	4,880	49	(49)
Cash held at CCC	4,888	49	(49)
Bonds	440,696	4,407	(4,407)
<b>Total change in available assets</b>	<b>450,464</b>	<b>4,505</b>	<b>(4,505)</b>

#### 15.7 Discount Rate

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.

#### 15.8 Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£ GBP Sterling). The Fund holds both monetary and non-monetary assets denominated in currencies other than £ GBP Sterling.

The Fund's currency rate risk is routinely monitored by the Committee in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.



The following table summarises the Fund's currency exposure as at 31 March 2017 and as at 31 March 2018:

Fair value 31/03/17 £'000	Asset type	Fair value 31/03/18 £'000
1,039,211	Overseas Equities	1,163,608
34,973	Property	34,101
0	Cash	0
<u>1,074,184</u>	<b>Total overseas assets</b>	<u>1,197,709</u>

#### 15.9 Currency risk sensitivity analysis

The aggregate currency exposure within the Fund as at 31 March 2018 was 9.00% (2016-17: 8.30%).

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 9.00% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Asset type	Fair value 31/03/18 £'000	Change in year in the net assets available to pay benefits	
		+9.00% £'000	-9.00% £'000
Overseas equities	1,163,608	104,725	(104,725)
Property	34,101	3,069	(3,069)
Cash	0	0	0
<b>Total change in available assets</b>	<u>1,197,709</u>	<u>107,794</u>	<u>(107,794)</u>

Asset type	Fair value 31/03/17 £'000	Change in year in the net assets available to pay benefits	
		+8.30% £'000	-8.30% £'000
Overseas equities	1,039,211	86,255	(86,255)
Property	34,973	2,903	(2,903)
Cash	0	0	0
<b>Total change in available assets</b>	<u>1,074,184</u>	<u>89,158</u>	<u>(89,158)</u>

#### 15.10 Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the value of the Fund's financial assets and liabilities,

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Employers in the Fund are not currently assessed for their creditworthiness or individual credit limits set. There is risk of being unable to collect contributions from employers with no contributing members (e.g. risk associated with employers with a small number of declining contributing members) so Carmarthenshire County Council monitors membership movements on an annual basis.

New employers to the Fund have to agree to the provision of a bond to prevent the risk of future financial loss to the Fund in the event of not being able to meet its pension liability on cessation. Carmarthenshire County Council currently guarantees to meet any future liabilities falling on the Fund as a result of cessation. This is done to ensure that actuarial recovery periods and amounts are kept at a manageable level for smaller employers.

No collateral is held as security on financial assets. Carmarthenshire County Council does not generally allow credit to employers.

All investments held by investment managers are held in the name of the Dyfed Pension Fund at the custodian – Northern Trust, so if the investment manager fails the Fund's investments are not classed amongst the manager's assets.

Any cash held is in the Carmarthenshire County Council accounts and is invested in line with Carmarthenshire County Council's approved credit rated counterparty list.

#### 15.11 Liquidity risk

This refers to the possibility that the Fund might not have sufficient Funds available to meet its commitments to make payments.

Carmarthenshire County Council has a comprehensive cash flow management system that seeks to ensure that cash is available when needed.

The amount held in the Fund's bank accounts meet the normal liquidity needs of the Fund and any surplus cash is invested. The Fund's actuaries establish what contributions should be paid in order that all future liabilities can be met.

The investments of the Fund are mainly of a liquid nature. Although any forced liquidation of the investments may be subject to a financial loss.

## 16 Current assets

<b>31/03/17</b>		<b>31/03/18</b>
<b>£'000</b>		<b>£'000</b>
	Contributions due from employer	
4,468	- Employer	2,592
1,456	- Employee	1,539
4,888	Cash Balances	4,908
352	Debtors	524
<b><u>11,164</u></b>		<b><u>9,563</u></b>

## 16.1 Analysis of Current assets

<b>31/03/17</b>		<b>31/03/18</b>
<b>£'000</b>		<b>£'000</b>
1	HMRC	5
9,906	Other local authorities	8,247
1	NHS bodies	1
1	Public corporations and trading funds	4
<u>1,255</u>	Other entities and individuals	<u>1,306</u>
<b><u>11,164</u></b>		<b><u>9,563</u></b>

## 17 **Current liabilities**

<b>31/03/17</b>		<b>31/03/18</b>
<b>£'000</b>		<b>£'000</b>
(1,823)	Unpaid benefits	(2,585)
<u>(1,451)</u>	Creditors	<u>(2,015)</u>
<b><u>(3,274)</u></b>		<b><u>(4,600)</u></b>

### 17.1 Analysis of Current liabilities

<b>31/03/17</b>		<b>31/03/18</b>
<b>£'000</b>		<b>£'000</b>
(609)	HMRC	(599)
0	Central government bodies	0
(67)	Other local authorities	(16)
0	NHS bodies	0
(417)	Public corporations and trading funds	(1,023)
<u>(2,181)</u>	Other entities and individuals	<u>(2,962)</u>
<b><u>(3,274)</u></b>		<b><u>(4,600)</u></b>

## 18 **Additional Voluntary Contributions (AVC)**

Occupational Pension Schemes are required by Statute to provide in-house AVC arrangements. The Fund has joint providers: Prudential, Standard Life and Equitable Life, where a range of investment options are available.

It is for individual Scheme members to determine how much they contribute (subject to HMRC limits) and the investment components or its mix.

The contributions made to separately invested AVC schemes and the value of these investments as at the balance sheet date are shown below:

AVC Provider	Value as at 31/03/17 £ '000	Contributions £ '000	Expenditure £ '000	Change in Market Value £ '000	Value as at 31/03/18 £ '000
Prudential	3,767	1,294	(612)	143	4,592
Equitable Life	549	21	(47)	7	530
Standard Life	3,691	487	(652)	84	3,610
<b>Total</b>	<b>8,007</b>	<b>1,802</b>	<b>(1,311)</b>	<b>234</b>	<b>8,732</b>

## 19 Funding arrangements

In line with Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contributions rates for the forthcoming triennial period. The valuation that these financial statements are based on took place as at 31 March 2016. The last such valuation took place as at 31 March 2013 and the next valuation will take place as at 31 March 2019.

For more details, and to view the Funding Strategy Statement (FSS), please refer to the Fund's website – [www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk) and the Annual Report and Accounts 2017-18.

## 20 Related Party Transactions

The Fund is administered by Carmarthenshire County Council (the Authority), consequently there is a strong relationship between the Authority and the Fund.

The Authority incurred costs of £0.956 million (2016-2017: £0.929 million) in relation to the administration of the Fund and was subsequently reimbursed by the Fund.

The Authority is also the single largest employer of members in the Fund and contributed £32.013 million to the Fund in 2017-2018 (2016-2017: £31.756 million).

The Fund holds part of its cash balance with the Authority in order to meet its day to day expenditure. This cash is invested on the Money Markets by the Authority's Treasury Management section. During the year to 31 March 2018, the Fund had an average investment balance of £12.45 million (2016-2017: £6.58 million) earning interest of £45,888 (2016-2017: £26,558).

### 20.1 Governance

#### Pensions Committee

There are three members and one substitute member of the Pension Committee. During 2017-18 these were Councillor Elwyn Williams, Councillor John Prosser (active member), Councillor Jim Jones (active member) and the substitute was Councillor Dai Thomas (active member).

The Director of Corporate Services, Mr Chris Moore, who has the role of Section 151 Officer for the Authority, played a key role in the financial management of the Fund and is also an active member of the Fund.

The Committee members and the Senior Officers that advise the Committee are required to declare their interest at each meeting.

The Committee members and Director of Corporate Services accrue their benefits in line with the regulations encompassing councillors and employees of the employing bodies of the Fund.

## Pension Board

A local Pension Board was approved by County Council on the 11<sup>th</sup> February 2015 effective from 1<sup>st</sup> April 2015 in line with the Public Service Pension Act 2013. It consists of three employer representatives, three member representatives and an independent chair.

For more details, and to view the Governance Policy, please refer to the Fund's website – [www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk) and the Annual Report and Accounts 2017-18.

### 20.2 Key Management Personnel

The key management personnel of the fund is the Section 151 Officer. Total remuneration payable to key management personnel is set out below:

<b>31/03/17</b>		<b>31/03/18</b>
<b>£ '000</b>		<b>£ '000</b>
13	Short-term benefits	14
3	Post-employment benefits	3
<b>16</b>		<b>17</b>

## 21 Employing bodies contribution rates, contributions receivable and benefits payable

2016-17				2017-18			
Contri- bution rate %	Deficit Contri- bution £'000	Contri- butions £'000	Benefits payable £'000	Contri- bution rate %	Deficit Contri- bution £'000	Contri- butions £'000	Benefits payable £'000
<b>Scheduled bodies</b>							
12.9	5,019	26,753	32,822	15.1	2,529	29,484	34,037
13.5	1,152	14,103	16,322	15.6	270	15,687	17,364
13.6	760	9,949	9,927	15.3	90	10,934	10,915
11.6	405	3,643	2,066	13.5	86	4,467	2,398
13.5	138	1,389	1,139	14.1	71	1,341	1,434
15.2	(1)	281	340	15.2	(2)	311	366
14.3	144	1,211	836	14.3	150	1,304	802
15.1	(25)	591	821	15.1	(26)	605	968
12.8	57	847	281	12.8	59	899	297
	7,649	58,767	64,554		3,227	65,032	68,581
<b>Designated (Resolution) bodies</b>							
20.0	2	4	13	20.0	0	8	12
12.6	0	1	0	12.6	0	1	0
18.6	14	72	95	18.6	14	78	74
18.7	0	14	0	18.7	0	21	0
0.0	0	7	0	21.7	0	11	0
27.7	1	5	4	27.7	1	5	4
24.4	0	11	30	-	0	11	30
27.6	7	13	12	27.6	8	15	12
17.3	0	2	1	17.3	0	2	1
21.2	0	1	1	21.2	0	1	1
14.6	12	185	200	15.0	10	164	146
17.8	8	100	76	17.8	9	50	82
12.8	0	6	0	12.8	0	6	0
18.2	4	23	7	18.2	4	23	15
23.5	3	30	7	23.5	3	41	7
13.0	(1)	6	12	13.0	(1)	8	12
12.0	0	10	1	12.0	0	11	0
8.5	0	7	0	8.5	0	7	0
	50	497	459		48	463	396

(continued on next page)

2016-17				2017-18				
Contri- bution rate %	Deficit Contri- bution £'000	Contri- butions £'000	Benefits payable £'000	Contri- bution rate %	Deficit Contri- bution £'000	Contri- butions £'000	Benefits payable £'000	
<b>Admission bodies</b>								
<b>Community Admission Body (CAB)</b>								
13.2	13	32	19	CAVO	13.2	14	32	17
13.3	42	811	891	Careers Wales	13.3	43	811	982
11.7	6	31	46	CAVS	11.7	7	24	32
26.5	(5)	9	0	Carms YFCs	26.5	(5)	11	0
17.9	0	16	39	laith Cyf	17.9	0	13	39
20.0	5	3	16	Leonard Cheshire Disability	20.0	5	2	15
18.1	5	29	49	Llanelli Burial Board	18.1	3	9	34
7.8	3	55	27	Menter Bro Dinefwr	7.8	4	56	10
11.5	16	33	31	Menter Cwm Gwendraeth	11.5	17	34	49
7.4	0	16	0	Menter Gorllewin Sir Gar	7.4	0	18	0
				Menter laith Castell-Nedd Port				
23.7	1	21	10	Talbot	23.7	1	24	10
				Narb. & Dist. Comm & Sports				
16.0	2	9	2	Assoc.	16.0	2	9	2
14.5	4	63	23	PAVS	14.5	4	62	103
12.6	7	45	33	PLANED	12.6	8	55	33
14.2	(42)	265	320	Tai Ceredigion	14.2	(44)	260	226
				University of Wales-Trinity St				
16.5	105	607	563	David	16.5	109	555	511
22.5	77	11	228	Aberystwyth University	22.5	80	11	214
15.1	22	222	371	Welsh Books Council	15.1	23	220	351
				West Wales Action for Mental				
13.8	6	34	40	Health	13.8	7	26	40
17.8	1	52	44	Valuation Tribunal Wales	17.8	1	136	188
13.5	0	7	0	Swim Narberth	13.5	0	8	0
	268	2,371	2,752			279	2,376	2,856
<b>Transferee Admission Body (TAB)</b>								
19.3	(4)	17	36	Grwp Gwalia	19.3	(4)	16	36
21.5	0	15	6	DANFO	21.5	0	10	6
20.3	0	175	198	Human Support Group (HSG)	20.3	0	144	117
	(4)	207	240			(4)	170	159
<b>Bodies with no pensionable employees</b>								
0	0	5	6	DVLA	0	0	5	6
26.1	(12)	0	14	Cardigan Swimming Pool	0	0	0	12
13.4	0	0	73	PRISM	0	0	0	23
0	0	51	325	Dyfed Powys Magistrates Courts	0	0	51	300
0	0	1	5	Carmarthen Family Centre	0	0	1	6
0	0	1	2	Milford Haven Town Council	0	0	1	3
0	0	0	2	Mencap	0	0	0	2
0	0	0	8,198	Dyfed County Council	0	0	0	7,796
0	0	0	2	Dyfed AVS	0	0	0	2
0	0	6	7	NHS	0	0	6	7
0	0	13	42	Welsh Water	0	0	11	35
0	0	0	7	Cwm Environmental	0	0	0	7
0	0	0	5	Cartrefi Cymru	0	0	0	5
0	0	1	1	Rent Officer Service	0	0	1	1
	(12)	78	8,689			0	76	8,205
<b>7,951</b>	<b>61,918</b>	<b>76,694</b>	<b>Total</b>		<b>3,550</b>	<b>68,117</b>	<b>80,197</b>	<b>3</b>

## 21.1 Bodies with No Pensionable Employees where pension increase is recharged

It has been assumed that for the following bodies, the proportion of pension increases stated below will continue to be recharged.

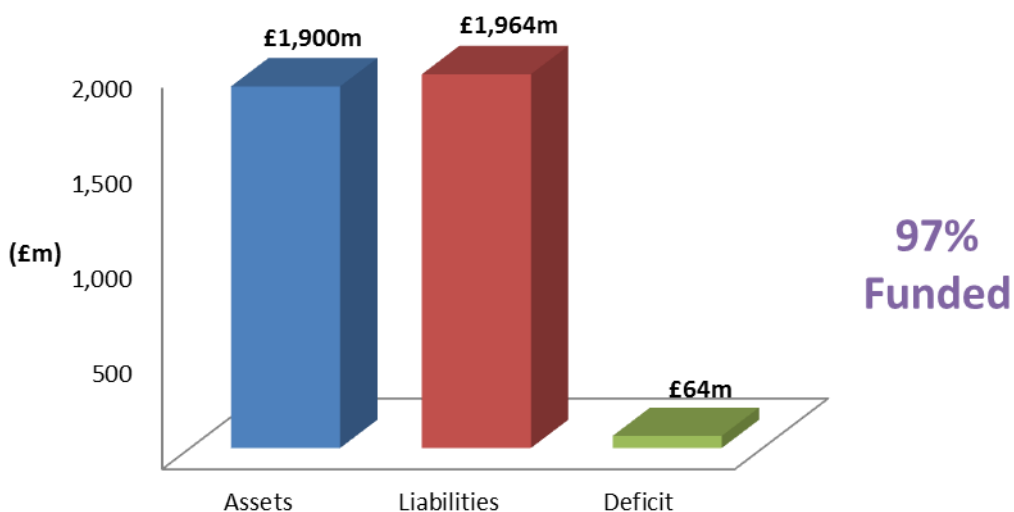
	<b>Proportion to be recharged %</b>
DVLA	100
Milford Haven Town Council	100
National Health Service	100
Carmarthen Family Centre	100
Welsh Water	50

## 22 Actuarial Statement

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Dyfed Pension Fund was carried out as at 31 March 2016 to determine the contribution rates with effect from 1 April 2017 to 31 March 2020.

