

# Pecyn Dogfennau



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

**DYDD GWENER, 1 GORFFENNAF 2016**

**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, DYDD GWENER, 8 FED GORFFENNAF, 2016** ER MWYN CYFLAWNI'R MATERION A AMLINELLIR AR YR AGENDA ATODEDIG.

*Mark James*

**PRIF WEITHREDWR**



**AILGYLCHWCH OS GWELWCH YN DDA**

|                                     |                                    |
|-------------------------------------|------------------------------------|
| <b>Swyddog Democraidd:</b>          | <b>Michelle Evans Thomas</b>       |
| <b>Ffôn (llinell uniongyrchol):</b> | <b>01267 224470</b>                |
| <b>Ffacs:</b>                       | <b>(01267) 224911</b>              |
| <b>E-bost:</b>                      | <b>MEEvansThomas@sirgar.gov.uk</b> |
| <b>Cyf:</b>                         | <b>AD016-001</b>                   |

## AELODAETH Y PWYLLGOR

### Grŵp Plaid Cymru

Cyng. Hazel Evans  
Cyng. Gareth Thomas  
Cyng. Elwyn Williams

### Grŵp Annibynnol

Cyng. Giles Morgan  
Cyng. Edward Thomas

### Grŵp Llafur

Cyng. Calum Higgins  
Cyng. John James  
Cyng. Bill Thomas

### Pobl yn Gyntaf

### Annibynnol heb gysylltiad

Mrs Julie James

# AGENDA

1. YMDDIHEURIADAU AM ABSENOLDEB
2. DATGANIADAU O FUDDIANNAU PERSONOL.
3. PENODI CADEIRYDD AR GYFER BLWYDDYN Y CYNGOR 2016/17.
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## PWYLLGOR ARCHWYLIO 8 Gorffnaf 2016

**Y Pwnc:** Ymdeithiad Cynllun Archwilio Mewnol

**Y Pwrpas:**

Y diweddaraŷ ynghylch ar Cynllun Archwilio Mewnol 2015/16 a 2016/17

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

**I dderbyn yr adroddiad**

**Y Rhesymau:**

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

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

Angen i'r Bwrdd Gweithredol wneud penderfyniad : AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad : AMHERTHNASOL

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

Cynghorydd David Jenkins

**Y Gyfarwyddiaeth:**

Gwasanathau Corfforaethol

**Enw Pennaeth y Gwasanaeth:**

Phil Sexton

**Awdur yr Adroddiad:**

Helen Pugh

**Swyddi:**

Pennaeth Archwilio, Risg a Chaffael

Rhelowr Archwilio a Risg

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**EXECUTIVE SUMMARY**  
**Audit Committee**  
**8<sup>th</sup> July 2016**

**SUBJECT**

Internal Audit Plan Progress

**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)2015-16 - Internal Audit Plan 2015/16 - Progress Report**

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

**REPORT A(ii) - Internal Audit Plan 2015/16 - Recommendations Scoring Matrix**

**REPORT B - Summary of Completed Final Reports 2015/16 Relating to Key Financial Systems (April 2015 to date)**

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

|   |           |
|---|-----------|
| 1 | VAT       |
| 2 | Creditors |

**DETAILED REPORT ATTACHED ?**

**YES**

## IMPLICATIONS

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

Signed: Phil Sexton Head of Audit, Risk & Procurement

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

### Finance

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

## CONSULTATIONS

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

Signed: Phil Sexton Head of Audit, Risk & Procurement

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

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

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

**THESE ARE DETAILED BELOW**

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

Mae'r dudalen hon yn wag yn fwriadol



## INTERNAL AUDIT PLAN 2015 / 2016

| 2015/16                                | % Plan Completion to Date        | 94.1%        |                    | % Target March 2016       |           |                     |                     |                     |              | 92.0%               |
|--|----------------------------------|--------------|--------------------|---------------------------|-----------|---------------------|---------------------|---------------------|--------------|---------------------|
| 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>                 |                                  |              |                    |                           |           |                     |                     |                     |              |                     |
| 1115001                                | Partnership Arrangements         | 8            | *                  | N/A                       | N/A       | N/A                 | N/A                 | N/A                 | 8            | Complete            |
| 1115002                                | Customer Services                | 6            | *                  | *                         | *         | *                   | *                   | *                   | 6            | Complete            |
| 1115003                                | Press Office/communication       | 6            | *                  | *                         | *         | *                   | *                   | *                   | 6            | Complete            |
| 1115004                                | Annual Governance Statement      | 8            | *                  | *                         | *         | *                   | *                   | *                   | 8            | Complete            |
| 1215001                                | HR Function                      | 10           | *                  | *                         | *         | *                   | *                   | *                   | 10           | Complete            |
| 1215002                                | Modern Records                   | 6            | *                  | *                         | *         | *                   | *                   | *                   | 6            | Complete            |
| 1215003                                | Declaration of Interest          | 10           | *                  | *                         | *         | *                   | *                   | *                   | 9            | Draft Report Issued |
| 1315001                                | Financial Management Other (TIG) | 10           | *                  | *                         | *         | *                   | *                   | *                   | 10           | Complete            |
| <b>Total Audit Days for Department</b> |                                  | <b>64</b>    |                    |                           |           |                     |                     |                     | <b>63</b>    |                     |
| <b>Education &amp; Children</b>        |                                  |              |                    |                           |           |                     |                     |                     |              |                     |
| 2115001                                | Modernising Education Provisions | 6            | *                  | *                         | *         | *                   | N/A                 | N/A                 | 6            | Complete            |
| 2215001                                | Information Management           | 6            |                    |                           |           |                     |                     |                     | 0            |                     |
| 2315001                                | Admissions                       | 6            | *                  | *                         | *         | *                   | *                   | *                   | 6            | Complete            |
| 2315002                                | Governor Support                 | 5            | *                  | *                         | *         | *                   | *                   | *                   | 5            | Complete            |
| 2315003                                | School Meals                     | 10           | *                  | *                         | *         | *                   | *                   | *                   | 10           | Complete            |
| 2315004                                | Catering Services                | 6            | *                  | *                         | *         | *                   | *                   | *                   | 5.4          | Draft Report Issued |
| 2315005                                | Teachers starters & leavers      | 6            | *                  | *                         | *         | *                   | *                   | *                   | 5.4          | Draft Report Issued |
| 2415001                                | Adoption & Fostering             | 6            | *                  | *                         | *         | *                   | *                   | *                   | 5.4          | Draft Report Issued |
| 2415002                                | Family Support                   | 6            | *                  | *                         | *         | *                   | *                   | N/A                 | 6            | Complete            |
| 2415003                                | Partnering / Procurement         | 6            | n/a                | n/a                       | n/a       | n/a                 | n/a                 | n/a                 | 6            | Complete            |
| 2415004                                | Residential Care                 | 6            | *                  | *                         | *         | *                   | *                   | *                   | 6            | Complete            |
| 2415005                                | Safeguarding                     | 6            | *                  | *                         | *         | *                   | *                   | *                   | 0            | Commenced           |
| 2515001                                | Financial Management Other       |              |                    |                           |           |                     |                     |                     |              |                     |
| <b>Total Audit Days for Department</b> |                                  | <b>75</b>    |                    |                           |           |                     |                     |                     | <b>61.2</b>  |                     |
| <b>Grants</b>                          |                                  |              |                    |                           |           |                     |                     |                     |              |                     |
| 3115001                                | Physical Regeneration            | 10           | *                  | *                         | *         | *                   | *                   | *                   | 9            | Draft Report Issued |
| 3115002                                | Business Development             | 5            | *                  | *                         | *         | *                   | *                   | *                   | 4.5          | Draft Report Issued |
| 3115003                                | Community Funding                | 10           | *                  | *                         | *         | *                   | *                   | *                   | 9            | Draft Report Issued |
| 3115004                                | Third Party Grants Monitoring    | 8            | *                  | *                         | *         | *                   | *                   | *                   | 7.2          | Draft Report Issued |
| 3215001                                | Education - Arrangements for EIG | 5            | *                  | *                         | *         | *                   | *                   | *                   | 5            | Complete            |
| 3215002                                | SCHH                             | 5            | *                  | *                         | *         | *                   | *                   | *                   | 0            | Commenced           |
| 3215003                                | Resources                        | 5            | *                  | *                         | *         | *                   | *                   | *                   | 4.5          | Draft Report Issued |
| 3315001                                | Foundation Stage                 | 6            | *                  | *                         | *         | *                   | *                   | *                   | 6            | Complete            |
| 3315002                                | DCELLS Post 16                   | 5            | *                  | *                         | *         | *                   | *                   | *                   | 5            | Complete            |
| 3315003                                | Bus operators Grant              | 5            | *                  | *                         | *         | *                   | *                   | *                   | 5            | Complete            |
| 3315004                                | Communities 2.0                  | 6            | *                  | *                         | *         | *                   | *                   | *                   | 6            | Complete            |
| 3315005                                | Supporting People                | 15           | *                  | *                         | *         | *                   | *                   | *                   | 15           | Complete            |
| 3315006                                | LSB - Development Officer        | 10           | *                  | *                         | *         | *                   | *                   | *                   | 10           | Complete            |
| 3315007                                | LSB - Regional Collaboration     | 10           | *                  | *                         | *         | *                   | *                   | *                   | 10           | Complete            |
| 3415001                                | Financial Management Other       |              |                    |                           |           |                     |                     |                     |              |                     |
| <b>Total Audit Days for Department</b> |                                  | <b>105</b>   |                    |                           |           |                     |                     |                     | <b>96.2</b>  |                     |

**INTERNAL AUDIT PLAN 2015 / 2016**

| 2015/16                                | % Plan Completion to Date                         | 94.1%        | % Target March 2016 |                           |           |                     |                     |                     |               | 92.0%               |
|--|---|--------------|---------------------|---------------------------|-----------|---------------------|---------------------|---------------------|---------------|---------------------|
| 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>Resources</b>                       |   |              |                     |                           |           |                     |                     |                     |               |                     |
| 4115001                                | Main Accounting                                   | 15           | *                   | *                         | *         | *                   | *                   |                     | 13.5          | Draft Report Issued |
| 4115002                                | VAT   | 8            | *                   | *                         | *         | *                   | *                   | *                   | 8             | Complete            |
| 4115003                                | Capital Accounting incl.Fixed Asset Register      | 15           | *                   | *                         | *         | *                   | *                   | *                   | 15            | Complete            |
| 4115004                                | Treasury Management                               | 7            | *                   | *                         | *         | *                   | *                   | *                   | 7             | Complete            |
| 4115005                                | Investments                                       | 7            | *                   | *                         | *         | *                   | *                   | *                   | 7             | Complete            |
| 4115006                                | Pensions Payroll System                           | 8            | *                   | *                         | *         | *                   | *                   | *                   | 8             | Complete            |
| 4115007                                | Housing Benefits                                  | 10           | *                   | *                         | *         | *                   | *                   |                     | 9             | Draft Report Issued |
| 4115008                                | Council Tax                                       | 10           | *                   | *                         | *         | *                   | *                   |                     | 9             | Draft Report Issued |
| 4115009                                | NNDR  | 10           | *                   | *                         | *         | *                   | *                   |                     | 9             | Draft Report Issued |
| 4115010                                | Payroll System (Cars CC staff & Teachers)         | 25           | *                   | *                         | *         | *                   | *                   | *                   | 25            | Complete            |
| 4115011                                | Creditor Payments                                 | 20           | *                   | *                         | *         | *                   | *                   | *                   | 20            | Complete            |
| 4115012                                | Debtors System                                    | 20           | *                   | *                         | *         | *                   | *                   | *                   | 18            | Draft Report Issued |
| 4115013                                | Cash Receipting                                   | 8            | *                   | *                         | *         | *                   | *                   | *                   | 8             | Complete            |
| 4115014                                | Banking   | 8            | *                   | *                         | *         | *                   | *                   | *                   | 8             | Complete            |
| 4115015                                | Travel & Subsistence System                       | 10           | *                   | *                         | *         | *                   | *                   |                     | 0             | Commenced           |
| 4115016                                | Trust Funds                                       | 12           | *                   | *                         | *         | *                   | *                   | *                   | 12            | Complete            |
| 4215001                                | Asset Transfer                                    | 8            | *                   | *                         | *         | *                   | *                   |                     | 7.2           | Draft Report Issued |
| 4215002                                | Property Management                               | 8            | *                   | *                         | *         | *                   | *                   | N/A                 | 8             | Complete            |
| 4215003                                | Estate Management - HRA Garages & Land holdings   | 8            | *                   | *                         | *         | *                   | *                   | *                   | 8             | Deferred            |
| 4215004                                | Provision / livestock markets                     | 8            | *                   | *                         | *         | *                   | *                   |                     | 6             | Field Work Complete |
| 4315004                                | Financial Management Other                        | 10           | *                   | *                         | *         | *                   | *                   | *                   | 10            | Complete            |
| <b>Total Audit Days for Department</b> |   | <b>235</b>   |                     |                           |           |                     |                     |                     | <b>215.7</b>  |                     |
| <b>Community Services</b>              |   |              |                     |                           |           |                     |                     |                     |               |                     |
| 5115001                                | Tenant Involvement                                | 8            | *                   | *                         | *         | *                   | *                   | *                   | 8             | Complete            |
| 5115002                                | Tenancy Mgt                                       | 10           | *                   | *                         | *         | *                   | N/A                 | N/A                 | 10            | Complete            |
| 5115003                                | Voids (incl Building Service involvement)         | 13           | *                   | *                         | *         | *                   | *                   | *                   | 13            | Complete            |
| 5115004                                | Travellers Sites                                  | 4            | *                   | *                         | *         | *                   | *                   | *                   | 4             | Complete            |
| 5115005                                | Affordable Homes                                  | 6            | *                   | *                         | *         | *                   | *                   | *                   | 6             | Complete            |
| 5115006                                | Rents   | 8            | *                   | *                         | *         | *                   | *                   | *                   | 8             | Complete            |
| 5115007                                | HRA   | 8            | *                   | *                         | *         | *                   | *                   | *                   | 8             | Complete            |
| 5215001                                | Contract Management/Partnerships                  | 10           | *                   | *                         | *         | *                   | *                   | *                   | 10            | Complete            |
| 5215002                                | Home Care   | 15           | *                   | *                         | *         | *                   | *                   | *                   | 13.5          | Draft Report Issued |
| 5215003                                | Meal provision                                    | 10           | *                   | *                         | *         | *                   | *                   | *                   | 10            | Complete            |
| 5215004-A                              | Residential Care - Authority Care Homes           | 6            | *                   | *                         | *         | *                   | *                   | *                   | 6             | Complete            |
| 5215004-B                              | Residential Care - Private Care Homes             | 6            | *                   | *                         | *         | *                   | *                   | *                   | 6             | Complete            |
| 5215005                                | Financial assessments and Collections             | 7            | *                   | *                         | *         | *                   | *                   | *                   | 7             | Complete            |
| 5215006                                | Deputyship  | 10           | *                   | *                         | *         | *                   | *                   | *                   | 9             | Draft Report Issued |
| 5215007                                | Learning Disabilities                             | 10           | *                   | *                         | *         | *                   | *                   | *                   | 10            | Complete            |
| 5215008                                | Safeguarding                                      | 5            | *                   | *                         | *         | *                   | *                   | *                   | 5             | Complete            |
| 5215009                                | Supporting People                                 | 8            | *                   | *                         | *         | *                   | *                   | *                   | 8             | Complete            |
| 5215010                                | Care Line   | 6            | *                   | *                         | *         | N/A                 | N/A                 | N/A                 | 6             | Complete            |
| 5315001                                | Licensing and other fees                          | 6            | *                   | *                         | *         | *                   | *                   | *                   | 6             | Complete            |
| 5415001                                | Theatres  | 8            | *                   | *                         | *         | *                   | *                   | *                   | 7.2           | Draft Report Issued |
| 5415002                                | Heritage Services                                 | 8            | *                   | *                         | *         | *                   | *                   | *                   | 7.2           | Draft Report Issued |
| 5415003                                | Libraries   | 8            | *                   | *                         | *         | *                   | N/A                 | N/A                 | 8             | Complete            |
| 5415004                                | Amman Valley                                      | 5            | *                   | *                         | *         | *                   | *                   | *                   | 5             | Complete            |
| 5415005                                | Carmarthen  | 5            | *                   | *                         | *         | *                   | *                   | *                   | 5             | Complete            |
| 5415006                                | Llanelli  | 5            | *                   | *                         | *         | *                   | *                   | *                   | 3.75          | Field Work Complete |
| 5415007                                | South Area Leisure / Education & Workforce        | 13           | *                   | *                         | *         | *                   | *                   | *                   | 11.7          | Draft Report Issued |
| 5415008                                | Arrangements for Leisure Trust Status             | 5            | N/A                 | N/A                       | N/A       | N/A                 | N/A                 | N/A                 | 5             | Complete            |
| 5415009                                | Countryside Access                                | 5            | *                   | *                         | *         | *                   | *                   | *                   | 4.5           | Draft Report Issued |
| 5415010                                | Pembrey Country Park / MCP / Counrty Parks        | 15           | *                   | *                         | *         | *                   | *                   | *                   | 15            | Complete            |
| 5415011                                | Ski Slope Mngt and Operational                    | 5            | *                   | *                         | *         | *                   | *                   | *                   | 5             | Complete            |
| 5515001                                | Financial Management Other (Safeguarding - extra) | 14           | *                   | *                         | *         | *                   | *                   | *                   | 14            | Complete            |
| <b>Total Audit Days for Department</b> |   | <b>252</b>   |                     |                           |           |                     |                     |                     | <b>244.85</b> |                     |

## INTERNAL AUDIT PLAN 2015 / 2016

| 2015/16                                | % Plan Completion to Date                 | 94.1%        |                    | % Target March 2016       |           |                     |                     |                     |              | 92.0%               |
|--|---|--------------|--------------------|---------------------------|-----------|---------------------|---------------------|---------------------|--------------|---------------------|
| 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>Environmental Services</b>          |   |              |                    |                           |           |                     |                     |                     |              |                     |
| 6115001                                | Building Maintenance (excl Housing voids) | 6            | *                  | *                         | *         | *                   | *                   | n/a                 | 6            | Complete            |
| 6115002                                | Procurement                               | 8            | *                  | *                         | *         | *                   | *                   | n/a                 | 8            | Complete            |
| 6115003                                | Grounds Maintenance                       | 8            | *                  | *                         | *         | *                   | *                   | *                   | 8            | Complete            |
| 6215001                                | Highway Maintenance (incl. Trunk Roads)   | 8            | *                  | *                         | *         | *                   | *                   | *                   | 6            | Field Work Complete |
| 6215002                                | Waste Services                            | 8            | *                  | *                         | *         | *                   | *                   | *                   | 7.2          | Draft Report Issued |
| 6215003                                | Other Streetwork                          | 6            | *                  | *                         | *         | *                   | *                   | *                   | 6            | Complete            |
| 6215004                                | Street Lighting                           | 5            | *                  | *                         | *         | *                   | *                   | *                   | 5            | Complete            |
| 6215005                                | Cleansing Services                        | 8            | *                  | *                         | *         | *                   | *                   | N/A                 | 8            | Complete            |
| 6315001                                | Community transport                       | 5            | *                  | *                         | *         | *                   | *                   | *                   | 5            | Complete            |
| 6315002                                | Parking inc Enforcement                   | 5            | *                  | *                         | *         | *                   | *                   | *                   | 5            | Complete            |
| 6315003                                | Management systems (task)                 | 8            | *                  | *                         | *         | *                   | *                   | N/A                 | 8            | Complete            |
| 6415001                                | Conservation                              | 5            | *                  | *                         | *         | *                   | *                   | *                   | 5            | Complete            |
| 6515001                                | Financial Management Other                | 10           | *                  | *                         | *         | *                   | *                   | *                   | 10           | Complete            |
| <b>Total Audit Days for Department</b> |   | <b>90</b>    |                    |                           |           |                     |                     |                     | <b>87.2</b>  |                     |
| <b>Procurement / Contracts</b>         |   |              |                    |                           |           |                     |                     |                     |              |                     |
| 6615001                                | Departmental Contract Management          | 10           | *                  | *                         | *         | *                   | *                   | *                   | 7.5          | Field Work Complete |
| 6615002                                | Contract Partnering Selection             | 10           | *                  | *                         | *         | *                   | *                   | N/A                 | 10           | Complete            |
| 6615003                                | Capital Grant Management                  | 10           | *                  | *                         | *         | *                   | *                   | *                   | 9            | Draft Report Issued |
| 6615004                                | Framework contracts                       | 15           | *                  | *                         | *         | *                   | *                   | *                   | 15           | Complete            |
| 6615005                                | Dinefwr Reorganisation                    | 8            | *                  | *                         | *         | *                   | *                   | *                   | 8            | Complete            |
| 6615006                                | Carmarthenshire Homes Standard            | 8            | *                  | *                         | *         | *                   | N/A                 | N/A                 | 8            | Complete            |
| 6615007                                | MEP                                       | 8            | *                  | *                         | *         | *                   | *                   | *                   | 7.2          | Draft Report Issued |
| 6615008                                | New residential home Carmarthen           | 8            | *                  | *                         | *         | *                   | *                   | *                   | 8            | Complete            |
| 6615009                                | Carmarthen West Link Road                 | 7            | *                  | *                         | *         | *                   | *                   | *                   | 7            | Complete            |
| 6615010                                | Leisure - Museum garden scheme            | 8            | *                  | *                         | *         | *                   | n/a                 | n/a                 | 8            | Complete            |
| 6615011                                | Stradey Phase 1                           | 8            | *                  | *                         | *         | *                   | n/a                 | n/a                 | 8            | Complete            |
| 6715001                                | Financial Management Other                | 15           | *                  | *                         | *         | *                   | *                   | *                   | 15           | Complete            |
| <b>Total Audit Days for Department</b> |   | <b>115</b>   |                    |                           |           |                     |                     |                     | <b>110.7</b> |                     |
| <b>Computer Audit</b>                  |   |              |                    |                           |           |                     |                     |                     |              |                     |
| 4415001                                | IT Procurement                            | 15           | *                  | *                         | *         | *                   | *                   | *                   | 13.5         | Draft Report Issued |
| 4415002                                | Corporate File Plan                       | 10           | *                  | *                         | *         | *                   | *                   | *                   | 9            | Draft Report Issued |
| 4415003                                | Cloud Computing                           | 10           | *                  | *                         | *         | *                   | *                   | *                   | 0            | Commenced           |
| 4415004                                | Data Protection                           | 10           | *                  | *                         | *         | *                   | *                   | *                   | 9            | Draft Report Issued |
| 4415005                                | Computer Assisted Audit Testing(CAATs)    | 22           | *                  | *                         | *         | *                   | *                   | *                   | 22           | Complete            |
| 4415006                                | NFI                                       | 35           | *                  | *                         | *         | *                   | n/a                 | n/a                 | 35           | Complete            |
| 4415007                                | - Agresso Developments                    | 8            | *                  | *                         | *         | *                   | n/a                 | n/a                 | 8            | Complete            |
| 4415008                                | Pensions                                  | 8            | *                  | *                         | *         | *                   | *                   | *                   | 8            | Complete            |
| 4415009                                | -Revenues/ Benefits / DIPS                | 9            | *                  | *                         | *         | *                   | *                   | *                   | 9            | Complete            |
| 4415010                                | - Payment Cards                           | 10           | *                  | *                         | *         | *                   | *                   | *                   | 10           | Complete            |
| 4415011                                | Resources / WWEC - Grants Matrix system   | 10           | *                  | *                         | *         | *                   | n/a                 | n/a                 | 10           | Complete            |
| 4415012                                | Other Systems - Total Mobile              | 13           | *                  | *                         | *         | *                   | *                   | *                   | 13           | Complete            |
| 4515001                                | Financial Management Other                | 4            | *                  | *                         | *         | *                   | *                   | *                   | 4            | Complete            |
| <b>Total Audit Days for Department</b> |   | <b>164</b>   |                    |                           |           |                     |                     |                     | <b>150.5</b> |                     |

| INTERNAL AUDIT PLAN 2015 / 2016                      |   |              |                    |                           |           |                     |                     |                     |               |                     |
|--|---|--------------|--------------------|---------------------------|-----------|---------------------|---------------------|---------------------|---------------|---------------------|
| 2015/16  | % Plan Completion to Date                           | 94.1%        |                    | % Target March 2016       |           |                     |                     |                     | 92.0%         |                     |
| 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>School Audits</b>                                 |   |              |                    |                           |           |                     |                     |                     |               |                     |
| <b>Primary Schools</b>                               |   |              |                    |                           |           |                     |                     |                     |               |                     |
| 2615001  | Maesybont C.P. School.                              | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615002  | Ysgol Gynradd Y Tymbl                               | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615003  | Pontiets C.P. School                                | 3            | *                  | *                         | *         | *                   | *                   | *                   | 2.7           | Draft Report Issued |
| 2615004  | Betws C.P. School                                   | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615005  | Ysgol Gynradd Tycroes                               | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615006  | Ysgol Gynradd Parcyrhun                             | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615007  | Llansadwrn  | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615008  | Talley C.P School                                   | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615009  | Cwrt Henry  | 3            | *                  | *                         | *         | *                   | *                   | *                   | 2.7           | Draft Report Issued |
| 2615010  | Ysgol Rhys Pritchard                                | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615011  | Llys Hywel Whitland                                 | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615012  | Ysgol Gynradd Brynsaron                             | 3            | *                  | *                         | *         | *                   | *                   | *                   | 2.7           | Draft Report Issued |
| 2615013  | Llangennech Junior School                           | 3            | *                  | *                         | *         | *                   | *                   | *                   | 2.7           | Draft Report Issued |
| 2615014  | Hendy C.P. Mixed School                             | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615015  | Brynamman Primary School                            | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615016  | Abernant  | 3            | *                  | *                         | *         | *                   | *                   | *                   | 2.7           | Draft Report Issued |
| 2615017  | Parc Y Tywyn School                                 | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615018  | Pembrey   | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615019  | Ysgol Beca  | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615020  | Ysgol Gynradd Hafodwenog                            | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615021  | Llandeilo C.P. School                               | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615022  | Y.G. Cynwyl Elfed                                   | 3            | *                  | *                         | *         | *                   | *                   | *                   | 2.7           | Draft Report Issued |
| 2615023  | Halfway C.P. School.                                | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615024  | Pwll C.P. Mixed School                              | 3            | *                  | *                         | *         | *                   | *                   | *                   | 2.7           | Draft Report Issued |
| 2615025  | Ysgol Y Castell                                     | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615026  | Penygroes C.P. School                               | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615027  | Ysgol Gynradd Nantgaredig                           | 3            | *                  | *                         | *         | *                   | *                   | *                   | 2.7           | Draft Report Issued |
| 2615028  | Ysgol Gymraeg Gwenllian                             | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615029  | Ysgol Dewi Sant, Llanelli.                          | 3            | *                  | *                         | *         | *                   | *                   | *                   | 2.7           | Draft Report Issued |
| 2615030  | Stebonheath C.P. School                             | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615031  | Ysgol Y Ddwylan                                     | 3            | *                  | *                         | *         | *                   | *                   | *                   | 2.7           | Draft Report Issued |
| 2615032  | Ysgol y Fro   | 3            | n/a                | n/a                       | n/a       | n/a                 | n/a                 | n/a                 | 3             | Complete            |
| 2615033  | Carreg Hirfaen Foundation School                    | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615034  | Ysgol Cae'r Felin                                   | 3            | *                  | *                         | *         | *                   | *                   | *                   | 2.7           | Draft Report Issued |
| 2615035  | Ysgol Y Bedol                                       | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615036  | Ysgol Brynteg                                       | 3            | *                  | *                         | *         | *                   | *                   | *                   | 3             | Complete            |
| 2615037  | Pentip VA School                                    | 3            | *                  | *                         | *         | *                   | *                   | *                   | 2.7           | Draft Report Issued |
| <b>Primary Schools Totals</b>                        |   | <b>111</b>   |                    |                           |           |                     |                     |                     | <b>107.4</b>  |                     |
| <b>Secondary Schools</b>                             |   |              |                    |                           |           |                     |                     |                     |               |                     |
| 2715001  | Ysgol Bro Dinefwr                                   | 7            | *                  | *                         | *         | *                   | *                   | *                   | 7             | Complete            |
| 2715002  | Dyffryn Amman                                       | 7            | *                  | *                         | *         | *                   | *                   | *                   | 7             | Complete            |
| 2715003  | Dyffryn Taf   | 7            | *                  | *                         | *         | *                   | *                   | *                   | 7             | Complete            |
| 2715004  | Ysgol Gyfun Emlyn                                   | 7            | *                  | *                         | *         | *                   | *                   | *                   | 7             | Complete            |
| 2715005  | Bro Myrddin   | 7            | *                  | *                         | *         | *                   | *                   | *                   | 7             | Complete            |
| 2715006  | Coedcae   | 7            | *                  | *                         | *         | *                   | *                   | *                   | 7             | Complete            |
| 2715007  | St John Lloyd                                       | 7            | *                  | *                         | *         | *                   | *                   | *                   | 7             | Complete            |
| <b>Secondary Schools Totals</b>                      |   | <b>49</b>    |                    |                           |           |                     |                     |                     | <b>49</b>     |                     |
| <b>Total Audit Days for Department</b>               |   | <b>160</b>   |                    |                           |           |                     |                     |                     | <b>156.4</b>  |                     |
| <b>Total Approved Plan Days</b>                      |   | <b>1260</b>  |                    |                           |           |                     |                     |                     | <b>1186</b>   |                     |
| <b>Additional Work Not Included in Original Plan</b> |   |              |                    |                           |           |                     |                     |                     |               |                     |
|  | SEG - School Effectiveness Grant                    | 15           | *                  | *                         | *         | *                   | *                   | *                   | 15.0          | Complete            |
|  | WEG - Welsh in Education Grant                      | 15           | *                  | *                         | *         | *                   | *                   | *                   | 15.0          | Complete            |
|  | 14 to 19 Learning Pathways                          | 8            | *                  | *                         | *         | *                   | *                   | *                   | 8.0           | Complete            |
|  | Pupil Deprivation Grant                             | 15           | *                  | *                         | *         | *                   | *                   | *                   | 15.0          | Complete            |
|  | EIG additional work (quarterly audits and year end) | 25           | *                  | *                         | *         | *                   | *                   | *                   | 25.0          | Complete            |
|  | Pembrey Country Park / MCP / Country Parks          | 43           | *                  | *                         | *         | *                   | *                   | *                   | 43.0          | Complete            |
|  | Ski Slope Mngt and Operational                      | 12           | *                  | *                         | *         | *                   | *                   | *                   | 12.0          | Complete            |
|  | Waste   | 30           | *                  | *                         | *         | *                   | *                   | *                   | 27.0          | Draft Report Issued |
|  | MWWFRS  | 35           | *                  | *                         | *         | *                   | *                   | *                   | 31.5          | Draft Report Issued |
| <b>Total Additional Work</b>                         |   | <b>198</b>   |                    |                           |           |                     |                     |                     | <b>191.5</b>  |                     |
| <b>Total Audit Plan Time</b>                         |   | <b>1458</b>  |                    |                           |           |                     |                     |                     | <b>1377.3</b> |                     |