On the basis of the assumptions adopted, the Fund's assets of £1,900 million represented 97% of the Fund's past service liabilities of £1,964 million (the "Funding Target") at the valuation date. The deficit at the valuation was therefore £64 million.



The valuation also showed that a Primary contribution rate of 15.2% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the Funding Strategy Statement (FSS) is to achieve and then maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall (or contribution reductions to refund any surplus).

The FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average deficit recovery period is 17 years, and the total initial recovery payment (the "Secondary rate") for 2018/19 is approximately £4.6 million per annum (which also includes allowance for some employers to phase in any increases and to prepay contributions). For all employers, the



Secondary rate will increase at 3.7% per annum, except where phasing has been applied. With the agreement of the Administering Authority employers may also opt to pay some of their deficit contributions early in return for a suitably agreed reduction.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2017. In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process. The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Funding Target and the Primary rate of contribution were as follows:

	<b>For past service liabilities (Funding Target)</b>	<b>For future service liabilities (Common Contribution Rate)</b>
Rate of return on investments (discount rate)	4.4% per annum	4.95% per annum
Rate of pay increases (long term)*	3.7% per annum	3.7% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.2% per annum	2.2% per annum

\* allowance was also made for short-term public sector pay restraint over a 4 year period.

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2019. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2020.

### **Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26**

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2018 (the 31 March 2017 assumptions are included for comparison):

	<b>31 March 2017</b>	<b>31 March 2018</b>
Rate of return on investments (discount rate)	2.5% per annum	2.6% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.3% per annum	2.1% per annum
Rate of pay increases*	3.8% per annum	3.6% per annum
Rate of increases in pensions in payment (in excess of GMP)/Deferred revaluation	2.3% per annum	2.2% per annum

\* includes a corresponding allowance to that made in the latest formal actuarial valuation for short-term public sector pay restraint.

The demographic assumptions are the same as those used for funding purposes. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2017.

During the year, corporate bond yields rose slightly, resulting in a higher discount rate being used for IAS 26 purposes at the year-end than at the beginning of the year (2.6% p.a. versus 2.5% p.a.). The expected long-term rate of CPI inflation decreased during the year, from 2.3% p.a. to 2.1%. Both of these factors served to decrease the liabilities over the year.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2017 was estimated as £2,997 million. Interest over the year increased the liabilities by c£75 million, and allowing for net benefits accrued/paid over the period also increased the liabilities by c£46 million (after allowing for any increase in liabilities arising as a result of early retirements/augmentations). There was then a decrease in liabilities of £125 million due to "actuarial gains" (i.e. the effects of the changes in the actuarial assumptions used, referred to above).

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2018 is therefore £2,993 million.

**John Livesey**

**Fellow of the Institute and Faculty of Actuaries**

**Mercer Limited**  
**June 2018**

## **23 Events after the balance sheet date**

There have been no events since 31 March 2018, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

## **24 Accounting Standards that have been issued but have not yet been adopted.**

Where a new Standard has been published but has not yet been adopted by the Code, the Pension Fund is required to disclose information relating to the impact of the accounting change. The changes that are introduced in the 2018/19 Code are:

- IFRS 15 - Revenue from contracts with customers, effective 2018-19, introduces a new comprehensive framework for revenue recognition which is a principles-based five-step model for recognising revenue arising from contracts with customers. It replaces IAS 18 Revenue and IAS 11 Construction Contracts and is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services.
- IFRS 9 - Financial Instruments, replaces IAS39 and has been implemented in the 2018-19 Code of Practice. A new approach is introduced for the classification and measurement of financial assets. The second main change will be the introduction of an expected credit loss model for particular asset types, rather than an impairment of the asset resulting from a specific incident.

It is not anticipated that the above amendments will have a material impact on the information provided in the Fund's financial statements. The transitional reporting requirements for IFRS 9 and IFRS 15 have been adopted such that the preceding year is not restated so any changes will impact on 2018-19 transactions and balances.

## **25 Wales Pension Investments Pooling (Wales Pension Partnership (WPP))**

The Third Party Pool Operator (Link Fund Solutions) in partnership with Russell Investments was appointed in December 2017 to manage the investments and the reduction of investment management expenses for all 8 Wales funds. The Joint Governance Committee has met on several occasions in 2017-18 and has approved an FCA prospectus submission for two Global Equity sub funds. These funds will launch in autumn 2018.

Carmarthenshire County Council has continued to act as the Host Authority providing administrative and secretarial support and implementing the decisions made by the Joint Governance Committee.

Mae'r dudalen hon yn wag yn fwriadol

**Pwyllgor Archwilio  
Medi 28 2018**

**Pwnc: Datganiad Ariannol Awdurdod Harbwr Porth Tywyn 2017-18**

**Y Pwrpas:** I gyflwyno'r cyfriflen am y flwyddyn 2017-18

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

I dderbyn Datganiad Ariannol Awdurdod Harbwr Porth Tywyn am y flwyddyn 2017-18.

**Y Rhesymau:**

Mae angen i'r Cyngor gymeradwyo cyfriflen Awdurdod Harbwr Porth Tywyn am y flwyddyn 2017-18, cyn yr archwiliad, i gydymffurfio â Rheolau Cyfrifon ac Archwilio (Cymru) 2014.

Mae gan y Pwyllgor Archwilio bwr dirprwyedig i gymeradwyo'r Cyfrifon yn unol a'r Mesuriad Llywodraeth Leol.

**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. D Jenkins

**Y Gyfarwyddiaeth:**

**Enw Pennaeth y Gwasanaeth:**

Chris Moore

**Awdur yr Adroddiad:**

Chris Moore

**Swyddi:**

Cyfarwyddwr y

Gwasanaethau Corfforaethol

**Rhif ffôn:** 01267 224120

**Cyfeiriad E-bost:**

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**28<sup>th</sup> September 2018**

**Burry Port Harbour Financial Statement 2017-18**

**1. BRIEF SUMMARY OF PURPOSE OF REPORT.**

Carmarthenshire County Council has been given a range of statutory powers and duties for the purposes of improving, maintaining and managing the Burry Port harbour through the Burry Port Harbour Revision Order 2000.

In accordance with the Harbours Act 1964, statutory harbour authorities are required to prepare annual statement of accounts relating to the harbour activities. In compliance with the Accounts and Audit (Wales) Regulations 2014, these accounts are in the form of a separate annual income and expenditure account and statement of balances.

**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 Moore

**Director of Corporate Services**

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

**Legal**

Compliance with the Accounts and Audit (Wales) Regulations 2014

**Finance**

The net cost of the Harbour activities was £105k, which has been fully funded by Carmarthenshire County Council. Fixed assets held at 31<sup>st</sup> March 2018 total £1,000k.

## CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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
Accounts and Audit (Wales) Regulations 2014		Corporate Services Department, County Hall, Carmarthen.

Mae'r dudalen hon yn wag yn fwriadol

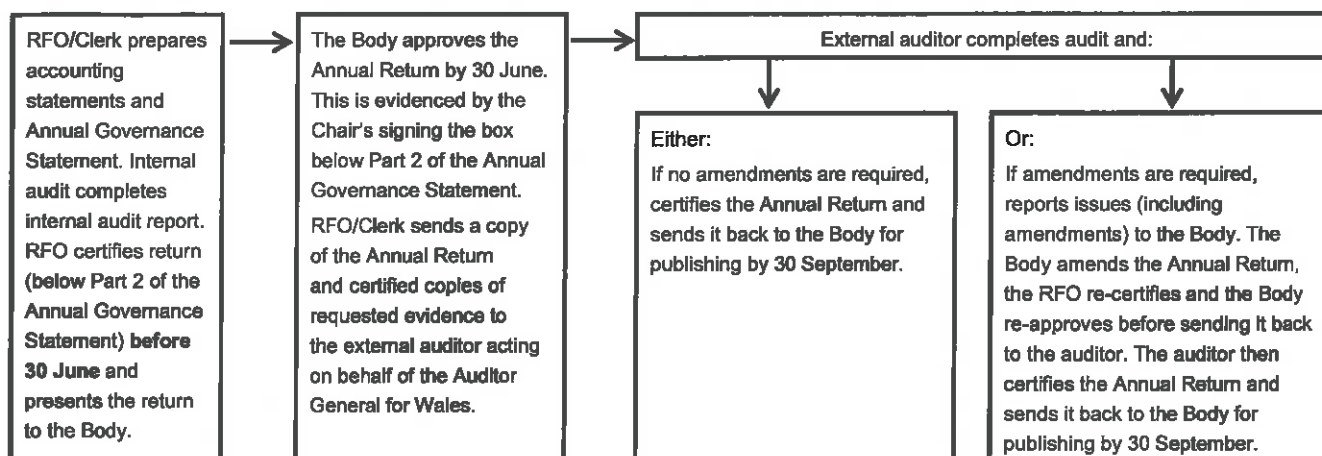


## Smaller local government bodies in Wales Annual Return for the Year Ended 31 March 2018

Smaller local government bodies in Wales must prepare annual accounts following proper practices as set out in the One Voice Wales/SLCC publication **Governance and accountability for local councils in Wales – A Practitioners' Guide** (the Practitioners' Guide). The Practitioners' Guide states that bodies may prepare their accounts in the form of an annual return prepared by the Wales Audit Office.

### The accounts and audit process

The accounts and audit arrangements follow the process as set out below.



Please complete all sections highlighted in red. Incomplete or incorrect returns may require additional external audit work and incur additional costs. Send the **original** Annual Return, together with all additional information requested, to the external auditor acting on behalf of the Auditor General for Wales. **Please note that copies of all documents provided for the purposes of the audit must be certified as true copies of the originals by the Clerk and Chair.** Unless requested, please do not send any original financial or other records to the external auditor.

Bodies should note the changes to the Annual Governance Statement. This is to be completed in full by all Bodies.

Audited and certified returns are sent back to the Body for publication or display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

### Completion checklist

'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
<b>Accounts</b>	Has the RFO certified the accounting statements and the body approved the Annual Return (as evidenced by the relevant signatures), no later than 30 June 2018?	<input type="checkbox"/>	<input type="checkbox"/>
	Do the accounts add up and does the balance carried forward from last year equal the opening balance this year?	<input type="checkbox"/>	<input type="checkbox"/>
	Do the papers to be sent to the external auditor include an explanation of significant variations, including a quantified analysis of the changes from last year to this year?	<input type="checkbox"/>	<input type="checkbox"/>
	Does the bank reconciliation as at 31 March 2018 agree to line 9?	<input type="checkbox"/>	<input type="checkbox"/>
<b>All sections</b>	Have all red boxes been completed and explanations provided where needed?	<input type="checkbox"/>	<input type="checkbox"/>
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Supporting evidence</b>	Have all items and pages of supporting evidence provided to the audit been certified as a true copy of the original by the Clerk and Chair?	<input type="checkbox"/>	<input type="checkbox"/>

# Accounting statements 2017-18 for:

Name of body:

	Year ending		Notes and guidance for compilers				
	31 March 2017 (£)	31 March 2018 (£)					
<b>Statement of income and expenditure/receipts and payments</b>							
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.				
2. (+) Income from local taxation/levy	108,248	332,382	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.				
3. (+) Total other receipts	156,225	124,572	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.				
4. (-) Staff costs	43,127	63,129	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg termination costs.				
5. (-) Loan interest/capital repayments	78,727	289,066	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).				
6. (-) Total other payments	142,619	104,759	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).				
7. (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).				
<b>Statement of balances</b>							
8. (+) Debtors and stock balances	51,818	21,217	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body and stock balances held at the year-end.				
9. (+) Total cash and investments	-45,749	-9,877	<b>All accounts:</b> The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.				
10. (-) Creditors	6,069	11,340	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.				
11. (=) Balances carried forward	0	0	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).				
12. Total fixed assets and long-term assets	3,868,493	1,000,000	The original asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.				
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).				
14. Trust funds disclosure note	Yes	No	N/A	Yes	No	N/A	The Body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).
	<input type="radio"/>	<input type="radio"/>	X	<input type="radio"/>	<input type="radio"/>	X	

## Annual Governance Statement (Part 1)

We acknowledge as the members of the Council, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2018, that:

	Agreed?			'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*			
1. We have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and proper practices.	x	<input type="radio"/>		Prepared its accounting statements in the way prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	x	<input type="radio"/>		Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Harbour Authority to conduct its business or on its finances.	x	<input type="radio"/>		Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	x	<input type="radio"/>		Has given all persons interested the opportunity to inspect and to ask questions about the Body's accounts.	6, 23
5. We have carried out an assessment of the risks facing the Harbour Authority and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	x	<input type="radio"/>		Considered the financial and other risks it faces in the operation of the Body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	x	<input type="radio"/>		Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the Body.	6, 8
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Council, and, where appropriate, have included them on the accounting statements.	x	<input type="radio"/>		Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	x	<input type="radio"/>		Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23
9. Trust funds – in our capacity as trustee, we have:	Yes	No	N/A	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.	3, 6
<ul style="list-style-type: none"> <li>Discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit.</li> </ul>	<input type="radio"/>	<input type="radio"/>	x		

\* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

## Annual Governance Statement (Part 2)

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We calculated and approved the Harbour Authority's budget requirement for the 2017-18 financial year in accordance the Local Government Finance Act 1992 and proper practices.	x	<input type="radio"/>	Properly planned its financial activities for the year and set a budget in accordance with statutory requirements.	13
2. We have received detailed financial reports setting out the income and expenditure and a summary of the Harbour Authority's financial position on a regular bimonthly basis throughout the year.	x	<input type="radio"/>	Effectively monitored its financial position, income and expenditure against that budget throughout the financial year.	13
3. We have ensured that the Council's internal audit is independent of its day-to-day decision-making process and maintenance of the accounting records and have agreed appropriate terms of reference for the internal audit.	x	<input type="radio"/>	Ensured that its internal audit function is able to undertake its work without potential conflicts of interest and with sufficient scope to provide an adequate and effective service.	8

\* Please delete as appropriate.

### Audit Committee approval and certification

The Council is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of the Annual Governance Statement.

<p><b>Certification by the RFO</b></p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Harbour Authority, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2018.</p>	<p><b>Approval by the Audit Committee</b></p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p> <p style="text-align: center;">Insert minute reference and date of meeting</p>
<b>RFO signature:</b>	<b>Chair signature:</b>
<b>Name:</b> name required	<b>Name:</b> name required
<b>Date:</b> dd/mm/yyyy	<b>Date:</b> dd/mm/yyyy

### Committee re-approval and re-certification (only required if the annual return has been amended at audit)

<p><b>Certification by the RFO</b></p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Harbour Authority, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2018.</p>	<p><b>Approval by the Audit Committee</b></p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p> <p style="text-align: center;">Insert minute reference and date of meeting</p>
<b>RFO signature:</b>	<b>Chair signature:</b>
<b>Name:</b> name required	<b>Name:</b> name required
<b>Date:</b> dd/mm/yyyy	<b>Date:</b> dd/mm/yyyy

## Auditor General for Wales' Audit Certificate and report

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2018 of:

### External auditor's report

[Except for the matters reported below]\* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[[These matters along with]\* Other matters not affecting our opinion which we draw to the attention of the body and our recommendations for improvement are included in our report to the body dated \_\_\_\_\_.]

### Other matters and recommendations

On the basis of our review, we draw the Body's attention to the following matters and recommendations which do not affect our audit opinion but should be addressed by the Body.

(Continue on a separate sheet if required.)

External auditor's name:

External auditor's signature:

Date:

For and on behalf of the Auditor General for Wales

\* Delete as appropriate.

## Annual internal audit report to:

Name of body:

The Council's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2018.

The internal audit has been carried out in accordance with the Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	✓	○	○	○	BPH Authority is a service within Carmarthenshire CC and as such utilise the main accounting system. A review of the MAS concluded it was operating to a good standard.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	✓	○	○	○	Testing of individual transactions concluded that all payments tested were accounted for in the correct period and were supported. Some minor issues were identified and will be reported to the Service Manager.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓	○	○	○	As a service within Carmarthenshire CC, BPH Authority prepare and monitor business plans and include identified risks within the Authority's risk register.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	✓	○	○	○	There is a budget monitoring process within Carmarthenshire CC which BPH Authority forms part of. A review of this process and of the individual returns submitted for BPH Authority has identified that overall it is operating satisfactorily.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	○	✓	○	○	In addition to the debts outstanding of £21,217, there was a further £337.33 which had not been invoiced for. Charges had not always been made appropriately and evidence of approval was not provided for the variances.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	☐	☐	☑	☐	There is no petty cash advance in relation to Burry Port Harbour.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	☑	☐	☐	☐	<p>BPH Authority is a service within Carmarthenshire County Council and therefore the harbour staff are generally paid through CCC's payroll system. A review of the payroll system has been undertaken and the arrangements for paying salaries are considered acceptable.</p> <p>An error was identified in the accounts relating to staffing costs although this has been adjusted and the accounts now accurately reflect staffing costs.</p>
8. Asset and investment registers were complete, accurate, and properly maintained.	☑	☐	☐	☐	<p>Investments are carried out for Carmarthenshire CC as a whole. There is no specific investment programme for BPH Authority.</p> <p>The review of investments found that procedures were operating to a high standard</p> <p>An asset register is maintained.</p>

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	BPH Authority is a service within CCC. A review of the bank reconciliations for CCC was undertaken and procedures were found to be satisfactory.
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
11. Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:					
	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
13. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
14. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text

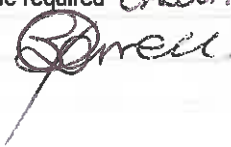
\* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\* If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

### Internal audit confirmation

I confirm that as the Council's internal auditor, I have not been involved in a management or administrative role within the body or as a member of the body during the financial years 2016-17 and 2017-18. I also confirm that there are no conflicts of interest surrounding my appointment.

I can confirm that original figures were amended by the Authority's Accountancy Section for 16/17 and 17/18 based on instruction from WAO. It should be noted that the amended figures in respect of 16/17 have not been verified.

Name of person who carried out the internal audit: name required	CAROLINE SIÂN POWELL
Signature of person who carried out the internal audit:	
Date: dd/mm/yyyy	18-09-2018



## Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this annual return. For guidance, please read the Practitioners' Guide (**Governance and accountability for local councils: A Practitioners' Guide (Wales)**) – available from One Voice Wales and SLCC. It contains everything you need for the financial year-end and the statutory audit.
2. The Wales Audit Office Good Practice Exchange ([www.audit.wales/good-practice/finance/community-council-money](http://www.audit.wales/good-practice/finance/community-council-money)) provides further information on the accounts and audit process along with guidance on governance matters.
3. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs.
4. **There are now two boxes for certification and approval by the Body. The second box is only required if the annual return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.**
5. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
6. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2017) equals the balance brought forward in the current year (line 1 of 2018). Explain any differences between the 2018 figures on this annual return and the amounts recorded in last year's annual return.
7. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
8. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers all your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Council holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in section 1. More help on bank reconciliation is available in the Practitioners' Guide\*.
9. **Every** small body is now required to send to the external auditor, information to support the assertions made in the Annual Governance Statement. Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
10. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
11. If the auditor has to review **unsolicited** information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
12. **Do not complete the Auditor General for Wales' Audit Certificate and report.** The external auditor completes this on behalf of the Auditor General for Wales on completion of the audit.
13. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
14. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**



Mr Chris Moore  
Director of Corporate Services  
Carmarthenshire County Council  
County Hall  
Carmarthen  
CF31 1JP

Reference	JG-BPHA
Date	20 <sup>th</sup> September 2018
Pages	1 of 2

Dear Chris

**Burry Port Harbour Authority – 2017-18**

In accordance with the requirements of Section 42 of the Harbours Act 1964 I am giving my report on the annual statement of accounts relating to harbour activities that you have prepared in relation to Burry Port Harbour Authority for the year ending 31 March 2018.

I have undertaken our work in accordance with the specified procedures issued by the Auditor General for Wales. In summary these specified procedures require us to consider whether the annual statement of accounts relating to harbour activities:

- has been prepared on a reasonable basis (for example, the figures agree to the underlying records upon which they have been prepared and are consistent with transactions recorded in the statutory accounts of the local authority for the same reporting period); and
- casts correctly.

Under Section 42(5) of the Harbours Act 1964 you are required to submit this report along with the copy of the annual statement of accounts relating to harbour activities on which it has been given to the Secretary of State for Transport.

**Audit report on the annual statement of accounts relating to the harbour activities of Burry Port Harbour for the year ending 31 March 2018:**

I wish to draw the following matters to the attention of the Secretary of State in relation to the preparation of the annual statement of accounts relating to harbour activities of Burry Port Harbour Authority for the year ending 31 March 2018:

- Question 5 of the Internal Audit report highlights the following issues that were identified during their review:
  - There were two instances identified where the charge applied to a vessel was the commercial fishing vessel charge without adequate evidence that this was the correct charge; and
  - Debts relating to one owner were amended without adequate supporting documentation to explain the reason for the change.

I have completed our responsibilities in respect of the annual statement of accounts relating to harbour activities for Burry Port Harbour Authority for the year ending 31 March

2018 under the requirements of Harbours Act 1964 and the Public Audit (Wales) Act 2004.

**Richard Harries**

**for and on behalf of Adrian Crompton, Auditor General for Wales**

**Pwyllgor Archwilio  
Medi 28 2018**

**Pwnc: Datganiad Ariannol Partneriaeth Pensiwn Cymru 2017-18**

**Y Pwrpas:** I gyflwyno'r cyfriflen am y flwyddyn 2017-18

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

I dderbyn Datganiad Ariannol Partneriaeth Pensiwn Cymru am y flwyddyn 2017-18.

**Y Rhesymau:**

Mae angen i'r Cyngor gymeradwyo cyfriflen Partneriaeth Pensiwn Cymru am y flwyddyn 2017-18, cyn yr archwiliad, i gydymffurfio â Rheolau Cyfrifon ac Archwilio (Cymru) 2014.

Mae gan y Pwyllgor Archwilio bwer dirprwyedig i gymeradwyo'r Cyfrifon yn unol a'r Mesuriad Llywodraeth Leol.

**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. D Jenkins

**Y Gyfarwyddiaeth:**

**Enw Pennaeth y Gwasanaeth:**

Chris Moore

**Awdur yr Adroddiad:**

Chris Moore

**Swyddi:**

Cyfarwyddwr y Gwasanaethau  
Corfforaethol

**Rhif ffôn:** 01267 224120

**Cyfeiriad E-bost:**

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**28<sup>th</sup> September 2018**

**Wales Pension Partnership Financial Statement 2017-18**

**1. BRIEF SUMMARY OF PURPOSE OF REPORT.**

Carmarthenshire County Council has the administrative responsibility for the Wales Pension Partnership.

Smaller local government bodies in Wales must prepare annual accounts following proper practices as set out in the One Voice Wales/SLCC publication **Governance and accountability for local councils in Wales – A Practitioners' Guide** (the Practitioners' Guide). The Practitioners' Guide states that bodies may prepare their accounts in the form of an annual return prepared by the Wales Audit Office.

**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 Moore

**Director of Corporate Services**

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

**Legal**

Compliance with the Accounts and Audit (Wales) Regulations 2014

**Finance**

The net cost of the Wales Pension Partnership activities was £16k,

## CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

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
Accounts and Audit (Wales) Regulations 2014		Corporate Services Department, County Hall, Carmarthen.

Mae'r dudalen hon yn wag yn fwriadol

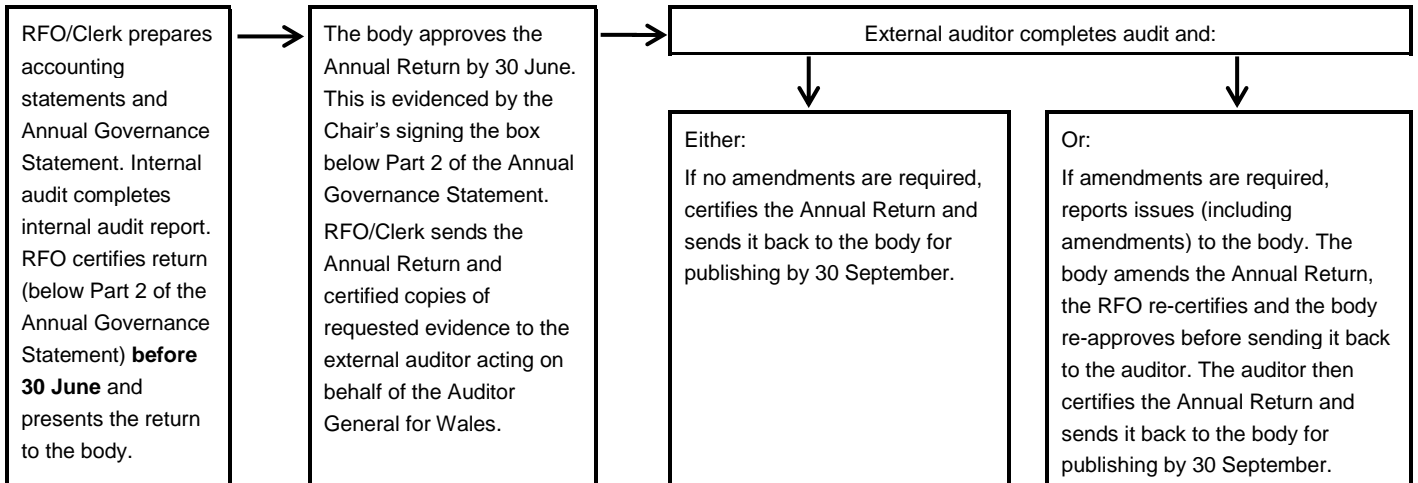


## Smaller local government bodies in Wales Annual Return for the Year Ended 31 March 2018

Smaller local government bodies in Wales must prepare annual accounts following proper practices as set out in the One Voice Wales/SLCC publication **Governance and accountability for local councils in Wales – A Practitioners’ Guide** (the Practitioners’ Guide). The Practitioners’ Guide states that bodies may prepare their accounts in the form of an annual return prepared by the Wales Audit Office.

### The accounts and audit process

The accounts and audit arrangements follow the process as set out below.



**Please read the guidance on completing this Annual Return and complete all sections highlighted in red including both sections of the Annual Governance Statement.**

**PLEASE PRINT THIS DOCUMENT FOR SIGNATURE AND SEND IT TO YOUR AUDITOR**

Incomplete or incorrect returns may require additional external audit work and incur additional costs. Send the **original** Annual Return, together with all additional information requested, to the external auditor acting on behalf of the Auditor General for Wales. Unless requested, please **do not** send any original financial or other records to the external auditor.

Audited and certified returns are sent back to the body for publication or display of the accounting statements, Annual Governance Statement and the Auditor General for Wales’ certificate and report.

### Completion checklist

‘No’ answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
<b>Accounts</b>	Has the RFO certified the accounting statements and the body approved the Annual Return (as evidenced by the relevant signatures), no later than 30 June 2018?	<input type="checkbox"/>	<input type="checkbox"/>
	Do the accounts add up and does the balance carried forward from last year equal the opening balance this year?	<input type="checkbox"/>	<input type="checkbox"/>
	Do the papers to be sent to the external auditor include an explanation of significant variations, including a quantified analysis of the changes from last year to this year?	<input type="checkbox"/>	<input type="checkbox"/>
	Does the bank reconciliation as at 31 March 2018 agree to line 9?	<input type="checkbox"/>	<input type="checkbox"/>
<b>All sections</b>	Have all red boxes been completed and explanations provided where needed?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Evidence</b>	Has all the information requested by the external auditor been included?	<input type="checkbox"/>	<input type="checkbox"/>

# Accounting statements 2017-18 for:

Name of body: Wales Pension Partnership

	Year ending		Notes and guidance for compilers				
	31 March 2017 (£)	31 March 2018 (£)					
<b>Statement of income and expenditure/receipts and payments</b>							
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.				
2. (+) Income from local taxation/levy	0	0	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.				
3. (+) Total other receipts	0	0	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.				
4. (-) Staff costs	0	-14,421.22	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg termination costs.				
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).				
6. (-) Total other payments	0	-2,143.83	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).				
7. (=) Balances carried forward	0	-16,565.05	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).				
<b>Statement of balances</b>							
8. (+) Debtors and stock balances	0	0	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body and stock balances held at the year-end.				
9. (+) Total cash and investments	0	0	<b>All accounts:</b> The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.				
10. (-) Creditors	0	0	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.				
11. (=) Balances carried forward	0	0	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).				
12. Total fixed assets and long-term assets	0	0	The <b>original</b> asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.				
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).				
14. Trust funds disclosure note	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	The body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).

## Annual Governance Statement (Part 1)

We acknowledge as the members of the **Committee**, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2018, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref		
	Yes	No*				
<p>1. We have put in place arrangements for:</p> <ul style="list-style-type: none"> <li>effective financial management during the year; and</li> <li>the preparation and approval of the accounting statements.</li> </ul>	x	<input type="checkbox"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12		
<p>2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.</p>	x	<input type="checkbox"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7		
<p>3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the <b>Committee</b> to conduct its business or on its finances.</p>	x	<input type="checkbox"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6		
<p>4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.</p>	x	<input type="checkbox"/>	Has given all persons interested the opportunity to inspect and to ask questions about the body's accounts.	6, 23		
<p>5. We have carried out an assessment of the risks facing the <b>Committee</b> and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.</p>	x	<input type="checkbox"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9		
<p>6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.</p>	x	<input type="checkbox"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8		
<p>7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the <b>Committee</b> and, where appropriate, have included them on the accounting statements.</p>	x	<input type="checkbox"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6		
<p>8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.</p>	x	<input type="checkbox"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23		
<p>9. Trust funds – in our capacity as trustee, we have:</p> <ul style="list-style-type: none"> <li>discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	x	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.	3, 6

\* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

## Annual Governance Statement (Part 2)

	Agreed?		'YES' means that the Council/Board/ Committee:
	Yes	No*	
1. We have considered the adequacy of reserves held by the body in setting the budget for 2017-18 and 2018-19 and have appropriate plans in place for the use of these reserves.	x	<input type="checkbox"/>	Has met the requirements of the Local Government Finance Act 1989 in setting the budget requirement and precept for the financial years.
2. When awarding grants under section 137 of the Local Government Act 1972, we have kept a separate account of such grants and considered whether or not the benefits arising from such payments are commensurate with the sums paid.	x	<input type="checkbox"/>	Has kept and appropriate record of grants awarded and ensured that the expenditure is commensurate with the benefit to the community.
3. The council has ensured that it has a lawful obligation to pay a service gratuity to employees* or The council has no obligation or intention to pay a gratuity to employees.*	x	<input type="checkbox"/>	Has ensured that where it has an arrangement to provide a gratuity to staff, it has ensured that there is a legal obligation to provide the gratuity.