| INTERNAL AUDIT PLAN 2016/17 |  |              |                    |                           |           |                     |                     |                     |              |                     |
|-----------------------------|--|--------------|--------------------|---------------------------|-----------|---------------------|---------------------|---------------------|--------------|---------------------|
| 2016/17                     | % Plan Completion to Date              | 10.3%        |                    | % Target June 2016        |           |                     |                     |                     | 15.0%        |                     |
| 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>                 |              |                    |                           |           |                     |                     |                     |              |                     |
| 1116001                     | Corporate Strategy/Policy Making       | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 1116002                     | Partnership Arrangements               | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 1116003                     | Call Centre                            | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 1116004                     | Print Commissioning                    | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 1116005                     | Annual Governance Statement            | 8            | *                  | *                         |           |                     |                     |                     | 0.0          | Terms of Reference  |
| 1116006                     | Coroners / other services              | 3            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 1116007                     | Registrars                             | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 1216001                     | HR Function                            | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 1216002                     | Staffing Policies                      | 8            | *                  | *                         | *         | *                   | *                   |                     | 7.2          | Draft Report Issued |
| 1216003                     | Declaration of Interest                | 3            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 1216004                     | Democratic Advice and Support          | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 1316001                     | Financial Management Other             | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
|                             | <b>Total Audit Days for Department</b> | <b>76</b>    |                    |                           |           |                     |                     |                     | <b>7.2</b>   |                     |
|                             | <b>Education &amp; Children</b>        |              |                    |                           |           |                     |                     |                     |              |                     |
| 2116001                     | Community Learning                     | 3            | *                  | *                         | *         |                     |                     |                     | 0.0          | Commenced           |
| 2116002                     | Youth Support Service                  | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 2216001                     | Information Management                 | 6            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 2216002                     | School Meals / Catering Services       | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 2316001                     | Additional Learning Needs              | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 2316002                     | School Improvement                     | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 2316003                     | Schools Organisation                   | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 2316004                     | Teachers starters & leavers            | 6            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 2416001                     | Child Support                          | 6            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 2416002                     | Family Support                         | 6            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 2416003                     | Partnering / Procurement               | 6            | *                  | *                         | *         |                     |                     |                     | 0.0          | Commenced           |
| 2416004                     | Education Welfare                      | 6            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 2416005                     | Safeguarding                           | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 2516001                     | Financial Management Other             | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
|                             | <b>Total Audit Days for Department</b> | <b>90</b>    |                    |                           |           |                     |                     |                     | <b>0</b>     |                     |
|                             | <b>Grants</b>                          |              |                    |                           |           |                     |                     |                     |              |                     |
| 3116001                     | Physical Regeneration                  | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 3116002                     | Business Development                   | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 3116003                     | Community Funding                      | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 3216001                     | Departmental Grants                    | 15           | *                  | *                         | *         | *                   |                     |                     | 11.3         | Field Work Complete |
| 3216002                     | Foundation Stage                       | 6            | N/A                | N/A                       | N/A       | N/A                 | N/A                 | N/A                 | 6.0          | Complete            |
| 3216003                     | DCELLS Post 16                         | 5            | *                  | *                         | *         | *                   | *                   |                     | 4.5          | Draft Report Issued |
| 3216004                     | Bus operators Grant                    | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 3216005                     | Supporting People                      | 15           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 3216006                     | Education - EIG - Q1 Audit             | 5            | *                  | *                         | *         | *                   | *                   | *                   | 5.0          | Complete            |
| 3216007                     | Education - EIG - Q2 Audit             | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 3216008                     | Education - EIG - Q3 Audit             | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 3216009                     | Education - EIG - Q4 Audit             | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 3216010                     | Education - EIG - Final Annual Audit   | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 3216011                     | Education - PDG                        | 15           | *                  | *                         | *         | *                   |                     |                     | 11.3         | Field Work Complete |
| 3316001                     | Financial Management Other             | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
|                             | <b>Total Audit Days for Department</b> | <b>114</b>   |                    |                           |           |                     |                     |                     | <b>38</b>    |                     |

| INTERNAL AUDIT PLAN 2016/17                                  |  |              |                    |                           |           |                     |                     |                     |              |                     |
|--|--|--------------|--------------------|---------------------------|-----------|---------------------|---------------------|---------------------|--------------|---------------------|
| 2016/17  | % Plan Completion to Date                    | 10.3%        |                    | % Target June 2016        |           |                     |                     |                     | 15.0%        |                     |
| 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>Corporate Services</b>                                    |  |              |                    |                           |           |                     |                     |                     |              |                     |
| 4116001  | Risk Management                              | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216001  | Main Accounting                              | 15           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216002  | VAT  | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216003  | Capital Accounting incl.Fixed Asset Register | 15           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216004  | Treasury Management                          | 7            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216005  | Investments                                  | 7            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216006  | Pensions Payroll System                      | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216007  | Housing Benefits                             | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216008  | Council Tax                                  | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216009  | NNDR   | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216010  | Payroll System                               | 22           | *                  | *                         |           |                     |                     |                     | 0.0          | Terms of Reference  |
| 4216011  | Creditor Payments                            | 20           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216012  | Debtors System                               | 20           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216013  | Cash Receipting                              | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216014  | Banking                                      | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216015  | Travel & Subsistence System                  | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 4216016  | Trust Funds                                  | 10           | *                  | *                         |           |                     |                     |                     | 0.0          | Terms of Reference  |
| 4316001  | Financial Management Other                   | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| <b>Total Audit Days for Department</b>                       |  | <b>203</b>   |                    |                           |           |                     |                     |                     | <b>0</b>     |                     |
| <b>Corporate Property (to be allocated to relevant Dept)</b> |  |              |                    |                           |           |                     |                     |                     |              |                     |
|  | Property Management                          | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
|  | Estate Management                            | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
|  | Provision / livestock markets                | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| <b>Total Audit Days for Department</b>                       |  | <b>24</b>    |                    |                           |           |                     |                     |                     | <b>0</b>     |                     |
| <b>Communities</b>   |  |              |                    |                           |           |                     |                     |                     |              |                     |
| 5116001  | Disability/Adaptations/Renewals/ARBED        | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5116002  | Houses for Homes                             | 8            | *                  | *                         | *         | *                   | *                   |                     | 7.2          | Draft Report Issued |
| 5116003  | Tenancy Mgt                                  | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5116004  | Voids  | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5116005  | Homelessness                                 | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5116006  | Rents  | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5116007  | HRA  | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5216001  | Contract Management/Partnerships             | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5216002  | Direct Payments                              | 10           | *                  | *                         | *         | *                   | *                   |                     | 9.0          | Draft Report Issued |
| 5216003  | Home Care                                    | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5216004  | Residential Care Authority & Private Homes   | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5216005  | Day Care                                     | 10           | *                  | *                         | *         | *                   | *                   |                     | 9.0          | Draft Report Issued |
| 5216006  | Learning Disabilities                        | 7            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5216007  | Transport                                    | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5216008  | Safeguarding                                 | 10           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5216009  | Supporting People                            | 8            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5316001  | Public Health / Protection                   | 6            | *                  | *                         | *         | *                   |                     |                     | 4.5          | Field Work Complete |
| 5416001  | Arts Development                             | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5416002  | Cultural: Oriel Myrddin                      | 5            | *                  | *                         | *         | *                   | *                   |                     | 4.5          | Draft Report Issued |
| 5416003  | Heritage Services                            | 6            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5416004  | Libraries                                    | 6            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5516001  | Amman Valley                                 | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5516002  | Carmarthen                                   | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5516003  | Llanelli                                     | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5516004  | East Area Leisure / NERS / Marketing         | 20           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5516005  | Arrangements for Leisure Trust Status        | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5516006  | Partnerships                                 | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5516007  | Pembrey Country Park / MCP / Country Parks   | 15           |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5516008  | Ski Centre                                   | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5516009  | Burry Port Harbour                           | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| 5616001  | Financial Management Other                   | 5            |                    |                           |           |                     |                     |                     | 0.0          |                     |
| <b>Total Audit Days for Department</b>                       |  | <b>244</b>   |                    |                           |           |                     |                     |                     | <b>34.2</b>  |                     |

| INTERNAL AUDIT PLAN 2016/17 |  |              |                    |                           |                    |                     |                     |                     |              |                     |
|-----------------------------|--|--------------|--------------------|---------------------------|--------------------|---------------------|---------------------|---------------------|--------------|---------------------|
| 2016/17                     | % Plan Completion to Date                          | 10.3%        |                    |                           | % Target June 2016 |                     |                     |                     |              | 15.0%               |
| 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>Environmental Services</b>                      |              |                    |                           |                    |                     |                     |                     |              |                     |
| 6116001                     | Building Maintenance                               | 10           |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6116002                     | Procurement  | 5            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6116003                     | Grounds Maintenance                                | 8            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6116004                     | Urban Parks  | 8            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6216001                     | Highway Maintenance (incl. Trunk Roads)            | 8            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6216002                     | Waste Services                                     | 8            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6216003                     | Trade Waste  | 5            | *                  |                           | *                  |                     |                     |                     | 0.0          | Commenced           |
| 6316001                     | Public transport                                   | 7            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6316002                     | School & College Transport                         | 5            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6316003                     | Fleet/Plant Management                             | 7            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6316004                     | Traffic Management                                 | 7            | *                  | *                         | *                  |                     |                     |                     | 0.0          | Commenced           |
| 6316005                     | Road Safety  | 7            | *                  | *                         | *                  |                     |                     |                     | 0.0          | Commenced           |
| 6416001                     | Development Control                                | 5            | *                  | *                         | *                  |                     |                     |                     | 0.0          | Commenced           |
| 6416002                     | Building Control                                   | 5            | *                  | *                         | *                  | *                   | *                   |                     | 4.5          | Draft Report Issued |
| 6516001                     | Financial Management Other                         | 5            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
|                             | <b>Total Audit Days for Department</b>             | <b>100</b>   |                    |                           |                    |                     |                     |                     | <b>4.5</b>   |                     |
|                             | <b>Procurement / Contracts</b>                     |              |                    |                           |                    |                     |                     |                     |              |                     |
| 6616001                     | Departmental Procurement Revenue Contracts         | 7            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6616002                     | Corporate Procurement                              | 15           |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6616003                     | Asset Management                                   | 15           |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6616004                     | Framework contracts                                | 15           |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6616005                     | Specific Projects                                  | 18           | *                  |                           |                    |                     |                     |                     | 0.0          | Pre Audit Meeting   |
| 6616006                     | Capital Maintenance                                | 10           |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 6616007                     | MEP & sample of specific projects / post contracts | 15           | *                  |                           |                    |                     |                     |                     | 0.0          | Pre Audit Meeting   |
| 6616008                     | Post Contract                                      | 10           | *                  |                           |                    |                     |                     |                     | 0.0          | Pre Audit Meeting   |
| 6716001                     | Financial Management Other                         | 5            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
|                             | <b>Total Audit Days for Department</b>             | <b>110</b>   |                    |                           |                    |                     |                     |                     | <b>0</b>     |                     |
|                             | <b>Computer Audit</b>                              |              |                    |                           |                    |                     |                     |                     |              |                     |
| 4416001                     | Security of Information                            | 15           | *                  | *                         | *                  | *                   |                     |                     | 11.3         | Field Work Complete |
| 4416002                     | Operating Systems                                  | 15           |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 4416003                     | Social Media                                       | 5            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 4416004                     | Internet Security                                  | 10           |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 4416005                     | Licensing  | 10           |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 4416006                     | Communications                                     | 10           | *                  | *                         | *                  |                     |                     |                     | 0.0          | Commenced           |
| 4416007                     | Computer Assisted Audit Testing(CAATs)             | 25           | *                  | *                         | *                  |                     |                     |                     | 0.0          | Commenced           |
| 4416008                     | - Agresso Developments                             | 8            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 4416009                     | - Resource Link                                    | 10           | *                  | *                         | *                  | *                   | *                   |                     | 9.0          | Draft Report Issued |
| 4416010                     | - Payment Cards                                    | 5            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 4416011                     | - Education & Children Services                    | 12           |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 4416012                     | Social Care & Housing                              | 12           |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 4416013                     | Other Systems - Total Mobile                       | 3            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
| 4516001                     | Financial Management Other                         | 5            |                    |                           |                    |                     |                     |                     | 0.0          |                     |
|                             | <b>Total Audit Days for Department</b>             | <b>145</b>   |                    |                           |                    |                     |                     |                     | <b>20.25</b> |                     |

| INTERNAL AUDIT PLAN 2016/17 |  |              |                    |                           |                    |                     |                     |                           |               |                     |
|-----------------------------|--|--------------|--------------------|---------------------------|--------------------|---------------------|---------------------|---------------------------|---------------|---------------------|
| 2016/17                     | % Plan Completion to Date              | 10.3%        |                    |                           | % Target June 2016 |                     |                     |                           |               | 15.0%               |
| 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>School Audits</b>                   |              |                    |                           |                    |                     |                     |                           |               |                     |
|                             | <b>Primary Schools</b>                 |              |                    |                           |                    |                     |                     |                           |               |                     |
| 2616001                     | Meithryn Rhydaman                      | 3            | *                  | *                         | *                  |                     |                     |                           | 0.0           | Commenced           |
| 2616002                     | Cefneithin C.P.                        | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616003                     | Llechfyfedach C.P. School              | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616004                     | Ysgol Gynradd Gorslas                  | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616005                     | Ysgol Gynradd Ponthenri                | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616006                     | Bancyfelin C.P. School                 | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616007                     | Meidrim C.P. School                    | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616008                     | Ysgol Gynradd Llanedi                  | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616009                     | Ysgol Gynradd Ffairfach                | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616010                     | Ysgol Gynradd Llanwrda                 | 3            | *                  | *                         | *                  | *                   | *                   |                           | 2.7           | Draft Report Issued |
| 2616011                     | Ysgol Gynradd Bro Brynach              | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616012                     | Ysgol G. Llanpumsaint                  | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616013                     | Ysgol G. Mynyddygarreg                 | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616014                     | Johnstown C.P. School                  | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616015                     | Ysgol Gynradd Bynea                    | 3            | *                  | *                         | *                  | *                   | *                   |                           | 2.7           | Draft Report Issued |
| 2616016                     | Dafen C.P. School                      | 3            | *                  | *                         | *                  | *                   | *                   |                           | 2.7           | Draft Report Issued |
| 2616017                     | Llangennech Infants School             | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616018                     | Furnace C.P. School                    | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616019                     | Copperworks Infant & Nursery School    | 3            | *                  | *                         | *                  | *                   | *                   |                           | 2.7           | Draft Report Issued |
| 2616020                     | Maes y Morfa                           | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616021                     | Old Road C.P. Primary School           | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616022                     | Ysgol Llanstephan                      | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616023                     | Ysgol Gynradd Llannon                  | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616024                     | Myrddin C.P. School                    | 3            | *                  | *                         | *                  | *                   | *                   | *                         | 3.0           | Complete            |
| 2616025                     | Swiss Valley C.P. School.              | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616026                     | Ysgol Gymraeg Rhydaman                 | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616027                     | Llandybie C.P. School                  | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616028                     | Ysgol Llanybydder                      | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616029                     | Burry Port Community School            | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616030                     | Ysgol Wirfoddol Abergwili              | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616031                     | Tremoillet V.C.P.                      | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616032                     | Laugharne V.C.P. School                | 3            | *                  | *                         | *                  | *                   | *                   |                           | 2.7           | Draft Report Issued |
| 2616033                     | Ys Gynradd Wirfoddol Llanddarog        | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2616034                     | Ysgol Gynradd Wirfoddol Llanllwini     | 3            | *                  | *                         | *                  | *                   | *                   |                           | 2.7           | Draft Report Issued |
| 2616035                     | Ysgol Wirfoddol Penboyr                | 3            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
|                             | <b>Primary Schools Totals</b>          | <b>105</b>   |                    |                           |                    |                     |                     |                           | <b>19.2</b>   |                     |
|                             | <b>Secondary Schools</b>               |              |                    |                           |                    |                     |                     |                           |               |                     |
| 2716001                     | Glanymor                               | 7            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2716002                     | Strade                                 | 7            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2716003                     | Bryngwyn                               | 7            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2716004                     | Maesygwendraeth                        | 7            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2716005                     | QE High School                         | 7            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
|                             | <b>Secondary Schools Totals</b>        | <b>35</b>    |                    |                           |                    |                     |                     |                           | <b>0</b>      |                     |
|                             | <b>Special Schools</b>                 |              |                    |                           |                    |                     |                     |                           |               |                     |
| 2816001                     | Rhydygors                              | 7            |                    |                           |                    |                     |                     |                           | 0.0           |                     |
| 2816002                     | Heol Goffa                             | 7            | *                  | *                         | *                  | *                   | *                   |                           | 6.3           | Draft Report Issued |
|                             | <b>Special Schools Totals</b>          | <b>14</b>    |                    |                           |                    |                     |                     |                           | <b>6.3</b>    |                     |
|                             | <b>Total Audit Days for Department</b> | <b>154</b>   |                    |                           |                    |                     |                     | <b>% Complete to Date</b> | <b>16.6%</b>  | <b>25.5</b>         |
|                             | <b>Total Approved Plan Days</b>        | <b>1260</b>  |                    |                           |                    |                     |                     |                           | <b>129.65</b> |                     |
|                             | <b>Total Audit Plan Time</b>           | <b>1260</b>  |                    |                           |                    |                     |                     | <b>% Complete to Date</b> | <b>10.3%</b>  | <b>129.7</b>        |



| INTERNAL AUDIT PLAN 2015 / 2016        |   |                  |                  |                  |                  |       |                 |
|--|---|------------------|------------------|------------------|------------------|-------|-----------------|
| 2015/16                                |   | Issues           |                  |                  |                  |       |                 |
| Job No                                 | Departments                                     | No. of 3+ Issues | No. of 2+ Issues | No. of 1+ Issues | Total No. Issues | Score | Assurance Level |
| <b>Chief Executive</b>                 |   |                  |                  |                  |                  |       |                 |
| 1115001                                | Partnership Arrangements                        | 0                | 0                | 0                | 0                | 0     | N/A             |
| 1115002                                | Customer Services                               | 0                | 2                | 1                | 3                | 7     | Acceptable      |
| 1115003                                | Press Office/communication                      | 0                | 5                | 0                | 5                | 15    | Acceptable      |
| 1115004                                | Annual Governance Statement                     | 0                | 3                | 0                | 3                | 9     | Acceptable      |
| 1215001                                | HR Function                                     | 0                | 1                | 0                | 1                | 3     | Acceptable      |
| 1215002                                | Modern Records                                  | 0                | 0                | 0                | 0                | 0     | High            |
| 1215003                                | Declaration of Interest                         |                  |                  |                  | 0                | 0     |                 |
| 1315001                                | Financial Management Other                      | 0                | 0                | 0                | 0                | 0     | N/A             |
| <b>Total Audit Days for Department</b> |   |                  |                  |                  |                  |       |                 |
| <b>Education &amp; Children</b>        |   |                  |                  |                  |                  |       |                 |
| 2115001                                | Modernising Education Provisions                | 0                | 0                | 0                | 0                | 0     | N/A             |
| 2215001                                | Information Management                          |                  |                  |                  | 0                | 0     |                 |
| 2315001                                | Admissions                                      | 0                | 0                | 1                | 1                | 1     | High            |
| 2315002                                | Governor Support                                | 0                | 2                | 0                | 2                | 6     | Acceptable      |
| 2315003                                | School Meals                                    |                  |                  |                  | 0                | 0     |                 |
| 2315004                                | Catering Services                               |                  |                  |                  | 0                | 0     |                 |
| 2315005                                | Teachers starters & leavers                     |                  |                  |                  | 0                | 0     |                 |
| 2415001                                | Adoption & Fostering                            |                  |                  |                  | 0                | 0     |                 |
| 2415002                                | Family Support                                  | 0                | 0                | 0                | 0                | 0     | N/A             |
| 2415003                                | Partnering / Procurement                        | 0                | 0                | 0                | 0                | 0     | N/A             |
| 2415004                                | Residential Care                                | 0                | 1                | 6                | 7                | 9     | Acceptable      |
| 2415005                                | Safeguarding                                    |                  |                  |                  | 0                | 0     |                 |
| 2515001                                | Financial Management Other                      |                  |                  |                  |                  |       |                 |
| <b>Total Audit Days for Department</b> |   |                  |                  |                  |                  |       |                 |
| <b>Grants</b>                          |   |                  |                  |                  |                  |       |                 |
| 3115001                                | Physical Regeneration                           |                  |                  |                  | 0                | 0     |                 |
| 3115002                                | Business Development                            |                  |                  |                  | 0                | 0     |                 |
| 3115003                                | Community Funding                               |                  |                  |                  | 0                | 0     |                 |
| 3115004                                | Third Party Grants Monitoring                   |                  |                  |                  | 0                | 0     |                 |
| 3215001                                | Education - Arrangements for EIG                | 0                | 0                | 0                | 0                | 0     | N/A             |
| 3215002                                | SCHH  |                  |                  |                  | 0                | 0     |                 |
| 3215003                                | Resources                                       |                  |                  |                  | 0                | 0     |                 |
| 3315001                                | Foundation Stage                                | 0                | 0                | 0                | 0                | 0     | Acceptable      |
| 3315002                                | DCELLS Post 16                                  | 0                | 0                | 0                | 0                | 0     | N/A             |
| 3315003                                | Bus operators Grant                             | 0                | 0                | 0                | 0                | 0     | N/A             |
| 3315004                                | Communities 2.0                                 | 0                | 0                | 0                | 0                | 0     | N/A             |
| 3315005                                | Supporting People                               | 1                | 0                | 0                | 1                | 5     | Low             |
| 3315006                                | LSB - Development Officer                       | 0                | 0                | 0                | 0                | 0     | Low             |
| 3315007                                | LSB - Regional Collaboration                    | 0                | 0                | 0                | 0                | 0     | Low             |
| 3415001                                | Financial Management Other                      |                  |                  |                  | 0                | 0     |                 |
| <b>Total Audit Days for Department</b> |   |                  |                  |                  |                  |       |                 |
| <b>Resources</b>                       |   |                  |                  |                  |                  |       |                 |
| 4115001                                | Main Accounting                                 |                  |                  |                  | 0                | 0     |                 |
| 4115002                                | VAT   | 0                | 2                | 1                | 3                | 7     | Acceptable      |
| 4115003                                | Capital Accounting incl Fixed Asset Register    | 0                | 0                | 0                | 0                | 0     | High            |
| 4115004                                | Treasury Management                             | 0                | 0                | 0                | 0                | 0     | High            |
| 4115005                                | Investments                                     | 0                | 0                | 0                | 0                | 0     | High            |
| 4115006                                | Pensions Payroll System                         | 0                | 0                | 0                | 0                | 0     | High            |
| 4115007                                | Housing Benefits                                |                  |                  |                  | 0                | 0     |                 |
| 4115008                                | Council Tax                                     |                  |                  |                  | 0                | 0     |                 |
| 4115009                                | NDR   |                  |                  |                  | 0                | 0     |                 |
| 4115010                                | Payroll System (Cars CC staff & Teachers)       | 0                | 1                | 0                | 1                | 3     | Acceptable      |
| 4115011                                | Creditor Payments                               | 0                | 2                | 2                | 4                | 8     | Acceptable      |
| 4115012                                | Debtors System                                  |                  |                  |                  | 0                | 0     |                 |
| 4115013                                | Cash Receipting                                 | 0                | 1                | 1                | 2                | 4     | Acceptable      |
| 4115014                                | Banking   | 0                | 0                | 0                | 0                | 0     | High            |
| 4115015                                | Travel & Subsistence System                     |                  |                  |                  | 0                | 0     |                 |
| 4115016                                | Trust Funds                                     | 0                | 0                | 0                | 0                | 0     | Acceptable      |
| 4215001                                | Asset Transfer                                  |                  |                  |                  | 0                | 0     |                 |
| 4215002                                | Property Management                             | 0                | 0                | 0                | 0                | 0     | N/A             |
| 4215003                                | Estate Management - HRA Garages & Land holdings | 0                | 0                | 0                | 0                | 0     | N/A             |
| 4215004                                | Provision / livestock markets                   |                  |                  |                  | 0                | 0     |                 |
| 4315004                                | Financial Management Other                      | 0                | 0                | 0                | 0                | 0     | N/A             |
| <b>Total Audit Days for Department</b> |   |                  |                  |                  |                  |       |                 |

| Job No                                 | Departments                                | No. of 3+ Issues | No. of 2+ Issues | No. of 1+ Issues | Total No. Issues | Score | Assurance Level |
|--|--|------------------|------------------|------------------|------------------|-------|-----------------|
| <b>Chief Executive</b>                 |  |                  |                  |                  |                  |       |                 |
| <b>Community Services</b>              |  |                  |                  |                  |                  |       |                 |
| 5115001                                | Tenant Involvement                         | 0                | 3                | 0                | 3                | 9     | Acceptable      |
| 5115002                                | Tenancy Mgt                                | 0                | 0                | 0                | 0                | 0     | N/A             |
| 5115003                                | Voids (incl Building Service involvement)  | 0                | 0                | 0                | 0                | 0     | N/A             |
| 5115004                                | Travellers Sites                           | 0                | 0                | 0                | 0                | 0     | High            |
| 5115005                                | Affordable Homes                           | 0                | 4                | 2                | 6                | 14    | Low             |
| 5115006                                | Rents                                      | 0                | 0                | 0                | 0                | 0     | not given       |
| 5115007                                | HRA  | 0                | 2                | 0                | 2                | 6     | Acceptable      |
| 5215001                                | Contract Management/Partnerships           | 0                | 1                | 1                | 2                | 4     | Acceptable      |
| 5215002                                | Home Care                                  |                  |                  |                  | 0                | 0     |                 |
| 5215003                                | Meal provision                             | 0                | 4                | 0                | 4                | 12    | Acceptable      |
| 5215004-A                              | Residential Care - Authority Care Homes    | 0                | 2                | 3                | 5                | 9     | Acceptable      |
| 5215004-B                              | Residential Care - Private Care Homes      | 0                | 2                | 3                | 5                | 9     | Acceptable      |
| 5215005                                | Financial assessments and Collections      | 0                | 0                | 0                | 0                | 0     | High            |
| 5215006                                | Deputyship                                 |                  |                  |                  | 0                | 0     |                 |
| 5215007                                | Learning Disabilities                      | 0                | 2                | 1                | 3                | 7     | Acceptable      |
| 5215008                                | Safeguarding                               | 0                | 0                | 0                | 0                | 0     | N/A             |
| 5215009                                | Supporting People                          | 0                | 0                | 0                | 0                | 0     | N/A             |
| 5215010                                | Care Line                                  | 0                | 0                | 0                | 0                | 0     | N/A             |
| 5315001                                | Licensing and other fees                   | 0                | 0                | 0                | 0                | 0     | High            |
| 5415001                                | Theatres                                   |                  |                  |                  | 0                | 0     |                 |
| 5415002                                | Heritage Services                          |                  |                  |                  | 0                | 0     |                 |
| 5415003                                | Libraries                                  | 0                | 0                | 0                | 0                | 0     | N/A             |
| 5415004                                | Amman Valley                               | 0                | 1                | 0                | 1                | 3     | Acceptable      |
| 5415005                                | Carmarthen                                 | 0                | 2                | 1                | 3                | 7     | Acceptable      |
| 5415006                                | Llanelli                                   |                  |                  |                  | 0                | 0     |                 |
| 5415007                                | South Area Leisure / Education & Workforce |                  |                  |                  | 0                | 0     |                 |
| 5415008                                | Arrangements for Leisure Trust Status      | 0                | 0                | 0                | 0                | 0     | N/A             |
| 5415009                                | Countryside Access                         |                  |                  |                  | 0                | 0     |                 |
| 5415010                                | Pembrey Country Park / MCP / Country Parks |                  |                  |                  | 0                | 0     |                 |
| 5415011                                | Ski Slope Mngt and Operational             |                  |                  |                  | 0                | 0     |                 |
| 5515001                                | Financial Management Other                 | 0                | 0                | 0                | 0                | 0     | N/A             |
| <b>Total Audit Days for Department</b> |  |                  |                  |                  |                  |       |                 |
| <b>Environmental Services</b>          |  |                  |                  |                  |                  |       |                 |
| 6115001                                | Building Maintenance (excl Housing voids)  | 0                | 0                | 0                | 0                | 0     | N/A             |
| 6115002                                | Procurement                                | 0                | 0                | 0                | 0                | 0     | N/A             |
| 6115003                                | Grounds Maintenance                        | 0                | 0                | 0                | 0                | 0     | N/A             |
| 6215001                                | Highway Maintenance (incl. Trunk Roads)    |                  |                  |                  | 0                | 0     |                 |
| 6215002                                | Waste Services                             |                  |                  |                  | 0                | 0     |                 |
| 6215003                                | Other Streetwork                           | 0                | 0                | 0                | 0                | 0     | High            |
| 6215004                                | Street Lighting                            | 0                | 3                | 0                | 3                | 9     | Acceptable      |
| 6215005                                | Cleansing Services                         | 0                | 0                | 0                | 0                | 0     | N/A             |
| 6315001                                | Community transport                        | 0                | 0                | 0                | 0                | 0     | High            |
| 6315002                                | Parking inc Enforcement                    | 0                | 0                | 0                | 0                | 0     | High            |
| 6315003                                | Management systems (task)                  | 0                | 0                | 0                | 0                | 0     | N/A             |
| 6415001                                | Conservation                               | 0                | 2                | 0                | 2                | 6     | Acceptable      |
| 6515001                                | Financial Management Other                 | 0                | 0                | 0                | 0                | 0     | N/A             |
| <b>Total Audit Days for Department</b> |  |                  |                  |                  |                  |       |                 |
| <b>Procurement / Contracts</b>         |  |                  |                  |                  |                  |       |                 |
| 6615001                                | Departmental Contract Management           |                  |                  |                  | 0                | 0     |                 |
| 6615002                                | Contract Partnering Selection              | 0                | 0                | 0                | 0                | 0     | High            |
| 6615003                                | Capital Grant Management                   |                  |                  |                  | 0                | 0     |                 |
| 6615004                                | Framework contracts                        | 0                | 0                | 0                | 0                | 0     | N/A             |
| 6615005                                | Dinefor Reorganisation                     | 0                | 0                | 0                | 0                | 0     | High            |
| 6615006                                | Carmarthenshire Homes Standard             | 0                | 0                | 0                | 0                | 0     | N/A             |
| 6615007                                | MEP  |                  |                  |                  | 0                | 0     |                 |
| 6615008                                | New residential home Carmarthen            | 0                | 0                | 0                | 0                | 0     | High            |
| 6615009                                | Carmarthen West Link Road                  | 0                | 0                | 0                | 0                | 0     | High            |
| 6615010                                | Leisure - Museum garden scheme             | 0                | 0                | 0                | 0                | 0     | N/A             |
| 6615011                                | Stradey Phase 1                            | 0                | 0                | 0                | 0                | 0     | N/A             |
| 6715001                                | Financial Management Other                 | 0                | 0                | 0                | 0                | 0     | N/A             |
| <b>Total Audit Days for Department</b> |  |                  |                  |                  |                  |       |                 |
| <b>Computer Audit</b>                  |  |                  |                  |                  |                  |       |                 |
| 4415001                                | IT Procurement                             |                  |                  |                  | 0                | 0     |                 |
| 4415002                                | Corporate File Plan                        |                  |                  |                  | 0                | 0     |                 |
| 4415003                                | Cloud Computing                            |                  |                  |                  | 0                | 0     |                 |
| 4415004                                | Data Protection                            |                  |                  |                  | 0                | 0     |                 |
| 4415005                                | Computer Assisted Audit Testing(CAATs)     | 0                | 0                | 0                | 0                | 0     | N/A             |
| 4415006                                | NFI  | 0                | 0                | 0                | 0                | 0     | N/A             |
| 4415007                                | - Agresso Developments                     | 0                | 0                | 0                | 0                | 0     | N/A             |
| 4415008                                | Pensions                                   | 0                | 0                | 0                | 0                | 0     | High            |
| 4415009                                | -Revenues/ Benefits / DIPS                 | 0                | 3                | 1                | 4                | 10    | Acceptable      |
| 4415010                                | - Payment Cards                            | 0                | 0                | 0                | 0                | 0     | N/A             |
| 4415011                                | Resources / WWEC - Grants Matrix system    | 0                | 0                | 0                | 0                | 0     | N/A             |
| 4415012                                | Other Systems - Total Mobile               | 0                | 2                | 1                | 3                | 7     | Acceptable      |
| 4515001                                | Financial Management Other                 | 0                | 0                | 0                | 0                | 0     | N/A             |
| <b>Total Audit Days for Department</b> |  |                  |                  |                  |                  |       |                 |

| Job No  | Departments                      | No. of 3* Issues | No. of 2* Issues | No. of 1* Issues | Total No. Issues | Score | Assurance Level |
|---------|----------------------------------|------------------|------------------|------------------|------------------|-------|-----------------|
|         | <b>Chief Executive</b>           |                  |                  |                  |                  |       |                 |
|         | <b>School Audits</b>             |                  |                  |                  |                  |       |                 |
|         | <b>Primary Schools</b>           |                  |                  |                  |                  |       |                 |
| 2615001 | Maesybont C.P. School.           | 0                | 1                | 2                | 3                | 5     | Acceptable      |
| 2615002 | Ysgol Gynradd Y Tymbl            |                  |                  |                  | 0                | 0     |                 |
| 2615003 | Pontleis C.P. School             |                  |                  |                  | 0                | 0     |                 |
| 2615004 | Betws C.P. School                | 0                | 0                | 0                | 0                | 0     | High            |
| 2615005 | Ysgol Gynradd Tycroes            | 0                | 2                | 4                | 6                | 10    | Acceptable      |
| 2615006 | Ysgol Gynradd Parcyrhun          | 0                | 2                | 1                | 3                | 7     | Acceptable      |
| 2615007 | Llansadwrn                       | 0                | 0                | 2                | 2                | 2     | High            |
| 2615008 | Tallev C.P. School               | 0                | 2                | 3                | 5                | 9     | Acceptable      |
| 2615009 | Cwrt Henr                        |                  |                  |                  | 0                | 0     |                 |
| 2615010 | Ysgol Rhys Pritchard             | 0                | 0                | 0                | 0                | 0     | High            |
| 2615011 | Llys Hwsi Whitland               | 0                | 1                | 2                | 3                | 5     | Acceptable      |
| 2615012 | Ysgol Gynradd Brynsaron          |                  |                  |                  | 0                | 0     |                 |
| 2615013 | Llangennech Junior School        |                  |                  |                  | 0                | 0     |                 |
| 2615014 | Hendy C.P. Mixed School          | 0                | 3                | 1                | 4                | 10    | Acceptable      |
| 2615015 | Brynamman Primary School         | 0                | 0                | 0                | 0                | 0     | High            |
| 2615016 | Abernant                         |                  |                  |                  | 0                | 0     |                 |
| 2615017 | Paro Y Tywyn School              | 1                | 2                | 3                | 6                | 14    | Acceptable      |
| 2615018 | Pembrey                          | 0                | 2                | 1                | 3                | 7     | Acceptable      |
| 2615019 | Ysgol Beca                       | 0                | 0                | 1                | 1                | 1     | High            |
| 2615020 | Ysgol Gynradd Hafodwenog         | 0                | 0                | 4                | 4                | 4     | Acceptable      |
| 2615021 | Llandello C.P. School            | 0                | 2                | 6                | 8                | 12    | Acceptable      |
| 2615022 | Y.G. Cynwyl Elfed                |                  |                  |                  | 0                | 0     |                 |
| 2615023 | Halfway C.P. School.             | 0                | 1                | 1                | 2                | 4     | Acceptable      |
| 2615024 | Pwll C.P. Mixed School           |                  |                  |                  | 0                | 0     |                 |
| 2615025 | Ysgol Y Castell                  | 0                | 0                | 1                | 1                | 1     | High            |
| 2615026 | Penggroes C.P. School            | 0                | 0                | 1                | 1                | 1     | High            |
| 2615027 | Ysgol Gynradd Nantgaredig        |                  |                  |                  | 0                | 0     |                 |
| 2615028 | Ysgol Gymraeg Gwenllian          |                  |                  |                  | 0                | 0     |                 |
| 2615029 | Ysgol Dewi Sant, Llanelli.       |                  |                  |                  | 0                | 0     |                 |
| 2615030 | Stebonheath C.P. School          | 0                | 2                | 6                | 8                | 12    | Acceptable      |
| 2615031 | Ysgol Y Ddwyfan                  |                  |                  |                  | 0                | 0     |                 |
| 2615032 | Ysgol y Fro                      | 0                | 0                | 0                | 0                | 0     | N/A             |
| 2615033 | Carreo Hirfaen Foundation School | 0                | 2                | 2                | 4                | 8     | Acceptable      |
| 2615034 | Ysgol Cae'r Felin                |                  |                  |                  | 0                | 0     |                 |
| 2615035 | Ysgol Y Bedol                    |                  |                  |                  | 0                | 0     |                 |
| 2615036 | Ysgol Brynteg                    | 0                | 1                | 5                | 6                | 8     | Acceptable      |
| 2615037 | Pentip VA School                 |                  |                  |                  | 0                | 0     |                 |
|         | <b>Primary Schools Totals</b>    |                  |                  |                  |                  |       |                 |
|         | <b>Secondary Schools</b>         |                  |                  |                  |                  |       |                 |
| 2715001 | Ysgol Bro Dinefwr                | 0                | 1                | 8                | 9                | 11    | Acceptable      |
| 2715002 | Dyffryn Amman                    | 0                | 0                | 0                | 0                | 0     | High            |
| 2715003 | Dyffryn Taf                      | 0                | 1                | 0                | 1                | 3     | Acceptable      |
| 2715004 | Ysgol Gyfun Emlyn                | 0                | 5                | 9                | 14               | 24    | Acceptable      |
| 2715005 | Bro Myrdin                       | 0                | 2                | 2                | 4                | 8     | Acceptable      |
| 2715006 | Coedcae                          | 0                | 0                | 5                | 5                | 5     | Acceptable      |
| 2715007 | St John Lloyd                    | 0                | 3                | 2                | 5                | 11    | Acceptable      |
|         | <b>Secondary Schools Totals</b>  |                  |                  |                  |                  |       |                 |