\* Please delete as appropriate.

### Committee approval and certification

The Committee is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of the Annual Governance Statement.

<p><b>Certification by the RFO</b></p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2018.</p>	<p><b>Approval by the Committee</b></p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p>
	Insert minute reference and date of meeting
<b>RFO signature: signature required</b>	<b>Chair signature: signature required</b>
<b>Name: name required</b>	<b>Name: name required</b>
<b>Date: dd/mm/yyyy</b>	<b>Date: dd/mm/yyyy</b>

### Committee re-approval and re-certification (only required if the annual return has been amended at audit)

<p><b>Certification by the RFO</b></p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2018.</p>	<p><b>Approval by the Committee</b></p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p>
	Insert minute reference and date of meeting
<b>RFO signature: signature required</b>	<b>Chair signature: signature required</b>
<b>Name: name required</b>	<b>Name: name required</b>
<b>Date: dd/mm/yyyy</b>	<b>Date: dd/mm/yyyy</b>

## Auditor General for Wales' Audit Certificate and report

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2018 of:

--

### External auditor's report

[Except for the matters reported below]\* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[[These matters along with]\* Other matters not affecting our opinion which we draw to the attention of the body and our recommendations for improvement are included in our report to the body dated \_\_\_\_\_.]

### Other matters and recommendations

On the basis of our review, we draw the body's attention to the following matters and recommendations which do not affect our audit opinion but should be addressed by the body.

(Continue on a separate sheet if required.)

**External auditor's name:**

**External auditor's signature:**

**Date:**

**For and on behalf of the Auditor General for Wales**

\* Delete as appropriate.

## Annual internal audit report to:

Name of body: Wales Pension Partnership

a

The Council/Board/Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2018.

The internal audit has been carried out in accordance with the Council/Board/Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council/Board/Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Accounting records are updated and maintained frequently during the year. Income and expenditure is recorded through the Authority's Financial Management System which means there are adequate records of accounts. A review of the Main Accounting System concluded it was operating to a good standard. The accounts of the Authority are prepared in line with 2017-18 Code of Practice on Local Authority Accounting and therefore are correct as required by regulation.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Testing of transactions undertaken concluded that all comply with the financial regulations as required with documentation to support all. No issues were identified.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The risks to the Authority have been identified and these are monitored periodically through the risk register. No risks were assessed as being of significant to the Partnership in achieving their objectives.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Carmarthenshire County Council has a budget monitoring process in place which covers the Wales Pension Partnership. A review of this process and the budget monitoring returns identified processes to be satisfactory.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	At present there are no activities within the fund that would lead to income generation. A transfer of surplus funds from the pension account has been made to provide income currently.

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	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	There is no Petty Cash account that exists that covers the Wales Pension Partnership.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The only member of staff paid from the Wales Pension Partnership is paid through Carmarthenshire County Council's payroll. A review of the payroll system has been undertaken and the arrangements for the payment of salaries are considered acceptable. No errors were identified relating to staffing costs
8. Asset and investment registers were complete, accurate, and properly maintained.	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Investments are carried out for Carmarthenshire County Council as a whole. The review of Investments found that procedures were operating to a high standard. An asset register is maintained for the Authority, however there are no assets which relate to the Wales Pension Partnership.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A review of the bank reconciliations for Carmarthenshire County Council was undertaken and procedures were found to be satisfactory. The Wales Pension Partnership forms part of the reconciliations undertaken by Carmarthenshire County Council.
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Accounting Statements are prepared in line with the 2014 Code of Practice of Local Authority Accounting. Accounts prepared on behalf of Carmarthenshire County Council and the Dyfed Pension Fund are supported by the Statement of Accounting Policies.
11. Trust funds (including charitable trusts). The Council/Board/Committee has met its responsibilities as a trustee.	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	The Wales Pension Partnership does not administer any Trust Funds

**For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:**

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
13. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
14. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text

\* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\* If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

[My detailed findings and recommendations which I draw to the attention of the Council/Board/Committee are included in my detailed report to the Council/Board/Committee dated \_\_\_\_\_.] \* Delete if no report prepared.

### Internal audit confirmation

I confirm that as the Council's internal auditor, I have not been involved in a management or administrative role within the body or as a member of the body during the financial years 2016-17 and 2017-18. I also confirm that there are no conflicts of interest surrounding my appointment.

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**Name of person who carried out the internal audit:** name required

**Signature of person who carried out the internal audit:** signature required

**Date:** dd/mm/yyyy

## Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this annual return. For guidance, please read the Practitioners' Guide (**Governance and accountability for local councils: A Practitioners' Guide (Wales)**) – available from One Voice Wales and SLCC. It contains everything you need for the financial year-end and the statutory audit.
2. The Wales Audit Office Good Practice Exchange ([www.audit.wales/good-practice/finance/community-council-money](http://www.audit.wales/good-practice/finance/community-council-money)) provides further information on the accounts and audit process along with guidance on governance matters.
3. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs.
4. **There are now two boxes for certification and approval by the body. The second box is only required if the annual return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.**
5. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
6. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2017) equals the balance brought forward in the current year (line 1 of 2018). Explain any differences between the 2017 figures on this annual return and the amounts recorded in last year's annual return.
7. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
8. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Council holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in the accounting statements. More help on bank reconciliation is available in the Practitioners' Guide\*.
9. **Every** small body is now required to send to the external auditor, information to support the assertions made in the Annual Governance Statement. Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
10. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
11. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
12. **Do not complete the Auditor General for Wales' Audit Certificate and report.** The external auditor completes this on behalf of the Auditor General for Wales on completion of the audit.
13. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
14. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

## PWYLLGOR ARCHWYLIO 28 Medi 2018

## Y Pwnc / Y Pwrpas:

STRATEGAETH RHEOLI RISG A CHYNLLUN WRTH GEFN 2018-2022

## Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

- Cymeradwyo'r Strategaeth ddrafft.

## Y Rhesymau:

- Mae'r Strategaeth ddrafft yn darparu gweledigaeth o ran risg a chynllun wrth gefn ledled y Cyngor ar gyfer y 4 blynedd nesaf.
- Er mwyn caniatáu i'r Pwyllgor Archwyllo gyflwyno sylwadau ynghylch cynnwys y Strategaeth ddrafft a'i nodau.

## 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:

[HLPugh@sirgar.gov.uk](mailto:HLPugh@sirgar.gov.uk)

**EXECUTIVE SUMMARY**  
**Audit Committee**  
 28<sup>th</sup> September 2018

**SUBJECT**

**Risk Management and Contingency Planning Strategy 2018-2022**

The aim of this strategy is to have a framework in place so that risk management and contingency planning play a key role in supporting the delivery of the aims of the Council's Corporate Strategy and Carmarthenshire's Well-Being Plan.

The overarching themes and core values include making better use of resources and a commitment to ensuring that the economic, social and environmental wellbeing of Carmarthenshire is at the heart of our activities. This strategy will outline priorities for 2018-2022 to inform how risk management will contribute towards achieving these aims.

**Our Priorities**

In line with our support for the delivery of the aims of the Council's Corporate Strategy, Carmarthenshire's Well-Being Plan and 'Moving Forward – The next 5 Years' Plan we have identified the following key priorities:



**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 <b>YES</b>	Finance <b>YES</b>	ICT NONE	Risk Management Issues <b>YES</b>	Staffing Implications NONE	Physical Assets NONE
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<p><b>2. Legal</b> – We need to ensure that all Risk Management and Contingency Planning complies with various legislation.</p>	
<p><b>3. Finance</b> – The Strategy aims to support departments in delivering greater efficiencies through support through the risk steering group</p>	
<p><b>5. Risk management issues</b> – The strategy aims to have a framework in place so that risk management and contingency planning play a key role in supporting the delivery of the aims of the Council’s Corporate Strategy and Carmarthenshire’s Well-Being Plan</p>	

## 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 2018-21	AC 28-03-16	Internal Audit Unit

Mae'r dudalen hon yn wag yn fwriadol



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# FOREWORD



Councillor David Jenkins  
(EXECUTIVE BOARD MEMBER: RISK  
MANAGEMENT)

I am pleased to present our 6th Risk Management and Contingency Planning Strategy 2018-2022. We are facing increasing challenges due to the savage cutbacks in public spending and are constantly having to look at developing new and better ways of working in addition to delivering key projects as outlined in "Moving Forward in Carmarthenshire: the next 5 years".

Consequently our approach to risk management becomes increasingly important as new ideas and change often requires taking risks. Appropriate management of those risks allows us to take advantage of new and exciting opportunities enabling us to maintain service levels at an acceptable standard and deliver our ambitious plans to further develop and sustain Carmarthenshire's future prosperity.

February 8, 2018

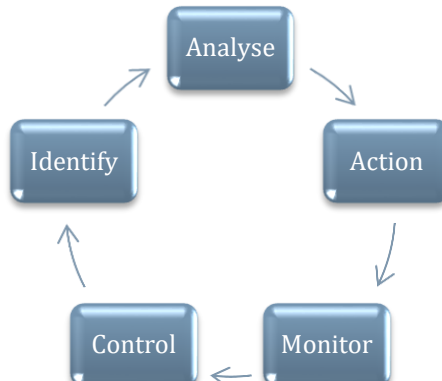
Chris Moore  
(DIRECTOR OF CORPORATE SERVICES)

This strategy outlines our priorities for 2018-2022 and shows how risk management will contribute to achieving the Council's objectives.

As the Director with responsibility for this key area, I recognise that risk management can contribute to achieving our vision, protecting our front line services and supporting a socially sustainable economic environment.

# Introduction

Risk Management is an integral part of the Council’s business and our approach needs to meet new challenges in an ever-changing world. This is the 6<sup>th</sup> Risk Management and Business Continuity Strategy.

<p><b>DEFINITIONS OF RISK</b></p> <p>“Risk is the threat that an event or action will adversely affect an organisation’s ability to achieve its objectives”<sup>1</sup></p> <p>“Risk can be the failure to take advantage of opportunities to enable the organisation to best achieve its objectives.</p> <p><b>DEFINITION OF RISK MANAGEMENT</b></p> <p>“Risk management is the process by which risks and opportunities are identified, evaluated, prioritised, monitored and managed”</p>	<p><b>RISK MANAGEMENT CYCLE</b></p>  <pre>graph TD; Identify --&gt; Analyse; Analyse --&gt; Action; Action --&gt; Monitor; Monitor --&gt; Control; Control --&gt; Identify;</pre>
--	---

This Council has always recognized the benefit of being proactive with the management of risk and has, since its beginning, invested funds to identify and minimize risks. The advantage of such investments can be quantified in both financial and non-financial terms.

Effective risk management needs to be integrated into the culture of the organisation and must anticipate and respond to changing social, environmental and legislative needs as well as changes in the internal environment.

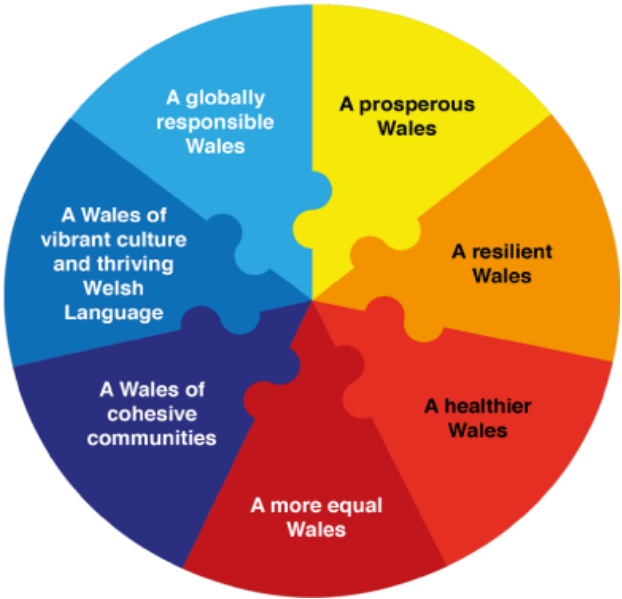
The new strategy has been developed to define our approach to both Risk Management and Contingency Planning.

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<sup>1</sup> Audit Commission

# Our Statutory Context

## Welsh Government’s Seven Well-Being Goals of the Future Generations Act



The Well-being of Future Generations (Wales) Act (2015) requires each public body to carry out sustainable development, which means the process of improving the economic, social, environmental and cultural well-being of Wales. Risk management will be an important part of how a public body meets its obligations under the Act. **“the role of risk management will be an important part of how a public body Builds a Better Council and Makes better use of Resources”.**

Carmarthenshire County Council has 15 Well-being Objectives drawn from the seven Well-Being Goals identified in the Welsh Government’s Future Generations Act.

Risk Management, as a Strategic function will feed into all 15 with its work with the departments, although we will directly contribute to the following : -

- ✓ Promote Welsh Language and Culture
- ✓ Governance and
- ✓ Use of Resources

## KEY PRIORITIES

In line with our support for the delivery of the corporate strategy we have identified the following as the key priorities for Risk Management



## GOVERNANCE ARRANGEMENTS

*“A clear framework is in place to manage corporate and project risks, with dedicated senior political and officer leadership and risk champions at departmental level. Risks are overseen by a risk management steering group which includes political representation from the Council’s Executive “<sup>2</sup>*



The Risk Management Steering Group and the four working groups continue to be very proactive and focused on key developments. The Steering Group meets on a quarterly basis and the minutes of its meetings are referred to the Executive Board, the Audit Committee and the Corporate Management Board. It also monitors the Corporate Risk Register and reports this to the Corporate

Management Team and Audit Committee on a half yearly basis.

- To allow the Risk Management Steering Group to have a strategic focus, the Transport Risks Working Group and the Property & Liability Risks Working Group consider issues at an operational level, undertaking detailed

<sup>2</sup> Corporate Assessment Report 2015 Carmarthenshire County Council – Wales Audit Office

monitoring of risks and being proactive in identifying solutions.

- The Contingency Planning Group monitors departmental risk registers on a regular basis.
- The CCTV Working Group monitors usage of CCTV. Representatives from relevant services and corporate services also attend this group.

Minutes of the four sub group meetings are referred to the Risk Management Steering Group.

The Risk Management Steering Group oversees the Risk Management budget of £250,000 which is used to invest in areas to reduce the risk of claims or expensive litigation.

<b>Key Actions</b>
The Risk Management Steering Group and the four working groups will continue to function for the life of this Strategy.
The Authority should continue to commit £250,000 per annum to the Risk Management budget to be used to pump-prime risk reduction initiatives. <ul style="list-style-type: none"><li>• Bids should be approved for a maximum duration of 18 months. If no funds are called for in respect of an approved scheme in this time, the bid will lapse.</li><li>• Corporate bids should be funded up to 100% whilst Departmental bids will be match-funded i.e. maximum 50%.</li><li>• Bids for improvements in school security should be funded on a 50:50 split with Risk Management providing half and the LEA or School's Fund providing the remaining half.</li></ul>
<b>Monitoring</b>
The Risk Management Steering Group should periodically review the success of individual initiatives.

## MANAGING RISK

In managing risks and opportunities each element has to be assessed with a decision made on the best course of action based on the 5 R's.



The main areas for consideration in this strategy for managing risk are:

- determining what risks need to be managed
- the risk register
- the risk management budget
- Safeguarding risk register

## What risks need to be managed?

Risks can be broadly split between strategic and operational risks. We need to ensure that all risks are picked up on the “Risk Radar”.

<b>STRATEGIC RISK CLASSIFICATION</b>	<b>Examples of Risks/ Failures/ Hazards</b>
<b>Political</b>	<b>Failure to adequately define strategic priorities –e.g. compliance with the Wellbeing of Future Generations (Wales) Act 2015</b> <b>Delivering on Government Agenda</b> <b>Meeting Electorate’s Expectations</b>
<b>Economic</b>	<b>Global / National / Regional Economic Climate</b> <b>Availability of finance</b>
<b>Social</b>	<b>Meeting the needs of disadvantaged communities / groups</b> <b>Impact of demographic change</b> <b>Crime and disorder</b>
<b>Technological</b>	<b>Capacity to deal with the pace / scale of technological change</b>
<b>Legislative</b>	<b>Formal intervention by regulatory bodies or inspectorates</b> <b>Judicial Review</b>
<b>Environmental</b>	<b>Impact of Council’s Policies e.g. Planning and Transportation Policies</b>
<b>Competitive</b>	<b>Failure to deliver high quality services</b>
<b>Customer/ Citizen</b>	<b>Failure to engage with the Public</b> <b>Public and media relations</b>

<b>OPERATIONAL RISK CLASSIFICATION</b>	<b>Examples of Risks/ Failures/ Hazards</b>
<b>Professional</b>	Recruitment / retention of specialist staff Inefficient / ineffective processes
<b>Financial</b>	Adequacy of budget management at a service level.
<b>Legal</b>	Failure to meet statutory duties
<b>Physical</b>	Loss or damage to physical assets e.g. buildings, vehicles Attacks on personnel
<b>Contractual</b>	Failure of contractors to deliver goods or services to the agreed cost and specification
<b>Technological</b>	Development and delivery of I.T. systems to support service delivery Embracing new technology
<b>Environmental</b>	Impact of Environmental Policies on individual services
<b>Information</b>	Management of information at a service level Data Protection Control of personal information



## The Risk Register

We as an Authority are following the 7 Principles of Good Governance set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). Risk Management has a key role in supporting the

- Well-being objective of *'Building a Better Council and Making Better Use of Resources'*, and
- The principle *'Managing Risks, Performance and Finance'*

through managing our risks and performance through robust internal control and strong financial management.

How we do this is through the use of Risk Web software tool to identify, mitigate against and monitor key risks. At a corporate level a Corporate Risk Register

is maintained which is reported to and approved by the Corporate Management Team (CMT) on a 6 monthly basis. Each of the Departmental Management Teams are responsible for ensuring that the departmental and service risks are also captured via this system, are monitored and are linked with business plans.

The growth in specific projects, particularly those benefiting from grant funding, has seen an increasing use of the Risk Web system to identify, assess and track project based risks.

The Wales Audit Office (WAO) Corporate Assessment 2015 identified some areas where the use and monitoring of the Risk Register could be improved, namely variability in the updating of departmental risk registers and links with service business plans.

<b>Key Actions</b>
Departmental Management Teams will continue to ensure that their Departmental Risk Registers are refreshed on a regular basis and track progress against identified risks.
Risks identified during the business planning process will continue to be captured on Departmental Risk Registers.
<b>Monitoring</b>
The Audit Committee and Corporate Management Team will continue to monitor the Corporate Risk Register on a 6 monthly basis.

## The Risk Management Budget

The Risk Management Steering Group has funded several initiatives since the last strategy which has reduced the risk of claims or expensive litigation in some key areas including:

- Deprivation of Liberty  
Safeguarding in response to the significant implications for the Authority of the Supreme Court Judgment in P v Cheshire West and Chester Council and P&Q v Surrey Council.
- Security and safeguarding in schools by funding bids to improve fencing at schools and the introduction of a thermostatic management system in schools.
- Hand Arms Vibration Syndrome relating to the purchase of new equipment to enable the Council to meet the requirements of the Control of Noise and Vibration at Work Regulations 2005.
- The digitisation of records across the Authority.
- Training initiatives for the Authority's drivers to reduce the risk of accidents occurring.

The use of this budget is always a key area of discussion for the Insurers at annual review and the risk budget commitments give them reassurance in areas such as fleet safety and the health and safety of staff in vulnerable occupations.



## Safeguarding Risk Register

In response to the CSSIW Performance Evaluation in 2015, a Corporate Governance on Safeguarding Group was set up to have oversight of safeguarding across the Authority. The Group reports to CMT on a regular basis.

It is responsible for the Corporate Safeguarding Policy and annual reports in relation to safeguarding. Following a review by WAO a recommendation was made that a separate Safeguarding Register should be kept.

A separate risk register for safeguarding has been developed and maintained with

lead officers allocated to oversee specified risks.

The Group is chaired by the Director of Community Services (Statutory Director) and includes the Director for Education & Children's Services (Lead Director for Children and Young People); the Assistant Chief Executive, People Management & Performance or his/her representative; other departmental representatives as nominated and a Children and an Adult Protection Services lead. It meets on a monthly basis.

<b>Key Action</b>
The Risk Management Unit in conjunction with the Communities Business Support Unit will continue to support the Corporate Governance on Safeguarding Group through administering their Safeguarding Risk Register
<b>Monitoring</b>
The Corporate Governance on Safeguarding Group will monitor the risks on a 6 monthly basis.

## CONTINGENCY PLANNING

The Business Continuity Institute defines this process as follows:

'Business Continuity Management is a holistic management process that identifies potential business impacts that threaten an organisation and provides a framework for building resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value creating activities.'

Incidents can happen, and when they do, they have the potential to threaten and disrupt the lives of individuals, businesses and communities.

Since the 2012-2015 Strategy, significant progress has been made with regard to Business Continuity. Under the Civil Contingencies Act each Authority is required to compile a plan directed at identifying how the Authority will deliver services to the public in the event of a significant incident or civil disaster.

This is distinct from Emergency Planning which looks at how the whole area is capable of responding to an incident ie including Police, Fire, other Local Authorities, Health Bodies etc.

A Business Continuity Working Group was established to assist in developing the Authority's Business Continuity arrangements. It includes ***Business Continuity Champions*** from each Department together with four "specialist officers" from People Management, Information Technology, Property and Highways & Environmental Services.

There has also been a Departmental Emergency Planning Group to provide the overall emergency planning strategy for all departments within the Authority. In 2015 it was decided to merge the two Groups into the Contingency Planning Group to provide the overall emergency planning and business continuity strategy for all services within the Authority.

This Group will:

- Ensure Emergency and Business Continuity Plans and Procedures are updated on an annual basis.
- Provide a multi – service forum to share best practice and procedures for dealing with Civil Contingency and Business Continuity issues.
- To assist in the preparation and participation of multi-service area training and

exercises to test Corporate and Service Area Plans.

- To be able and ready to respond to any event that requires a response from any service area within the Authority. This may result in attending either our Emergency Control Centre or another centre as deemed appropriate at the time.
- Monitor the corporate risk register.
- The Group is reviewing the frequency of its meetings.

<b>Key Action</b>
The Contingency Planning Working Group will continue to provide the overall emergency planning and business continuity strategy for all services within the authority.

## RISK FRAMEWORK

It is essential to maintain a strong Risk Framework. Effective Risk Management relies on Members and Officers having the required skills to understand their roles and contribution to effective Risk Management.

Risk management training has been delivered to Audit Committee and Executive Board Members as “key individuals”.

“Key individuals” also include Officers sitting on the Risk Management Steering Group, the Risk Working Groups, the Contingency Planning Group and other groups.

Training requirements will be reviewed on an ongoing basis in the light of changes in circumstances such as Local Government Elections and changes in “key individuals”.

Member training was delivered following the 2017 Local Government Elections to ensure that Audit Committee Members were fully up to speed with their responsibilities.

As previously mentioned, the WAO Corporate Assessment 2015 identified variability in recording and monitoring of risk within service areas and the need to fully integrate Risk Management within business planning. This has been addressed through refreshing the business planning process and regular corporate and departmental monitoring of the risk register.

<b>Key Action</b>
Ensure adequate Risk Management and Contingency Planning training and guidance is provided to both Officers and Members.

## RISK PARTNER / CHALLENGE

Previous Risk Management Strategies (2003 onwards) have recognised the significant contribution made by the Authority's brokers, Marsh UK in developing the Authority's approach to risk. Also it recognised that Marsh UK represented some 15 authorities in South & Mid Wales and provides a comprehensive risk service from their Cardiff office.

Their strength in South & Mid Wales has continued and there continues to be an apparent lack of any realistic alternative provider.

In addition, their assistance in the annual renewal of insurances and in ensuring that Insurers progress issues / claims to the Council's satisfaction arguably produces savings far in excess of the annual fee payable. *(The fee is not identified in this strategy due to commercial sensitivity)*

As with the 3 previous strategies, covering the period since 2007, there continues to be a very strong justification for negotiating new terms specifically with Marsh UK to continue to act as the Authority's External Risk Advisor / Risk Partner for the life of the Strategy.

### Key Action

The Head of Revenues and Financial Compliance be authorised to negotiate terms for the continued engagement of Marsh UK as the Authority's external risk advisor / risk partner. The negotiated terms in line with financial procedure rules will be subject to formal approval by the Director of Corporate Services and the Head of Administration & Law.

## EMERGING RISKS

The world is changing rapidly especially in light of technological advances and this brings both new opportunities and risks. A Digital Transformation Strategy 2017 – 2020 was endorsed by the Executive Board in May 2017.

**Cyber Risks** - The nature of the services we deliver make it critical that we provide a secure place to conduct business. Cyber is not an event. It is a conduit for events to occur. Cyber risk can be identified as “*any risk of financial loss, disruption or damage to reputation from some form of failure of information technology systems*”<sup>3</sup>. This includes accidents as well as attacks, the latter the majority of the risk and cost. Attacks can be categorized into three levels; fraud, organisation “take-down” and system failure.

A Senior Information Risk Owner (SIRO) from the Corporate Management Team has been identified and the Corporate Information Governance Group oversees issues that need to be dealt with in regards to Information Management and Security. It reports to the Corporate Governance Group (CGG) and the Corporate Management Team. The minutes from CGG are reported to the Audit Committee.

**Project Based Risks** - The Authority has a significant capital programme of more than £210m to deliver over the next five years including external funding of over £85m. It will also be delivering a plethora of other grant funded schemes and projects with associated risks.

The Risk Management Unit provides access to the Risk Web Software and support to departments in setting up new schemes and advising how to input risks and control measures which can then be tracked. This approach is encouraged by Grant Bodies and it is envisaged that this facility will be increasingly used.

A major project, the Swansea Bay City Deal was agreed by UK and Welsh Government Ministers in March 2017. There are three specific projects for Carmarthenshire – a £200m Wellness and Life Science Village in Llanelli; a creative industry project at Yr Egin in Carmarthen; and a skills and talent initiative which will support skills development for all eleven projects. Delivering the City Deal and Wellness Project has been identified as an individual high risk project and is being monitored via the risk register

Key Action
The Risk Management Unit will continue to support departments in setting up Project Risk Registers in Risk Web to link with specific projects.

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<sup>3</sup> Institute of Risk Management 2015





Mae'r dudalen hon yn wag yn fwriadol

**PWYLLGOR ARCHWYLIO  
28 MEDI 2018**

**Pwnc:**

**COFNODION GRWPIAU PERTHNSAOL I'R PWYLLGOR ARCHWYLIO**

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

I dderbyn y cofnodion.

**Y Rhesymau:**

Fe nodwyd yn Amodau Gorchwyl y Pwyllgor Archwyltio 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

**Cyfeiriad E-bost:**

[HLPugh@sirgar.gov.uk](mailto:HLPugh@sirgar.gov.uk)

**EXECUTIVE SUMMARY**  
**Audit Committee**  
 28<sup>th</sup> September 2018

<b>MINUTES OF RELEVANT GROUPS TO THE AUDIT COMMITTEE</b>	
<p>To provide Members with minutes from supporting Governance Groups for information.</p> <p>The following Minutes are attached:</p> <p style="margin-left: 40px;">1. Risk Management Steering Group</p>	
<b>DETAILED REPORT ATTACHED?</b>	<b>YES</b>

**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	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

## 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 East, Building 8 St David's Park, Carmarthen Wednesday, 4th July 2018.

<b>Members Present:</b>			
Helen Pugh (Chair)	Corporate Services	Head of Revenues and Financial Compliance	HLP
Cllr David Jenkins	Executive Board Member (Corporate Services)	Executive Board Risk Champion	DJ
Stephen G Pilliner	Environment	Chair of Transport Risks Working Group	SGP
Richard Davies	Communities	Principal Officer	RD
Julie Standeven	Corporate Services	Principal Risk Officer	EJS
Kelvin Howells	Environment	Building Manager (Minor Works)	KH
Sue John	Education & Children's Services	School Organisation & Admissions Officer	SJ
Stephanie R Williams	Education & Children's Services	Senior School Organisation Officer	SRW
Adryan Jones	Chief Executive's	Strategic Advisor (H&S)	AJ
Mark Stephens	Marsh Ltd		MS

<b>Item No</b>	<b>Subject</b>	<b>Action</b>
<b>1.</b>	<p><b>Apologies</b> Jonathan Fearn – Chair of Property &amp; Liability Risks Working Group Lyn Walters – Communities Risk Champion Richard Stradling – Communities (Leisure) Risk Champion Alan Howells – Environment Risk Champion Heidi Font – Chief Executive's Risk Champion Simon Davies – Education &amp; Children's Services Jason G Jones – Property Maintenance Manager, Environment</p>	
<b>2.</b>	<p><b>Minutes of Last Meeting</b> The Minutes of the Risk Management Steering Group Meeting held at Parc Dewi Sant on Thursday, 8th February 2018, were confirmed as a true record.</p>	
<b>2.1</b>	<b>Matters arising from Risk Management Steering Group Minutes.</b>	
<b>2.1.1</b>	<p><b>Corporate / Service Risk Registers</b> HLP advised that the Corporate Risk Register was reviewed at Audit Committee on 23<sup>rd</sup> March 2018</p>	
<b>2.1.2</b>	<b>Cyber Risks</b>	

	<p>Agreed Action:</p> <ul style="list-style-type: none"> <li>• HLP to meet and review with Head of ICT</li> <li>• Report outcomes to Contingency Planning Working Group</li> <li>• Update to be provided at next Risk Management Steering Group</li> </ul>	
<b>2.1.3</b>	<p><b>Fire Management Review</b> HLP advised that meeting arranged with <i>Rescue 365</i> to consider review options</p>	
<b>2.1.4</b>	<p><b>CEx – E-Learning Platform</b> Additional information had been requested at a previous meeting in relation to a bid for the procurement and development of a new Learning Management System. Update to be provided at next meeting.</p>	<b>AJ</b>
<b>3.</b>	<p><b>Minutes of Contingency Planning Working Group Meeting – 27<sup>th</sup> June 2018</b> The Minutes were noted.</p>	
<b>3.1</b>	<p><b>Matters arising from Contingency Planning Working Group Minutes</b></p>	
<b>3.1.1</b>	<p><b>Group Membership</b> HLP advised that membership of the Group is to be reviewed.</p>	
<b>3.1.2</b>	<p><b>Adverse weather – 4 x 4 Drivers</b> Following the difficulties experienced by Social Care in recruiting experienced 4x4 drivers, a number of volunteers have confirmed their availability and training is scheduled for October 2018.</p>	
<b>4.</b>	<p><b>Minutes of Property &amp; Liability Risks Working Group Meeting – 12<sup>th</sup> June 2018</b> The Minutes were noted.</p>	
<b>4.1</b>	<p><b>Matters arising from Property &amp; Liability Risks Working Group Minutes</b></p>	
<b>4.1.1</b>	<p><b>Claims Statistics</b> It was agreed that detailed statistics to be reviewed at Working Group and a summary provided to Steering Group.</p>	<b>EJS</b>
<b>5.</b>	<p><b>Minutes of Transport Risks Working Group Meeting – 27<sup>th</sup> June 2018</b> The minutes were noted.</p>	
<b>5.1</b>	<p><b>Matters arising from Transport Risks Working Group Minutes</b></p>	
<b>5.1.1</b>	<p><b>Alcohol &amp; Drug Testing Policy</b> SGP advised that a training programme for supervisors and drivers will commence in September 2018.</p>	
<b>5.1.2</b>	<p><b>Future Fleet Strategy</b> SGP advised that trials of various electric vehicle types is underway.</p>	