#### SCORING METHODOLOGY

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

#### ASSURANCE LEVEL - BASED ON NUMBER OF RECOMMENDATIONS AND WEIGHTING

| Scores  | Assurance Level  |
|---|--|
| 0 to 2  |  |
| 3 to 10 with no 3* recommendations                  | High<br>Good controls consistently applied.<br>Low Risk of not meeting objectives.<br>Low Risk of fraud, negligence, loss, damage to reputation.   |
| 11 & over or including 1 or more 3* recommendations | Acceptable<br>Moderate controls, some areas of non compliance to agreed controls.<br>Medium/Low risk of not meeting objectives.<br>Medium/Low risk of fraud, negligence, loss, damage to reputation. |
|   | Low<br>Inadequate controls   |

#### PRE AUDIT RISK LEVEL

ASSESSMENT BASED ON A RANGE OF RISKS INCLUDING - BUSINESS, REPUTATIONAL AND FRAUD TAKING INTO ACCOUNT VALUE AND VOLUME OF TRANSACTIONS, PREVIOUS AUDIT REPORTS, CHANGE OF SYSTEMS OR POLICY OR STAFF etc.

#### POST AUDIT RISK LEVEL

ASSESSMENT BASED ON THE RESULTS OF THE REVIEW AND TAKING INTO ACCOUNT THE PRE AUDIT RISK LEVEL.

Mae'r dudalen hon yn wag yn fwriadol

|   |                            |                                     |
|---|----------------------------|-------------------------------------|
| DEPARTMENT<br><b>Corporate Services</b> | AUDIT REVIEW<br><b>VAT</b> | AUDIT REF<br><b>4115002</b>         |
| PLANNED DAYS<br><b>8</b>                | ACTUAL DAYS<br><b>8</b>    | Frequency of Audit<br><b>ANNUAL</b> |

## BACKGROUND

Under EU law, local authorities as public bodies are exempt from paying VAT when they are performing “public functions”. Article 13 of the principal VAT Directive states that an “authority governed by public law” is not liable to pay VAT on purchases which it makes to enable it to perform its public functions. Accordingly, any VAT which has been paid, known as “input tax”, is recoverable from HMRC.

Similarly, the local authority does not need to add VAT (“output tax”) on any charges which it is entitled to make when performing its functions.

However, there are a number of problems which make this area of VAT law notoriously difficult, such as where a local authority is doing something under legal rules *applicable to everyone*; it is unlikely to be exempt. The Authority has trained specialist staff within its Accountancy Section that deal with all VAT queries and who are responsible for the submission of monthly claims to recover VAT.

The Authority submits monthly claims to HMRC to recover VAT from HMRC to the value of approximately £1.6m - £3.2m

## SCOPE

The review covered the controls and procedures in operation for VAT to assess the extent to which:

- Follow up of previous year’s Internal Audit recommendations
- Adequate guidance / documented procedures exist;
- Appropriate controls and procedures are established to ensure compliance with legislation and HMRC requirements.
- To ensure that VAT is completely and accurately recorded in the accounting records and all claims to recover VAT have been made promptly and accurately.

## SUMMARY OF RESULTS

The review of VAT has been assessed as medium risk to the Authority during the audit planning process due to the complex nature of VAT and the volume of income and expenditure transactions processed by the Authority.

It is pleasing to report that expected key controls in respect of the management and

administration of VAT are operating to an acceptable standard, with only a few issues being identified.

The review identified that the procedures adopted meet statutory requirements, best practice and the Authority's Financial Procedure Rules. Minor improvements are required in order for Internal Audit to place an assurance that systems are operating to a high standard. These improvements have been agreed and have since been implemented by the responsible officers.

| <b>NUMBER OF RECOMMENDATIONS</b>          |             | <b>OVERALL ASSURANCE</b> |
|---|-------------|--------------------------|
| Priority 1- Fundamental Weaknesses        | <b>None</b> | <b>Acceptable</b>        |
| Priority 2 – Strengthen Existing Controls | <b>2</b>    |                          |
| Priority 3 – Minor Issues                 | <b>1</b>    |                          |

|   |                                  |                                     |
|---|----------------------------------|-------------------------------------|
| DEPARTMENT<br><b>Corporate Services</b> | AUDIT REVIEW<br><b>Creditors</b> | AUDIT REF<br><b>4115011</b>         |
| PLANNED DAYS<br><b>20</b>               | ACTUAL DAYS<br><b>20</b>         | Frequency of Audit<br><b>ANNUAL</b> |

**BACKGROUND**

The Creditor Payments system is incorporated within the Authority’s Financial Management System ‘Agresso’. The Accounts Payable module is controlled centrally by the Payments Section based at County Hall. Payments are also processed on-line by staff based within their respective departments for which the Office Manager provides guidance.

The value of payments processed through the Creditor system is approximately £890million with the number of transactions processed being approximately 300,000 therefore, it is considered to be a fundamental accounting system and is essential that there are effective controls over the payments of supplies and services both centrally and by on-line users.

**SCOPE**

A review was undertaken of the system controls over the payment to creditors operated by both the Creditor Payments Section and on-line users.

The review included an assessment of the following:

- payments are made to the correct creditor, paid only where due, paid accurately, are properly controlled so as to limit the potential for abuse and are completely and accurately recorded in the accounting records
- the adequacy of management arrangements, including procedural guidance
- authorisation for payment
- input controls
- controls over the creation and amendments to accounts
- validation controls
- exception reports
- payment by BACS
- periodic payments
- payments by direct debit
- audit trail and recording of transactions in the ledger, and
- performance indicators.

**SUMMARY OF RESULTS**

The review of Creditor Payments has been assessed as high risk to the Authority during the audit planning process due to the value and number of transactions processed annually.

Whilst some non-fundamental issues have been identified to strengthen existing controls, expected key controls in respect of the processing and control of creditor payments

|  |             |                          |
|--|-------------|--------------------------|
| are currently operating to an acceptable standard. |             |                          |
| <b>NUMBER OF RECOMMENDATIONS</b>                   |             | <b>OVERALL ASSURANCE</b> |
| Priority 1- Fundamental Weaknesses                 | <b>None</b> | <b>Acceptable</b>        |
| Priority 2 – Strengthen Existing Controls          | <b>2</b>    |                          |
| Priority 3 – Minor Issues                          | <b>2</b>    |                          |



**PWYLLGOR ARCHWYLIO  
8 Gorffena 2016**

**Y Pwnc:** Adroddiad Blynyddol Archwyliaid Mewnol 2015/16

**Y Pwrpas:**

Adroddiad Blynyddol Archwyliaid Mewnol i Aelodau'r Pwyllgor Archwyltio

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

I dderbyn yr adroddiad

**Y Rhesymau:**

Mae angen i'r Adroddiad Blynyddol i fodloni gofynion Safonau Archwyltio Mewnol

**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:**

Phil Sexton

**Awdur yr Adroddiad:**

Helen Pugh

**Swyddi:**

Pennaeth Archwilio, Risg a Chaffael

Rhelowr Archwilio a Risg

**Rhif ffôn:** 01267 246217

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**EXECUTIVE SUMMARY**  
**Audit Committee**  
**8<sup>th</sup> July 2016**

**SUBJECT**  
**INTERNAL ANNUAL REPORT 2015/16**

This report provides an opinion by the Authority's designated Head of Internal Audit (Audit & Risk Manager) of the adequacy and effectiveness of the Council's control environment for the year April 2015 to March 2016, based on the work undertaken in the 2015/16 Internal Audit Plan, agreed by Audit Committee

The following Report is attached:

1. Annual Report from the Audit and Risk Manager 2015/16.

**DETAILED REPORT ATTACHED ?**

**YES**

## IMPLICATIONS

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

Signed: Phil Sexton Head of Audit, Risk & Procurement

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

## CONSULTATIONS

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

Signed: Phil Sexton Head of Audit, Risk & Procurement

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

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

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

**THESE ARE DETAILED BELOW**

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

Mae'r dudalen hon yn wag yn fwriadol

# Head of Internal Audit's Annual Report 2015/16

## 1. INTRODUCTION

The Public Sector Internal Audit Standards (PSIAS) established in 2013 are the agreed professional standards for Internal Audit in Local Government.

PSIAS sets out the requirement for the Head of Internal Audit to report to Officers and the Audit Committee to help inform their opinion on the effectiveness of the Authority's Framework of Governance, Risk Management and control.

This report provides an opinion by the Head of Internal Audit of the adequacy and effectiveness of the Council's control environment for the year April 2015 to March 2016, based on the work undertaken in the 2015/16 Internal Audit Plan, agreed by Audit Committee.

The annual opinion by the Head of Internal Audit contributes to the completion of the Annual Governance Statement (AGS), which forms part of the Annual Statement of Accounts

## 2. OVERALL OPINION

No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

In arriving at the overall opinion, I have taken into account:

- The results of all work undertaken as part of the 2015/16 Internal Audit Programme
- The results of follow-up action of Internal Audit Reviews from current and previous years; and
- the acceptance of actions by Management (especially those deemed significant)

It is my opinion that the Authority has an adequate and effective control environment in operation. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place, suitable arrangements for 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. I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the Authority's internal control environment.

## Carmarthenshire County Council

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

### 3. RESPONSIBILITY FOR INTERNAL AUDIT

The Head of Audit, Risk and Procurement is responsible for ensuring the effective delivery of the Internal Audit function in accordance with the principles agreed with the Authority's Chief Financial Officer (section 151 Officer) and in accordance with the Internal Audit Strategy 2014-2017.

To maintain the operational independence of Internal Audit, the Audit & Risk Manager is designated as the *Head of Internal Audit* and is responsible for the day to day delivery of the Approved Audit Plan, the content of Internal Audit Reports and the effective deployment of Internal Audit Staff.

### 4. STAFFING

There were 9.8 FTE staff on the establishment during 2015/16 and the Section is fully staffed.

Overall sickness accounted for a loss of 27 productive days, equating to approximately 1.7% of available productive days, compared to 5.3% for the previous year. In addition to days lost due to sickness there was a period of maternity leave during the year accounting for a further 195 days. Taking both sickness and maternity leave there was a reduction of 13.9% of productive days during the year. No Agency Staff were hired during the year.

The Unit is led by the Audit & Risk Manager and has 5 Teams covering IT Systems, Contracting / Procurement, and 3 Service Based Teams. The audit of the main financial systems (fundamental systems) is shared between the three Service Based Teams.

Day to day responsibility for Risk Management lies with the Audit & Risk Manager.

### 6. ANNUAL AUDIT PLAN 2015/16

The 2015/16 Annual Plan agreed at the Audit Committee on 27<sup>th</sup> March 2015 continues to provide a broad coverage of the Authority services and systems.

The Annual Audit Plan for 2015/16 included 170 reviews and was compiled on a "risk basis" i.e. taking account of the nature of the service, value and previous findings.

84% of those reviews originally programmed were completed by 31<sup>st</sup> March 2015 thereby falling short of the 92% target which was a very favourable result given the 222 days affected by sickness and maternity. During the year additional work was required over and above the plan including Welsh

## Carmarthenshire County Council

Government’s request for Internal Audit to audit and provide certificates for five Education Grant Claims.

Recommendations arising from internal audit work are graded according to the risk levels of the weaknesses identified, with recommended actions as follows:

- **Priority 1 - Fundamental Weaknesses**  
Control issues to be addressed as a high priority. These relate to issues that are fundamental and material to the system of internal control at a service level.
- **Priority 2 - Strengthen Existing Controls**  
Action required to avoid exposure to significant risks. These relate to issues that procedures do exist but require strengthening.
- **Priority 3 - Minor Issues**  
Action required which should result in enhanced control or better value for money. These are issues arising that would, if corrected, improve the internal control environment in general but are not vital to the overall system of internal control.

At the completion of each audit review an overall opinion as to the level of assurance that can be provided is given. Following each audit, report recipients are asked to complete an action plan showing whether they agree with the recommendations made and how they plan to implement them.

During the period April 2015 to March 2016 a total of 344 recommendations have been made, these include recommendations made in draft reports at the time of this report. All recommendations are discussed and agreed with the relevant service departments.

The Priority 1 outcomes are summarised in Table 1 below.

**Table 1 – Analysis of Recommendations**

| Ratings   | Number of Recommendations  |
|---|--|
| Priority 1 ***<br>Fundamental Control Issues to be addressed as a High Priority | 4<br>(See Table 2 for a summary of the issues and an update on the status) |

The Audit Committee are kept informed of the progress of Internal Audit reviews and significant issues brought to their attention as necessary. Table 2 below summarises the Priority 1 Fundamental Issues brought to the Audit Committee attention during the 2015/16 audit year to date.

## Carmarthenshire County Council

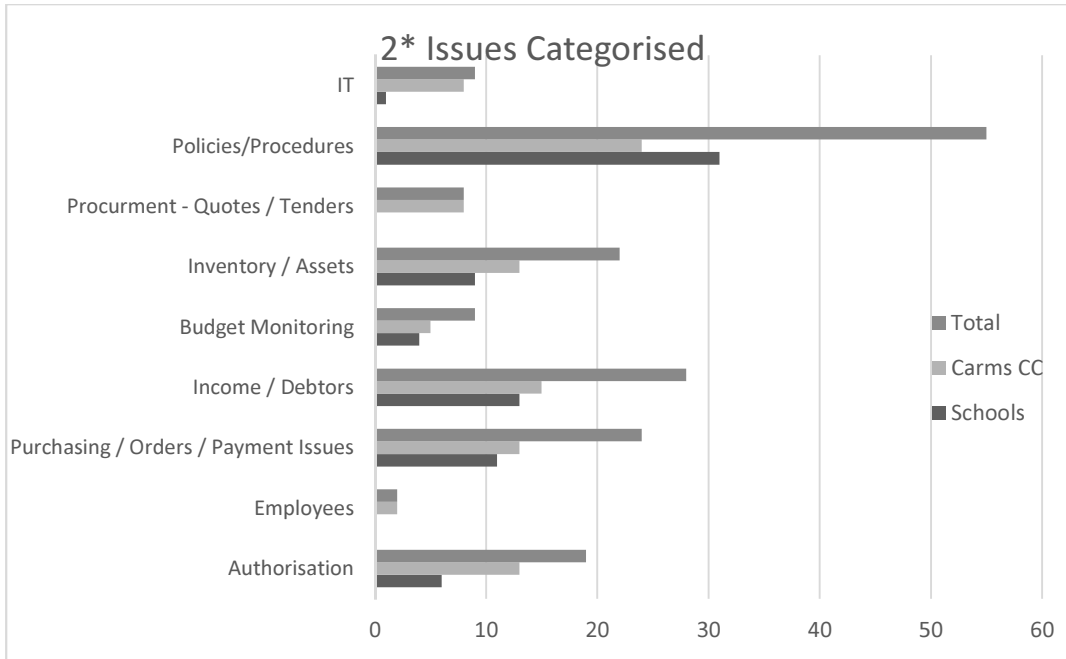
### Table 2 – Priority 1 - Fundamental Issues

| Review  | 3* Issues Reported to Date for Audit Year 2015/16   | Update  |
|---|---|---|
| Supporting People   | This review identified significant weaknesses in the management and administration of the Supporting People Grant.  | Report to Audit Committee December 2015<br><br>Since September 2015 the Supporting People Manager has been reporting quarterly to the Audit Committee on the progress made in implementing the required changes to address the issues identified in the audit report. |
| Coastal Facilities (Pembrey Country Park, Burry Port Harbour, Ski Centre and Millennium Coastal Path) | <p>Three areas of concern were noted. Non-compliance with financial procedure rules, (including contract and quotation procedure rules and Transport &amp; Engineering Unit Policy):</p> <ul style="list-style-type: none"> <li>• The Authority's procurement arrangements had not been fully complied with</li> <li>• Procedures for collecting and accounting for income needed to be improved</li> <li>• Procedures for accounting for assets needed to be improved to minimise the risk of assets being stolen or misused, and to ensure that maintenance programmes are adhered to</li> <li>• The management and administration of agreements / leases for private enterprises need to be improved / tightened to clarify responsibilities and maximise income</li> <li>• Procedures for the use of facilities by third parties need to be improved</li> </ul> <p>Risk Management and Business Continuity Strategy:</p> <ul style="list-style-type: none"> <li>• Health &amp; safety issues have been identified that may present a risk for the Authority and its employees;</li> </ul> <p>Employee issues:</p> <ul style="list-style-type: none"> <li>• Staff working hours including TOIL arrangements are not always being recorded and are not being managed at an appropriate level</li> <li>• Employee Declaration of Interests were not being completed appropriately</li> </ul> <p>In summary there was a general non-compliance with a range of the Authority's established procedures</p> | Reported to Audit Committee in March 2016. Audit Committee requested quarterly updates from the service as to the progress made in implementing the changes required to address the issues raised.  |

Audit Committee Members have in the past requested an analysis of 2\* recommendations in orders to identify key issues. The graph below summarises the categorisation of the 2\* issues raised in 2015/16.



## Carmarthenshire County Council



As can be seen the majority of issues relate to Policies and Procedures. The concerns raised were mainly in relation to:

- non-compliance with current policies and procedures
- policies not being applied consistently
- policies requiring updating or clarification

Further to the analysis above each report notes what assurance we conclude for each review. The definitions are as follows:

**Table 3 – Description for Assurance Levels**

| Assurance Level | Description for Assurance Level   | Scores   |
|-----------------|---|--|
| High            | Good controls consistently applied<br>Low risk of not meeting objectives<br>Low risk of fraud, negligence, loss, damage to reputation   | 0 to 2   |
| Adequate        | Moderate Controls, some areas of non-compliance with agreed controls<br>Medium / low risk of not meeting objectives<br>Medium / low risk of fraud, negligence, loss, damage to reputation | 3 to 10 with no 3* recommendations               |
| Low             | Inadequate controls<br>High Risk of not meeting objectives<br>High risk of fraud, negligence, loss, damage to reputation  | > 10 or including one or more 3* recommendations |

Taking into account final and draft reports to date the assurance levels gained are summarised in Table 4. It can be seen that of all the reviews to date 18%

## Carmarthenshire County Council

are considered to provide Low Assurance, as compared to 21% of the reports in 2014/15

**Table 4 – Assurance**

| <b>Level of Assurance</b> | <b>Number of 2015/16 Reports</b> | <b>2015/16 % of total</b> | <b>Number of 2014/15 Reports</b> | <b>2014/15 % of total</b> |
|---------------------------|----------------------------------|---------------------------|----------------------------------|---------------------------|
| High                      | 61                               | 44                        | 45                               | 39                        |
| Adequate                  | 53                               | 38                        | 47                               | 40                        |
| Low                       | 25                               | 18                        | 24                               | 21                        |

The Final Internal Audit Reports once agreed with Heads of Service / Managers / Head Teachers are given to the appropriate Directors, Executive Board Members, Chair and Vice Chair of Audit Committee and Chair of School Governing Bodies for them to fully understand the key findings of each review and to be made aware of all recommendations.

The recommendations, agreed actions and responsible officers will for 2016/17 audit year onwards be placed on the Carmarthenshire's PIMS electronic database system. This will provide a place where all responsible officers and their Senior Managers can access and review their recommendations, as well as providing Internal Audit a tool to monitor and review actions

### **7. ANNUAL GOVERNANCE STATEMENT (AGS)**

The Governance Statement for the year ended 31st March 2016 forms part of the Statement of Accounts. The Annual Governance Statement explains how the Authority has complied with the various elements of the Governance Framework.

The Annual Governance Statement 2015/16 has been signed by both the Leader and Chief Executive and is presented within the Statement of Accounts for 2015/16.

A Corporate Governance Group comprising 2 Executive Board Members and key officers has been established to inform and monitor progress on issues affecting Governance. The Chair of Audit Committee also attends as an Observer.

The Group have met throughout the year and the Minutes have been referred to Audit Committee.

### **8. QUALITY ASSURANCE / PEER REVIEWS**

Internal Audit continues to undertake quality assurance reviews as required by the Public Sector Internal Audit Standards (PSIAS) 2013.

Peer Review covers both Fundamental and Non Fundamental (Departmental / Establishment) Audits.

## Carmarthenshire County Council

The Peer Reviews follow a prescribed process and appraises:

- Quality of audit work
- Quality of supervision
- Compliance with standards
- Compliance with the Audit Manual
- How Internal Audit function benefits the organisation
- Achievement of performance standards / indicators

16 Fundamental Reviews and 18 Non Fundamental Reviews were subject to Peer Review in 2015/16, which equates to approximately 20% of the reviews undertaken.

Results of the Peer Reviews completed indicate that the Audits reviewed complied with the requirements of the Public Sector Internal Audit Standards (PSIAS) 2013.

Staff complete an **“Ethical Standards Declaration”** for each review they undertake. This ensures that there are not any issues that may affect their independence, objectivity and delivery of the review and that they have not conflicted with the principles detailed within the corporate **“Employee” Declaration** document.

### 9. FRAUD

Internal Audit's direct responsibility for providing an ongoing fraud detection and prevention service is restricted to “Non Benefit Fraud”. The Financial Services Division employs an officer to deal with Benefits Fraud and to liaise with Department of Works and Pensions fraud specialists.

The Anti-Fraud and Anti-Corruption Strategy was approved by Audit Committee on 20<sup>th</sup> September 2012 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.

The Authority participates in the **“National Fraud Initiative”**, where data on Payroll, Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues are matched nationally every 2 years to identify potential individual frauds. The exercise reviewing data nationally across Local Authorities and other Public Sector Organisations was undertaken during 2015/16.

Internal Audit undertake a pro-active analysis of financial transactions linked to Payroll and Creditors to identify any potential anomalies for further investigation. The results of the analysis are reviewed and used to identify possible system weaknesses. Results are shared with the appropriate

## **Carmarthenshire County Council**

manager. There were no significant issues identified during the 2015/16 review, which is a significant improvement on previous years.

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.

Internal Audit continues to provide training to a range of staff. Fraud awareness is a key area covered as part of the training.

### **10. SERVICE RISK AREAS**

As in last years report the following Service Risk Areas continue to be seen as critical areas for attention during 2016/17:

#### **10.1 Grants / Project Management**

The Authority continues to receive significant funding through grants and due to previous and ongoing issues identified by Internal Audit and Wales Audit Office the systems and processes for the administration of Grants, continue to be classed as High Risk.

The Officers' Grants Panel, which includes the Audit & Risk Manager continues to monitor performance and is working closely with Wales Audit Office.

Internal Audit allocates specific time in the Annual Internal Audit Plan to review Grants, given the financial and reputational risks to the Authority.

#### **10.2 Partnering / Collaboration**

The Council works closely with partners on the Public Service Board which is spearheading greater partnering and collaboration locally.

Close working with Health and Local Authority Regional Groups is continuing, which is bringing together services in imaginative ways leading to greater alignment and co-ordination of budgets.

Internal Audit continues to provide advice on risk, controls and systems to ensure the Authority is properly safeguarded.

#### **10.3 Procurement**

Welsh Government initiatives continue to have an impact on the Authority. There is increased pressure to greater collaborative procurement including the establishment of the National Procurement Service (NPS).

There will inevitably be significant changes to procedures as a result of a move to greater use of technology linked to eProcurement.

## **Carmarthenshire County Council**

Internal Audit have a positive working relationship with the Corporate Procurement Unit and are actively involved in the spend analysis undertaken by the Procurement Governance Group

Reviews of Departmental Procurement have identified issues with regard to compliance and these have been discussed with the relevant Heads of Service and the Corporate Procurement Unit.

### **10.4 Efficiency Agenda**

The Efficiency Agenda places pressure on the Authority in terms of delivering services, achieving efficiencies and re-prioritising to meet demands. There are also pressures to reconfigure back-office support services whilst maintaining adequate control and addressing potential risks from fraud.

## **11. TRAINING**

During 2015/16 Internal Audit staff have provided a range of advice and training initiatives to staff in various Service Departments across the Authority including Project Managers, Grant Administrators and Managers.

Internal Audit will continue to develop the Advisory role and the Training provision during 2016/17.

**Helen L Pugh**  
**Audit & Risk Manager**  
*June 2016*

Mae'r dudalen hon yn wag yn fwriadol

## PWYLLGOR ARCHWYLIO 8 Gorffennaf 2016

**Y Pwnc:** Blaenrhaglen Gwaith 2016/17

**Y Pwrpas:** Sicirhau bod materion Agenda y Pwyllgor Archwyltio wedi'i cynllunio yn addas

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

**I dderbyn yr adroddiad**

**Y Rhesymau:**

Blaenrhaglen Blynyddol i hysbysu'r Aelodau or Pwyllgor Archwyltio am yr eitemau agenda yw trafod am y flwyddyn 2016/17

**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:**

Phil Sexton

**Awdur yr Adroddiad:**

Helen Pugh

**Swyddi:**

Pennaeth Archwilio, Risg a Chaffael

Rhelowr Archwilio a Risg

**Rhif ffôn:** 01267 246217

**Cyfeiriad E-bost:**

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

**Rhif ffôn:** 01267 246223

**Cyfeiriad E-bost:**

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

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**8<sup>th</sup> July 2016**

**SUBJECT**

**Audit Committee Forward Work Programme**

To provide Members with a Forward Work Programme for the 2016/17 Audit Committee cycle to ensure that all appropriate committees have a published up to date programme owned by the Committee Members

The following are attached:

1. Forward Work Programme

**DETAILED REPORT ATTACHED ?**

**YES**



## IMPLICATIONS

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

Signed: Phil Sexton Head of Audit, Risk & Procurement

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

## CONSULTATIONS

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

Signed: Phil Sexton Head of Audit, Risk & Procurement

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

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

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

**THESE ARE DETAILED BELOW**

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

Mae'r dudalen hon yn wag yn fwriadol

## FORWARD WORK PROGRAMME

## Audit Committee 2016-2017

| Subject area and brief description of nature of report  | Lead Department    | Responsible Officer                  | To Audit Committee: |           |          |            |
|---|--------------------|--------------------------------------|---------------------|-----------|----------|------------|
|   |                    |                                      | July 2016           | Sept 2016 | Jan 2017 | March 2017 |
| <b>Appointment of Audit Committee:</b> <ul style="list-style-type: none"> <li>• Chair</li> <li>• Vice Chair</li> </ul>  | Corporate Services | Audit Committee                      | ✓                   |           |          |            |
| <b>Annual Audit Report</b>  | Corporate Services | Head of Audit, Risk & Procurement    | ✓                   |           |          |            |
| <b>Forward Work Programme</b>   | Corporate Services | Head of Audit, Risk & Procurement    | ✓                   |           |          |            |
| <b>Internal Audit Plan 2016/17 Update</b> <ul style="list-style-type: none"> <li>• To receive the progress report</li> <li>• To receive the Scoring Matrix for finalised reviews</li> </ul> | Corporate Services | Head of Audit, Risk & Procurement    | ✓                   | ✓         | ✓        | ✓          |
| <b>Internal Audit three year plan</b>   | Corporate Services | Head of Audit, Risk & Procurement    |                     |           |          | ✓          |
| <b>Assurance Reviews:</b> <ul style="list-style-type: none"> <li>- Fundamental financial systems</li> <li>- 3* reports</li> </ul>   | Corporate Services | Head of Audit, Risk & Procurement    | As required         |           |          |            |
| <b>Progress reports as requested by Audit Committee</b> <ul style="list-style-type: none"> <li>• Supporting People</li> </ul>   | Communities        | Safeguarding & Commissioning Manager | ✓                   | ✓         | ✓        | ✓          |

| Subject area and brief description of nature of report   | Lead Department    | Responsible Officer                | To Audit Committee: |           |          |            |
|--|--------------------|------------------------------------|---------------------|-----------|----------|------------|
|  |                    |                                    | July 2016           | Sept 2016 | Jan 2017 | March 2017 |
| <ul style="list-style-type: none"> <li>Coastal facilities</li> </ul>   |                    | Head of Leisure                    |                     |           |          |            |
| Approval of Revised Audit Charter  | Corporate Services | Head of Audit, Risk & Procurement  |                     | ✓         |          |            |
| Approval of Revised Contract & Quotation Rules   | Corporate Services | Head of Audit, Risk & Procurement  |                     | ✓         |          |            |
| Approval of Audit Strategy   |                    |                                    |                     |           | ✓        |            |
| Approval of Revised Financial Procedure Rules  | Corporate Services | Head of Audit, Risk & Procurement  |                     |           | ✓        |            |
| Approval of Risk and Business Continuity Strategy  | Corporate Services | Head of Audit, Risk & Procurement  |                     |           | ✓        |            |
| Approval of Anti-Fraud and Corruption Strategy   | Corporate Services | Head of Audit, Risk & Procurement  |                     |           | ✓        |            |
| Receive the Corporate Risk Register  |                    |                                    |                     | ✓         |          | ✓          |
| Statement of Accounts including Annual Governance Statement for Carmarthenshire CC & Dyfed Pension Fund 2015-16 <ul style="list-style-type: none"> <li>To be received</li> <li>To be approved</li> </ul> | Corporate Services | Interim Head of Financial Services | ✓                   | ✓         |          |            |

| Subject area and brief description of nature of report   | Lead Department    | Responsible Officer   | To Audit Committee: |           |          |            |
|--|--------------------|---|---------------------|-----------|----------|------------|
|  |                    |   | July 2016           | Sept 2016 | Jan 2017 | March 2017 |
| <b>Burry Port Harbour Accounting Statement 2015-16</b> <ul style="list-style-type: none"> <li>To be received</li> <li>To be approved</li> </ul>                              | Corporate Services | Interim Head of Financial Services                                      | ✓                   | ✓         |          |            |
| <b>Audit enquiries to those charged with governance and management for:</b> <ul style="list-style-type: none"> <li>Carmarthenshire CC</li> <li>Dyfed Pension Fund</li> </ul> | Corporate Services | Interim Head of Financial Services                                      | ✓                   |           |          |            |
| <b>Minutes for noting:</b> <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 Audit, Risk & Procurement<br>Interim Head of Financial Services | ✓                   | ✓         | ✓        | ✓          |
| <b>Wales Audit Office</b> <ul style="list-style-type: none"> <li>Audit Plan Update</li> <li>Annual Improvement Report</li> <li>Internal Audit Assessment</li> </ul>          | Corporate Services | Wales Audit Office  |                     |           |          |            |
|  |                    |   | ✓                   | ✓         | ✓        | ✓          |
|  |                    |   |                     |           |          | ✓          |
|  |                    |   | ✓                   |           |          |            |

| Subject area and brief description of nature of report  | Lead Department | Responsible Officer | To Audit Committee: |           |          |            |
|---|-----------------|---------------------|---------------------|-----------|----------|------------|
|   |                 |                     | July 2016           | Sept 2016 | Jan 2017 | March 2017 |
| <ul style="list-style-type: none"> <li>• <b>Financial Statements – ISA260</b> Report presented to those charged with Governance)in relation to the Statement of Accounts for <ul style="list-style-type: none"> <li>○ Carmarthenshire CC</li> <li>○ Dyfed Pension Fund</li> </ul> </li> </ul> |                 |                     |                     | ✓         |          |            |
| <ul style="list-style-type: none"> <li>• <b>Letter of Representation</b> <ul style="list-style-type: none"> <li>○ Carmarthenshire CC</li> <li>○ Dyfed Pension Fund</li> </ul> </li> </ul>   |                 |                     |                     | ✓         |          |            |
| <ul style="list-style-type: none"> <li>• <b>Annual Audit Letter:</b> <ul style="list-style-type: none"> <li>○ Carmarthenshire CC</li> <li>○ Dyfed Pension Fund</li> </ul> </li> </ul>   |                 |                     |                     | ✓         |          |            |
| <ul style="list-style-type: none"> <li>• <b>Certification of Grants and Returns</b> <ul style="list-style-type: none"> <li>○ 2014-15</li> </ul> </li> </ul>   |                 |                     | ✓                   |           |          |            |
| <ul style="list-style-type: none"> <li>• <b>Certification of Grants and Returns</b> <ul style="list-style-type: none"> <li>○ 2015-16</li> </ul> </li> </ul>   |                 |                     |                     |           |          | ✓          |
| <ul style="list-style-type: none"> <li>• <b>Review of the application of Equalities impact Assessment in relation to Council improvement priorities</b></li> </ul>  |                 |                     |                     |           | *        | *          |
| <ul style="list-style-type: none"> <li>• <b>LG Improvement Study 1 – Council funding of third sector services</b></li> </ul>  |                 |                     |                     |           | *        | *          |

| Subject area and brief description of nature of report   | Lead Department | Responsible Officer | To Audit Committee: |           |          |            |
|--|-----------------|---------------------|---------------------|-----------|----------|------------|
|  |                 |                     | July 2016           | Sept 2016 | Jan 2017 | March 2017 |
| <ul style="list-style-type: none"> <li>• LG Improvement Study 2 – The strategic approach to councils to income generation and charging for services</li> </ul>   |                 |                     |                     |           | *        | *          |
| <ul style="list-style-type: none"> <li>• National Study – The effectiveness of local community safety partnerships</li> </ul>  |                 |                     |                     |           | *        | *          |
| <ul style="list-style-type: none"> <li>• Auditor General’s fees                             <ul style="list-style-type: none"> <li>○ Financial Audits:                                     <ul style="list-style-type: none"> <li>▪ Carmarthenshire CC</li> <li>▪ Dyfed Pension Fund</li> </ul> </li> <li>○ Performance Audit</li> </ul> </li> </ul> |                 |                     |                     |           |          | ✓          |

\* Date of issue to be confirmed by WAO

Mae'r dudalen hon yn wag yn fwriadol



## Pwyllgor Archwilio 8 Gorffennaf 2016

### Cefnogi Pobl

#### Y Pwrpas:

I nodi'r gwelliannau yn Cynllun Gweithredu Cefnogi Pobl

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

I gymeradwyo'r gwelliannau a'r amcanion gwaith parhaol

#### Y Rhesymau:

Cais wrth y Pwyllgor Archwilio yn y cyfarfod ar 10 Gorffennaf 2015 am adroddiad gwelliant yw cyflwyno bob cwarter

#### Rhag-gyfarfod y BG:

Ymgynghorwyd â'r pwyllgor craffu perthnasol  
AMHERTHNASOL

Y pwyllgor craffu a'r dyddiad Amherthnasol

#### Y BWRDD GWEITHREDOL / CYNGOR / PWYLLGOR:

#### Argymhellion / Sylwadau'r Pwyllgor Craffu:

I'w cynnwys yn y man hwn neu o dan 'Ymgynghori'

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:- Jane Tremlett

#### Y Gyfarwyddiaeth:

Adran Cymunedau

Enw Pennaeth y Gwasanaeth:

C Harrison

Awdur yr Adroddiad:

C Harrison

#### Swyddi:

Pennaeth Adran

Pennaeth Comisiynu Strategol  
ar y Cyd

Rhifau ffôn: 01267 234567  
est 5085

Cyfeiriadau E-bost:

[Chris.harrison@pembrokeshire.gov.uk](mailto:Chris.harrison@pembrokeshire.gov.uk)

# EXECUTIVE SUMMARY

## Audit Committee 8<sup>th</sup> July 2016

### SUBJECT

## Supporting People

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

The attached report summarises the work done to date by the Supporting People Team to continue to improve its grant and contract management processes as identified by the referral of the significant weaknesses to the Audit Committee meeting on 10<sup>th</sup> July 2015.

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

DETAILED REPORT ATTACHED ?

YES

## IMPLICATIONS

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

Signed: **C Harrison**

**Head of Strategic Joint Commissioning**

| Policy, Crime & Disorder and Equalities | Legal       | Finance     | ICT         | Risk Management Issues | Staffing Implications | Physical Assets |
|---|-------------|-------------|-------------|------------------------|-----------------------|-----------------|
| <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 Harrison**

**Head of Strategic Joint Commissioning**

**1. Scrutiny Committee**

N/A

**2. Local Member(s)**

N/A

**3. Community / Town Council**

N/A

**4. Relevant Partners**

N/A

**5. Staff Side Representatives and other Organisations**

N/A

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

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

**N/A**

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

# **Audit Committee Update – Supporting People Programme Grant**

**8<sup>th</sup> July 2016**

## **1. Introduction**

In the last Audit Committee meeting on 22<sup>nd</sup> March 2016 a brief update report was presented to show the progress that had been made by the Supporting People Team on the key issues raised by the Internal Audit of the Supporting People Programme Grant.

This update seeks to evidence the work that has been done since the last Audit Committee meeting and seeks to re-assure members that the work is progressing in a planned and timely way.

## **2. Progress to date**

### **2.1 Project Work**

Progress is being made by the Supporting People Team on all the 4 elements that were agreed in the Status Report. However, this needs to be seen in the context of the wider Supporting People Programme Grant (SPPG) issues faced by the Welsh Government and Carmarthenshire County Council.

The following is a brief summary of the actions completed to date:

1. Floating Support projects – The tender for the new locality based floating support services was launched in April 2016. This tender was successful with a provider being found for all 9 nine localities. This will reduce the number of projects from 19 currently to 9 going forward. The number of service providers has also reduced from 7 to 5. This will mean that monitoring the new floating support service will be more efficient.
2. Jointly funded supported living projects – Work is currently being undertaken as part of the Accommodation and Efficiency Programme around these services.
3. Older people alarm services –An evaluation of these services has now been completed. A paper regarding the provision of this has been presented to the Supporting People Planning group for consideration.
4. Remaining services (Domestic Abuse, Homelessness, Young People and Substance Misuse static projects) - The prioritisation exercise work has been completed for some service areas and a report was submitted to the Supporting People Planning Group on 12<sup>th</sup> April where it was requested that an action plan be put in place. A detailed action plan was presented to the Group in the meeting on 5<sup>th</sup> July. This plan will inform the work of the Supporting People Team over the next 12-18 months and will help prioritise where the resources of the Team need to be focused.

## 2.2 Contract Monitoring

The programme of contract review meetings is ongoing with a number of meetings being held in April and May 2016. These were accompanied by monitoring visits to test eligibility for funding and also outcomes achieved.

## 2.3 SPURS

The concept of the SPURS (Supporting People Unified Referral System) Gateway system was introduced in the last update. A meeting of the Supporting People Lead Officers for the Mid and West Wales region (Carmarthenshire, Ceredigion, Pembrokeshire and Powys) took place on Monday 20<sup>th</sup> June where this was discussed. It was apparent from this discussion that SPURS had not yet been fully implemented in the other counties. It was agreed in this meeting that Carmarthenshire join the system with all referrals going through this portal.

## 2.4 Financial Administration

Since the last Audit Committee, much work has been done to resolve the financial administration issues highlighted. It was anticipated that the transfer of responsibilities would have taken place in April 2016. Unfortunately, due to recruitment issues, this has not yet transpired. A new member of staff has been recruited to the Business Support Team commencing on Monday 4<sup>th</sup> July. Regular contact has been maintained with the Business Support Team and a procedure for the grant administration has started to be compiled. Work will continue to put this fully in place.

## **3. Feedback on Welsh Government Review**

On May 25<sup>th</sup> 2016, the Welsh Government undertook a review of the administration of the SPPG by Carmarthenshire. Prior to the visit, the review team asked for a list of the payments made and contract information to back this up. A list of seven projects was then identified and more detailed information provided to the team. It is pleasing to note that the verbal feedback that the review team gave was generally positive. They reported that they could see definite improvements in the financial administration and payments of the SPPG and that appropriate contractual arrangements were now in place. They cited a couple of good practice service specifications and were complimentary of review work undertaken on domestic abuse. At the same time, they considered there was insufficient contract monitoring on some of the contracts that they sampled and identified this as an area for attention. This has been noted.

## **4. Conclusion**

It is hoped that this report shows the progress that the Supporting People Team has made since the last Audit Committee meeting and the commitment remains to improve the administration and management of the SPPG in line with the standards expected by Carmarthenshire County Council.

## Pwyllgor Archwilio 8 Gorffennaf 2016

**Y Pwrpas:** Cyfleusterau Arfordirol  
I nodi'r gwelliannau yn Cynllun

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

I gymeradwyo'r gwelliannau a'r amcanion gwaith parhaol

**Y Rhesymau:**

Cais wrth y Pwyllgor Archwilio yn y cyfarfod ar 22 Mawrth 2016 am adroddiad gwelliant yw cyflwyno bob cwarter

**Rhag-gyfarfod y BG:**

Ymgynghorwyd â'r pwyllgor craffu perthnasol  
AMHERTHNASOL

Y pwyllgor craffu a'r dyddiad AMHERHNASOL

**Y BWRDD GWEITHREDOL / CYNGOR / PWYLLGOR:** AMHERTHNASOL

**Argymhellion / Sylwadau'r Pwyllgor Craffu:**

I'w cynnwys yn y man hwn neu o dan 'Ymgynghori'

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:-

**Y Gyfarwyddiaeth:**

**Adran Cymunedau**

**Enw Pennaeth y Gwasanaeth:**

Ian Jones

**Awdur yr Adroddiad:**

Ian Jones

**Swyddi:**

Pennaeth Adran Hamdden

**Rhifau ffôn:** 01267 228309

**Cyfeiriadau E-bost:**

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

# EXECUTIVE SUMMARY

## Audit Committee 8<sup>th</sup> July 2016

**SUBJECT**  
**Coastal Facilities**

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

The attached action plan summarises the agreed work and work done to date by the Coastal Facilities Team to continue to improve its processes as identified to address the significant weaknesses reported to Audit Committee at its meeting on 22<sup>nd</sup> March 2016.

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: I Jones Head of Leisure

| 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 Harrison

Head of Strategic Joint Commissioning

**1. Scrutiny Committee**

N/A

**2. Local Member(s)**

N/A

**3. Community / Town Council**

N/A

**4. Relevant Partners**

N/A

**5. Staff Side Representatives and other Organisations**

N/A

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

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

N/A

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

# 1. Summary of Issues and Recommendations

## Rating

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

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

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| Summary Of Issues   | Recommendations   | Rating   | Comments / Agreed Actions   | Responsible Officer                                    | Target Date  |
|---|---|----------|---|--|--|
| <p>Whilst previous Internal Audit reports and senior managers concerns have identified significant issues in the administration of facilities these issues have not been satisfactorily addressed or resolved.</p> <p><i>INTERNAL AUDIT</i></p> | <p>Adequate management arrangements should be established and appropriate action taken where issues in the administration of facilities are identified in order to ensure they do not continue.</p> | <p>2</p> | <p>HOS meeting staff formally on site once a week to oversee improvement plan<br/>Additional staffing resource and expertise brought into service: Senior Business Support Manager for the Communities Department seconded to Acting Senior Manager role for Countryside Business &amp; Projects Manager from Leisure division.</p> <p>New structure agreed and being implemented for PCP and wider Countryside service which will become the Outdoor Recreation unit.<br/>3 new senior managerial posts created to bring vision, purpose and clarity to the unit.<br/>All business functions including income collection and adherence to financial regulations to be managed by Senior Business Support Manager for Communities Dept as part of new structure<br/>Clear roles, responsibilities and accountabilities agreed throughout the structure.</p> | <p>Head of Service</p> <p><i>Final Action Plan</i></p> | <p>In place</p> <p>In place</p> <p>Sept 2016</p> <p>In place</p> <p>In place (staff and unions have fed into consultation process)</p> <p>In place</p> |

|    | Summary Of Issues  | Recommendations  | Rating | Comments / Agreed Actions   | Responsible Officer                      | Target Date   |
|----|--|--|--------|---|--|---|
| R2 | <p>It was identified that the Authority's approved policies and procedures and in some instances statutory legislation were not being fully complied with. These include:</p> <ul style="list-style-type: none"> <li>• Financial Procedure Rules,</li> <li>• Contract Procedure Rules,</li> <li>• Quotation Procedure Rules,</li> <li>• Transport &amp; Engineering Unit Policy,</li> <li>• Health &amp; Safety,</li> <li>• Building Regulations,</li> <li>• Control of Vibration at Work Regulations,</li> <li>• H.R. Policies.</li> </ul> <p>Procedure manuals had been established to provide guidance to staff in performing their duties however these were not always available or up to date.</p> | <p>The Authority's approved policies and procedures and statutory legislation should be fully complied with.</p> |        | <p>As part of the re-alignment noted in R1 above, roles and responsibilities are very clear with established departmental Business support team taking a lead role on all compliance matters, assisting new service managers with budget monitoring, procurement, income reconciliation, and HR management</p> <p>Procedural manuals are being updated and signed off with assistance from central support services and departments. These will be made available through the Council File Plan for each service / site, with appropriate staff training provided where necessary.</p> <p>All property maintenance work and improvements now go through Property Services.</p> <p>All equipment and machinery is now procured and serviced via the fleet management team in Environment Department.</p> | <p>Acting Senior Countryside Manager</p> | <p>September 2016 and ongoing.</p> <p>November 2016</p> <p>In place</p> <p>In place</p> |

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|   | Summary Of Issues   | Recommendations  | Rating | Comments / Agreed Actions  | Responsible Officer  | Target Date  |
|---|---|--|--------|--|--|--|
| 3 | It was not possible to place an assurance that all income due has been collected, recorded, banked, monitored and accurately reflected in the Authority's accounts. | All income due should be fully identified, collected, recorded, banked, monitored and recorded accurately in the Authority's accounts. |        | <p>Departmental Business support team taking a lead role on all income collecting processes and reconciliation to ensure compliance with Financial Procedure Rules.</p> <p>Aim is to reduce cash transactions and handling as much as possible, which requires some infrastructure investment (in hand) e.g.:</p> <ul style="list-style-type: none"> <li>- New automated barrier system planned for PCP entrance</li> <li>- On-line booking system for caravan and camping site</li> </ul> | <p>Acting Senior Countryside Manager</p> <p>(HOS is overseeing the development of a new site masterplan for PCP including new toilet / shower block for campsite &amp; new café / visitor hub)</p> | <p>July 2016 (large parts of process already reviewed and new processes in place for banking &amp; reconciliation)</p> <p>Sept 2016</p> <p>July 2016</p> |

|    | <b>Summary Of Issues</b>  | <b>Recommendations</b>  | <b>Rating</b> | <b>Comments / Agreed Actions</b>  | <b>Responsible Officer</b>                                  | <b>Target Date</b> |
|----|---|---|---------------|---|---|--------------------|
| R4 | It is not possible to place an assurance that all assets are fully accounted for. | A list of all assets should be maintained which uniquely identifies individual assets including their location. This should be subject to physical check by an independent person at least on an annual basis. In addition, there should be a record of the movement of all assets. |               | A full list of assets is being compiled for all sites, which will be updated annually for tools, machinery and fixed equipment etc, and tracked through a 'live' stock inventory for goods and materials. Lists will be kept on the Council file Plan. A nominated officer will be responsible for maintaining these records at each site, countersigned by a Senior Manager. | Rangers, countersigned by Acting Senior Countryside Manager | Aug 2016           |

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|   | Summary Of Issues   | Recommendations  | Rating | Comments / Agreed Actions  | Responsible Officer               | Target Date  |
|---|---|--|--------|--|-----------------------------------|--|
| 5 | The management, administration and monitoring of agreements / leases for private enterprises and for events held is poor. | Procedures should be established for the proper management, administration and monitoring of agreements / leases for private enterprises and for events held, in consultation with other relevant Sections of the Authority. |        | <p>Procurement / Corporate Property / Legal Services are now fully involved in all of these agreements.</p> <p>The catering tender for PCP is currently being reviewed with support from the procurement section.</p> <p>All agreements are listed on a partnership matrix which defines lead responsibility between the service and corporate property.</p> <p>A new events registration process is being put in place with Licencing and H&amp;S officers.</p> | Acting Senior Countryside Manager | <p>Ongoing</p> <p>Sept 2016 (temporary catering offer in place)</p> <p>In place</p> <p>Sept 2016</p> |



|    | <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 current controls in place and the performance management information available for the management and administration of the ski slope and ski shop are weak and ineffective. In addition there were areas of non-compliance with the Authority's and locally set policies and procedures. | <p>A review of the ski slope and shop should be undertaken to establish the appropriateness of the services being offered.</p> <p>Where services are accepted as appropriate then procedures should be improved to ensure there are strong and effective controls in place for the management and administration of the site.</p> |               | <p>The Ski Centre has been transferred over to the Sports and Leisure Unit.</p> <p>A review of the purpose of the facility and the shop has been completed and is awaiting sign off from the Corporate Services Department. This includes a procurement, sales and disposal policy for goods.</p> <p>Roles and responsibilities on site have been clarified with staff.</p> <p>A new Gladstone till system is being installed with accepted operating procedures consistent with Leisure Centres introduced on site.</p> | <p>Actif Facilities Manager (South).</p> <p>Head of Service</p> | <p>Completed</p> <p>Awaiting sign off</p> <p>August 2016</p> <p>Sept 2016</p> |

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| Summary Of Issues   | Recommendations  | Rating   | Comments / Agreed Actions  | Responsible Officer   | Target Date   |
|---|--|----------|--|---|---|
| <p>It was not possible to demonstrate an adequate control on the use of facilities. This includes</p> <ul style="list-style-type: none"> <li>• Spot checks on the use of facilities to ensure all clients have paid the appropriate charges.</li> <li>• Unannounced cash ups undertaken in accordance with Financial Procedure Rules.</li> <li>• Use of internal departments with specialist knowledge.</li> <li>• Adequate control of items for resale.</li> </ul> | <p>Procedures should be put in place to ensure an adequate control on the use of facilities.</p> | <p>8</p> | <p>Departmental Business support team will provide an independent, internal review and monitoring role to ensure compliance with financial regulations</p> <p>Finance, H&amp;S, property, legal, procurement, and transport divisions now fully engaged on all aspects of management within the service.</p> <p>Unannounced cash ups have already commenced at PCP by BSU.</p> <p>See R6 for new policy on procurement, sale, and disposal of goods at Ski Centre.</p> <p>Countryside framework being reviewed with procurement, with aim of aligning as much as possible under Environment dept frameworks</p> <p>Season ticket allocations reviewed, with many being allocated for franchise operators. New process introduced for issue and</p> | <p>Acting Senior Countryside Manager</p> <p>Head of Service</p> | <p>August 2016</p> <p>In place</p> <p>In place</p> <p>Awaiting sign off from Resources dept</p> <p>Oct 2016 (process initiated and meeting procurement team early July)</p> <p>In place</p> |
| <p>INTERNAL AUDIT</p>   |  |          |  | <p>Final Action Plan</p>  |   |

|    | Summary Of Issues  | Recommendations  | Rating | Comments / Agreed Actions   | Responsible Officer               | Target Date |
|----|--|--|--------|---|-----------------------------------|-------------|
|    | <b>Risk Management &amp; Business Continuity Strategy</b>  |  | ***    |   |                                   |             |
| R8 | Arrangements for the storage of fuel at the PCP Depot are inadequate with safety and security issues being identified. | Adequate safety, security and monitoring arrangements should be implemented for fuel stored at the Park. |        | <p>Condition survey of depot undertaken by property services with schedule of work drawn up to re-furb for practical and H&amp;S purposes</p> <p>Liaising with Environment Department to adopt the same procedures and standards used at their depots for fuel storage.</p> | Acting Senior Countryside Manager | August 2016 |

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|   | Summary Of Issues  | Recommendations  | Rating | Comments / Agreed Actions  | Responsible Officer  | Target Date  |
|---|--|--|--------|--|--|--|
| 9 | <p>There was no evidence that staff had been properly trained in the use of all plant and machinery that had been procured directly by the park.</p> <p>There were no records of regular maintenance checks undertaken by staff.</p> <p>Whilst vibration monitoring equipment is available this has not been fitted to all relevant machinery and did not appear to be in use on any piece of equipment.</p> | <p>All staff should be appropriately trained in the use of all machinery at the park.</p> <p>Evidence of regular maintenance checks should be maintained to demonstrate equipment is safe to use.</p> <p>Vibration monitoring equipment should be fitted to all relevant equipment.</p> <p>Records should be monitored to ensure equipment is used appropriately and staff and the Authority are protected</p> |        | <p>Many of the staff have had training and others require refresher training. Internal training is being sourced through the Environment department to ensure all staff are fully trained on the use of equipment and to ensure consistency of procedures adopted.</p> <p>All assets including machinery will be checked and repaired by the Transport &amp; Engineering Unit (see R4 too).</p> <p>The H&amp;S review (see R2) in July / Aug '16 will also ensure compliance with these procedures and practices</p> | <p>Acting Senior Countryside Manager</p> <p>(Nominated officer(s) to maintain training logs under new structure)</p> | <p>September 2016 and ongoing.</p> <p>Aug 2016</p> <p>Aug 2016</p> |

|     | Summary Of Issues  | Recommendations   | Rating | Comments / Agreed Actions  | Responsible Officer               | Target Date   |
|-----|--|---|--------|--|-----------------------------------|---|
| R10 | <p>Certain functions at the coastal facilities have not been discussed with the Authority's Risk Management section and may present an insurance risk for the Authority.</p> <p>Insurance provision of customers and event holders at the coastal facilities are not always obtained. Without current insurance the Authority may suffer losses caused by or to users of facilities.</p> | All activities should be subject to a robust registration and checking procedure to protect the authority |        | <p>New event booking procedures are being developed in conjunction with Licensing and Health &amp; Safety staff to safeguard the authority.</p> <p>New charges agreed as part of charging policy.</p> <p>Events / activities management protocol and procedures (relevant to scale of event / activity) to be finalised with input from H&amp;S team.</p> <p>Proof of public liability insurance will be obtained and records held on Corporate File Plan.</p> <p>New structure identifies 3 posts with varying levels of responsibility for event management within the service</p> | Acting Senior Countryside Manager | <p>Aug 2016</p> <p>In place</p> <p>June 2016</p> <p>In place (where required)</p> <p>September 2016</p> |

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|     | Summary Of Issues  | Recommendations  | Rating | Comments / Agreed Actions  | Responsible Officer   | Target Date  |
|-----|--|--|--------|--|---|--|
|     | <b>Employee issues</b>   |  | ***    |  |   |  |
| R11 | <p>Staff working hours including TOIL arrangements are not always being recorded and are not being managed at an appropriate level.</p> <p>In addition, the restrictions relating to the approval for the appointment of agency staff are not being complied with.</p> | <p>A review should be undertaken of staff working arrangements to ensure they are consistent with the needs of the facilities, comply with relevant policies, procedures and locally set restrictions, and are adequately managed at an appropriate level.</p> |        | <p>New structure will resolve this issue.</p> <p>All agency staff appointments are now signed off by the HOS, Director, and Chief Executive.</p> <p>Staff rota's have all been updated and agreed to ensure compliance with working directives.</p> <p>Clocking in system to be introduced at all sites.</p> | <p>HoS<br/>Acting Senior<br/>Countryside<br/>Manager to<br/>oversee once<br/>structure is in<br/>place.</p> | <p>Sept 2016.</p> <p>Ongoing</p> <p>In place</p> <p>March 2017</p> |
| R12 | <p>Employee Declaration of Interests are not being completed when it would be appropriate to do so.</p>  | <p>Employees should complete 'Declarations of Interest' where it would be appropriate to do so.</p>  |        | <p>All staff will be reminded of their responsibilities to declare any interests and asked to complete formally on an annual basis with a log kept for all returns. Nil returns will be requested where individuals have "Nothing to declare".</p>   | <p>BSU Officer</p>  | <p>October 2016<br/>Annually<br/>(April<br/>thereafter)</p>        |

**Pwyllgor Archwilio  
8 Gorffnaf 2016**

**Diweddariad Pwyllgor Archwilio Cyngor Sir Gaerfyrddin – Gorffnaf 2016**

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

I dderbyn adroddiad Swyddfa Archwilio Cymru a nodir uchod.

**Y Rhesymau:**

Mae Swyddfa Archwilio Cymru yn gwneud gwaith archwilio ariannol a pherfformiad yn y Cyngor. Mae'r adroddiad yn crynhoi eu gwaith archwilio hyd at Gorffnaf 2016.

**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 :**  
Owen Bowen

**Awdur yr Adroddiad:**  
Owen Bowen

**Swyddi:**

**Pennaeth Gwasanaethau  
Cyllidol Dros Dro**

**Rhif ffôn: 01267 224886**

**Cyfeiriadau E-bost:**

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

Mae'r dudalen hon yn wag yn fwriadol



## Carmarthenshire County Council Audit Committee Update – July 2016

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### Financial audit work 2015-16 – Dyfed Pension Fund

| Activity  | Scope   | Status                          |
|---|---|---------------------------------|
| <b>Audit Plan</b>                               | Plan of financial audit work for 2015-16.   | Audit Committee March 2016.     |
| <b>Financial Statements/Annual Audit Letter</b> | Audit of the Pension Fund's 2015-16 financial statements and Annual Audit Letter. | Audit Committee September 2016. |

### Financial audit work 2015-16 – Carmarthenshire County Council

| Activity   | Scope   | Status                          |
|--|---|---------------------------------|
| <b>Certification of Grants and Returns 2014-15</b> | Summary of grants and returns certification work 2014-15. | Audit Committee July 2016.      |
| <b>Audit Plan 2016</b>                             | Plan of financial audit work for 2016-17.                 | Audit Committee March 2016.     |
| <b>Financial Statements 2015-16</b>                | Audit of the Council's 2015-16 financial statements.      | Audit Committee September 2016. |
| <b>Annual Audit Letter</b>                         | Report summarising our 2015-16 financial audit work.      | Audit Committee December 2016   |
| <b>Certification of Grants and Returns 2015-16</b> | Summary of grants and returns certification work 2015-16. | Audit Committee March 2017      |

## Performance work 2015-2016 - Carmarthenshire County Council

| Activity   | Scope  | Status  |
|--|--|---|
| <b>Corporate Assessment</b>  | Review of the Council's capacity and capability to deliver continuous improvement.   | Complete. Report issued January 2016. Follow up reviews 2016-17 (See Local Projects below*) |
| <b>Annual Improvement Report</b>   | Annual review of Council's performance and arrangements  | Complete. AIR issued April 2016   |
| <b>Local Project</b>   | Review of the application of Equalities impact Assessment in relation to Council improvement priorities  | Site work completed 17 June 2016<br>Report drafting underway                                |
| <b>Performance Review</b>  | Assessment of performance in relation to two of the Council's Key Improvement Priority Areas.  | Complete. Assessment included in Annual Improvement Report issued April 2016                |
| <b>Financial Management and Financial Position Summary - 2</b>                     | Further work on our financial management arrangements following up our 2014-2015 review, and looking forward to 2016-2017 budget setting and savings proposals. There will also be a focus on reserves position. | Complete. Issued – January 2016   |
| <b>Governance and Performance Reviews; inform the Corporate Assessment Report.</b> | Human Resources Review.<br>Information technology Review.<br>Information Management Review.<br>Asset Management Review.<br>Partnership Review.   | Complete. Informed Corporate Assessment report issued January 2016.                         |
| <b>LG Improvement Study 1 – Council funding of third-sector services</b>           | Project brief agreed   | Fieldwork complete. Anticipated report completed late summer/early autumn.                  |

|   |                      |   |
|---|----------------------|---|
| <b>LG Improvement Study 2 - The strategic approach of councils to income generation and charging for services</b> | Project brief agreed | Report being finalised.                                     |
| <b>National Study – The effectiveness of local community safety partnerships</b>                                  | Project brief agreed | Report being finalised. Anticipated publication summer 2016 |

### Performance work 2016-2017 - Carmarthenshire County Council

| <b>Activity</b>                           | <b>Scope</b>  | <b>Status</b>   |
|---|---|---|
| <b>Audit Plan</b>                         | Plan of performance audit work for 2016-17.   | Audit Committee March 2016  |
| <b>Improvement Plan Audit – 2016-2016</b> | Audit of the discharge of the Council's duty to publish an improvement plan.          | Review to take place following publication of Councils Corporate Plan (ARIP) in July 2016                       |
| <b>Assessment of performance</b>          | Audit of the discharge of the Council's duty to publish an assessment of performance. | As above  |
| <b>Thematic Studies</b>                   | Financial Resilience (3)  | Fieldwork expected late July – September 2016   |
| <b>Thematic Studies</b>                   | Governance  | Fieldwork expected September – October 2016   |
| <b>Thematic Studies</b>                   | Transformation  | Late 2016/Early 2017  |
| <b>Local Project*</b>                     | Review of ICT arrangements – follow up of Corporate Assessment PFI                    | Project Brief agreed and finalised.<br>Site work (intermittent) - July to December 2016. Reporting January 2017 |

**Local Project\***

Review of progress of Corporate Assessment PFIs

Project Brief agreed and finalised.  
Site work (intermittent) - July to December 2016. Reporting January 2017

**Pwyllgor Archwilio  
8 Gorffnaf 2016**

|   |  |  |
|---|--|--|
| <b>Ardystiad grantiau - Cyngor Sir Gaerfyrddin 2014-15</b>  |  |  |
| <b>Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:</b>   |  |  |
| I dderbyn adroddiad Swyddfa Archwilio Cymru a nodir uchod.  |  |  |
| <b>Y Rhesymau:</b><br>Mae Swyddfa Archwilio Cymru yn ardystio nifer o archwiliadau ceisiau grant yn ystod y flwyddyn. Mae'r adroddiad yn crynhoi eu gwaith ar grantiau am 2014-15 |  |  |
| <b>Ymgynghorwyd â'r pwyllgor craffu perthnasol NADDO</b>  |  |  |
| Angen i'r Bwrdd Gweithredol wneud penderfyniad NAC OES<br>Angen i'r Cyngor wneud penderfyniad NAC OES   |  |  |
| YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-<br>Cyng. David Jenkins   |  |  |
| <b>Y Gyfarwyddiaeth:</b><br><b>Gwasanaethau Corfforaethol</b>   | <b>Swyddi:</b>   | <b>Rhif ffôn: 01267 224886</b><br><b>Cyfeiriadau E-bost:</b><br><a href="mailto:Obowen@sirgar.gov.uk">Obowen@sirgar.gov.uk</a> |
| <b>Enw Pennaeth y Gwasanaeth :</b><br><b>Owen Bowen</b>   | <b>Pennaeth Gwasanaethau</b><br><b>Cyllidol Dros Dro</b> |  |
| <b>Awdur yr Adroddiad:</b><br><b>Owen Bowen</b>   |  |  |

Mae'r dudalen hon yn wag yn fwriadol



# Certification of Grants and Returns 2014-15

## **Carmarthenshire County Council**

**Audit year:** 2014-15

**Issued:** June 2016

**Document reference:**

# Status of report

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This document has been prepared for the internal use of Carmarthenshire County Council as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

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The team who delivered the work comprised Richard Harries, Geraint Norman, Jason Blewitt, Leanne Malough, Andrea Williams, Michelle Davies, Derek Jenkins, Neall Hollis, Eleanor Bowdler, Jonathan Mather and Katie Queenan.