<b>6</b>	<b>Minutes of CCTV Officer Working Group Meeting – 23<sup>rd</sup> March 2018</b> The minutes were noted.	
<b>6.1</b>	<b>Matters arising from CCTV Officer Working Group Minutes</b>	
<b>6.1.1</b>	<b>Corporate CCTV Register</b> HLP advised that work is ongoing to establish a Corporate CCTV Register.	
<b>7</b>	<b>Bids for Financial Assistance</b>	
<b>7.1</b>	<b>E&amp;C – Ysgol Gwenllian</b> This bid related to the rebuilding of a section of the boundary wall. The Group considered that this was a maintenance issue and did not fall within the remit of the Risk Management Steering Group. It was agreed that the bid could not be supported and the bid was rejected.	
<b>7.2</b>	<b>E&amp;C – St Mary’s School, Llanelli</b> This bid related to the provision of fencing at the School. It was agreed that the Departmental Bid for £29,175 (50% of the estimated gross cost of £58350) be approved.	
<b>7.3</b>	<b>E&amp;C – Ysgol Y Ddwylan</b> This bid related to the installation of a sterile main entrance/foyer at the School. It was agreed that the Group were unable to approve or reject this bid based on the information provided to date. The Council’s Health & Safety Officer to investigate and report back to the Group.	<b>AJ</b>
<b>7.4</b>	<b>E&amp;C – Ysgol Saron</b> This bid related to the provision of fencing at the School. It was agreed that the Departmental Bid for £14,000 (50% of the estimated gross cost of £28,000) be approved.	
<b>7.5</b>	<b>E&amp;C – Ysgol Cynwyl Elfed</b> This bid related to the installation of a new doors at the School. It was agreed that the Group were unable to approve or reject this bid based on the information provided to date. The Council’s Health & Safety Officer to investigate and report back to the Chair of Risk Management Steering Group and Chair of Property & Liability Risks Working Group.	
<b>7.6</b>	<b>E&amp;C – Ysgol Dyffryn Aman</b> This bid related to the provision of safeguarding and security improvements at the School. It was agreed that Option 1 of the Departmental Bid for £56,500 (50% of the estimated gross cost of £113,000) be approved, subject to the completion of a satisfactory traffic risk assessment of the site.	

7.7	<p><b>E&amp;C – Ysgol Llanddarog</b>  This bid related to the provision of fencing at the School.  It was agreed that the Group were unable to approve or reject this bid based on the information provided to date. The Council’s Health &amp; Safety Officer to investigate and report back to the Chair of Risk Management Steering Group and Chair of Property &amp; Liability Risks Working Group.</p>	
8	<p><b>Any Other Business</b>  The Group expressed concern that a number of bids had been submitted without supporting documentation.  All outstanding issues must be clarified at Working Group level before proceeding to Steering Group.</p>	
9.	<p><b>Next Meeting</b>  Date to be advised</p>	

Dydd Gwener, 13 Gorffennaf 2018

**YN BRESENNOL:** Y Cyngorydd T.M. Higgins (Cadeirydd)

**Y Cynghorwyr:**

T.M. Higgins, B. Thomas, K.V. Broom, E.M.J.G. Schiavone, A.G. Morgan, E.G. Thomas, B.D.J. Phillips (In place of G.H. John) and D.E. Williams

**Hefyd yn bresennol fel sylwedydd:**

Councillor D.M. Jenkins – Yr Aelod o'r Bwrdd Gweithredol dros Adnoddau.

**Yn bresennol o Swyddfa Archwilio Cymru:**

Mr J. Garcia, Ms A. Lewis, Mr J. Evans a Mr J. Edwards.

**Yr oedd y swyddogion canlynol yn gwasanaethu yn y cyfarfod:**

C. Moore, Cyfarwyddwr Gwasanaethau Corfforaethol  
H. Pugh, Pennaeth Dros Dro Archwilio, Riag a Chaffael  
H. Morgan, Rheolwr Datblygu Economaidd  
A. Bracey, Pennaeth Iechyd Meddwl ac Anableddau Dysgu  
P. Evans, Senior Accountant  
C. Powell, Principal Auditor  
R James, Performance Planning & Business Officer  
J. Jones, Rheolwr Eiddo a Phrosiectau Mawr  
P. Edwards, Valuations Manager  
A. Jones, Procurement & Contracting Officer  
M Mason, Museum Development Manager  
S Morgan, Rheolwr Asedau Strategol  
C. Richards, Uwch Reolwr Diogelu  
R. Copp, Cydgysylltydd Amddiffyn Plant  
K. Thomas, Swyddog Gwasanaethau Democraataidd

**Siambr, Neuadd y Sir - 10.30 am - 1.35 pm**

**1. YMDDIHEURIADAU AM ABSENOLDEB**

Cafwyd ymddiheuriad am absenoldeb gan y Cyngorydd G. John.

**2. DATGANIADAU O FUDDIANAU PERSONOL.**

Y Cyngorydd/Aelod Pleidleisio Allanol	Rhif y Cofnod	Y Math o Fuddiant
Mrs J. James	13 - Datganiad Cyfrifon 2017-2018	Ymddiriedolwr Gardd Fotaneg Genedlaethol Cymru - Benthyciad ar y Datganiad Cyfrifon

**3. PENODI CADEIRYDD AR GYFER BLWYDDYN Y CYNGOR 2018/19**

**PENDERFYNWYD YN UNFRYDOL benodi'r Cynghorydd T. Higgins yn Gadeirydd y Pwyllgor ar gyfer Blwyddyn y Cyngor 2018/2019.**

**4. PENODI IS-GADEIRYDD AR GYFER BLWYDDYN Y CYNGOR 2018/19.**

**PENDERFYNWYD YN UNFRYDOL benodi'r Cynghorydd G. Morgan yn Is-gadeirydd y Pwyllgor ar gyfer Blwyddyn y Cyngor 2018/2019.**

**5. CYNLLUN ARCHWILIO MEWNOL 2017/18 & 2018/19**

Bu'r Pwyllgor yn ystyried adroddiad a roddai'r wybodaeth ddiweddaraf am y cynnydd oedd yn cael ei wneud o ran gweithredu'r Cynllun Archwilio Mewnol. Nodwyd bod Rhan A yn darparu adroddiad cynnydd ar Gynllun Archwilio 2017/18 a 2018/19 ynghyd ag Argymhellion Matrics Sgorio. Roedd Rhan B yn grynoded o adroddiadau terfynol wedi'u cwblhau ar gyfer 2017/18 ynghylch y prif systemau ariannol (Ebrill 2017 hyd y presennol). Roedd Rhan C yn ymwneud ag adolygiadau o systemau eraill ac Archwiliadau Sefydliadau.

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

- O ran Cynllun 17/18, dywedodd y Pennaeth Refeniw a Chydymffurfiaeth Ariannol fod 90% ohono wedi'i gyflawni erbyn diwedd mis Mawrth 2018, a bod y rhesymau dros beidio â chyflawni'r 10% sydd ar ôl yn cynnwys nifer o ffactorau. Roedd y rheiny'n cynnwys colled o 28% o ran diwrnodau cynhyrchu o gymharu â cholled o 7% ar Gynllun 16/17, swyddi gwag ac absenoldeb mamolaeth. O ran Cynllun 18/19, roedd yn cyflawni 4.8% o gymharu â tharged o 5%. Mynegodd ei gwerthfawrogiad i staff yr Uned Archwilio am eu hymrwymiad a'u diwydrwydd.

O ganlyniad i'r uchod, bu'r Pwyllgor yn ystyried awgrym ynghylch lleihau targed yr Is-adran o 90% i 80% oherwydd anawsterau parhaus o ran staffio. Fodd bynnag, y barn oedd y dylai'r targed aros yn 90% ar hyn o bryd, ac y dylid osgoi ei leihau nes bod yr holl ddulliau o fynd i'r afael â'r materion staffio wedi'u harchwilio.

- Mewn ymateb i gwestiwn ynghylch y 125 diwrnod o waith a wnaed ar gyfer Awdurdod Tân Canolbarth a Gorllewin Cymru a Chyngor Sir Ceredigion, cafodd y Pwyllgor ei sicrhau fod adnoddau ychwanegol wedi bod ar gael drwy secondiad i wneud y gwaith hwnnw.
- O ran cyflawni 90% o Gynllun 17/18, dywedodd y Pennaeth Refeniw a Chydymffurfiaeth Ariannol fod yr Uned wedi gwneud gwaith ymchwilio ychwanegol annisgwyl yn ogystal â hynny a'i bod wedi bodloni ei Chytundebau Lefel Gwasanaeth gyda'r Awdurdod Tân a Chyngor Sir Ceredigion. O ganlyniad, roedd yr Uned wedi cyflawni cynhyrchiant o 104% yn gyffredinol o holl ddiwrnodau'r cynllun archwilio fel canran o ddiwrnodau'r cynllun cymeradwy.
- Cyfeiriwyd at ganran yr archwiliadau a gyflawnwyd yn unol â'r Cynllun, ac atgoffwyd y Pwyllgor mai ar ansawdd oedd y pwyslais, yn hytrach na chanran yr archwiliadau a gynhelir. Roedd yr ansawdd hwnnw'n hanfodol i alluogi'r Pennaeth Refeniw a Chydymffurfiaeth Ariannol i ddarparu Barn Archwilio ynghylch y Cyngor a sicrhau bod unrhyw risgiau uchel yn cael sylw ac yn cael eu rheoli.
- Cyfeiriwyd at Adroddiad C a'r adolygiad o Reoli Eiddo. Cafodd y Pwyllgor ei sicrhau nad oedd y Cyngor wedi colli refeniw o ganlyniad i ganfyddiadau'r Archwiliad Mewnol. Yn sgil y canfyddiadau hynny, cynhaliwyd adolygiad o'r systemau rheoli eiddo ac roedd polisi newydd yn cael ei lunio i gael ei fabwysiadu drwy broses wleidyddol y Cyngor. Os caiff ei fabwysiadu, byddai hynny'n amodol ar fonitro cydymffurfiaeth yn rheolaidd.

O ganlyniad i'r uchod, awgrymwyd bod adolygiad dilynol yn cael ei gynnal ynghylch y polisi newydd a'i fod yn cael ei gynnwys yn y Cynllun Archwilio ar gyfer 2019/20.

#### **PENDERFYNWYD YN UNFRYDOL:**

- 5.1 fod yr Adroddiad Cynnydd ynghylch Cynllun Archwilio Mewnol 2017/18 ac Adroddiad Diweddar 2018/19 yn cael eu derbyn, at ddibenion monitro,**
- 5.2 bod y targed cyflawni o 90% ar gyfer Cynllun Archwilio 2018/19 yn aros yr un peth ar hyn o bryd ac nad yw'r targed yn cael ei leihau i 80% nes bod yr holl ddulliau o fynd i'r afael â'r materion staffio wedi'u harchwilio,**
- 5.3 bod gwerthfawrogiad y Pwyllgor yn cael ei gyfleu i'r Staff Archwilio Mewnol am eu gwaith dros y flwyddyn flaenorol,**
- 5.4 bod adolygiad dilynol o Reoli Eiddo yn cael ei gynnwys yn y Cynllun Archwilio ar gyfer 2019/20.**

#### **6. ADRODDIAD BLYNYDDOL ARCHWYLIAD MEWNOL 2017/18**

Bu'r Pwyllgor yn ystyried Adroddiad Blynyddol y Pennaeth Refeniw a Chydymffurfiaeth Ariannol, a luniwyd yn unol â gofynion Safonau Archwilio Mewnol y Sector Cyhoeddus (PSIAS), a oedd yn rhoi barn ar ddigonolrwydd ac effeithiolrwydd amgylchedd rheoli'r Cyngor am y flwyddyn Ebrill 2017 hyd at fis Mawrth 2018, yn seiliedig ar y gwaith a wnaed yng Nghynllun Archwilio Mewnol 2017/18, fel y cytunwyd gan y Pwyllgor Archwilio.

Nododd y Pwyllgor fod y Pennaeth Refeniw a Chydymffurfiaeth Ariannol o'r farn fod gan yr Awdurdod, ar y cyfan, amgylchedd rheoli digonol ac effeithiol ar waith. Roedd trefniadau llywodraethu clir sydd â chyfrifoldebau rheoli a strwythurau pwyllgor pendant ar waith. Roedd rheoli risg a'r fframwaith rheoli yn gadarn ar y cyfan ac yn cael eu gweithredu'n eithaf cyson. Roedd gan yr Awdurdod Gyfansoddiad sefydledig, ac roedd wedi datblygu polisiâu a chymeradwyo Rheolau Gweithdrefn Ariannol a roddai gyngor ac arweiniad i'r holl staff ac aelodau. O ganlyniad, roedd y Pennaeth Refeniw a Chydymffurfiaeth Ariannol yn fodlon fod gwaith sicrwydd digonol wedi ei gyflawni i'w galluogi i ddod i gasgliad rhesymol ynghylch digonolrwydd ac effeithiolrwydd amgylchedd rheoli mewnol yr Awdurdod. Lle bo unrhyw wendidau wedi eu nodi drwy adolygiad archwilio mewnol, gwnaed gwaith gyda'r rheolwyr i gytuno ar gamau unioni priodol ac amserlen ar gyfer gwella.

Cyfeiriwyd at annibyniaeth y Pennaeth Refeniw a Chydymffurfiaeth Ariannol o ran Archwiliad Mewnol yr Awdurdod, a gofynnwyd a allai'r Adroddiad Blynyddol adlewyrchu'r annibyniaeth honno. Cadarnhaodd Cyfarwyddwr y Gwasanaethau Corfforaethol y byddai'r adroddiad yn cael ei ddiwygio'n unol â hynny. Hefyd, cyfeiriodd at yr annibyniaeth honno mewn perthynas ag unrhyw archwiliadau a gynhelir mewn gwasanaethau y mae'r Pennaeth Refeniw a Chydymffurfiaeth Ariannol yn gyfrifol amdanynt. Dywedodd fod protocol wedi'i lunio o ystyried hynny a fyddai'n cael ei gyflwyno i'w ystyried yng nghyfarfod y Pwyllgor ym mis Medi.

O ganlyniad i'r uchod, cyfeiriodd y Cyfarwyddwr at Wasanaeth Budd-daliadau'r Cyngor, a gafodd ei gynnwys ym maes gorchwyl y Pennaeth Refeniw a Chydymffurfiaeth Ariannol. Cadarnhaodd fod Rheolwr y Gwasanaethau Refeniw

yn adrodd wrtho ar hyn o bryd ac y byddai'r trefniadau hynny'n parhau ar ôl ymdeoliad y Rheolwr maes o law.