# Contents

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There have been some improvements in the Council's arrangements for the production and submission of grant claims in 2014-15 although there are areas where further work is still required.

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# Summary report

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1. Carmarthenshire County Council (the Council) is responsible for submitting the claims and returns to which it is entitled and for ensuring that they are:
  - completed accurately and in accordance with schemes' terms and conditions;
  - completed in a timely fashion so that deadlines are met;
  - supported by systems of internal control, including systems of internal financial control and internal audit;
  - supported by adequate working papers; and
  - subject to proper supervision and review.
2. For 2014-15, we certified grant claims with an aggregate value of £191 million. These claims can be split between those relating to European Funding and those claims and returns required by Welsh Government and other agencies. We have provided 26 grant certificates during 2014-15 and have also reviewed the grants management arrangements within the Council by documenting and walking through the system and key controls as part of our financial audit work.
3. In auditing these grant claims we have reached one of the following conclusions:
  - provided an unqualified certificate
  - provided an unqualified certificate following agreed amendments to the claim
  - provided a certificate which is accompanied by a qualification letter
  - provided a certificate following agreed adjustments to the claim which is accompanied by a qualification letter
4. We have reported previously issues we have encountered on European Funding claims and this programme of work has now concluded and we will no longer be auditing these claims. As such, this report has not repeated findings relating to these schemes and we understand the Director of Corporate Services will be providing members with a report on the closure of these European Funded projects at the September meeting of the Audit Committee. In excluding these EU claims, we audited 16 Non EU funding claims in 2014-15 (compared with 18 in 2013-14) and our findings from these audits are set out below.
5. We have completed our work and conclude that whilst there have been improvements in the Council's arrangements for the production and submission of grant claims in 2014-15, there are some areas where further improvements can still be made.
6. Our conclusion is based on the following overall findings:
  - the majority of claims were submitted on time;
  - there were no significant amendments made to any of the claims (28% amended last year);
  - there has been a reduction in the proportion of claims requiring qualification in 2014-15 (50% this year compared with 61% qualified last year);
  - given these improvements, our fee for certification of non EU funding grants and returns for 2014-15 has decreased from £97,200 in 2013-14 to £81,700 in 2014-15.

- 
7. 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 and these are shown in Exhibit 1 below.
  8. These issues were not encountered on every grant claim audit but have been seen on some grant claim audits in previous years. Where we have encountered these issues we have issued qualification letters on specific grant claims to the relevant paying department.
  9. A qualification letter reports any identified issue concerning the Council's compliance with a scheme's requirements. In these circumstances, it is possible that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate. There is a risk that a grant paying bodies could reclaim funding from the Council.
  10. The issues we have encountered that have been reported in some qualification letters during 2014-15 can be grouped in the following areas:

**Exhibit 1 – Issues that required qualification letters to be issued on individual grant claims**

- Non-compliance with the Council's own procurement rules (2 claims);
- 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 (3 claims);
- Justification of internal charges and apportionments included in grant claims as eligible costs for grant funding (3 claims); and
- Supporting evidence to confirm eligible expenditure items in the claim (3 claims)

11. A detailed action plan has been prepared by management to respond to the issues we have reported and we will follow up the progress made on these issues as part of our 2015-16 grant claim audits.
12. Detailed below is a summary of the key outcomes from our certification work on the Council's 2014-15 grants and returns.

**Exhibit 2– Summary Certification work outcomes**

Overall we certified 16 Non EU Funding grants and returns:

- 8 were unqualified with no amendment; and
- 8 required a qualification to our audit certificate which referred to some of the issues referred to in Exhibit 1.

13. Appendix 1 outlines the fees charged for these grant claims in 2014-15. This appendix also shows the cost for each claim for 2013-14 as a comparison.

# Appendices

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## Audit fees

| Breakdown of fee by claim  | 2014-15 (£) | 2013-14 (£) |
|--|-------------|-------------|
| <b>Non – EU funded claims</b>                                      |             |             |
| BEN01 – Housing and Council Tax Benefits Scheme                    | 11,543      | 19,137      |
| EDU15 – Schools Effectiveness Grant                                | N/A         | 10,123      |
| EDU18 – Transitional School Building Improvements Grant (2 claims) | 5,270       | 7,694       |
| EDU43 – Learning Pathways  | N/A         | 2,577       |
| EDU44 – Welsh in Education   | N/A         | 3,854       |
| EYC01 – Flying Start Revenue                                       | 6,158       | 6,230       |
| EYC02 – Flying Start Capital                                       | 2,734       | 4,004       |
| EYC14 – Families First   | 4,463       | 3,481       |
| HLG01 – Section 33 NHS (Wales) Act 2006 Pooled Budgets             | 3,457       | 3,770       |
| HLG03 – Section 34/194 NHS (Wales) Act 2006 Money Transfers        | 2,356       | 3,058       |
| HOU03 – HRA Subsidy  | 4,025       | 2,827       |
| LA01 – NNDR Final Contribution                                     | 5,847       | 4,128       |
| LA12 – Sustainable Waste Management                                | 4,732       | 3,393       |
| LD03 – Coastal Protection  | 2,483       | N/A         |

---

|   |               |               |
|---|---------------|---------------|
| PEN05 – Teachers Pensions                           | 1,976         | 1,998         |
| SOC07 – Social Care Workforce Development Programme | 2,810         | 3,140         |
| TRA15 – Transport Grant                             | 3,530         | N/A           |
| TRA23 – Free Concessionary Travel                   | 2,687         | 2,976         |
| Grants supervision, control and reporting           | 17,629        | 14,810        |
| <b>Total Fee</b>                                    | <b>81,700</b> | <b>97,200</b> |

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**Pwyllgor Archwilio  
8 Gorffennaf 2016**

**Cyfriflen 2015-2016**

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

- 1) I dderbyn Datganiad Cyfrifon 2015/16  
(Cyngor Sir Caerfyrddin a Chronfa Bensiwn Dyfed)
  
- 2) I gymeradwyo'n adolygol y symudiadau o ac i'r Cronfeydd Wrth Gefn.  
Yn benodol y trosglwyddiadau i'r:  
Gronfa Datblygiadau Mawr  
Arian Cyfalaf y Rhaglen Moderneiddio Addysg

**Y Rhesymau:**

Cydymffurfio â Rheolau Cyfrifon ac Archwilio (Cymru) 2014

**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 :**  
Owen Bowen

**Awdur yr Adroddiad:**  
Owen Bowen

**Swyddi:**

**Pennaeth Gwasanaethau  
Cyllidol Dros Dro**

**Rhif ffôn: 01267 224886**

**Cyfeiriadau E-bost:**

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

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**8<sup>th</sup> July 2016**

**Statement of Account 2015-2016**

The Statement of Accounts for 2015/16, which also includes the Dyfed Pension Fund accounts, is attached.

This Statement brings together all the financial transactions of the Authority and the Pension Fund for the year, and also details the Authority's and its Pension Fund assets and liabilities as at the 31<sup>st</sup> March 2016

The Authority has maintained the overall Council Fund net expenditure within budget during 2015/16, and you will note the following results are reported in the Movement in Reserves Statement:

Council Fund (Generally available for new expenditure). Transfer to balance £279k  
Balances held by schools under local management schemes. Transfer from balances £264k.  
Housing Revenue Account. Decrease in balance £1,542k

Whilst a number of service areas across the authority experienced demand led pressures during the year, these have been offset by under-spends in other service areas, specifically on capital financing costs and a higher than estimated collection level on Council Tax.

The resultant outturn has meant that the Authority transferred £279k to its general reserves, against a budgeted transfer of £138k from the reserves.

In the preparation of these accounts there have been movements to and from earmarked reserves. In particular transfers to:

*The Major Development Fund.* Transfer of £2.793m to support major developments in the future.

*MEP Capital Funding:* £3.689m set aside in the 2015-2016 budget to meet the cost of prudential borrowing to finance the Modernising Education Provision programme. This will now be utilised in 2016-2017.

Members are therefore asked to retrospectively approve these movements

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: Owen Bowen

Interim Head of Financial 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 £279k to balances on the Council Fund as opposed to a budgeted transfer £138k from Council Fund Balances, and a transfer of £1,542k from the Housing Revenue Account balance.

At the balance sheet date the Council Fund General Balances stood at £8.779, the Housing Revenue Account £9.120m and the balances held by schools under LMS £3.677m

The reserves created and included within the Statement of Accounts have been set up to meet future liabilities.

# CONSULTATIONS

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

Signed: Owen Bowen

Interim Head of Financial 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 2015 |              | Corporate Services Department, County Hall, Carmarthen        |



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

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

**STATEMENT OF ACCOUNTS**  
**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016**

**COUNTY HALL  
CARMARTHEN**

Published Subject to Audit



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## 1 EXPLANATORY FOREWORD

The following Statement of Accounts brings together in summary form the financial transactions of the Authority and of the Dyfed Pension Fund for the year 2015-16.

The Authority's Accounts for the year 2015-16 are set out on the following pages of this report, and have been produced in line with the 2015-16 Code of Practice on Local Authority Accounting (the Code).

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

#### **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 £222.417m being the true economic cost of providing the Authority's services, more details of which are 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 taxation position is shown in the Movement in Reserves Statement.

#### **The Balance Sheet**

This shows the assets and liabilities of the Authority as at 31 March 2016.

#### **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 2015-16 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                               | 17,869         | (5,384)          | (300)                | 12,185         | 19,070         | (6,881)          | (300)                | 11,889         | (296)             |
| Education & Childrens Services                | 177,566        | (39,179)         | 21,165               | 159,552        | 200,656        | (61,534)         | 21,165               | 160,287        | 735               |
| Corporate Services                            | 89,703         | (55,304)         | (10,374)             | 24,025         | 92,514         | (58,727)         | (10,374)             | 23,414         | (611)             |
| Communities                                   | 126,264        | (47,350)         | 15,488               | 94,402         | 129,086        | (50,180)         | 15,488               | 94,394         | (8)               |
| Environment                                   | 108,780        | (72,390)         | 11,875               | 48,265         | 114,368        | (77,765)         | 11,875               | 48,478         | 213               |
| <b>Departmental Expenditure</b>               | <b>520,182</b> | <b>(219,607)</b> | <b>37,854</b>        | <b>338,429</b> | <b>555,694</b> | <b>(255,087)</b> | <b>37,854</b>        | <b>338,462</b> | <b>33</b>         |
| Net Interest & Capital Accounting Adjustments |                |                  |                      | (11,241)       |                |                  |                      | (12,640)       | (1,399)           |
| Pension Reserve Adjustment                    |                |                  |                      | (7,504)        |                |                  |                      | (7,504)        | 0                 |
| Accumulated Leave                             |                |                  |                      | 1,091          |                |                  |                      | 1,091          | 0                 |
| <b>Levies and Contributions:</b>              |                |                  |                      |                |                |                  |                      |                |                   |
| Brecon Beacon Nat Parks                       |                |                  |                      | 147            |                |                  |                      | 147            | 0                 |
| Fire Authority                                |                |                  |                      | 9,067          |                |                  |                      | 9,067          | 0                 |
| <b>Net Expenditure</b>                        |                |                  |                      | <b>329,989</b> |                |                  |                      | <b>328,623</b> | <b>(1,366)</b>    |
| Outcome Agreement Grant                       |                |                  |                      | (570)          |                |                  |                      | (570)          | 0                 |
| Contribution to/(from) General Balances       |                |                  |                      | (138)          |                |                  |                      | 280            | 418               |
| Contribution to/(from) Earmarked Reserves     |                |                  |                      | (1,060)        |                |                  |                      | (1,060)        | 0                 |
| To/(from) Departmental Reserves               |                |                  |                      | 0              |                |                  |                      | (381)          | (381)             |
| To/(from) Major Development Fund              |                |                  |                      | 0              |                |                  |                      | 2,789          | 2,789             |
| <b>Net Budget</b>                             |                |                  |                      | <b>328,221</b> |                |                  |                      | <b>329,681</b> | <b>1,460</b>      |
| Revenue Support Grant                         |                |                  |                      | (199,071)      |                |                  |                      | (199,071)      | 0                 |
| Non Domestic Rates                            |                |                  |                      | (53,410)       |                |                  |                      | (53,410)       | 0                 |
| Council Tax                                   |                |                  |                      | (75,740)       |                |                  |                      | (77,200)       | (1,460)           |
|   |                |                  |                      | 0              |                |                  |                      | 0              | 0                 |

The financial position, at year end showed an over-spend at service level within the year of £33k.

The Education department was £735k over budget, due to school based EVR and redundancy costs. The Environment budget experienced pressures mainly within Property Services and Streetscene resulting in an overspend of £213k due to reduced income as a result of a reduction in the Carmarthenshire Housing Standard related work and proposed efficiencies not yet met. The under-spends in the other departments, plus the savings on capital financing costs and a higher than estimated collection level on Council Tax means that the Authority transferred £280k to general reserves for the 2015-16 financial year compared to a budgeted transfer from reserves of £138k.



| 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        | 40,133         | (36,621) | 3,512   | 38,699      | (37,158) | 1,541   | (1,971)           |
| Transfers to/from HRA balances | 0              | 0        | (3,512) | 0           | 0        | (1,541) | 1,971             |

The Housing Revenue Account (HRA) reported an under spend of £1,971k for the year. The main variances were:

- reduced revenue Repairs and Maintenance -£167k due to poor weather conditions
- supervision and Management costs -£78k,
- interest applicable to existing borrowing and buy-out from HRAS +£142k.
- due to the HRA capital programme underspend arising from savings on some contracts (£1.9m) and the requirement to roll forward on other contracts due to adverse weather (£1.8m), this has impacted on the direct revenue funding anticipated in the budget monitoring by -£1.42m
- improvement in delivering savings on void turnaround times etc. -£439k.
- the requirement for provision for bad debt is -£394k based on current aged debt analysis and write offs.

### 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) | 3,677 |               |
| Generally available for new expenditure                             | 8,779 | 12,456        |
| Housing Revenue Account   |       | 9,120         |
|   |       | <u>21,576</u> |

In addition to general reserves the Authority holds earmarked reserves of £66.131m for specific purposes.

### 1.4 Borrowing

£99m new borrowing was taken from the Public Works Loans Board (PWL) in 2015-16. £79m of this new borrowing was to fund a one off payment to the Welsh Government under recent Housing Reform, which removed the Authority's obligation to the Housing Subsidy system.

As at the 31 March 2016 the Authority's total borrowing stood at £376m, which was within the Authority's authorised limit of £549m. Further detail is included in Note 6.46 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 £265m 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.

The funding for the public sector has had a consistent theme over recent years with the level of resources available to public services seeing significant reductions. The Authority's current three year Medium Term Financial Plan (MTFP) was agreed by Council in February 2016 and was based on estimates of known commitments and formulated in the context of the late financial settlement for 2016-17 with no indicative settlements available from WG for future years.

The result of the European Referendum was that the United Kingdom voted to leave the European Union. The full impact of this decision has yet to be determined. The Chancellor of the Exchequer's statement to the markets on Monday 27<sup>th</sup> June 2016 stated that the UK was ready to face the position 'from a position of strength' and he indicated that there would be no immediate emergency budget. The Chancellor did however state that there would still need to be an 'adjustment' in the UK economy, but added it was 'perfectly sensible to wait for a new prime minister' before taking any such action. Accordingly it is likely to the Autumn of 2016 before we know whether there will be any further reductions in funding for the public sector spending over and above that already reflected in the Comprehensive Spending Review.

Our overall financial standing has been maintained at a prudent level. Many 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 2015-16 the Authority spent some £84.8m on capital projects and capitalised a further £79m relating to the buyout of the Housing Revenue Account (HRA) subsidy (see Note 8.6), a total to £163.8m. This expenditure was financed by a combination of borrowing, useable capital receipts, government grants, contributions and direct revenue financing.

£98.4m was spent on Housing with the areas of spend being as follows:

**Public Sector**

Refurbishment & Redevelopment of Housing Stock £15.3m

HRA Subsidy Buyout £79.0m

**Private Sector**

Disability Facility Grants £2.2m

Energy Efficiency Works £1.4m

Other Improvements £0.5m

The non-housing capital programme involved expenditure on all services. The major areas of expenditure were as follows:

|                                | £'m  |  |
|--------------------------------|------|--|
| Education & Childrens Services | 32.8 | New Schools, Renovations and Improvements & Childrens Services projects                    |
| Leisure                        | 0.2  | Rights of Way, Sports & Leisure, Arts & Culture and Libraries                              |
| Infrastructure                 | 8.2  | Roads, Bridges, Cycle Paths, Road Safety, Car Parks, Waste Management and Fleet Management |
| Economic Development           | 15.5 | Physical Regeneration Projects County Wide, Community Development and Joint Ventures       |
| Social Services                | 3.1  | Care Homes and Learning Disability Developments  |
| Corporate                      | 5.6  | Capital Minor Works and IT Strategy Developments   |

**1.8 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 following changes will be required from 1 April 2016:

IAS 1 - Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. In addition to the changes to IAS1, the Telling the Story review of the presentation of local authority financial statements means there will be changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of a new Expenditure and Funding Analysis.

Other standards introduced in the 2016/17 Code are amendments to IAS19 Employee Benefits, IFRS 11 Joint Arrangements, IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets. There are also changes due to Annual Improvement to IFRS cycles 2010-2012 and 2012-2014. These are not anticipated to have a material impact on the Council's Statement of Accounts.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

**1.9 Changes in Accounting Policy**

Changes to the 2016/17 Code of Practice will require all Local Authorities to value their Highways Network Asset using a Depreciated Replacement Cost basis rather than the current valuation basis of Depreciated Historical Cost.

This change in accounting policy is likely to result in a significant increase in the value of these assets and retrospective restatement of the Council's Balance Sheet from 1 April 2015 would normally be required, however CIPFA/LASAAC has introduced transitional arrangements so that this will be applied from 1 April 2016 with no requirement to restate the information in the prior year.

In 2016/17 the Highways Network Asset category will need to be recognised on the Balance Sheet and in the notes and removed from the Property, Plant and Equipment category.

**1.10 Further Information**

Further information about the accounts is available from the Interim 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.

### **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 27 to 166 gives a true and fair view of the financial position of Carmarthenshire County Council and the Dyfed Pension Fund at 31<sup>st</sup> March 2016 and its income and expenditure for the year ended 31<sup>st</sup> March 2016.

Chris Moore FCCA  
Director of Corporate Services

Dated: 30 June 2016

### 3 ANNUAL GOVERNANCE STATEMENT

#### 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. The Authority also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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**'.

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 6 fundamental principles of Corporate Governance being:-

**Principle 1 Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area**

- Principle 2** *Members and officers working together to achieve a common purpose with clearly defined functions and roles*
- Principle 3** *Promoting values for the Authority and demonstrating the values of good Governance through upholding high standards of conduct and behaviour*
- Principle 4** *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*
- Principle 5** *Developing the capacity and capability of Members and officers to be effective*
- Principle 6** *Engaging with local people and other stakeholders to ensure robust public accountability*

The Authority addresses the 6 Fundamental Principles through the following:

### 3.3.1 **Purpose and Vision**

The Authority has a well established mechanism for acting with key partners within the Public Service Board, PSB (formerly the Carmarthenshire Local Service Board). The Integrated Community Strategy (ICS) was developed by the Carmarthenshire Local Service Board and sets out the vision and outcomes for the people of Carmarthenshire to be delivered by key organisations in the public and voluntary sectors. The Authority's strategic priorities and aspirations are aligned to the multi-agency county-wide outcomes identified through our ***Integrated Community Strategy for Carmarthenshire 2011/16***. This Strategy focuses on improving the economic, social and environmental well-being of the people of Carmarthenshire. No one organisation alone can achieve these outcomes and it is recognised that each partner has a role to play in achieving these outcomes through collaboration.

In September 2015 we refreshed our Corporate Strategy for 2015-20. This Strategy set out the Council's strategic priorities and aspirations and how we plan to deliver our contribution to the Integrated Community Strategy.

All partners are expected to cascade their Integrated Community Strategy commitments into their own plans and this is the approach we take with our Corporate Strategy and the Annual Improvement Plan. We published a combined Annual Report and Improvement Plan to provide comprehensive and balanced information to the public about our services, so that they can see how we are performing and the challenges we are facing. The Council identifies its Key Improvement Objective Priorities (KIOP) each year after an analysis of data, regulatory findings and customer satisfaction data. These priorities (which are reviewed by the Wales Audit Office) are then cascaded down into Divisional Business Plans with targets and actions being monitored via the Performance Information Management System (PIMS). These are monitored by Managers, Corporate Management Team, Executive Board and Scrutiny Committees.

Our Annual Report 2014/15 and Improvement Plan 2015/16 received certificate of compliance from the Wales Audit Office and positive findings in the Wales Audit Office Annual Improvement Report

### 3.3.2 **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 underpin the way in which the Council operates and delivers its services. 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.

Working as One Team we:

1. Focus on our **CUSTOMERS**
2. **LISTEN** to improve
3. Strive for **EXCELLENCE**
4. Act with **INTEGRITY**
5. Take personal **RESPONSIBILITY**

Work is now underway to develop an Overarching Behaviours Statement that will ensure the refreshed Core Values are embedded throughout the Authority.

### 3.3.3 **Leader's Annual Report and Forward Work Programme**

At County Council on the 18<sup>th</sup> May 2016 the Leader delivered his Annual Report reviewing 2015-16 and his Forward Work Plan 2016-17.

### 3.3.4 **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 i-Local section of the Council website.

The Authority's sophisticated system for Performance Management 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 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. In a further development the Performance Management system has been developed into the dashboard style report and Executive Board, CMT and soon all Scrutiny Committees will monitor performance on their iPads.

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 the Annual Report and Improvement Plan.

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, budget road shows, Insight events for young people, on-line surveys, social media, and stake holder meetings with Town and Community Councils, the Youth Council and Unions. The results of the consultations are considered and presented to Executive Board and County Council as part of the Budget Strategy Report.

### 3.3.5 **Ensuring Effective External Communication**

The Authority has a centralised Marketing and Media team (newly integrated team of the former Press, Communications, Tourism and Translation teams) who are committed to deliver effective communications with our residents by pro-actively engaging and promoting openness to protect and enhance the reputation of the Council. The forthcoming **Marketing and Media Strategy Strategy** will focus on the importance of engaging and communicating with our audiences in a manner which provides a clear call to action and ensuring that we deliver messages that are asked of us.

The Authority has seen a clear increase in the use of Social Media and the Corporate Website as a way for our audience to communicate and engage with the Council. There are now some 4,070 followers on **Facebook**, (FB) 5,653 followers on **Twitter**. With an average post/tweet reaching 21,758 people on FB and 175,500 on Twitter. The **corporate website** receives on average 79,545 user sessions per month (stats: May 2016). The Council is responding to this by utilising Digital Marketing as a key communication tool via the Corporate Website, iLocal, Micro-Sites, Social Media and email marketing.

Traditional methods are also essential to ensure we reach the maximum audience. Methods such as local and national media (average 1500 press releases are sent per annum). Marketing campaigns such as *"Love your Local Market"*, Recycling, Fostering and Housing Options are delivered alongside the newly designed **'Carms News'** which is delivered to every household in the County - a *'whole public service'* vehicle overseen by the Public Services Board.

### 3.3.6 **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.

During 2015/16 the Council implemented a new procedure whereby Heads of Service were challenged by Executive Board members on their Business Plans. This challenge programme was repeated in May/June 2016.

The Wales Audit Office (WAO) annually report to Full Council in relation to the effectiveness of the Authority.

Performance data is held on the Council's computerised PIMS system (Performance Information Management System) and this is available to Directors, Heads of Service and Members on a 'real-time' basis. Again the development of a dashboard style of reporting makes this more accessible.

An exception based report on our key measures and actions are reported quarterly to both Corporate Management Team and the Executive Board and this enables any problem areas to be identified at an early stage and remedial action taken.

The Authority is a partner in the Public Service Board (PSB) and the Council's Policy and Resources Committee receives an Annual Performance Report from the incumbent Chair of the PSB.

### 3.3.7 **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. A wholesale review of the Constitution was commenced by a politically balanced 10 member strong cross-party Constitutional Review Working Group (CRWG) of the Council in December 2014 following the commissioning and publication of a Report by a Peer Review Team of the Welsh Local Government Association. CRWG's recommendations were presented to an Extraordinary General Meeting of the Council on 17<sup>th</sup> June 2015 and the changes approved by the EGM adopted by Council on the 9<sup>th</sup> September 2015.

During 2015/16 the Authority implemented **modern.gov** as its system of meeting administration and Members were provided with Tablet Devices (ipads) for the conduct of their Council business.

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).
- 6.1 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.

**6.2 Management Structures**

**7. Names & Addresses of Councillors**

**8. Bilingual Composition of Executive Board and Committees**

As well as the wholesale review of the Constitution mentioned above, 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.

**3.3.8 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.

**3.3.9 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 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.

### 3.3.10 **Financial Administration (Section 151 Officer)**

Up until 4<sup>th</sup> September 2015 the Head of Financial Services was the responsible officer for the administration of the Authority's affairs under Section 151 of the Local Government Act 1972 and carried overall responsibility for the financial administration of the County Council. This responsibility passed to the newly appointed Director of Corporate Services from 5<sup>th</sup> September 2015.

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 determines the budget preparation and financial monitoring process.

The Authority operates to a defined set of Financial Procedure Rules which are maintained by the Corporate Services Department with any amendments approved by the Audit Committee.

### 3.3.11 **Risk Management**

The Authority has a well developed approach to managing risk and the **Risk Management and Business Continuity Strategy 2012/15** was approved by Audit Committee in March 2012. 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 Audit, Risk & Procurement.

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.

### 3.3.12 **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 for Resources
- Executive Board Member for Communities
- Chair of Audit Committee (in an observer capacity)
- Director of Corporate Services (s.151 Officer from 5<sup>th</sup> September 2015) previously Head of Financial Services (interim s151 Officer to 4<sup>th</sup> September 2015)
- Head of Administration & Law (Monitoring Officer)
- Interim Head of Financial Services (from 14<sup>th</sup> September 2015)
- Assistant Chief Executive (Regeneration & Policy)
- Assistant Chief Executive (People Management)
- Head of Audit, Risk & Procurement
- Audit & Risk Manager
- HR Manager

The Group are responsible for updating the Code of Governance and developing the Annual Governance Statement.

In addition, the Group now oversees the work of the Information Management Group (see 3.3.15).

### 3.3.13 **Dealing with Complaints**

The Authority has a **Corporate Complaints Policy** and details of the complaints received are monitored by the Scrutiny Committees and annually by the Standards Committee. The Complaints Procedure is in line with the Model Procedure put forward by the Local Government Ombudsman.

The Authority has a centralised Complaints Team which will ensure compliance with the standards we set out in our Policy and ensure consistency of approach across the whole Authority.

Annual reports are provided to the Corporate Management Team, Executive Board and Scrutiny Committees with more detailed monthly reports provided to Departmental Management Teams in order to monitor trends, identify problem areas and generate service improvement based on customer experience. The Authority investigated and responded to 501 complaints during 2015/16 compared to 573 during 2014/15. The Complaints Team also addressed a further 520 enquiries and requests for assistance which offered the Team the opportunity to try and rectify difficulties before complaints arose.

### 3.3.14 **Managing our Workforce**

Carmarthenshire County Council has some 8,200 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

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 maintains 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 and grading structure is maintained.

The Authority conducted an Equal Pay Audit during 2015/16 the results of which do 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 will continue to gather data on all protected characteristics with a view to being able to include more characteristics in future audits and will undertake a further Equal Pay Audit for the financial year 2016/17 to monitor trends in any pay gaps, and continue to review allowances to ensure they are a) paid in a fair and consistent manner and b) remain relevant as the economic climate changes.

### 3.3.15 **Information Assets**

The Council's Assistant Chief Executive – 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 Information 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.

Work is ongoing around the role and responsibilities of Information Asset Owners (IAOs). During 2015/16 training sessions were provided to third tier managers as IAO's to help them understand the importance of the assets for which they are responsible; to encourage responsible sharing of data where this will promote better service delivery; and to fully understand what is needed to ensure the integrity and security of data. The development and maintenance of an Information Asset Register has also begun and will continue as a key priority for 2016/17.

The Corporate Information Governance Group is also looking at ways to improve awareness and the dissemination of information, including a newsletter highlighting legislative changes, security priorities, best practice and potential risks and pitfalls.

### 3.4 **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.

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

#### 3.4.1 **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). Its Minutes are published and are available to the Public.

The Wales Audit Office, Corporate Assessment Report 2015, published January 2016 concluded that:

- The Council has made good progress in establishing improved governance arrangements which are now more robust and transparent, although there are opportunities for further improvements to enable Members to be more effective in their roles.
- Continue to improve Governance, decision making, openness and transparency and keep under review by the Constitutional Review Working Group

#### 3.4.2 **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). Its Minutes are published and its decisions are subject to call in by the relevant Scrutiny Committee (ref para 3.4.8 below)

The Administration of the Council changed in May 2015 and is now a Plaid / Independent Coalition as opposed to the previous Labour / Independent Coalition. As a result the Council's Full Forward Work programme is slightly delayed but will be published shortly.

The Authority meets with Town and Community Councils twice yearly in a formal Forum.

#### 3.4.3 **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 3.4.8 below).

Following the change in Administration the portfolios have been slightly amended.

#### 3.4.4 **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 with any statutory requirements and the Council's Policy and Budget Framework, amongst other requirements. Any significant decisions have to be recorded and be made available to the relevant Scrutiny Committee upon request.



### 3.4.5 **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 and an External Voting Member was appointed by the Council for a period of 3 years at its 12<sup>th</sup> June 2013 meeting. Following an external advertisement process a new external voting Member was approved by County Council on 8<sup>th</sup> June 2016.

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.

### 3.4.6 **Democratic Services Committees**

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.

During 2015/16 the Group Leaders conducted one to one Personal Development Reviews with their Members to, amongst other things, ascertain their training and development needs.

### 3.4.7 **Scrutiny Committees**

As highlighted in Section 3.3.6, 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 detailed half-year report on performance which includes an update on all Performance Indicators and Key Actions contained within Divisional Business Plans.

All Scrutiny Committees have the constitutional power to call-in executive decisions, 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 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.

#### 3.4.8 **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.

The Committee also oversees the arrangements for providing a safe environment for Whistleblowing.

#### 3.4.9 **Dyfed Pension Fund Panel**

Carmarthenshire County Council is the statutorily appointed Administering Authority for the Dyfed Pension Fund. The Pension Fund Panel comprises 3 County Council Members plus a nominated substitute to act in the absence of a Member. The Pension Fund Panel 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 2015-16 the Pension Fund Panel was supported by the Director of Corporate Services and Head of Financial Services, the Financial Services Division and an Independent Investment Adviser. The Head of Financial Services was the Section 151 Officer until his subsequent appointment as Director of Corporate Services from 5<sup>th</sup> September 2015.

The Fund's Governance Policy sets out in detail the Governance arrangements of the Fund.

During 2015/16 the Authority established a Local Pensions Board as required under Public Service Pension Act (PSPA) 2013. This Board 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.

#### 3.4.10 **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 and Business Continuity Sub Groups.

### 3.4.11 **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 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.

In addition to the planned work, the Internal Audit Unit undertakes fraud investigation and proactive fraud detection work.

The Wales Audit Office have consistently been able to place reliance on the work of Internal Audit.

### 3.4.12 **External Audit (Wales Audit Office)**

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.

The Annual Improvement Report is seen as a key driver for improvement.

In 2013-14 the Wales Audit Office began a four-year cycle of corporate assessments for the improvement authorities in Wales. This means that, in addition to an annual programme of improvement studies and audits of councils' approaches to improvement planning and reporting, each authority receives an in-depth corporate assessment once during a four-year period. In the autumn of 2015 Carmarthenshire was examined and in January 2016 the Wales Audit Office Report was received.

The Auditor General concluded that:

*“Carmarthenshire County Council, demonstrating ambition in its vision, with collective leadership and more robust and transparent governance, is delivering improved outcomes for its citizens although some out-dated approaches may limit the speed of progress.”*

Overall the report was very favourable and made no recommendations for improvement. It did however make six proposals for improvement and these are addressed in the *Making Better Use of Resources* and *Being a Better Council* sections of this plan January 2016.

### **Wales Audit Office – Annual Improvement Report – March 2016**

The Annual Improvement Report largely repeated the Corporate Assessment findings and added further comments on our Annual Report and Improvement Plan (ARIP) approach:

*“The combined review of past performance with the actions the Council plans to take next within a single document allows the reader to form a balanced picture of how well the Council is performing. The ARIP is lengthy and detailed and there is also a useful summary, together they provide all the information the reader could need. The ARIP and summary are published in Welsh and English, with appropriate arrangements for publicity. The report is easy to find on the Council’s website.”*

We also maintain a log of regulatory reports and recommendations.

### 3.4.13 **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.

### 3.5 **Governance Issues to be Addressed**

Maintaining good Governance is an ongoing task. Undoubtedly the reduced revenue and capital funding from the Welsh Government will have a significant impact on the ability of the Authority to maintain and develop services and will impact upon issues of Governance.

Key issues of Governance which were identified in previous years’ Annual Governance Statements are shown in Appendix 1 together with an update of progress made in managing each of the issues.

The following additional Governance issues need to be considered and addressed during the next 12 months:

1. Respond to the Future Generations Act and develop effective working relationships to work in collaboration with PSB Partners
2. Monitor Compliance with Welsh Language Standards
3. To ensure an Action Plan relating to proposals for improvement raised in the Corporate Assessment 2015/16 is completed and monitored
4. Develop Members Training Programme to ensure that suitable arrangements are in place for May 2017 onwards following the Local Government Elections
5. Review Governance Arrangements for Partnership agreements and Regional working
6. Develop effective relationships with the new Police Commissioner, Welsh Government Assembly Members and Town and Community Councils to ensure maximum co-operation
7. Assess and monitor the impact of the Partnership City Deal on the Authority
8. Develop and maintain an Information Asset Register
9. Develop a new Risk and Business Continuity Strategy
10. Review the WAO Grant Certification Report 2014/15 issued by WAO in May 2016 and implement any agreed actions

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.

**Approval**

**Leader of Council**

**Date**

**Chief Executive**

**Date**

**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 2012/13 No. 1 | Governance of Partnerships and Commissioning<br>The Corporate Governance Group is committed to increasing its focus on governance of partnerships and commissioning to ensure that the arrangements in place are appropriate and robust. | Assistant Chief Executive (Regeneration & Policy)                   | A major review of all Partnerships and Commissioning has taken place and the PSB (former LSB) has agreed to its recommendations. The findings now form part of the new partnership structures reporting to the PSB.   | Completed                                     |
| AGS 2013/14 No. 3 | Review Constitution and consider adopting "Modular Constitution"   | Head of Administration and Law                                      | CRWG presented its recommendations to Full Council 17 <sup>th</sup> June 2015 and the changes agreed by Council were adopted at its meeting of the 9 <sup>th</sup> September 2015.  | Completed                                     |
| AGS 2013/14 No. 5 | Review Financial Procedure Rules and ensure Budget Managers are fully aware of their responsibilities  | Head of Audit, Risk & Procurement<br><br>Head of Financial Services | Budget Manual, Grants Project Manual and Managing Capital Manual reviewed and updated version approved by Audit Committee (11 July & 26 September 2014)<br><br>Contract Procedures and Financial Procedure Rules update to be approved by Audit Committee 2016/2017 | Ongoing                                       |
| AGS 2014/15 No. 1 | Working with the new Administration to develop a 5 Year Forward Work Programme and priorities for the Council  | Assistant Chief Executive (Regeneration and Policy)                 | As there are Council elections in 2017 Cllr Dole as Leader presented a 12 month forward work programme in May 2016  | Completed (Key Issue for new Council in 2017) |

**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 2014/15 No. 2 | Responding to the Corporate Assessment to be undertaken by Wales Audit Office during 2015/16                          | Assistant Chief Executive (Regeneration and Policy) | Action plan has been produced and approved by Executive Board May 2016.  | Completed     |
| AGS 2014/15 No. 3 | Implement the Governance Review decisions approved by Council   | Head of Administration and Law                      | Council agreed changes on 17 June 2015 and approved the drafting for the implementation on 9 September 2015.                                 | Completed     |
| AGS 2014/15 No. 4 | Ensure that 100% of Managers complete the Whistleblowing E-learning module  | Head of Administration and Law                      | By the deadline of October 2015 all People Managers have completed the e-learning module.  | Completed     |
| AGS 2014/15 No. 5 | Implement new Pensions Board  | Head of Financial Services                          | Pensions Board implemented by the deadline of August 2015  | Completed     |
| AGS 2014/15 No. 6 | Responding to the new EU General Data Protection Regulation (GDPR) (as a replacement to the Data Protection Act 1998) | Assistant Chief Executive (Regeneration and Policy) | No guidance had come through during 15/16 to address the new legislation which was delayed and only became live on May 26 <sup>th</sup> 2016 | Ongoing       |
| AGS 2014/15 No. 7 | Review the WAO Grant Certification Report 2013/14 and implement any agreed actions                                    | Head of Financial Services /Grants Panel            | All actions reviewed and followed up with departments.   | Completed     |
| 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.        | Ongoing       |

**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 2015/16 No. 1  | Respond to the new Future Generations Act and develop effective working relationships to work in collaboration with PSB Partners                                 | Assistant Chief Executive (Regeneration and Policy)           | March 2017         |
| AGS 2015/16 No. 2  | Monitor compliance with Welsh Language Standards.  | Assistant Chief Executive (Regeneration and Policy)           | March 2017         |
| 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                             | Assistant Chief Executive (Regeneration and Policy)           | March 2017         |
| AGS 2015/16 No. 4  | Develop Members Training Programme to ensure that suitable arrangements are in place for May 2017  | Assistant Chief Executive (People Management and Performance) | March 2017         |
| AGS 2015/16 No. 5  | Review governance arrangements for Partnership agreements and Regional working.  | Assistant Chief Executive (Regeneration and Policy)           | March 2017         |
| AGS 2015/16 No. 6  | Develop effective relationships with the new Police Commissioner, Welsh Government Assembly Members and Town & Community Councils to ensure maximum co-operation | Assistant Chief Executive (Regeneration and Policy)           | March 2017         |
| AGS 2015/16 No. 7  | Assess and monitor the impact of the Partnership City Deal on the Authority  | Assistant Chief Executive (Regeneration and Policy)           | March 2017         |
| AGS 2015/16 No. 8  | Develop and maintain an Information Asset Register   | Assistant Chief Executive (Regeneration and Policy)           | March 2017         |
| AGS 2015/16 No. 9  | Develop a new Risk & Business Continuity Strategy  | Head of Audit, Risk and Procurement                           | December 2016      |
| AGS 2015/16 No. 10   | Review the WAO Grant Certification Report 2014/15 issued by WAO in May 2016 and implement any agreed actions   | Interim Head of Financial Services                            | March 2017         |



## 5 FINANCIAL STATEMENTS

The financial statements comprise of the following:

### 5.1 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 Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory Council Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

### 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 the Movement in Reserves Statement.

### 5.3 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'.

### 5.4 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 MOVEMENT IN RESERVES STATEMENT**

|  | Council Fund<br>Balance<br>£'000 | Earmarked<br>Council Fund<br>Reserves<br>£'000 | Housing Revenue<br>Account<br>£'000 | Capital Receipts<br>Reserve<br>£'000 | Major Repairs<br>Reserve<br>£'000 | Capital Grants<br>Unapplied<br>£'000 | TOTAL USABLE<br>RESERVES<br>£'000 | Unusable<br>Reserves<br>£'000 | TOTAL<br>AUTHORITY<br>RESERVES<br>£'000 |
|--|----------------------------------|--|-------------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|-------------------------------|---|
| <b>Balance at 31 March 2014</b>  | <b>(8,675)</b>                   | <b>(77,683)</b>                                | <b>(15,110)</b>                     | <b>(19,347)</b>                      | <b>0</b>                          | <b>(1,325)</b>                       | <b>(122,140)</b>                  | <b>(847,075)</b>              | <b>(969,215)</b>                        |
| <b>Movement in reserves during 2014/15</b>   |                                  |  |                                     |                                      |                                   |                                      |                                   |                               |   |
| Surplus or (deficit) on the provision of services                                  | 28,723                           | 0  | 8,028                               | 0                                    | 0                                 | 0                                    | 36,751                            | 0                             | 36,751                                  |
| Other Comprehensive Income and Expenditure   | 0                                | 0  | 0                                   | 0                                    | 0                                 | 0                                    | 0                                 | 35,572                        | 35,572                                  |
| <b>Total Comprehensive Income and Expenditure</b>                                  | <b>28,723</b>                    | <b>0</b>                                       | <b>8,028</b>                        | <b>0</b>                             | <b>0</b>                          | <b>0</b>                             | <b>36,751</b>                     | <b>35,572</b>                 | <b>72,323</b>                           |
| Adjustments between accounting basis and funding basis under regulations(Note 6.4) | (26,820)                         | 0  | (3,824)                             | (7,165)                              | 0                                 | 50                                   | (37,759)                          | 37,759                        | 0                                       |
| <b>Net (Increase)/Decrease before Transfers to/from Earmarked Reserves</b>         | <b>1,903</b>                     | <b>0</b>                                       | <b>4,204</b>                        | <b>(7,165)</b>                       | <b>0</b>                          | <b>50</b>                            | <b>(1,008)</b>                    | <b>73,331</b>                 | <b>72,323</b>                           |
| Transfers to/(from) Earmarked Reserves(Note 6.22)                                  | (1,728)                          | 1,484  | 244                                 | 0                                    | 0                                 | 0                                    | 0                                 | 0                             | 0                                       |
| <b>(Increase)/Decrease in Year</b>   | <b>175</b>                       | <b>1,484</b>                                   | <b>4,448</b>                        | <b>(7,165)</b>                       | <b>0</b>                          | <b>50</b>                            | <b>(1,008)</b>                    | <b>73,331</b>                 | <b>72,323</b>                           |
| <b>Balance at 31 March 2015</b>  | <b>(8,500)</b>                   | <b>(76,199)</b>                                | <b>(10,662)</b>                     | <b>(26,512)</b>                      | <b>0</b>                          | <b>(1,275)</b>                       | <b>(123,148)</b>                  | <b>(773,744)</b>              | <b>(896,892)</b>                        |
| <b>Movement in reserves during 2015/16</b>   |                                  |  |                                     |                                      |                                   |                                      |                                   |                               |   |
| Surplus or (deficit) on the provision of services                                  | 13,501                           | 0  | 208,916                             | 0                                    | 0                                 | 0                                    | 222,417                           | 0                             | 222,417                                 |
| Other Comprehensive Income and Expenditure   | 0                                | 0  | 0                                   | 0                                    | 0                                 | 0                                    | 0                                 | (45,205)                      | (45,205)                                |
| <b>Total Comprehensive Income and Expenditure</b>                                  | <b>13,501</b>                    | <b>0</b>                                       | <b>208,916</b>                      | <b>0</b>                             | <b>0</b>                          | <b>0</b>                             | <b>222,417</b>                    | <b>(45,205)</b>               | <b>177,212</b>                          |
| Adjustments between accounting basis and funding basis under regulations(Note 6.4) | (7,349)                          | 0  | (207,414)                           | 7,879                                | 0                                 | 412                                  | (206,472)                         | 206,472                       | 0                                       |
| <b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>              | <b>6,152</b>                     | <b>0</b>                                       | <b>1,502</b>                        | <b>7,879</b>                         | <b>0</b>                          | <b>412</b>                           | <b>15,945</b>                     | <b>161,267</b>                | <b>177,212</b>                          |
| Transfers to/(from) Earmarked Reserves(Note 6.22)                                  | (6,431)                          | 6,391  | 40                                  | 0                                    | 0                                 | 0                                    | 0                                 | 0                             | 0                                       |
| <b>(Increase)/Decrease in Year</b>   | <b>(279)</b>                     | <b>6,391</b>                                   | <b>1,542</b>                        | <b>7,879</b>                         | <b>0</b>                          | <b>412</b>                           | <b>15,945</b>                     | <b>161,267</b>                | <b>177,212</b>                          |
| <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>(612,477)</b>              | <b>(719,680)</b>                        |

**5.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)**

| 2014-15<br>Total Gross<br>Expenditure<br>£'000<br>(Restated) | 2014-15<br>Total Gross<br>Income<br>£'000<br>(Restated) | 2014-15<br>Total Net<br>Expenditure<br>£'000<br>(Restated) |   | 2015-16<br>Total Gross<br>Expenditure<br>£'000 | 2015-16<br>Total Gross<br>Income<br>£'000 | 2015-16<br>Total Net<br>Expenditure<br>£'000 |
|--|---|--|---|--|---|--|
| <b>Expenditure on Services</b>                               |   |  |   |  |   |  |
| 19,467   | (2,642)   | 16,825   | Central Services to the Public                              | 18,793   | (1,999)                                   | 16,794                                       |
| 23,076   | (7,391)   | 15,685   | * Cultural and Related Services                             | 20,530   | (6,525)                                   | 14,005                                       |
|  |   |  | Environmental and Regulatory                                |  |   |  |
| 23,673   | (5,895)   | 17,778   | Services  | 24,977   | (5,548)                                   | 19,429                                       |
| 20,225   | (13,465)  | 6,760  | Planning Services   | 17,846   | (11,671)                                  | 6,175  |
| 258,823  | (39,567)  | 219,256  | Education and Children's Services                           | 209,944  | (39,601)                                  | 170,343                                      |
| 34,932   | (13,207)  | 21,725   | Highways and Transport Services                             | 33,968   | (13,700)                                  | 20,268                                       |
|  |   |  | Housing Services:   |  |   |  |
| 65,069   | (62,425)  | 2,644  | Council Fund Housing  | 66,768   | (64,379)                                  | 2,389  |
| 45,199   | (35,590)  | 9,609  | Housing Revenue Account                                     | 242,168  | (36,889)                                  | 205,279                                      |
| 112,663  | (38,087)  | 74,576   | Adult Social Care   | 116,015  | (35,911)                                  | 80,104                                       |
| 6,734  | (333)   | 6,401  | Corporate and Democratic Core                               | 6,187  | (203)                                     | 5,984  |
| 7,056  | (3,752)   | 3,304  | * Non Distributed Costs                                     | 6,777  | (2,047)                                   | 4,730  |
| <b>616,917</b>   | <b>(222,354)</b>  | <b>394,563</b>   | <b>Cost of Services</b>                                     | <b>763,973</b>                                 | <b>(218,473)</b>                          | <b>545,500</b>                               |
|  |   |  | Precepts and Levies:  |  |   |  |
|  |   | 152  | Brecon Beacons National Park                                |  |   | 147  |
|  |   | 8,877  | Mid & West Wales Fire Authority                             |  |   | 9,067  |
|  |   | 4,878  | Community Councils  |  |   | 5,017  |
|  |   | 14,722   | Dyfed Powys Police Authority                                |  |   | 14,080                                       |
|  |   | (7,010)  | (Gains)/losses on the disposal of non-current assets        |  |   | 146  |
|  |   | <b>21,619</b>  | <b>Other Operating Expenditure</b>                          |  |   | <b>28,457</b>                                |
|  |   |  | (Surpluses)/Deficits on Trading Activities not included     |  |   |  |
|  |   | (1,473)  | * in Net Cost of Services                                   | Note 6.5                                       |   | (533)  |
|  |   | 13,871   | Interest Payable and Similar Charges                        |  |   | 17,639                                       |
|  |   | 8,350  | Net interest on the net defined benefit liability (asset)   |  |   | 9,185  |
|  |   | (473)  | Interest Receivable and Similar Income                      |  |   | (450)  |
|  |   |  | Income and expenditure in relation to investment properties |  |   |  |
|  |   | (157)  | * and changes in their fair value                           | Note 6.10                                      |   | 1,149  |
|  |   | <b>20,118</b>  | <b>Financing and Investment Income and Expenditure</b>      |  |   | <b>26,990</b>                                |
|  |   | (202,696)  | Revenue Support Grant                                       | Note 6.38                                      |   | (199,071)                                    |
|  |   | (787)  | General Government Grants                                   | Note 6.38                                      |   | (565)  |
|  |   | (92,674)   | Council Tax   | Note 6.6                                       |   | (96,297)                                     |
|  |   | (58,163)   | Net Proceeds of Non-Domestic Rates                          | Note 6.7                                       |   | (53,410)                                     |
|  |   | (45,229)   | Capital Grants and Contributions                            | Note 6.38                                      |   | (29,187)                                     |
|  |   | <b>(399,549)</b>   | <b>Taxation and Non-specific Grant Income</b>               |  |   | <b>(378,530)</b>                             |
|  |   | <b>36,751</b>  | <b>(Surplus)/Deficit on Provision of Services</b>           |  |   | <b>222,417</b>                               |
|  |   |  | (Surplus) or deficit on revaluation of Property, Plant      |  |   |  |
|  |   | (44,416)   | and Equipment assets  |  |   | (16,733)                                     |
|  |   | 79,988   | Actuarial (gains)/losses on pension assets/liabilities      |  |   | (28,472)                                     |
|  |   | <b>35,572</b>  | <b>Other Comprehensive Income and Expenditure</b>           |  |   | <b>(45,205)</b>                              |
|  |   | <b>72,323</b>  | <b>Total Comprehensive Income and Expenditure</b>           |  |   | <b>177,212</b>                               |

\* 2014-15 figures have been restated – see note 6.5

**5.3 BALANCE SHEET**

| 31/03/15<br>£'000     |  | Notes | £'000     | 31/03/16<br>£'000     |
|-----------------------|--|-------|-----------|-----------------------|
| 1,395,252             | Property, Plant & Equipment              | 6.8   | 1,302,194 |                       |
| 2,248                 | Heritage Assets                          | 6.9   | 2,246     |                       |
| 26,374                | Investment Property                      | 6.10  | 22,927    |                       |
| 1,164                 | Long Term Investments                    | 6.11  | 1,110     |                       |
| 5,784                 | Long Term Debtors                        | 6.12  | 7,148     |                       |
| <u>1,430,822</u>      | <b>Long Term Assets</b>                  |       |           | <u>1,335,625</u>      |
| 27,048                | Short Term Investments                   | 6.13  | 8,038     |                       |
| 133                   | Assets Held for Sale                     | 6.14  | 410       |                       |
| 1,066                 | Inventories                              | 6.15  | 1,006     |                       |
| 53,369                | Short Term Debtors                       | 6.16  | 46,370    |                       |
| 11,267                | Cash and Cash Equivalents                | 6.17  | 34,851    |                       |
| <u>92,883</u>         | <b>Current Assets</b>                    |       |           | <u>90,675</u>         |
| (7,677)               | Short Term Borrowing                     | 6.18  | (9,013)   |                       |
| (62,632)              | Short Term Creditors                     | 6.19  | (55,541)  |                       |
| (2,447)               | Provisions                               | 6.20  | (3,601)   |                       |
| <u>(72,756)</u>       | <b>Current Liabilities</b>               |       |           | <u>(68,155)</u>       |
| (3,214)               | Provisions                               | 6.20  | (3,526)   |                       |
| (274,692)             | Long Term Borrowing                      | 6.21  | (370,425) |                       |
| (276,151)             | Other Long Term Liabilities              | 6.44  | (264,514) |                       |
| <u>(554,057)</u>      | <b>Long Term Liabilities</b>             |       |           | <u>(638,465)</u>      |
| <u><b>896,892</b></u> | <b>Net Assets</b>                        |       |           | <u><b>719,680</b></u> |
| 8,500                 | Council Fund                             |       | 8,779     |                       |
| 10,662                | Housing Revenue Account                  | 7.2   | 9,120     |                       |
| 72,258                | Earmarked Council Fund Reserves          | 6.22  | 66,131    |                       |
| 3,941                 | Held by Schools under LMS                | 6.22  | 3,677     |                       |
| 26,512                | Capital Receipts Reserve                 | 6.23  | 18,633    |                       |
| 1,275                 | Capital Grants Unapplied                 | 6.24  | 863       |                       |
| <u>123,148</u>        | <b>Usable Reserves</b>                   |       |           | <u>107,203</u>        |
| 323,284               | Revaluation Reserve                      | 6.25  | 329,192   |                       |
| 731,974               | Capital Adjustment Account               | 6.26  | 552,198   |                       |
| (870)                 | Financial Instruments Adjustment Account | 6.27  | (986)     |                       |
| 348                   | Deferred Capital Receipts Reserve        | 6.28  | 342       |                       |
| (276,151)             | Pensions Reserve                         | 6.29  | (264,514) |                       |
| (4,841)               | Accumulated Absences Account             | 6.30  | (3,755)   |                       |
| <u>773,744</u>        | <b>Unusable Reserves</b>                 |       |           | <u>612,477</u>        |
| <u><b>896,892</b></u> | <b>Total Reserves</b>                    |       |           | <u><b>719,680</b></u> |

**5.4 CASH FLOW STATEMENT**

| <b>2014-15</b>   |  | <b>Note</b> | <b>2015-16</b>   |
|------------------|--|-------------|------------------|
| <b>£'000</b>     |  |             | <b>£'000</b>     |
| 120,893          | Taxation   |             | 123,679          |
| 342,830          | Grants   |             | 336,657          |
| 12,055           | Rents  |             | 13,615           |
| 326              | Interest received  |             | 330              |
| 69,274           | Other receipts from operating activities   |             | 83,684           |
| <b>545,378</b>   | <b>Cash inflows generated from operating activities</b>                                      |             | <b>557,965</b>   |
| (216,838)        | Cash paid to and on behalf of employees  |             | (207,905)        |
| (34,544)         | Housing benefit paid out   |             | (28,414)         |
| (45,341)         | NNDR payments to national pool   |             | (47,250)         |
| (19,600)         | Precepts paid  |             | (19,097)         |
| (13,840)         | Interest paid  |             | (16,774)         |
| (196,668)        | Other payments for operating activities  |             | (209,381)        |
| <b>(526,831)</b> | <b>Cash outflows generated from operating activities</b>                                     |             | <b>(528,821)</b> |
| <b>18,547</b>    | <b>Net cash flows from operating activities</b>  | 6.48        | <b>29,144</b>    |
| (77,914)         | Purchase of property, plant & equipment, investment property and intangible assets           |             | (63,694)         |
| (142,800)        | Purchase of short term and long term investments   |             | (152,700)        |
| (20,897)         | Other payments for investing activities  |             | (99,945)         |
| 13,333           | Proceeds from Sale of property, plant & equipment, investment property and intangible assets |             | 2,295            |
| 115,816          | Proceeds of short term and long term investments   |             | 171,762          |
| 58,946           | Other receipts from investing activities   |             | 41,783           |
| <b>(53,516)</b>  | <b>Net cash flows from investing activities</b>  |             | <b>(100,499)</b> |
| 28,000           | Cash receipts of short and long term borrowing   |             | 101,461          |
| (7,800)          | Repayments of short term and long term borrowing   |             | (5,262)          |
| 747              | Other payments for financing activities  |             | (1,260)          |
| <b>20,947</b>    | <b>Net cash flows from financing activities</b>  |             | <b>94,939</b>    |
| <b>(14,022)</b>  | <b>Net increase or decrease in cash and cash equivalents</b>                                 |             | <b>23,584</b>    |
| 25,289           | Cash and cash equivalents at the beginning of the reporting period                           |             | 11,267           |
| <b>11,267</b>    | <b>Cash and cash equivalents at the end of the reporting period</b>                          | 6.17        | <b>34,851</b>    |

## 6 NOTES TO THE ACCOUNTS

### 6.1 Statement of Accounting Policies

#### General

The Statement of Accounts summarises the transactions of Carmarthenshire County Council and of the Dyfed Pension Fund for the 2015-16 financial year and their position at the year ended 31 March 2016.

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 2015/16 and the Service Reporting Code of Practice 2015/16, 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:

|   |         |
|---|---------|
| Social Care, Regeneration & Environment Assets              | 2011-12 |
| Corporate Assets  | 2012-13 |
| Chief Executives, Regeneration & Leisure                    | 2013-14 |
| Schools   | 2014-15 |
| Housing Stock & Depreciated Replacement Costs valued assets | 2015-16 |

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 in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2015/16* (SeRCOP). 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, with the exception of:

Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.

Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Cost of Services.

### 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 3.6% (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), ie 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**

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.

#### **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

|                               | <b>ERW</b>       |                  |
|-------------------------------|------------------|------------------|
|                               | <b>2015-2016</b> |                  |
|                               | <b>Total</b>     | <b>CCC Share</b> |
|                               | <b>£'000</b>     | <b>£'000</b>     |
| Expenditure                   | 262              | 54               |
| Income                        | (322)            | (67)             |
| Surplus/Deficit for the year  | <u>(60)</u>      | <u>(13)</u>      |
| Current Assets                | 488              | 101              |
| Current Liabilities           | (16)             | (3)              |
| Long Term Liabilities         | (93)             | (19)             |
| Total assets less liabilities | <u>379</u>       | <u>79</u>        |
| Reserves                      | 379              | 79               |
| Total Financing               | <u>379</u>       | <u>79</u>        |

The above is not an exhaustive list – other potential arrangements include the Welsh Purchasing Consortium 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:

There is a high degree of uncertainty about future levels of funding for 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 2015-2016 £3.35m plus interest had been repaid by the administrators. See note 6.46.

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 2016 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 £20.3m for 2015-16.</p> <p>However, the assumptions interact in complex ways. During 2015-16, the Authority's actuaries advised that net pensions liability had decreased by £61.5m attributable to the updating of adjustments.</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      |                         |                          |                       |                          |                               |
|--|----------------------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------------|
|  | Council Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | Movement in Unusable Reserves |
| 2015-16  | £'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  | (26,591)             | (11,173)                | 0                        | 0                     | 0                        | 37,764                        |
| Revaluation losses on Property Plant and Equipment   | (5,019)              | (134,490)               | 0                        | 0                     | 0                        | 139,509                       |
| Movements in the market value of Investment Properties   | (1,485)              | 0                       | 0                        | 0                     | 0                        | 1,485                         |
| Capital grants and contributions applied   | 22,430               | 291                     | 0                        | 0                     | 0                        | (22,721)                      |
| Revenue expenditure funded from capital under statute  | (4,105)              | (78,991)                | 0                        | 0                     | 0                        | 83,096                        |
| 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 | (1,831)              | (472)                   | 0                        | 0                     | 0                        | 2,303                         |
| <b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>   |                      |                         |                          |                       |                          |                               |
| Statutory provision for the financing of capital investment  | 10,217               | 2,684                   | 0                        | 0                     | 0                        | (12,901)                      |
| Capital expenditure charged against the Council Fund and HRA balances  | 12,468               | 8,493                   | 0                        | 0                     | 0                        | (20,961)                      |

|  | Usable Reserves      |                         |                          |                       |                          |                               |
|--|----------------------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------------|
|  | Council Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | Movement in Unusable Reserves |
| 2015-16  | £'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                          | 300                  | 0                       | 0                        | 0                     | (300)                    | 0                             |
| Application of grants to capital financing transferred to the Capital Adjustment Account   | 0                    | 0                       | 0                        | 0                     | 712                      | (712)                         |
| <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 | 1,699                | 458                     | (2,157)                  | 0                     | 0                        | 0                             |
| Statutory Capital Receipts   | 53                   | 0                       | (131)                    | 0                     | 0                        | 78                            |
| Use of the Capital Receipts Reserve to finance new capital expenditure   | 0                    | 0                       | 10,027                   | 0                     | 0                        | (10,027)                      |
| Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals                         | 0                    | 0                       | 23                       | 0                     | 0                        | (23)                          |
| Capital Receipts Set Aside   | 0                    | 0                       | 123                      | 0                     | 0                        | (123)                         |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash   | 0                    | 0                       | (6)                      | 0                     | 0                        | 6                             |

|   | Usable Reserves      |                         |                          |                       |                          |                               |
|---|----------------------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------------|
|   | Council Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | Movement in Unusable Reserves |
| 2015-16   | £'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                    | 6,166                   | 0                        | (6,166)               | 0                        | 0                             |
| Use of the Major Repairs Reserve to finance new capital expenditure   | 0                    | 0                       | 0                        | 6,166                 | 0                        | (6,166)                       |
| <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                           | (83)                 | (33)                    | 0                        | 0                     | 0                        | 116                           |
| <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)   | (40,454)             | (794)                   | 0                        | 0                     | 0                        | 41,248                        |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | 23,960               | 453                     | 0                        | 0                     | 0                        | (24,413)                      |
| <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 | 1,092                | (6)                     | 0                        | 0                     | 0                        | (1,086)                       |
| <b>Total Adjustments</b>  | <b>(7,349)</b>       | <b>(207,414)</b>        | <b>7,879</b>             | <b>0</b>              | <b>412</b>               | <b>206,472</b>                |

|  | Usable Reserves         |                            |                             |                          |                             |                                  |
|--|-------------------------|----------------------------|-----------------------------|--------------------------|-----------------------------|----------------------------------|
|  | Council Fund<br>Balance | Housing Revenue<br>Account | Capital Receipts<br>Reserve | Major Repairs<br>Reserve | Capital Grants<br>Unapplied | Movement in<br>Unusable Reserves |
| 2014-15  | £'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  | (26,754)                | (17,635)                   | 0                           | 0                        | 0                           | 44,389                           |
| Revaluation losses on Property Plant and Equipment   | (51,071)                | (4,315)                    | 0                           | 0                        | 0                           | 55,386                           |
| Movements in the market value of Investment Properties   | (168)                   | 0                          | 0                           | 0                        | 0                           | 168                              |
| Capital grants and contributions applied   | 38,056                  | 643                        | 0                           | 0                        | 0                           | (38,699)                         |
| Revenue expenditure funded from capital under statute  | (2,932)                 | (56)                       | 0                           | 0                        | 0                           | 2,988                            |
| 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 | (4,052)                 | (2,121)                    | 0                           | 0                        | 0                           | 6,173                            |
| <b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>   |                         |                            |                             |                          |                             |                                  |
| Statutory provision for the financing of capital investment  | 10,167                  | 2,592                      | 0                           | 0                        | 0                           | (12,759)                         |
| Capital expenditure charged against the Council Fund and HRA balances  | 8,436                   | 8,986                      | 0                           | 0                        | 0                           | (17,422)                         |



|  | Usable Reserves      |                         |                          |                       |                          |                               |
|--|----------------------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------------|
|  | Council Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | Movement in Unusable Reserves |
| 2014-15  | £'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                          | 340                  | 0                       | 0                        | 0                     | (340)                    | 0                             |
| Application of grants to capital financing transferred to the Capital Adjustment Account   | 0                    | 0                       | 0                        | 0                     | 390                      | (390)                         |
| <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 | 11,045               | 2,139                   | (13,184)                 | 0                     | 0                        | 0                             |
| Statutory Capital Receipts   | 73                   | 0                       | (127)                    | 0                     | 0                        | 54                            |
| Use of the Capital Receipts Reserve to finance new capital expenditure   | 0                    | 0                       | 4,641                    | 0                     | 0                        | (4,641)                       |
| Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals                         | 0                    | 0                       | 56                       | 0                     | 0                        | (56)                          |
| Capital Receipts Set Aside   | 0                    | 0                       | 1,471                    | 0                     | 0                        | (1,471)                       |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash   | 0                    | 0                       | (22)                     | 0                     | 0                        | 22                            |

|   | Usable Reserves      |                         |                          |                       |                          |                               |
|---|----------------------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------------|
|   | Council Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | Movement in Unusable Reserves |
| 2014-15   | £'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                           | 77                   | (40)                    | 0                        | 0                     | 0                        | (37)                          |
| <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)   | (33,297)             | (666)                   | 0                        | 0                     | 0                        | 33,963                        |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | 23,762               | 455                     | 0                        | 0                     | 0                        | (24,217)                      |
| <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 | (502)                | 4                       | 0                        | 0                     | 0                        | 498                           |
| <b>Total Adjustments</b>  | <b>(26,820)</b>      | <b>(3,824)</b>          | <b>(7,165)</b>           | <b>0</b>              | <b>50</b>                | <b>37,759</b>                 |

**6.5 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:

| 2014-15<br>Total Gross<br>Expenditure | 2014-15<br>Total Gross<br>Income | 2014-15<br>Total Net<br>(Income)/<br>Expenditure |                           | 2015-16<br>Total Gross<br>Expenditure | 2015-16<br>Total<br>Gross<br>Income | 2015-16<br>Total Net<br>(Income)/<br>Expenditure |
|---------------------------------------|----------------------------------|--|---------------------------|---------------------------------------|-------------------------------------|--|
| £'000<br>(Restated)                   | £'000<br>(Restated)              | £'000<br>(Restated)                              |                           | £'000                                 | £'000                               | £'000  |
|                                       |                                  |  | <b>Activities/Section</b> |                                       |                                     |  |
|                                       |                                  |  | Property Services and     |                                       |                                     |  |
| 38,706                                | (40,037)                         | (1,331)  | Hydrology                 | 32,445                                | (33,088)                            | (643)  |
|                                       |                                  |  | Vehicle Repair &          |                                       |                                     |  |
| 1,326                                 | (1,655)                          | (329)  | Maintenance               | 1,352                                 | (1,675)                             | (323)  |
| 3,466                                 | (3,287)                          | 179  | Building Cleaning         | 3,675                                 | (3,373)                             | 302  |
| 5,199                                 | (5,181)                          | 18   | Fleet Management          | 5,227                                 | (5,117)                             | 110  |
| 1,062                                 | (1,235)                          | (173)  | Civil Design              | 1,315                                 | (1,457)                             | (142)  |
| 692                                   | (307)                            | 385  | Rural Estate              | 578                                   | (296)                               | 282  |
| 826                                   | (601)                            | 225  | Provision Markets         | 831                                   | (620)                               | 211  |
| 1,074                                 | (1,521)                          | (447)  | Industrial Sites          | 1,295                                 | (1,625)                             | (330)  |
| <b>52,351</b>                         | <b>(53,824)</b>                  | <b>(1,473)</b>                                   |                           | <b>46,718</b>                         | <b>(47,251)</b>                     | <b>(533)</b>                                     |

**Restated Amounts**

A review of Trading Operations and Investment Properties has resulted in the reclassification of certain transactions and the restatement of some figures relating to 2014-15.