## **PENDERFYNWYD YN UNFRYDOL:**

- 6.1 dderbyn yr adroddiad, yn unol â'r gofynion statudol,**
- 6.2 bod y protocol a luniwyd ar gyfer archwilio gwasanaethau y mae'r Pennaeth Refeniw a Chydymffurfiaeth Ariannol yn gyfrifol amdanynt yn cael ei gyflwyno yng nghyfarfod y Pwyllgor ym mis Medi.**

## **7. BLAENRHAGLEN GWAITH Y PWYLLGOR ARCHWILIO**

Ystyriodd y Pwyllgor ei Flaenraglen Waith ar gyfer blwyddyn y cyngor 2018/19.

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

- Cyfeiriodd y Pennaeth Refeniw a Chydymffurfiaeth Ariannol at yr adroddiad cynnydd ynghylch gwireddu argymhellion yr archwiliadau mewnol a ddisgwylir ar gyfer mis Mawrth 2019, a dywedodd y byddai'n cael ei baratoi ynghylch yr argymhellion na chafodd eu mabwysiadu'n unig, ar sail eithriad.
- Mewn ymateb i gwestiwn ynghylch yr amserlen ar gyfer cyflwyno adroddiadau ar y Weithred Tendr Unigol a'r Astudiaeth Llywodraeth Leol - y Gronfa Gofal Canolraddol, cadarnhawyd y byddai'r adroddiad ynghylch y Gronfa Gofal Canolraddol yn cael ei gyflwyno pan fyddai'n barod. Byddai unrhyw adroddiad ynghylch Gweithred Tendr Unigol yn cael ei gyflwyno yn unol â'r angen.

## **PENDERFYNWYD YN UNFRYDOL gymeradwyo Blaenraglen Waith y Pwyllgor Archwilio ar gyfer 2018/19.**

## **8. ASESAD ALLANOL O ARCHWILIAD MEWNOL**

Bu'r Pwyllgor yn ystyried yr Aseiad Allanol o Archwiliad Mewnol yr Awdurdod a gynhaliwyd yn unol â Safon Archwilio Mewnol y Sector Cyhoeddus a oedd yn gofyn am aseiad allanol o wasanaethau archwilio mewnol awdurdod lleol o leiaf unwaith bob pum mlynedd gan adolygydd cymwys ac annibynnol o'r tu allan i'r sefydliad.

Nododd y Pwyllgor fod y Safonau'n caniatáu dau ddull posibl o asesu allanol h.y. aseiad allanol llawn neu hunanasesiad mewnol sy'n cael ei ddilysu gan adolygydd allanol. Roedd Sir Gaerfyrddin wedi mabwysiadu'r dull o hunanasesu mewnol, a oedd wedi canfod bod yr Awdurdod yn cydymffurfio â 34 (76%) o ofynion y Safonau yn gyffredinol, yn cydymffurfio'n rhannol â 10 (22%) ac roedd 1 (2%) yn amherthnasol. O ganlyniad, cytunwyd bod Gwasanaeth Archwilio Mewnol y Cyngor yn cydymffurfio â Safonau Archwilio Mewnol y Sector Cyhoeddus yn gyffredinol ac ystyriwyd nad oedd effaith sylweddol yn sgil y diffyg cydymffurfiaeth rhannol. Yn gyffredinol, ystyriwyd bod yr Archwiliad Mewnol yn cydymffurfio â'r Safonau yn yr holl feysydd pwysig ac y'i cynhaliwyd yn annibynnol ac yn wrthrychol.

Cyfeiriwyd at y Cynllun Gweithredu a oedd wedi'i atodi i'r adroddiad, a gofynnwyd am eglurhad ynghylch pwy fyddai'n gyfrifol am ei fonitro gan y mynegwyd barn na ddylai hyn gael ei wneud gan yr Awdurdod. Cadarnhawyd y byddai'r mater yn cael ei godi gyda Grŵp Prif Archwilwyr Cymru.

## **PENDERFYNWYD YN UNFRYDOL dderbyn yr adroddiad.**

### **9. DIWEDDARIAD AR CEFNOGI POBL**

Yn unol â Chofnod 6 o'i gyfarfod ar 6 Ionawr 2017, derbyniodd y Pwyllgor yr adroddiad cynnydd chwemisol ar Gynllun Gweithredu y Gwasanaeth Cefnogi Pobl, a oedd yn crynhoi'r gwaith oedd wedi ei wneud hyd yn hyn i gyflawni gwelliannau yn y prosesau grant a rheoli contractau, fel y nodwyd yn Archwiliad Mewnol 2015/16 o Grant Rhaglen Cefnogi Pobl 2015/16. Nodwyd bod cynnydd da yn cael ei wneud o ran y cynllun gweithredu a oedd yn cael ei fonitro gan y Grŵp Cynllunio Cefnogi Pobl, dan gadeiryddiaeth Cyfarwyddwr y Gwasanaethau Cymunedol.

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

- Cyfeiriwyd at dudalen 69 yr adroddiad a gofynnwyd am eglurhad ynghylch a oedd Llywodraeth Cymru wedi ymateb i ganfyddiadau ei Phwyllgor Cyfrifon Cyhoeddus ynghylch gweinyddu'r Grant yn well, a gyhoeddwyd ym mis Mai 2018. Cadarnhawyd bod Llywodraeth Cymru wedi cyhoeddi ei hymateb ar 2 Gorffennaf a derbyniwyd rhai o'r pwyntiau a godwyd ond nid pob un ohonynt. Roedd yr ymateb hwnnw wedi cael ei gyflwyno i'r Pwyllgor Cyfrifon Cyhoeddus ar 6 Gorffennaf 2018.
- Atgoffwyd y Pwyllgor ei fod wedi gofyn am adroddiad ynghylch y rheoliadau caffael a chydymffurfiaeth yr Awdurdod â hwy, yn ei gyfarfod ar 15 Rhagfyr 2017. Gofynnwyd am eglurhad ynghylch y sefyllfa bresennol.

Cadarnhaodd y Swyddog Caffael a Chontractio fod yr Awdurdod, ynghyd â'i bartneriaid perthnasol, yn gweithio'n ddfilno drwy'r materion a nodwyd er mwyn sicrhau bod anghenion cleientiaid yn cael eu diwallu ac roedd hefyd yn datblygu cynlluniau gweithredu cysylltiedig. Er enghraifft, roedd gwasanaeth cyflawni newydd wedi'i ddatblygu o ran y Strategaeth Cam-drin Domestig a fyddai'n destun proses dendro cyn bo hir. Roedd gwaith yn cael ei wneud hefyd ar yr holl brosiectau er mwyn sicrhau gwerth am arian ac ystyried a ddylid eu hail-dendro neu eu digomisiynu gan nad ydynt yn diwallu anghenion y cleientiaid erbyn hyn.

- Mewn ymateb i gwestiwn, cadarnhaodd y Swyddog Caffael a Chontractio fod yr Awdurdod yn cydymffurfio â nifer o'r gweithdrefnau ac o ran y diffyg cydymffurfiaeth, roedd gwaith yn cael ei wneud ar y contractau penodol hynny i sicrhau cydymffurfiaeth yn y dyfodol.

## **PENDERFYNWYD YN UNFRYDOL:**

- 6.1 dderbyn yr adroddiad;**
- 6.2 bod yr adroddiad cynnydd chwemisol nesaf yn cynnwys cyfeiriad at broses gaffael y Cyngor.**

### **10. DIWEDDARIAD CYNLLUN GWEITHREDU AMGUEDDFEYDD**

Yn unol â Chofnod 3 y cyfarfod a gynhaliwyd ar 24 Mawrth 2017, cafodd y Pwyllgor y wybodaeth ddiweddaraf ar Gynllun Gweithredu'r Amgueddfeydd a oedd yn crynhoi'r gwaith y cytunwyd arno a'r cynnydd a wnaed hyd yma gan y Tîm Amgueddfeydd i wella ei brosesau.

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

- Cyfeiriwyd at y gwaith o brisio casgliad amgueddfeydd y Cyngor ac a allai'r Cyngor ddefnyddio arbenigedd y Gwasanaeth Amgueddfeydd wrth gyflawni'r dasg honno. Dywedodd y Rheolwr Datblygu Amgueddfeydd fod rhaid i unrhyw broses brisio gydymffurfio â gofynion y sefydliad unigol, er bod yna ganllawiau amrywiol ac arferion da o ran hynny. Yn yr un modd, gallai'r gwaith o brisio gwrthrychau unigol gael ei wneud mewn nifer o ffyrdd a byddai angen cyflogi prisiwr masnachol er mwyn priso'i gasgliad.
- Mewn ymateb i ymholiad ynghylch y posibilrwydd o ddefnyddio'r Neuadd Sirol yng Nghaerfyrddin i gyfeirio ymwelwyr at gyfleusterau amgueddfeydd y Cyngor, cadarnhawyd nad oedd modd gwneud hynny oherwydd bod yr eiddo wedi cael ei brydlesu i drydydd parti. Fodd bynnag, roedd y perchnogion newydd wedi cytuno y gallai llawr cyntaf yr adeilad gael ei agor i ymwelwyr â'r Sir ac roedd trafodaethau mewn perthynas â hynny yn cael eu cynnal gyda'r Is-adran Amgueddfeydd.
- Mewn ymateb i gwestiwn ynghylch dyddiad targed ar gyfer cytuno ar ddull o brisio gweddill casgliadau'r Awdurdod, sef Ebrill 2019, dywedodd y Rheolwr Datblygu Amgueddfeydd mai darparu System Rheoli Casgliadau fydd y blaenoriaeth i ddechrau. Ar ôl hynny, gallai'r gwaith ddechrau ar y casgliadau.
- Cadarnhaodd y Rheolwr Datblygu Amgueddfeydd fod gan yr Awdurdod bolisi ar waith ar gyfer cylchdroi a newid yr arddangosfeydd yn ei amgueddfeydd, a'i fod yn cyfathrebu'n agos â grwpiau cymunedol amrywiol a'r Adran Addysg mewn perthynas â hynny.

## **PENDERFYNWYD YN UNFRYDOL:**

- 10.1 dderbyn y Diweddariad ar Gynllun Gweithredu'r Amgueddfeydd;**  
**10.2 bod y Pwyllgor yn cael adroddiad cynnydd pellach ymhen 12 mis**

## **11. COFRESTR RISG CORFFORAETHOL**

Yn unol â Chofnod 7 ei gyfarfod ar 23 Mawrth 2018, bu'r Pwyllgor yn ystyried adroddiad ynghylch y ddwy risg mewn perthynas â 'Darparu Trefniadau Diogelu Effeithiol' a 'Galw Effeithiol am Ofal Cymdeithasol'.

Cyfeiriodd y Pennaeth Refeniw a Chydymffurfiaeth Ariannol at yr ail risg a gofynnodd am ohirio ystyried y risg honno tan gyfarfod nesaf y Pwyllgor.

O ran y risgiau a nodwyd mewn perthynas â 'Darparu Trefniadau Diogelu Effeithiol', dywedodd Pennaeth y Gwasanaethau Iechyd Meddwl ac Anableddau Dysgu fod y rheiny'n cael eu hystyried yn risgiau uchel ac amlddisgyblaethol. Er mwyn mynd i'r afael â'r risiau hynny, roedd yr Awdurdod wedi gweithredu nifer o fesurau gan gynnwys sefydlu Grŵp Llywio Corfforaethol, datblygu cofrestr Risgiau Diogelu, ac yn sgil y Ddeddf Gwasanaethau Cymdeithasol a Llesiant newydd, roedd wedi sefydlu Bwrdd Diogelu rhanbarthol newydd ynghyd â grwpiau gweithredol lleol. Roedd y Bwrdd Diogelu Rhanbarthol yn archwilio ac yn sicrhau cydymffurfiaeth â'r Ddeddf, tra bod y grwpiau lleol yn sicrhau bod gwasanaethau lleol yn cael eu darparu. Cadarnhaodd fod camau breision wedi'u cymryd o ran diogelu dros y 12 mis diwethaf, cynhaliwyd cyfarfodydd misol a chyflwynwyd adroddiadau i'r Pwyllgor Craffu - Iechyd a Gofal Cymdeithasol.

Cafodd y Pwyllgor y wybodaeth ddiweddaraf ar lafar gan yr Uwch-reolwr Diogelu a'r Cyd-gysylltydd Amddiffyn Plant am weithrediad a threfniadaeth eu gwasanaethau i sicrhau darpariaeth gwasanaeth effeithlon.

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



- Mewn ymateb i gwestiwn ynghylch lefel y cymorth sydd ar gael i'r boblogaeth symudol yn y Sir, y mae rhai ohonynt o bosibl yn agored i niwed, dywedwyd bod unrhyw berson sy'n cael ei gyflwyno neu ei gyfeirio at y Cyngor yn cael ymateb sy'n gyd-gysylltiedig ar draws y sir gyfan a'r lefel briodol o gymorth, er nad yw'n broblem sylweddol yn y sir.
- Cyfeiriwyd at nifer o farwolaethau sy'n gysylltiedig â chyffuriau mewn ardal benodol o'r Sir a dywedodd y Pwyllgor fod ymchwiliadau'n cael eu cynnal ar y cyd â phartneriaid y Cyngor er mwyn canfod a oedd unrhyw un o'r rheiny'n cynnwys materion diogelu.
- Cyfeiriwyd at y ffaith nad oedd y Gofrestr Risg Gorfforaethol wedi'i diweddaru yn dilyn cyfarfod y Pwyllgor ym mis Mawrth, lle gofynnodd y Pwyllgor am wybodaeth am y Risg Diogelu. Felly gofynnwyd i'r Adran sicrhau y caiff ei diweddaru.
- Cyfeiriwyd at yr angen i'r Pwyllgor gael sicrwydd fod unrhyw risgiau a nodwyd yn cael sylw. Atgoffwyd y Pwyllgor y byddai'r gofrestr risg gorfforaethol yn cael ei hychwanegu at yr agenda i'w thrafod yn ei gyfarfod nesaf pan fo cyfle. Yn ogystal â gohirio ystyried y risg o 'Alw Effeithiol am Ofal Cymdeithasol' tan y cyfarfod nesaf, atgoffwyd y Pwyllgor hefyd ei fod wedi gofyn am i ddwy risg ychwanegol a nodwyd yn ei gyfarfod ym mis Mawrth gael eu hychwanegu at yr agenda ar gyfer ei gyfarfod ym mis Medi.

## **PENDERFYNWYD YN UNFRYDOL**

**11.1 dderbyn yr adroddiad ynghylch 'Darparu Trefniadau Diogelu Effeithiol'.**

**11.2 gohirio ystyried yr adroddiad ynghylch 'Galw Effeithiol am Ofal Cymdeithasol' tan gyfarfod nesaf y Pwyllgor.**

## **12. YSTYRIED Y DOGFENNAU CANLYNOL PARATOWYD GAN SWYDDFA ARCHWILIO CYMRU:-**

### **12.1. ADRODDIADAU LLEOL SWYDDFA ARCHWILIO CYMRU**

Bu'r Pwyllgor yn ystyried Adroddiad Lleol Swyddfa Archwilio Cymru a luniwyd mewn perthynas â gwerthusiad o Adolygiad y Cyngor ynghylch Rheoli Pobl a Pherfformiad a gynhaliwyd yn 2017. Er bod y Cyngor wedi cynnal adolygiad trylwyr a chynhwysfawr o'i brosesau rheoli pobl a pherfformiad a'i fod wedi datblygu argymhellion clir a dargedwyd, roedd saith mis wedi mynd heibio ers i'r adolygiad gael ei gwblhau, pryd na chymerwyd camau i naill ai fynd i'r afael ag argymhellion yr adroddiad neu ddatblygu cynllun gweithredu. Ystyriwyd bod paratoi a gweithredu'r cynllun gweithredu hwnnw'n bwysig er mwyn atal risgiau, neu fel arall byddant yn parhau i fodoli.