Commercial Properties (2014-15 Net Income £42k) and Livestock Markets (2014-15 Net Income £182k) previously included in Trading Operations have been reclassified as Investment Properties (see Note 6.10).

**CIES – Note 5.2**

The Net Surplus on Trading Activities for 2014-15 has been restated from (£1,696k) to (£1,473k). Culture and Related Services Gross Income has been restated from (£7,538k) to (£7,391k) and Net Expenditure from £15,538k to £15,685k. Gross Expenditure for Non Distributed Costs has been restated from £7,101 to £7,056 and Net Expenditure from £3,349 to £3,304k. Income and Expenditure in Relation to Investment Properties has been restated from £168k to (£157k).

**6.6 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 Authority for the forthcoming year 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 - £70,376 for 2015-16 (£69,905 for 2014-15). The Council Tax payable by a household is calculated by multiplying the basic amount for a band D property (£1,076.22 for Carmarthenshire County Council) by the proportion specified for the particular band.

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 | 15  | 4,763 | 15,953 | 13,651 | 12,157 | 13,839 | 8,037 | 3,164 | 506  | 96   |

Analysis of the net proceeds from Council Tax:

|   | <b>2014-15</b>       | <b>2015-16</b>       |
|---|----------------------|----------------------|
|   | <b>£'000</b>         | <b>£'000</b>         |
| Council Tax Collectable                                   | 93,185               | 96,955               |
|   | <u>93,185</u>        | <u>96,955</u>        |
| Less:   |                      |                      |
| Movement in Impairment Allowance                          | (511)                | (658)                |
| <b>Net Proceeds from Council Tax (including Precepts)</b> | <b><u>92,674</u></b> | <b><u>96,297</u></b> |

**6.7 National Non Domestic Rates (NNDR)**

NNDR is organised on a national basis. The government specifies an amount for the rate (48.2p for rateable values in 2015-16 and 47.3p for rateable values in 2014-15) and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value (which had been re-valued with effect from the 1 April 2010) by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the National Assembly for Wales. The National Assembly for Wales redistributes the sums payable back to local authorities on the basis of a fixed amount per head of population.

The NNDR income after relief and provisions of £46,962 for 2015-2016 was based on an average rateable value of £120,806,537 (£119,724,923 for 2014-2015). As at 31<sup>st</sup> March 2016 the total non domestic rateable value was £121,288,415 (£120,324,658 as at 31<sup>st</sup> March 2015).

Analysis of the net proceeds from Non-Domestic rates:

|                                  | <b>2014-15</b>       | <b>2015-16</b>       |
|----------------------------------|----------------------|----------------------|
|                                  | <b>£'000</b>         | <b>£'000</b>         |
| Non Domestic Rates Collectable   | 45,454               | 47,725               |
| Less                             |                      |                      |
| Amount Paid into NNDR Pool       | (45,341)             | (47,250)             |
| Cost of Collection               | (377)                | (382)                |
| Movement in Impairment Allowance | (107)                | (196)                |
|                                  | <u>(371)</u>         | <u>(103)</u>         |
| Receipts from Pool               | 58,534               | 53,513               |
| <b>Net Proceeds from NNDR</b>    | <b><u>58,163</u></b> | <b><u>53,410</u></b> |

**6.8 Property, Plant & Equipment**

| Movements in 2015-16  | Council Dwellings<br>£'000 | Other Land & Buildings<br>£'000 | Vehicles Plant & Equipment<br>£'000 | Infra-structure<br>£'000 | Community Assets<br>£'000 | Surplus Assets<br>£'000 | Assets Under Construction<br>£'000 | TOTAL<br>£'000   |
|---|----------------------------|---------------------------------|-------------------------------------|--------------------------|---------------------------|-------------------------|------------------------------------|------------------|
| <b>Gross Book Value 01/04/15</b>                                | <b>562,449</b>             | <b>639,100</b>                  | <b>17,547</b>                       | <b>270,648</b>           | <b>3,583</b>              | <b>19,673</b>           | <b>65,723</b>                      | <b>1,578,723</b> |
| Additions   | 15,266                     | 35,194                          | 1,117                               | 5,458                    | 32                        | 152                     | 9,779                              | <b>66,998</b>    |
| Revaluation Increases Recognised in the Revaluation Reserve     | 3,426                      | 80,254                          | 0                                   | 0                        | 84                        | 100                     | 0                                  | <b>83,864</b>    |
| Revaluation Losses Recognised in the Revaluation Reserve        | (26,852)                   | (39,920)                        | 0                                   | 0                        | 0                         | (359)                   | 0                                  | <b>(67,131)</b>  |
| Revaluation Increases Recognised in the Provision of Services   | 1,908                      | 5,251                           | 0                                   | 0                        | 0                         | 0                       | 0                                  | <b>7,159</b>     |
| Revaluation Losses Recognised in the Provision of Services      | (136,398)                  | (7,864)                         | (1,508)                             | 0                        | 0                         | (896)                   | 0                                  | <b>(146,666)</b> |
| Derecognition of Disposals                                      | (10)                       | 0                               | (270)                               | 0                        | 0                         | 0                       | 0                                  | <b>(280)</b>     |
| Reclassifications: to & from Assets Held for Sale               | (381)                      | (200)                           | 0                                   | 0                        | (4)                       | (1,961)                 | 0                                  | <b>(2,546)</b>   |
| Reclassifications: to & from Investment Properties              | 0                          | 155                             | 0                                   | 0                        | 88                        | 2,820                   | 0                                  | <b>3,063</b>     |
| Reclassifications: from Assets Under Construction               | 477                        | 53,016                          | 0                                   | 284                      | (1)                       | 2,561                   | (56,337)                           | <b>0</b>         |
| Write back of Dep'n to the Gross Carrying Amount on Revaluation | (93,413)                   | (21,060)                        | (1,989)                             | 0                        | 0                         | (277)                   | 0                                  | <b>(116,739)</b> |
| <b>Gross Book Value 31/03/16</b>                                | <b>326,472</b>             | <b>743,926</b>                  | <b>14,897</b>                       | <b>276,390</b>           | <b>3,782</b>              | <b>21,813</b>           | <b>19,165</b>                      | <b>1,406,445</b> |
| <b>Accumulated Depreciation and Impairment at 01/04/15</b>      | <b>(81,944)</b>            | <b>(27,246)</b>                 | <b>(9,881)</b>                      | <b>(64,005)</b>          | <b>(372)</b>              | <b>(23)</b>             | <b>0</b>                           | <b>(183,471)</b> |
| Depreciation Charge   | (11,173)                   | (19,256)                        | (1,234)                             | (6,058)                  | (23)                      | (20)                    | 0                                  | <b>(37,764)</b>  |
| Depreciation Written Out to Revaluation Reserve                 | 93,413                     | 21,060                          | 1,989                               | 0                        | 0                         | 277                     | 0                                  | <b>116,739</b>   |
| Depreciation Written Out to Provision of Services               | 0                          | 0                               | 0                                   | 0                        | 0                         | 0                       | 0                                  | <b>0</b>         |
| Derecognition of Disposals                                      | 0                          | 0                               | 245                                 | 0                        | 0                         | 0                       | 0                                  | <b>245</b>       |
| Reclassifications: to/ from AHFS                                | 0                          | 0                               | 0                                   | 0                        | 0                         | 0                       | 0                                  | <b>0</b>         |
| Other Movements in Depreciation and Impairments                 | 0                          | 250                             | 0                                   | 0                        | 0                         | (250)                   | 0                                  | <b>0</b>         |
| <b>Cumulative Depreciation to 31/03/16</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> |
| <b>Net Book Value at 31/03/16</b>                               | <b>326,768</b>             | <b>718,734</b>                  | <b>6,016</b>                        | <b>206,327</b>           | <b>3,387</b>              | <b>21,797</b>           | <b>19,165</b>                      | <b>1,302,194</b> |

| Movements in 2014-15  | Council Dwellings<br>£'000 | Other Land & Buildings<br>£'000 | Vehicles Plant & Equipment<br>£'000 | Infra-structure<br>£'000 | Community Assets<br>£'000 | Surplus Assets<br>£'000 | Assets Under Construction<br>£'000 | TOTAL<br>£'000   |
|---|----------------------------|---------------------------------|-------------------------------------|--------------------------|---------------------------|-------------------------|------------------------------------|------------------|
| <b>Gross Book Value 01/04/14</b>                                | <b>542,781</b>             | <b>680,040</b>                  | <b>18,230</b>                       | <b>264,699</b>           | <b>2,830</b>              | <b>20,942</b>           | <b>51,063</b>                      | <b>1,580,585</b> |
| Additions   | 24,583                     | 19,042                          | 680                                 | 7,122                    | 26                        | 234                     | 30,300                             | 81,987           |
| Revaluation Increases Recognised in the Revaluation Reserve     | 172                        | 84,202                          | 0                                   | 1                        | 0                         | 216                     | 0                                  | 84,591           |
| Revaluation Losses Recognised in the Revaluation Reserve        | (483)                      | (39,130)                        | 0                                   | 0                        | 0                         | (562)                   | 0                                  | (40,175)         |
| Revaluation Increases Recognised in the Provision of Services   | 46                         | 1,115                           | 0                                   | 0                        | 0                         | 154                     | 0                                  | 1,315            |
| Revaluation Losses Recognised in the Provision of Services      | (4,360)                    | (51,088)                        | 0                                   | (565)                    | 0                         | (688)                   | 0                                  | (56,701)         |
| Derecognition of Disposals                                      | 0                          | 0                               | (452)                               | 0                        | 0                         | (1,586)                 | 0                                  | (2,038)          |
| Reclassifications: to & from Assets Held for Sale               | (1,578)                    | (38)                            | 0                                   | 0                        | 0                         | (1,489)                 | 0                                  | (3,105)          |
| Reclassifications: to & from Investment Properties              | 0                          | 0                               | 0                                   | 0                        | 32                        | 280                     | 0                                  | 312              |
| Reclassifications: from Assets Under Construction               | 1,677                      | 11,269                          | 16                                  | (437)                    | 695                       | 2,420                   | (15,640)                           | 0                |
| Write back of Dep'n to the Gross Carrying Amount on Revaluation | (389)                      | (66,312)                        | (927)                               | (172)                    | 0                         | (248)                   | 0                                  | (68,048)         |
| <b>Gross Book Value 31/03/15</b>                                | <b>562,449</b>             | <b>639,100</b>                  | <b>17,547</b>                       | <b>270,648</b>           | <b>3,583</b>              | <b>19,673</b>           | <b>65,723</b>                      | <b>1,578,723</b> |
| <b>Accumulated Depreciation and Impairment at 01/04/14</b>      | <b>(64,697)</b>            | <b>(74,378)</b>                 | <b>(9,467)</b>                      | <b>(58,405)</b>          | <b>(332)</b>              | <b>(241)</b>            | <b>0</b>                           | <b>(207,520)</b> |
| Depreciation Charge   | (17,635)                   | (19,173)                        | (1,728)                             | (5,817)                  | (23)                      | (13)                    | 0                                  | (44,389)         |
| Depreciation Written Out to Revaluation Reserve                 | 388                        | 66,312                          | 927                                 | 172                      | 0                         | 248                     | 0                                  | 68,047           |
| Depreciation Written Out to Provision of Services               | 0                          | 0                               | 0                                   | 0                        | 0                         | 0                       | 0                                  | 0                |
| Derecognition of Disposals                                      | 0                          | 0                               | 387                                 | 0                        | 0                         | 3                       | 0                                  | 390              |
| Reclassifications: to/ from AHFS                                | 0                          | 0                               | 0                                   | 0                        | 0                         | 1                       | 0                                  | 1                |
| Other Movements in Depreciation and Impairments                 | 0                          | (7)                             | 0                                   | 45                       | (17)                      | (21)                    | 0                                  | 0                |
| <b>Cumulative Depreciation to 31/03/15</b>                      | <b>(81,944)</b>            | <b>(27,246)</b>                 | <b>(9,881)</b>                      | <b>(64,005)</b>          | <b>(372)</b>              | <b>(23)</b>             | <b>0</b>                           | <b>(183,471)</b> |
| <b>Net Book Value at 31/03/15</b>                               | <b>480,505</b>             | <b>611,854</b>                  | <b>7,666</b>                        | <b>206,643</b>           | <b>3,211</b>              | <b>19,650</b>           | <b>65,723</b>                      | <b>1,395,252</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                  |

**Non Enhancing Expenditure**

As in 2014-15, non-enhancing expenditure has been included within the additions in the year and then written off as a revaluation loss. In preceding years this expenditure was written off directly to the CIES.

**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 2015-16**

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<br/>Dwellings<br/>£'000</b> | <b>Other<br/>Land &amp;<br/>Buildings<br/>£'000</b> | <b>Vehicles<br/>Plant &amp;<br/>Equipment<br/>£'000</b> | <b>Surplus<br/>Assets<br/>£'000</b> | <b>TOTAL<br/>£'000</b> |
|---|--|---|---|-------------------------------------|------------------------|
| Valued at fair value as at:             |  |   |   |                                     |                        |
| 31 March 2016                           | (235,977)                              | 104,826   | (2,650)   | 2,140                               | (131,661)              |
| 31 March 2015                           | 19,668                                 | (40,940)  | (683)   | (1,269)                             | (23,224)               |
| 31 March 2014                           | 19,476                                 | (19,640)  | 1,851   | (2,612)                             | (925)                  |
| 31 March 2013                           | 20,711                                 | 18,174  | (4,093)   | 432                                 | 35,224                 |
| 31 March 2012                           | 12,351                                 | (13,051)  | (5,373)   | 403                                 | (5,670)                |
| Previous Years                          | 490,243                                | 694,557   | 25,845  | 22,719                              | 1,233,364              |
| <b>Gross Book Value<br/>at 31/03/16</b> | <b>326,472</b>                         | <b>743,926</b>                                      | <b>14,897</b>   | <b>21,813</b>                       | <b>1,107,108</b>       |



**Capital Commitments**

As at 31 March 2016 the Council was contractually committed to capital works which amounted to approximately £16 million. Major contracts included the following schemes:

|   | <b>£'000</b>                |
|---|-----------------------------|
| <b><u>HOUSING</u></b>                   |                             |
| Public Sector Housing                   | 810                         |
| <b><u>ENVIRONMENT</u></b>               |                             |
| Trebeddrod Reservoir                    | 297                         |
| Carmarthen West Link Road               | 3,907                       |
| Llanstephan Pumping Station and Outfall | 39                          |
| <b><u>EDUCATION AND CHILDREN</u></b>    |                             |
| <b>Modernising Education Programme</b>  |                             |
| Dyffryn Amman                           | 97                          |
| Maes Y Gwendraeth                       | 308                         |
| Bro Dinefwr                             | 358                         |
| Coedcae                                 | 1,350                       |
| Strade                                  | 151                         |
| Ffwrnes                                 | 203                         |
| Carreg Hirfaen                          | 115                         |
| Burry Port                              | 75                          |
| Gorslas (Demountable)                   | 67                          |
| Brynamman (Demountable)                 | 104                         |
| Llangennech Infants                     | 167                         |
| Seaside                                 | 7,292                       |
| Bryngwyn (Llanelli Vocational Village)  | 517                         |
| <b><u>ECONOMIC DEVELOPMENT</u></b>      |                             |
| Parry Thomas Centre - Pendine           | 96                          |
| <b><u>CORPORATE</u></b>                 |                             |
| Llanelli Market                         | 391                         |
| Eastgate Street                         | 153                         |
|   | <b><u><u>16,497</u></u></b> |

**6.9 Heritage Assets**

|   | Art<br>Collections | Civic<br>Regalia | Museum<br>Exhibits | Public<br>Sculptures | Ancient<br>Monuments | Archives  | Other    | Total        |
|---|--------------------|------------------|--------------------|----------------------|----------------------|-----------|----------|--------------|
|   | £'000              | £'000            | £'000              | £'000                | £'000                | £'000     | £'000    | £'000        |
| <b>Cost or Valuation<br/>Gross Carrying<br/>Amount<br/>01/04/14</b> | <b>30</b>          | <b>16</b>        | <b>64</b>          | <b>722</b>           | <b>1,274</b>         | <b>30</b> | <b>3</b> | <b>2,139</b> |
| Additions   | 0                  | 0                | 7                  | 39                   | 63                   | 0         | 0        | 109          |
| Revaluation Losses  | 0                  | 0                | 0                  | 0                    | 0                    | 0         | 0        | 0            |
| <b>Cost or Valuation<br/>Gross Carrying<br/>Amount<br/>31/03/15</b> | <b>30</b>          | <b>16</b>        | <b>71</b>          | <b>761</b>           | <b>1,337</b>         | <b>30</b> | <b>3</b> | <b>2,248</b> |
| Additions   | 0                  | 0                | 0                  | 0                    | 0                    | 0         | 0        | 0            |
| Revaluation Losses  | 0                  | 0                | 0                  | 0                    | 0                    | 0         | (2)      | (2)          |
| <b>Cost or Valuation<br/>Gross Carrying<br/>Amount<br/>31/03/16</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> |

**Heritage Assets: Five Year Summary of Additions & Valuations**

|   | Art<br>Collections | Civic<br>Regalia | Museum<br>Exhibits | Public<br>Sculptures | Ancient<br>Monuments | Archive   | Other    | Total        |
|---|--------------------|------------------|--------------------|----------------------|----------------------|-----------|----------|--------------|
|   | £'000              | £'000            | £'000              | £'000                | £'000                | £'000     | £'000    | £'000        |
| 2015-16   | 0                  | 0                | 0                  | 0                    | 0                    | 0         | (2)      | (2)          |
| 2014-15   | 0                  | 0                | 7                  | 39                   | 63                   | 0         | 0        | 109          |
| 2013-14   | 0                  | 0                | 31                 | 2                    | 1                    | 0         | 0        | 34           |
| 2012-13   | 0                  | 0                | (40)               | 0                    | 0                    | 30        | 0        | (10)         |
| 2011-12   | 0                  | 0                | 30                 | 12                   | 0                    | 0         | 0        | 42           |
| Previous Years  | <b>30</b>          | <b>16</b>        | <b>43</b>          | <b>708</b>           | <b>1,273</b>         | <b>0</b>  | <b>3</b> | <b>2,073</b> |
| <b>Cost or Valuation<br/>Gross Carrying<br/>Amount<br/>31/03/16</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> |

**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**

Carthenshire 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 was 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.

**6.10 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:

|   | <b>2014-15</b>    | <b>2015-16</b> |
|---|-------------------|----------------|
|   | <b>£'000</b>      | <b>£'000</b>   |
|   | <b>(Restated)</b> |                |
| Rental income from investment properties  | (945)             | (940)          |
| Direct operating expenses arising from investment property                                  | 177               | 185            |
| Net gain/(loss)   | <u>(768)</u>      | <u>(755)</u>   |
| Indirect Expenditure  | 443               | 419            |
| Net Gains/(Losses) from Fair Value Adjustments  | 168               | 1,485          |
| Income and Expenditure in relation to Investment Properties and Changes in their Fair Value | <u>(157)</u>      | <u>1,149</u>   |

A review of Trading Operations and Investment Properties has resulted in the reclassification of certain transactions and the restatement of some figures relating to 2014-15 (see note 6.5).

The following table summarises the movement in the fair value of investment properties over the year:

|  | <b>2014-15</b> | <b>2015-16</b> |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| <b>Balance at start of year</b>                | 26,385         | 26,374         |
| Additions:                                     |                |                |
| Enhancements                                   | 1,269          | 1,101          |
| Disposals                                      | (800)          | 0              |
| Net Gains/(Losses) from fair value adjustments | (168)          | (1,485)        |
| Transfer:                                      |                |                |
| (To)/From Property, Plant and Equipment        | (312)          | (3,063)        |
|  | <u>26,374</u>  | <u>22,927</u>  |

**6.11 Long Term Investments**

|  | 31 March 2015<br>£'000 | 31 March 2016<br>£'000 |
|--|------------------------|------------------------|
| 2.5% Consols                             | 1                      | 0                      |
| Cwm Environmental Ltd.                   | 329                    | 329                    |
| Banks and 100% Wholly Owned Subsidiaries | 834                    | 781                    |
|  | <u>1,164</u>           | <u>1,110</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 2016:

|               | £'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 2015, 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 2015 and net assets as at that date for CWM Environmental Ltd:

|                                   | Year ended<br>31 December 2015 |
|-----------------------------------|--------------------------------|
|                                   | £'000                          |
| Turnover                          | 12,989                         |
| Less: Cost of Sales               | (10,238)                       |
| <b>Gross Profit</b>               | <b>2,751</b>                   |
| Overheads                         | (3,010)                        |
| <b>Net Profit before taxation</b> | <b>(259)</b>                   |
| Taxation on (loss) / profit       | 83                             |
| <b>Retained Profit/(Loss)</b>     | <b>(176)</b>                   |
| Net Assets as at 31 December 2015 | <b>5,842</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.

## 6.12 Long Term Debtors

|   | 31 March 2015<br>£'000 | 31 March 2016<br>£'000 |
|---|------------------------|------------------------|
| Mortgages raised on Council House Sales   | 16                     | 9                      |
| Houses into Homes Longer than One Year  | 0                      | 119                    |
| Charges against estates of persons in residential homes<br>(Carmarthenshire County Council) | 620                    | 523                    |
| Charges against estates of persons in residential homes<br>(External Providers)             | 704                    | 1,032                  |
| Capital Contribution to the loans of 1st time homebuyers                                    | 1,289                  | 1,232                  |
| Dwr Cymru Welsh Water   | 50                     | 15                     |
| Car Loans   | 171                    | 125                    |
| Loan National Botanic Garden of Wales   | 0                      | 1,190                  |
| Loan Scarlets   | 2,616                  | 2,616                  |
| Loan Towy Community Church  | 239                    | 223                    |
| Other   | 79                     | 64                     |
|   | <b>5,784</b>           | <b>7,148</b>           |

The Welsh Government's initiative Houses into Homes 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.

During 2015-16 it was agreed by Executive Board to extend the Authority's interest free loan to the Botanic Garden for a further 3 years to 31<sup>st</sup> March 2018. 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. It has been reclassified in the accounts as a long term debtor.

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. The County Council has obtained indemnities from three of the original funding directors of the club which guarantee the interest obligations due under the terms of the loan for the first five years. 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 0.5%) 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 0.5%) was entered into with the Towy Community Church in December 2012 to assist in the implementation of the Xcel project.

### 6.13 Short Term Investments

This represents investments repayable within twelve months and is analysed as follows:

|  | 31 March<br>2015<br>£'000 | 31 March<br>2016<br>£'000 |
|--|---------------------------|---------------------------|
| Banks and 100% Wholly Owned Subsidiaries | 7,028                     | 8,038                     |
| Local Authorities                        | 20,020                    | 0                         |
|  | <u>27,048</u>             | <u>8,038</u>              |

**6.14 Assets Held for Sale**

|  | <b>Current Assets</b>    |                          |
|--|--------------------------|--------------------------|
|  | <b>2014-15<br/>£'000</b> | <b>2015-16<br/>£'000</b> |
| <b>Balance at start of year</b>                  | 752                      | 133                      |
| <b>Assets newly classified as held for sale:</b> |                          |                          |
| - Property, Plant and Equipment                  | 3,104                    | 2,546                    |
| Assets sold                                      | (3,723)                  | (2,269)                  |
| <b>Balance at year end</b>                       | <b>133</b>               | <b>410</b>               |

**6.15 Inventories**

|                                      | <b>Education &amp; Children</b> |                           |                          |                        | <b>Total<br/>£'000</b> |
|--------------------------------------|---------------------------------|---------------------------|--------------------------|------------------------|------------------------|
|                                      | <b>Environment<br/>£'000</b>    | <b>Services<br/>£'000</b> | <b>Leisure<br/>£'000</b> | <b>Other<br/>£'000</b> |                        |
| <b>2014-15</b>                       |                                 |                           |                          |                        |                        |
| <b>Balance as at 31 March 2014</b>   | 782                             | 100                       | 160                      | 18                     | 1,060                  |
| Purchases                            | 2,245                           | 1,917                     | 189                      | 9                      | 4,360                  |
| Recognised as an expense in the year | (2,222)                         | (1,921)                   | (194)                    | (10)                   | (4,347)                |
| Written off balances                 | 0                               | (2)                       | 0                        | 0                      | (2)                    |
| Other net movements in year          | (4)                             | 0                         | 0                        | (1)                    | (5)                    |
| <b>Balance as at 31 March 2015</b>   | <b>801</b>                      | <b>94</b>                 | <b>155</b>               | <b>16</b>              | <b>1,066</b>           |
| <b>2015-16</b>                       |                                 |                           |                          |                        |                        |
| Purchases                            | 1,712                           | 1,955                     | 149                      | 0                      | 3,816                  |
| Recognised as an expense in the year | (1,715)                         | (1,966)                   | (186)                    | 0                      | (3,867)                |
| Written off balances                 | (1)                             | 0                         | 0                        | 0                      | (1)                    |
| Other net movements in year          | (2)                             | 0                         | 0                        | (6)                    | (8)                    |
| <b>Balance as at 31 March 2016</b>   | <b>795</b>                      | <b>83</b>                 | <b>118</b>               | <b>10</b>              | <b>1,006</b>           |

Amounts in respect of 2014-15 have been reclassified to reflect departmental reorganisation.

**6.16 Short Term Debtors**

|   | <b>31 March 2015</b> | <b>31 March 2016</b> |
|---|----------------------|----------------------|
|   | <b>£'000</b>         | <b>£'000</b>         |
| HM Revenue & Customs                              | 4,918                | 1,691                |
| Central Government                                | 24,164               | 20,566               |
| Police, Fire, National Park and Local Authorities | 4,875                | 4,162                |
| NHS Bodies  | 2,622                | 2,802                |
| Council Tax Payers                                | 3,871                | 4,410                |
| Housing Tenants                                   | 1,504                | 1,357                |
| Employee Related                                  | 147                  | 141                  |
| Other   | 11,268               | 11,241               |
|   | <b>53,369</b>        | <b>46,370</b>        |

**6.17 Cash and Cash Equivalents**

The balance of Cash and Cash Equivalents is made up of the following elements:

| <b>2014-15</b> |   | <b>2015-16</b> |
|----------------|---|----------------|
| <b>£'000</b>   |   | <b>£'000</b>   |
| 831            | Cash held by the Authority                            | 764            |
| (2,588)        | Bank current accounts                                 | (2,921)        |
| 8,021          | Short-term deposits with banks and money market funds | 27,008         |
| 5,003          | Short-term deposits with Local Authorities            | 10,000         |
| <b>11,267</b>  | <b>Total Cash and Cash Equivalents</b>                | <b>34,851</b>  |

**6.18 Short Term Borrowing**

This represents borrowing repayable within twelve months and is analysed as follows:

|                         | <b>31 March<br/>2015<br/>£'000</b> | <b>31 March<br/>2016<br/>£'000</b> |
|-------------------------|------------------------------------|------------------------------------|
| Public Works Loan Board | 7,366                              | 8,700                              |
| Market Loan             | 64                                 | 63                                 |
| Salix                   | 247                                | 250                                |
|                         | <b><u>7,677</u></b>                | <b><u>9,013</u></b>                |

**6.19 Short Term Creditors**

|   | <b>31 March 2015<br/>£'000</b> | <b>31 March 2016<br/>£'000</b> |
|---|--------------------------------|--------------------------------|
| HM Revenue & Customs                              | (3,849)                        | (3,700)                        |
| Central Government                                | (4,860)                        | (2,513)                        |
| Police, Fire, National Park and Local Authorities | (5,898)                        | (4,589)                        |
| NHS Bodies  | (827)                          | (340)                          |
| Housing Tenants                                   | (384)                          | (386)                          |
| Council Tax Payers                                | (2,679)                        | (2,550)                        |
| Employee Related                                  | (7,389)                        | (6,486)                        |
| Other   | (36,746)                       | (34,977)                       |
|   | <b><u>(62,632)</u></b>         | <b><u>(55,541)</u></b>         |

**6.20 Provisions**

The summary below shows the movement in the level of provisions during 2015-16:

|                                     | <b>1 April<br/>2015<br/>£'000</b> | <b>Reversal<br/>£'000</b> | <b>Addition<br/>£'000</b> | <b>Utilisation<br/>£'000</b> | <b>31 March<br/>2016<br/>£'000</b> |
|-------------------------------------|-----------------------------------|---------------------------|---------------------------|------------------------------|------------------------------------|
| Corporate Services Department       | 723                               | (408)                     | 40                        | 0                            | 355                                |
| Environment Department              | 115                               | 0                         | 0                         | (101)                        | 14                                 |
| Education & Children's Services     | 95                                | (25)                      | 0                         | (70)                         | 0                                  |
| Chief Executive Department          | 616                               | (31)                      | 391                       | (535)                        | 441                                |
| Communities Department              | 1,226                             | (985)                     | 1,428                     | (28)                         | 1,641                              |
| Single Status                       | 436                               | 0                         | 0                         | 0                            | 436                                |
| Losses on Investments               | 855                               | (53)                      | 0                         | 0                            | 802                                |
| Municipal Mutual Insurance (MMI)    | 284                               | 0                         | 123                       | (265)                        | 142                                |
| Landfill Site - Aftercare Provision | 1,311                             | 0                         | 0                         | (163)                        | 1,148                              |
| Insurance                           | 0                                 | 0                         | 2,148                     | 0                            | 2,148                              |
|                                     | <b>5,661</b>                      | <b>(1,502)</b>            | <b>4,130</b>              | <b>(1,162)</b>               | <b>7,127</b>                       |

| <b>Balances as at 31 March 2016</b> | <b>Current<br/>Liabilities<br/>(&lt; 1 year)<br/>£'000</b> | <b>Long<br/>Term<br/>Liabilities<br/>(&gt; 1 year)<br/>£'000</b> | <b>Total<br/>£'000</b> |
|-------------------------------------|--|--|------------------------|
| Corporate Services Department       | 355  | 0  | 355                    |
| Environment Department              | 0  | 14   | 14                     |
| Chief Executives Department         | 441  | 0  | 441                    |
| Communities Department              | 238  | 1,403  | 1,641                  |
| Single Status                       | 218  | 218  | 436                    |
| Losses on Investments               | 21   | 781  | 802                    |
| Municipal Mutual Insurance (MMI)    | 31   | 111  | 142                    |
| Landfill Site - Aftercare Provision | 149  | 999  | 1,148                  |
| Insurance                           | 2,148  | 0  | 2,148                  |
|                                     | <b>3,601</b>   | <b>3,526</b>   | <b>7,127</b>           |

Amounts in respect of 2014-15 have been reclassified to reflect departmental reorganisation.