Mewn ymateb i gwestiwn ynghylch yr amser oedd wedi mynd ers cyhoeddi'r adroddiad, rhoddwyd gwybod i'r Pwyllgor fod y Grŵp Llywio Rheoli Pobl wedi cynnal cyfarfod yn ddiweddar er mwyn trafod ei ganfyddiadau ac mai cyfrifoldeb y Grŵp yw sicrhau bod y gwaith o baratoi'r cynllun gweithredu yn symud yn ei flaen. Bydd y Pwyllgor yn ystyried adroddiad cynnydd ar hynny yn ei gyfarfod ym mis Medi.

Cyfeiriwyd at y gwaith a wnaed gan y Grŵp Llywio ac at yr amserlen ar gyfer gweithredu. Cadarnhawyd y byddai'r Grŵp Llywio yn pennu'r amserlenni.

Yn sgil yr uchod, awgrymwyd y dylai'r adroddiad sy'n cael ei gyflwyno i'r Pwyllgor Archwilio ym mis Medi fanylu ar y camau a gymerwyd yn unol ag argymhellion yr adroddiad ynghyd ag esboniadau ynghylch y rhai na chafodd eu cwblhau.

## **PENDERFYNWYD YN UNFRYDOL**

**12.1.1 dderbyn Adroddiad Lleol Swyddfa Archwilio Cymru.**

**12.1.2 bod yr adroddiad cynnydd ynghylch Adolygiad y Cyngor o Reoli Pobl a Pherfformiad 2017 a fydd yn cael ei gyflwyno i'r Pwyllgor Archwilio ym mis Medi yn cynnwys unrhyw gamau gweithredu a gymerwyd yn unol ag argymhellion yr adroddiad ynghyd ag esboniadau ynghylch y rhai na chafodd eu cwblhau.**

## **12.2. CYNGOR SIR GAERFYRDDIN DIWEDDARIAD PWYLLGOR ARCHWILIO - GORFFENAF 2018**

Bu'r Pwyllgor yn ystyried Adroddiad Swyddfa Archwilio Cymru a luniwyd mewn perthynas â gwaith archwilio ariannol a pherfformiad yn y Cyngor.

Mewn ymateb i gwestiwn ynghylch monitro'r argymhellion a oedd yn codi o'r Adroddiad Gwella Blynyddol, cadarnhawyd y byddai'n cael ei wneud gan y Cyngor ac y byddai'r Pwyllgor Archwilio yn ystyried adroddiad ynghylch hynny yn ei gyfarfod ym mis Medi. Fodd bynnag, mae'n bosibl y bydd unrhyw waith dilynol a wnaed gan Swyddfa Archwilio Cymru yn cael ei gynnwys mewn archwiliad dilynol o Gynllun Gwella'r Cyngor.

Mewn ymateb i gwestiwn ynghylch olrhain a chofnodi argymhellion Swyddfa Archwilio Cymru, dywedwyd bod System Monitro Perfformiad a Gwella (PIMS) y Cyngor yn cael ei defnyddio o ran hynny.

## **PENDERFYNWYD YN UNFRYDOL dderbyn adroddiad Swyddfa Archwilio Cymru.**

## **12.3. ADRODDIADAU CENEDLAETHOL SWYDDFA ARCHWILIO CYMRU**

Bu'r Pwyllgor yn ystyried yr Adroddiadau Cenedlaethol canlynol gan Swyddfa Archwilio Cymru:-

1. Comisiynu Strategol y Gwasanaethau Llety ar gyfer Oedolion ag Anableddau Dysgu;
2. Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015: Ystyried Blwyddyn Un;
3. Siarad fy laith: Goresgyn rhwystrau o ran iaith a chyfathrebu yn y gwasanaethau cyhoeddus.

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

- Rhoddodd Pennaeth y Gwasanaethau Iechyd Meddwl ac Anableddau Dysgu y wybodaeth ddiweddaraf i'r Pwyllgor am y gwaith a wnaed gan y Cyngor dros y deuddeg mis diwethaf er mwyn mynd i'r afael ag anghenion Oedolion ag Anableddau Dysgu o ran llety, gan arwain at lunio Strategaeth Lety Ddrafft a datblygu offer rhagfynegi ar gyfer anghenion yn y dyfodol. Roedd gwaith hefyd yn cael ei wneud gyda Gwasanaeth Tai'r Cyngor a Landlordiaid Cymdeithasol Cofrestredig er mwyn darparu ystod o lety amgen i ddiwallu anghenion pawb e.e.

llety cymunedol/gofal preswyl. Bydd hi'n rhoi'r wybodaeth ddiweddaraf yng nghyfarfod y Pwyllgor ym mis Medi.

- Mewn ymateb i gwestiwn ynghylch tudalen 164 o'r adroddiad, sy'n cyfeirio at y ffaith mai dim ond 12 awdurdod lleol oedd wedi ymgysylltu â grwpiau sy'n cynrychioli defnyddwyr gwasanaethau, cadarnhaodd Pennaeth y Gwasanaethau Iechyd Meddwl ac Anableddau Dysgu mai Sir Gaerfyrddin oedd un o'r 12. Ystyrid bod ymgysylltu ac ymgynghori fel hyn â defnyddwyr gwasanaethau yn hanfodol er mwyn cyflawni newid i'r gwasanaethau ac roedd yn flaenoriaeth uchel yn yr Is-adran.

## **PENDERFYNWYD YN UNFRYDOL**

**12.3.1 dderbyn Adroddiadau Cenedlaethol Swyddfa Archwilio Cymru.**

**12.3.2 bod adroddiad diweddarau ynghylch Comisiynu Strategol y Gwasanaethau Llety ar gyfer Oedolion ag Anableddau Dysgu yn cael ei gyflwyno yng nghyfarfod y Pwyllgor Archwilio ym mis Medi.**

## **13. DATGANIAD CYFRIFON 2017-2018**

Bu'r Pwyllgor yn ystyried Datganiad Cyfrifon yr Awdurdod ar gyfer 2017/18, a luniwyd yn unol â Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014 a ddaeth â holl drafodion ariannol yr Awdurdod ar gyfer y flwyddyn ynghyd, yn ogystal â manylu ar asedau a rhwymedigaethau'r Awdurdod fel yr oeddent ar 31 Mawrth 2018.

Yn ystod 2017/18 roedd yr Awdurdod wedi cadw at gyllideb gwariant net Cronfa gyffredinol y Cyngor, ac roedd y canlyniadau canlynol wedi eu cynnwys yn y Datganiad Symudiadau Cronfeydd:-

- Cronfa'r Cyngor (ar gael yn gyffredinol ar gyfer gwariant newydd) – trosglwyddo i'r gweddillion £480k;
- Balances held by schools under local management schemes – transfer from balances £195k;
- Y Cyfrif Refeniw Tai – cynnydd yn y gweddill o £6.103m gan gynnwys £3.8m i gefnogi Strategaeth Tai Fforddiadwy'r Awdurdod

Er bod gwasgfeydd ar nifer o feysydd gwasanaeth ar draws yr Awdurdod oherwydd y galw yn ystod y flwyddyn, nodwyd bod y rhain wedi eu gwrthbwysio gan danwariant mewn meysydd eraill, yn enwedig o ran costau cyllido cyfalaf, a chan lefel uwch na'r disgwyl o ran casglu'r Dreth Gyngor.

Roedd yr alldro a ddeilliai o hynny yn golygu bod yr Awdurdod wedi trosglwyddo £480k i'w gronfeydd wrth gefn cyffredinol, yn erbyn £200k yr oedd wedi'i drosglwyddo o'r cronfeydd wrth gefn.

Hefyd ceisiwyd sylw a chaniatâd ôl-weithredol gan y Pwyllgor mewn perthynas â'r symudiadau canlynol i'r cronfeydd wrth gefn ac oddi wrthynt:-

*Y Gronfa Ymddeol Gorfforaethol* - £750k i gefnogi polisi dileu swyddi ac ymddeol yn gynnar yr Awdurdod, gan ei alluogi i ddarparu ar gyfer y straen actiwaraid ar y Gronfa Bensiwn sy'n digwydd yn sgil ymddeol yn gynnar neu ddileu swyddi;

*Y Gronfa Datblygiadau Mawr* - trosglwyddo £2.041m i gefnogi datblygiadau mawr yn y dyfodol;

*Cyllid Cyfalaf y Rhaglen Moderneiddio Addysg – Clustnodi £3.533 miliwn yng nghyllideb 2017-2018 i dalu am gost benthycyca darbodus i gyllido'r Rhaglen Moderneiddio Addysg - i'w ddefnyddio yn 2018-2019;*

Cronfa wrth Gefn y Fargen Ddinesig - trosglwyddo £2m i alluogi gwariant posibl yn y dyfodol mewn perthynas â phrosiectau'r Fargen Ddinesig.

Cyfeiriwyd at waith y Cyngor o ran sefydlu cwmnïau 'hyd braich' mewn perthynas â darparu tai a Llesiant ynghyd â newid statws CWM Environmental o 'hyd braich' i gwmni TEKKE. Gofynnwyd am eglurhad ynghylch sut y byddai'r cwmnïau hyn yn cael eu hadlewyrchu yn y Datganiadau Cyfrifon yn y dyfodol. Cadarnhaodd Cyfarwyddwr y Gwasanaethau Corfforaethol y byddai'r cwmnïau 'hyd braich' yn cael eu hadlewyrchu yn y nodiadau sydd ynghlwm wrth y Datganiad Cyfrifon ac y byddent yn cynnwys manylion am unrhyw fenthyciadau a ddarperir. O ran CWM, byddai angen llunio Datganiad Cyfrifon ffurfiol i'w gyflwyno i'w Fwrdd Rhanddeiliaid.

Nodwyd bod aelodau'r Pwyllgor wedi bod yn bresennol mewn sesiwn briffio yr wythnos honno ynghylch y Datganiad Cyfrifon, lle'r oeddynt wedi cael cyfle i gael gwedd gliriach ar yr holl agweddau ar y Datganiad Cyfrifon.

## **PENDERFYNWYD YN UNFRYDOL**

**13.1 dderbyn Datganiad Cyfrifon Cyngor Sir Caerfyrddin 2017/18;**

**13.2 cymeradwyo'n ôl-weithredol y symudiadau o'r Cronfeydd Wrth Gefn a Glustnodwyd ac iddynt, yn enwedig trosglwyddiadau i**

- Y Gronfa Ymddeol Gorfforaethol
- Y Gronfa Datblygiadau Mawr
- Cyllid cyfalaf Rhaglen Moderneiddio Addysg

**13.3 cymeradwyo'r cynllun i sefydlu Cronfa Wrth Gefn y Fargen Ddinesig yn ôl-weithredol**

## **14. DATGANIAD CYFRIFON CRONFA BENSIWN DYFED 2017-2018**

### **HYD Y CYFARFOD**

Am 1.30pm wrth ystyried yr eitem hon, tynnwyd sylw'r Pwyllgor at Reol 9 o'r Weithdrefn Gorfforaethol - 'Hyd Cyfarfod' - ac at y ffaith bod y cyfarfod wedi bod yn mynd rhagddo ers tair awr. Felly

**PENDERFYNWYD YN UNFRYDOL atal Rheolau o'r Weithdrefn Gorfforaethol er mwyn galluogi'r Pwyllgor i ystyried yr eitemau a oedd ar ôl ar yr agenda.**

Bu'r Pwyllgor yn ystyried Datganiad Cyfrifon Cronfa Bensiwn Dyfed 2017/18, a luniwyd yn unol â Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014 a ddaeth â holl drafodion ariannol Cronfa Bensiwn Dyfed dros y flwyddyn ynghyd, yn ogystal â manylu ar ei hasedau a'i rhwymedigaethau fel yr oeddent ar 31 Mawrth 2018.

Adroddwyd bod asedau net y Gronfa wedi cynyddu £97m o 2016/17 i 2017/18 a bod y cynnydd yn gysylltiedig yn bennaf â chynnydd yng ngwerth yr asedau buddsoddi ar y farchnad. O ran gwariant y Gronfa, roedd y budd-daliadau a

dalwyd a'r trosglwyddiadau allan wedi cynyddu £2.4m i £82.5m, ac roedd y cyfraniadau a'r trosglwyddiadau i mewn wedi cynyddu £1.6m i £73.4m o ran yr incwm.

Nodwyd bod aelodaeth gyfan y gronfa wedi cynyddu 555 o 49,959 yn 2016/17 i 46,514 yn 2017/18, sef cynnydd o 1.2%

**PENDERFYNWYD YN UNFRYDOL dderbyn Datganiad Cyfrifon Cronfa Bensiwn Dyfed 2017/18.**

**15. DATGANIAD ARIANNOL AWDURDOD HARBWR PORTH TYWYN 2017-18**

Rhoddodd y Pwyllgor ystyriaeth i Ddatganiad Ariannol Awdurdod Harbwr Porth Tywyn 2017-18, a luniwyd yn unol â Deddf Harbyrau 1964, a nodai ei bod yn ofynnol i bob Awdurdod Harbwr Statudol lunio datganiad blynyddol o gyfrifon ynghylch gweithgareddau'r harbwr.

Yn unol â Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014, roedd y cyfrifon hynny ar ffurf cyfrif incwm a gwariant blynyddol ar wahân a datganiad balansau. Cost net gweithgareddau'r harbwr yn 2017-18 oedd £3,353k ac roedd yr holl weithgareddau'n cael eu cyllido'n llawn gan Gyngor Sir Caerfyrddin. Roedd yr asedau sefydlog a ddelir ar 31 Mawrth 2018 yn dod i gyfanswm o £1,000k. Roedd cost net £3,353k yn cynnwys cyfraniad ariannol o £138k (2016/17 - £85k) a chyfraniad ar gyfer taliadau cyfalaf o £3,315k (2016-17 - £170k), ac roedd y cynnydd oherwydd colled ailbriso asedau'r harbwr.

Nodwyd hefyd bod yr Awdurdod wedi rhoi prydles tymor hir i The Marine & Property Group Ltd o 1 Ebrill 2018 ymlaen, i gymryd cyfrifoldeb am gynnal a rheoli'r Harbwr, a fyddai'n arwain at fuddsoddiad a datblygiad pellach o'r Harbwr ac felly yn cynyddu ei hyfywedd ariannol a'i gynaliadwyedd yn y dyfodol.

O ganlyniad i briso'r brydles, nodwyd bod sail y gwaith o briso asedau'r harbwr wedi newid, gan arwain at y golled ailbriso.

**PENDERFYNWYD YN UNFRYDOL dderbyn Datganiad Cyfrifon Awdurdod Harbwr Porth Tywyn 2017-18.**

**16. COFNODION GRWPIAU PERTHNSAOL IR PWYLLGOR ARCHWYLIO**

**PENDERFYNWYD YN UNFRYDOL dderbyn y cofnodion canlynol:-**

- Panel Grantiau - 16 Mai 2018

**17. LLOFNODI YN GOFNOD CYWIR COFNODION CYFARFOD Y PWYLLGOR A GYNHALIWDYD AR 23 MAI 2018**

Nododd y Pwyllgor bod y cyfeiriad at 23 Mai yn y teitl yn anghywir ac y dylai ddweud '23 Mawrth 2018'

**PENDERFYNWYD YN UNFRYDOL lofnodi cofnodion cyfarfod y Pwyllgor Archwilio a gynhaliwyd ar 23 Mawrth 2018 gan eu bod yn gywir.**

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CADEIRYDD

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DYDDIAD