**Purpose of Main Provisions****Corporate Services Department**

Provision of £180k is made in respect of potential bad debts on rental income from properties, £135k for remedial works on vacated buildings, plus provision for overtime for the closure of the accounts.

**Environment Department**

Provision is made for remedial works due to subsidence in car parks.

**Chief Executive Department**

Provision of 40k is made for potential legal challenge on the right to charge for personal search fees and £401k for the Carbon Reduction Commitment allowances in respect of the emissions generated in 2015-16.

**Communities Department**

Provision of £728k is made for the potential write off of residents contribution debt, £488k for potential payments on homecare balances and £171k for a potential shortfall in Health Board income.

**Single Status**

During 2011-12, the authority implemented single status, and settled the majority of Equal pay claims received. In 2013-14 the 'Red Book' staff were transferred to Single Status terms and conditions. The provision reflects outstanding costs of completing the exercise and meeting the working time directive.

**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 6.46.

**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**

Funds were previously set aside in an Insurance Reserve (see Note 6.22) to meet the cost of claims and other losses that could fall on the Authority (see Note 6.37). Potential claims included those that had been registered (ie were known about) and those that are not known as at the end of the financial year. The cost of registered claims should properly be treated as a provision so an amount was transferred from the reserve to this provision (via an appropriation from the reserve and a charge to services).

**6.21 Long Term Borrowing**

| Total Outstanding as at       | 31st March     | 31st March     | Maturity<br>Dates |
|-------------------------------|----------------|----------------|-------------------|
|                               | 2015<br>£'000  | 2016<br>£'000  |                   |
| <b>Sources of Borrowing</b>   |                |                |                   |
| Public Works Loan Board       | 270,623        | 364,115        | 2016-2063         |
| Market Loans (Note i)         | 3,117          | 3,116          | 2016-2055         |
| Interest Free Loans (Note ii) | 952            | 3,194          | 2016-2031         |
|                               | <b>274,692</b> | <b>370,425</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<br>Total Outstanding as at | 31st March    | 31st March    |
|--|---------------|---------------|
|  | 2015<br>£'000 | 2016<br>£'000 |
| SALIX  | 515           | 284           |
| Invest-2-Save                                  | 0             | 918           |
| Home Improvement Loans Scheme                  | 437           | 1,292         |
| Town Centre Loans                              | 0             | 700           |
|  | <b>952</b>    | <b>3,194</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 2031, with advances to third parties repayable interest free.



**6.22 Earmarked Reserves**

A summary of the earmarked reserves set up by this Authority or its predecessor Authorities is set out below:

|                                  | 1 April<br>2014<br>£'000 | Transfers<br>In<br>£'000 | Transfers<br>Out<br>£'000 | 31 March<br>2015<br>£'000 | Transfers<br>In<br>£'000 | Transfers<br>Out<br>£'000 | 31 March<br>2016<br>£'000 |
|----------------------------------|--------------------------|--------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|
| Insurance                        | 10,458                   | 1,983                    | (2,815)                   | 9,626                     | 1,949                    | (3,689)                   | 7,886                     |
| Capital Investment Fund          | 176                      | 0                        | (90)                      | 86                        | 0                        | 0                         | 86                        |
| Development Fund                 | 1,013                    | 166                      | (280)                     | 899                       | 302                      | (6)                       | 1,195                     |
| Outcome Agreement Fund           | 4,866                    | 0                        | (1,620)                   | 3,246                     | 0                        | (1,909)                   | 1,337                     |
| Local Authority Business Growth  |                          |                          |                           |                           |                          |                           |                           |
| Incentive Grant                  | 446                      | 0                        | (213)                     | 233                       | 38                       | (43)                      | 228                       |
| Major Development Fund           | 18,137                   | 1,732                    | (146)                     | 19,723                    | 13,915                   | (1,720)                   | 31,918                    |
| Schools Organisation Fund        | 1,074                    | 0                        | (464)                     | 610                       | 0                        | (610)                     | 0                         |
| Financial Management System      | 273                      | 0                        | 0                         | 273                       | 0                        | (200)                     | 73                        |
| Corporate Retirement Fund        | 2,554                    | 3,000                    | (1,395)                   | 4,159                     | 0                        | (1,016)                   | 3,143                     |
| Human Resources System           | 534                      | 0                        | (481)                     | 53                        | 0                        | (23)                      | 30                        |
| Derelict Land                    | 127                      | 0                        | (8)                       | 119                       | 0                        | 0                         | 119                       |
| Youth Support Services Scheme    | 21                       | 0                        | 0                         | 21                        | 0                        | 0                         | 21                        |
| Parc Dewi Sant /St David's Park  | 850                      | 107                      | 0                         | 957                       | 107                      | (618)                     | 446                       |
| Joint Ventures                   | 1,416                    | 179                      | (3)                       | 1,592                     | 199                      | (276)                     | 1,515                     |
| Redundancy                       | 919                      | 294                      | (183)                     | 1,030                     | 94                       | (236)                     | 888                       |
| Fleet Management                 | 3,132                    | 876                      | (9)                       | 3,999                     | 168                      | (3,855)                   | 312                       |
| Regeneration - Externally        |                          |                          |                           |                           |                          |                           |                           |
| Funded Schemes                   | 1,368                    | 436                      | (425)                     | 1,379                     | 712                      | (290)                     | 1,801                     |
| Council Tax/Housing Benefit      | 955                      | 676                      | 0                         | 1,631                     | 0                        | 0                         | 1,631                     |
| MEP Capital Funding              | 8,547                    | 3,430                    | (3,507)                   | 8,470                     | 3,689                    | (9,995)                   | 2,164                     |
| IT Infrastructure                | 1,854                    | 555                      | (499)                     | 1,910                     | 3                        | (820)                     | 1,093                     |
| Salix Fund                       | 523                      | 190                      | (324)                     | 389                       | 208                      | (346)                     | 251                       |
| Support Carmarthenshire Business | 143                      | 0                        | 0                         | 143                       | 0                        | 0                         | 143                       |
| Llanelly House                   | 135                      | 0                        | (45)                      | 90                        | 0                        | (30)                      | 60                        |
| National Botanic Garden          | 0                        | 200                      | 0                         | 200                       | 0                        | (70)                      | 130                       |
| Employee Development             | 308                      | 251                      | (121)                     | 438                       | 0                        | (54)                      | 384                       |
| Ty Elwyn Refurbishment           | 424                      | 0                        | (424)                     | 0                         | 0                        | 0                         | 0                         |
| Local Authority Mortgage Scheme  | 200                      | 0                        | 0                         | 200                       | 0                        | (200)                     | 0                         |
| Job Evaluation                   | 6,563                    | 277                      | (3,378)                   | 3,462                     | 0                        | (2,060)                   | 1,402                     |
| Highways Capital Charges         | 368                      | 380                      | 0                         | 748                       | 50                       | 0                         | 798                       |
| Community Asset Transfer Fund    | 253                      | 0                        | 0                         | 253                       | 0                        | (14)                      | 239                       |
| Housing Services Schemes         | 0                        | 0                        | 0                         | 0                         | 782                      | (117)                     | 665                       |
| Departmental Reserves            | 5,775                    | 1,021                    | (553)                     | 6,243                     | 2,704                    | (2,877)                   | 6,070                     |
| Other                            | 86                       | 16                       | (26)                      | 76                        | 87                       | (60)                      | 103                       |
|                                  | <b>73,498</b>            |                          |                           | <b>72,258</b>             |                          |                           | <b>66,131</b>             |

|                                  | 1 April<br>2014<br>£'000 | Transfers<br>In | Transfers<br>Out | 31 March<br>2015<br>£'000 | Transfers<br>In | Transfers<br>Out | 31 March<br>2016<br>£'000 |
|----------------------------------|--------------------------|-----------------|------------------|---------------------------|-----------------|------------------|---------------------------|
| <b>Held by Schools under LMS</b> | <u>4,185</u>             | 1,321           | (1,565)          | <u>3,941</u>              | 1,708           | (1,972)          | <u>3,677</u>              |
|                                  | <u><b>4,185</b></u>      |                 |                  | <u><b>3,941</b></u>       |                 |                  | <u><b>3,677</b></u>       |
| <b>HRA:</b>                      |                          |                 |                  |                           |                 |                  |                           |
| Major Repairs                    | <u>0</u>                 | 6,190           | (6,190)          | <u>0</u>                  | 6,166           | (6,166)          | <u>0</u>                  |
| Total                            | <u><b>0</b></u>          |                 |                  | <u><b>0</b></u>           |                 |                  | <u><b>0</b></u>           |

### Insurance

Funds have been set aside to meet the cost of claims and other losses that could fall on the Authority (see note 6.37). This reserve previously included amounts in respect of known claims that had yet to be settled by the Authority. In 2015-16, it was decided that these claims should be recognised as a provision so an amount of £2,148k was transferred to an insurance provision set up for this purpose (see note 6.20).

### Capital Investment Fund

The fund was set up with aim of providing a means of supporting the Authority's Capital Programme. The remaining balance will be used in 2016-17.

### 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.

### Outcome Agreement Fund

This is the balance of the Outcome Agreement Grant received from the Welsh Government based upon the Policy Agreement and is earmarked to support the Three Year Capital Programme.

### Local Authority Business Growth Incentive Grant

This is the balance of the Local Authority Business Growth Incentive grant received for both the 2006-07 and the 2007-08 financial years which had been used to support the development of 'Y Ffwrnes'. The utilisation of the remaining balance will be reviewed during 2016-17.

### Major Development Fund

This fund has been created to support major capital development projects in the County and is reflected in the 5 year capital programme.

### Financial Management System

Set up to meet the funding of the significant investment in the provision and development of the new Financial Management System. The balance will be utilised in 2016-17.

### 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.

**Human Resources System**

Set up to meet the funding of the significant investment in the provision of the Payroll/Human Resources System.

**Derelict Land**

This fund was set up to allow the Authority to react quickly when areas of derelict land are identified and there is opportunity for the Authority to deal with the problem areas. The use of this reserve is expected to generate replacement funds to enable further projects to be undertaken.

**Youth Support Services Scheme**

This will be used for match funding to extend Youth Support Services.

**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.

**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.

**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.

**Regeneration - Externally Funded Schemes**

To provide match funding for ongoing projects or externally funded schemes in future years.

**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.

**MEP Capital Funding**

Sum set aside to meet the cost of prudential borrowing to finance the Modernising Education Provision programme. This will now be utilised during 2016-17.

**IT Infrastructure**

This fund has been established to support the planned replacement of the Authorities servers and IT infrastructure.

**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.

**Support Carmarthenshire Business**

Reserve set aside to provide financial support to ratepaying businesses in Carmarthenshire experiencing difficulties in the economic recession providing short term loans for a maximum of 18 months.

**Llanelly House**

To meet the agreed funding support over a 5-year period to the Llanelly House project, in order to assist with the start up and 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 over a three year period from 2015-16.

**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.

**Job Evaluation**

The Authority has implemented the outcome of the Job Evaluation exercise and has set up this reserve to assist with the cost of implementation.

**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.

**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.

**Housing Services Schemes**

This reserve has been set up to support Housing projects including Supporting People and bringing empty houses back into use.

**Departmental Reserves**

The Authority has a policy that allows departments to carry forward up to 50% of any year end underspend that can be allocated towards specific projects/services within the departments.

**6.23 Capital Receipts Reserve**

|  | <b>2014-15</b>       | <b>2015-16</b>       |
|--|----------------------|----------------------|
|  | <b>£'000</b>         | <b>£'000</b>         |
| Opening Balance  | 19,347               | 26,512               |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 13,184               | 2,157                |
| Statutory Capital Receipts   | 127                  | 131                  |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash   | 22                   | 6                    |
|  | <u>32,680</u>        | <u>28,806</u>        |
| Capital Receipts Set Aside   | (1,471)              | (123)                |
| Use of the Capital Receipts Reserve to finance new capital expenditure   | (4,641)              | (10,027)             |
| Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals                         | (56)                 | (23)                 |
| <b>Closing Balance</b>   | <u><u>26,512</u></u> | <u><u>18,633</u></u> |

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.

**6.24 Capital Grants Unapplied**

|                                  | <b>2014-15</b>      | <b>2015-16</b>    |
|----------------------------------|---------------------|-------------------|
|                                  | <b>£'000</b>        | <b>£'000</b>      |
| Opening Balance                  | 1,325               | 1,275             |
| Additions                        | 340                 | 300               |
|                                  | <u>1,665</u>        | <u>1,575</u>      |
| Grants and Contributions applied | (390)               | (712)             |
| <b>Closing Balance</b>           | <u><u>1,275</u></u> | <u><u>863</u></u> |

**6.25 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>2014-15</b>        |   | <b>2015-16</b>        |
|-----------------------|---|-----------------------|
| <b>£'000</b>          |   | <b>£'000</b>          |
| <b>290,994</b>        | <b>Balance at 1 April</b>   | <b>323,284</b>        |
| 84,591                | Upward revaluation of assets  | 83,864                |
|                       | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the                            |                       |
| <u>(40,175)</u>       | Provision of Services   | <u>(67,131)</u>       |
|                       | Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services |                       |
| 44,416                |   | 16,733                |
|                       | Difference between fair value depreciation and historical cost depreciation   |                       |
| (11,313)              |   | (9,949)               |
| <u>(813)</u>          | Accumulated gains on assets sold or scrapped  | <u>(876)</u>          |
| (12,126)              | Amount written off to the Capital Adjustment Account  | (10,825)              |
| <b><u>323,284</u></b> | <b>Balance at 31 March</b>  | <b><u>329,192</u></b> |

**6.26 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.

| <b>2014-15</b>        |  | <b>2015-16</b>        |
|-----------------------|--|-----------------------|
| <b>£'000</b>          |  | <b>£'000</b>          |
| <b>747,378</b>        | <b>Balance at 1 April</b>  | <b>731,974</b>        |
|                       | <b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>                      |                       |
| (33,076)              | Charges for depreciation and impairment of non-current assets  | (27,815)              |
| (55,386)              | Revaluation losses on Property, Plant and Equipment  | (139,509)             |
| (2,988)               | Revenue expenditure funded from capital under statute  | (83,096)              |
|                       | 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>(6,173)</u>        |  | <u>(2,303)</u>        |
| 649,755               |  | 479,251               |
| <u>813</u>            | Adjusting amounts written out of the Revaluation Reserve   | <u>876</u>            |
| 650,568               | Net written out amount of the cost of non-current assets consumed in the year  | 480,127               |
| 1,471                 | Capital Receipts Set Aside   | 123                   |
| (54)                  | Additional in Year Movements   | (78)                  |
| 4,641                 | Use of the Capital Receipts Reserve to finance new capital expenditure   | 10,027                |
| 56                    | Use of Capital Receipts to finance Cost of Sales   | 23                    |
| 6,190                 | Use of the Major Repairs Reserve to finance new capital expenditure  | 6,166                 |
|                       | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing              |                       |
| 38,699                | Application of grants to capital financing from the Capital Grants   | 22,721                |
| 390                   | Unapplied Account  | 712                   |
|                       | Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances  |                       |
| 12,759                | Capital expenditure charged against the General Fund and HRA   | 12,901                |
| <u>17,422</u>         | balances   | <u>20,961</u>         |
| 732,142               |  | 553,683               |
|                       | Movements in the market value of Investment Properties (debited) or credited to the Comprehensive Income and Expenditure                                 |                       |
| (168)                 | Statement  | (1,485)               |
| <u><b>731,974</b></u> | <b>Balance at 31 March</b>   | <u><b>552,198</b></u> |

**6.27 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 2016 will be charged to the Council Fund over the next 7 years.

| <b>2014-15</b>      |   | <b>2015-16</b>      |
|---------------------|---|---------------------|
| <b>£'000</b>        |   | <b>£'000</b>        |
| <b>(907)</b>        | <b>Balance at 1 April</b>   | <b>(870)</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 |                     |
| 37                  |   | (116)               |
| <u><b>(870)</b></u> | <b>Balance at 31 March</b>  | <u><b>(986)</b></u> |

**6.28 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.

| <b>2014-15</b>    |   | <b>2015-16</b>    |
|-------------------|---|-------------------|
| <b>£'000</b>      |   | <b>£'000</b>      |
| <b>370</b>        | <b>Balance at 1 April</b>                                     | <b>348</b>        |
|                   | Transfer to the Capital Receipts Reserve upon receipt of cash |                   |
| (22)              |   | (6)               |
| <u><b>348</b></u> | <b>Balance at 31 March</b>                                    | <u><b>342</b></u> |



**6.29 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>2014-15</b>          |  | <b>2015-16</b>          |
|-------------------------|--|-------------------------|
| <b>£'000</b>            |  | <b>£'000</b>            |
| <b>(186,417)</b>        | <b>Balance at 1 April</b>  | <b>(276,151)</b>        |
| (79,988)                | Remeasurements of the net defined benefit liability/(asset)  | 28,472                  |
|                         | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services |                         |
| (33,963)                | in the Comprehensive Income and Expenditure Statement  | (41,248)                |
|                         | Employer's pensions contributions and direct payments to pensioners payable in the year                                      |                         |
| 24,217                  |  | 24,413                  |
| <b><u>(276,151)</u></b> | <b>Balance at 31 March</b>   | <b><u>(264,514)</u></b> |

**6.30 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>2014-15</b>        |   | <b>2015-16</b>        |
|-----------------------|---|-----------------------|
| <b>£'000</b>          |   | <b>£'000</b>          |
| <b>(4,343)</b>        | <b>Balance at 1 April</b>   | <b>(4,841)</b>        |
|                       | Settlement or cancellation of accrual made at the end of the preceding year   |                       |
| 4,343                 |   | 4,841                 |
| <b><u>(4,841)</u></b> | Amounts accrued at the end of the current year  | <b><u>(3,755)</u></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 |                       |
| (498)                 |   | 1,086                 |
| <b><u>(4,841)</u></b> | <b>Balance at 31 March</b>  | <b><u>(3,755)</u></b> |

**6.31 Amounts Reported for Resource Allocation Decisions**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by *the* Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority's Executive Board on the basis of budget reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. The income and expenditure of the Authority's principal departments recorded in the budget reports for the year is as follows:

| Departmental<br>Income and<br>Expenditure<br>2015-16 | Chief Executive | Education and<br>Children's<br>Services | Corporate<br>Services | Communities     | Environment     | Housing Revenue<br>Account | TOTAL            |
|--|-----------------|---|-----------------------|-----------------|-----------------|----------------------------|------------------|
|  | £'000           | £'000                                   | £'000                 | £'000           | £'000           | £'000                      | £'000            |
| Employee expenses                                    | 13,022          | 141,934                                 | 16,129                | 43,487          | 31,337          | 3,513                      | 249,422          |
| Other service<br>expenses                            | 14,956          | 36,395                                  | 72,749                | 96,820          | 30,282          | 91,722                     | 342,924          |
| Support service<br>recharges                         | 6,373           | 4,810                                   | 8,196                 | 5,418           | 4,921           | 1,270                      | 30,988           |
| Depreciation &<br>similar charges                    | 125             | 15,953                                  | 2,708                 | 4,418           | 8,406           | 145,663                    | 177,273          |
| <b>Total Expenditure</b>                             | <b>34,476</b>   | <b>199,092</b>                          | <b>99,782</b>         | <b>150,143</b>  | <b>74,946</b>   | <b>242,168</b>             | <b>800,607</b>   |
| Fees, charges and<br>other service income            | (14,384)        | (11,613)                                | (26,474)              | (35,152)        | (19,331)        | (36,754)                   | (143,708)        |
| Government grants                                    | (8,265)         | (26,769)                                | (51,143)              | (20,997)        | (7,552)         | (135)                      | (114,861)        |
| <b>Total Income</b>                                  | <b>(22,649)</b> | <b>(38,382)</b>                         | <b>(77,617)</b>       | <b>(56,149)</b> | <b>(26,883)</b> | <b>(36,889)</b>            | <b>(258,569)</b> |
| <b>Net Expenditure</b>                               | <b>11,827</b>   | <b>160,710</b>                          | <b>22,165</b>         | <b>93,994</b>   | <b>48,063</b>   | <b>205,279</b>             | <b>542,038</b>   |

| Departmental<br>Income and<br>Expenditure<br>2014-15 | Chief Executive<br>£'000 | Education and<br>Children's<br>Services<br>£'000 | Corporate<br>Services<br>£'000 | Communities<br>£'000 | Environment<br>£'000 | Housing Revenue<br>Account<br>£'000 | TOTAL<br>£'000<br>(Restated) |
|--|--------------------------|--|--------------------------------|----------------------|----------------------|-------------------------------------|------------------------------|
| Employee expenses                                    | 14,665                   | 140,872  | 15,437                         | 43,188               | 30,989               | 3,539                               | 248,690                      |
| Other service<br>expenses                            | 17,748                   | 37,740   | 73,115                         | 96,879               | 32,835               | 18,406                              | 276,723                      |
| Support service<br>recharges                         | 6,572                    | 5,089  | 8,109                          | 5,508                | 5,008                | 1,304                               | 31,590                       |
| Depreciation &<br>similar charges                    | 259                      | 64,511   | 1,969                          | 4,150                | 6,935                | 21,950                              | 99,774                       |
| <b>Total Expenditure</b>                             | <b>39,244</b>            | <b>248,212</b>                                   | <b>98,630</b>                  | <b>149,725</b>       | <b>75,767</b>        | <b>45,199</b>                       | <b>656,777</b>               |
| Fees, charges and<br>other service income            | (17,221)                 | (11,649)   | (26,982)                       | (35,085)             | (20,788)             | (35,370)                            | (147,095)                    |
| Government grants                                    | (9,289)                  | (26,743)   | (50,530)                       | (23,363)             | (7,944)              | (220)                               | (118,089)                    |
| <b>Total Income</b>                                  | <b>(26,510)</b>          | <b>(38,392)</b>                                  | <b>(77,512)</b>                | <b>(58,448)</b>      | <b>(28,732)</b>      | <b>(35,590)</b>                     | <b>(265,184)</b>             |
| <b>Net Expenditure</b>                               | <b>12,734</b>            | <b>209,820</b>                                   | <b>21,118</b>                  | <b>91,277</b>        | <b>47,035</b>        | <b>9,609</b>                        | <b>391,593</b>               |

Amounts in respect of 2014-15 have been reclassified to reflect departmental reorganisation. Services previously included in the Regeneration and Leisure Department have been reallocated to the Chief Executive, Communities and Environment Departments.

Amounts have also been restated to reflect the changes referred to in Note 5.2.

Two departments have been renamed - Corporate Services was formerly Resources and Communities was formerly Social Care & Housing.

### Reconciliation of Departmental Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of departmental income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

|   | 2014-15<br>£'000<br>(Restated) | 2015-16<br>£'000      |
|---|--------------------------------|-----------------------|
| Net expenditure in the Departmental Analysis  | 391,593                        | 542,038               |
| Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis:       |                                |                       |
| Corporate Insurance Liability Claims Income & Expenditure   | 1,172                          | 2,593                 |
| Amounts in the Analysis not included in Cost of Services in the Comprehensive Income and Expenditure Statement: |                                |                       |
| Surpluses/(Deficits) on Trading Activities  | 1,473                          | 533                   |
| Income & Expenditure Relating to Investment Properties  | 325                            | 336                   |
|   | <hr/>                          | <hr/>                 |
| <b>Cost of Services in Comprehensive Income and Expenditure Statement</b>                                       | <b><u>394,563</u></b>          | <b><u>545,500</u></b> |

**Reconciliation to Subjective Analysis**

This reconciliation shows how the figures in the analysis of departmental income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

| <b>2015-16</b>  | <b>Departmental<br/>Analysis<br/>£'000</b> | <b>Other amounts<br/>included in the CIES<br/>£'000</b> | <b>Amounts not reported<br/>to management for<br/>decision making<br/>£'000</b> | <b>TOTAL<br/>£'000</b> |
|---|--|---|---|------------------------|
| Employee expenses   | 249,423                                    | 0   | 2,571   | 251,994                |
| Other service expenses  | 342,924                                    | 0   | 125   | 343,049                |
| Support service recharges   | 30,988                                     | 0   | 0   | 30,988                 |
| Depreciation & similar charges                                    | 177,273                                    | 0   | 0   | 177,273                |
| Interest Payable & Similar<br>Charges                             | 0  | 17,639  | 0   | 17,639                 |
| Investment Losses / (Gain)  | 0  | 0   | 0   | 0                      |
| Pensions interest cost &<br>expected return on Pensions<br>Assets | 0  | 9,185   | 0   | 9,185                  |
| Precepts & Levies   | 0  | 28,311  | 0   | 28,311                 |
| (Gain) or Loss on disposal of<br>Non Current Assets               | 0  | 146   | 0   | 146                    |
| Changes in the fair value of<br>investment properties             | 0  | 1,485   | 0   | 1,485                  |
| <b>Total Expenditure</b>  | <b>800,608</b>                             | <b>56,766</b>   | <b>2,696</b>  | <b>860,070</b>         |
| Fees, charges and other<br>service income                         | (143,709)                                  | 0   | (103)   | (143,812)              |
| Interest and Investment<br>Income                                 | 0  | (450)   | 0   | (450)                  |
| Government grants and<br>contributions                            | (114,861)                                  | 0   | 0   | (114,861)              |
| Taxation & Non Specific Grant<br>Income                           | 0  | (378,530)   | 0   | (378,530)              |
| <b>Total Income</b>   | <b>(258,570)</b>                           | <b>(378,980)</b>  | <b>(103)</b>  | <b>(637,653)</b>       |
| <b>(Surplus) or deficit on the<br/>provision of services</b>      | <b>542,038</b>                             | <b>(322,214)</b>  | <b>2,593</b>  | <b>222,417</b>         |

| <b>2014-15</b>  | <b>Departmental<br/>Analysis<br/>£'000</b> | <b>Other amounts<br/>included in the CIES<br/>£'000</b> | <b>Amounts not reported<br/>to management for<br/>decision making<br/>£'000</b> | <b>TOTAL<br/>£'000</b> |
|---|--|---|---|------------------------|
| Employee expenses   | 248,689                                    | 0   | 1,172   | 249,861                |
| Other service expenses  | 276,723                                    | 0   | 0   | 276,723                |
| Support service recharges   | 31,590                                     | 0   | 0   | 31,590                 |
| Depreciation & similar charges                                    | 99,775                                     | 0   | 0   | 99,775                 |
| Interest Payable & Similar<br>Charges                             | 0  | 13,871  | 0   | 13,871                 |
| Investment Losses / (Gain)  | 0  | 0   | 0   | 0                      |
| Pensions interest cost &<br>expected return on Pensions<br>Assets | 0  | 8,350   | 0   | 8,350                  |
| Precepts & Levies   | 0  | 28,629  | 0   | 28,629                 |
| (Gain) or Loss on disposal of<br>Non Current Assets               | 0  | (7,010)   | 0   | (7,010)                |
| Changes in the fair value of<br>investment properties             | 0  | 168   | 0   | 168                    |
| <b>Total Expenditure</b>  | <b>656,777</b>                             | <b>44,008</b>   | <b>1,172</b>  | <b>701,957</b>         |
| Fees, charges and other<br>service income                         | (147,096)                                  | 0   | 0   | (147,096)              |
| Interest and Investment<br>Income                                 | 0  | (473)   | 0   | (473)                  |
| Government grants and<br>contributions                            | (118,088)                                  | 0   | 0   | (118,088)              |
| Taxation & Non Specific Grant<br>Income                           | 0  | (399,549)   | 0   | (399,549)              |
| <b>Total Income</b>   | <b>(265,184)</b>                           | <b>(400,022)</b>  | <b>0</b>  | <b>(665,206)</b>       |
| <b>(Surplus) or deficit on the<br/>provision of services</b>      | <b>391,593</b>                             | <b>(356,014)</b>  | <b>1,172</b>  | <b>36,751</b>          |

**6.32 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 from 1st October 2009, 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.

|   | 2014-15    |             | 2015-16    |            |
|---|------------|-------------|------------|------------|
|   | £'000      | £'000       | £'000      | £'000      |
| Funding provided to the pooled budget:                          |            |             |            |            |
| the Authority   | 155        |             | 128        |            |
| the Local Health Board  | <u>382</u> |             | <u>382</u> |            |
|   |            | 537         |            | 510        |
| Expenditure met from the pooled budget:                         |            | (564)       |            | (515)      |
| Net surplus arising on the pooled budget during the year        |            | <u>(27)</u> |            | <u>(5)</u> |
| Authority share of the net surplus arising on the pooled budget |            | <u>(14)</u> |            | <u>(3)</u> |

**6.33 Members Allowances**

The Authority paid the following amounts to Members of the Council during the year:

|              | 2014-15                 | 2015-16                 |
|--------------|-------------------------|-------------------------|
|              | £                       | £                       |
| Allowances   | 1,238,307               | 1,244,592               |
| Expenses     | 46,262                  | 47,686                  |
| <b>Total</b> | <b><u>1,284,569</u></b> | <b><u>1,292,278</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.

**6.34 Employee Emoluments**

The numbers of employees whose remuneration excluding pension contributions was £60,000 or more were:

| Remuneration Band               | No. of Employees 2014-15 | No. of Employees 2015-16 | Left During 2015-16 |
|---------------------------------|--------------------------|--------------------------|---------------------|
| 60,000 to 64,999                | 22                       | 27                       | 2                   |
| 65,000 to 69,999                | 16                       | 16                       | 3                   |
| 70,000 to 74,999                | 10                       | 8                        | 1                   |
| 75,000 to 79,999                | 8                        | 6                        | 4                   |
| 80,000 to 84,999                | 2                        | 4                        | 0                   |
| 85,000 to 89,999                | 13                       | 10                       | 2                   |
| 90,000 to 94,999                | 2                        | 2                        | 0                   |
| 95,000 to 99,999                | 3                        | 4                        | 1                   |
| 100,000 to 104,999              | 2                        | 2                        | 0                   |
| 105,000 to 109,999              | 3                        | 2                        | 0                   |
| 110,000 to 114,999              | 1                        | 0                        | 0                   |
| <b>Total No. of Employees :</b> | <b>82</b>                | <b>81</b>                | <b>13</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<br>Chief Executive & Returning Officer | 14/15 | 168,938                              | 0                     | 201                |
|   | 15/16 | 169,025                              | 0                     | 222                |



**Senior Officers emoluments where salary is between £60,000 & £150,000 per year**

| Post  |       | Salary<br>(including fees<br>& allowances) | Pension<br>contributions | Expense<br>Allowances |
|---|-------|--|--------------------------|-----------------------|
| Director of Regeneration & Leisure (i)      | 14/15 | 106,295                                    | 0                        | 0                     |
|   | 15/16 | 5,488                                      | 0                        | 0                     |
| Director of Environment (ii)                | 14/15 | 72,474                                     | 0                        | 983                   |
|   | 14/15 | 26,612                                     | 3,506                    | 0                     |
|   | 15/16 | 27,780                                     | 3,621                    | 0                     |
|   | 15/16 | 56,133                                     | 7,241                    | 0                     |
|   | 15/16 | 86,558                                     | 5,713                    | 0                     |
| Director of Communities (iii)               | 14/15 | 48,316                                     | 0                        | 0                     |
|   | 14/15 | 46,638                                     | 6,088                    | 0                     |
|   | 15/16 | 120,790                                    | 15,582                   | 0                     |
| Director of Corporate Services (iv)         | 14/15 | 55,027                                     | 7,183                    | 0                     |
|   | 15/16 | 64,865                                     | 8,368                    | 0                     |
| Head of Financial Services (iv)             | 14/15 | 58,801                                     | 7,676                    | 0                     |
|   | 15/16 | 43,177                                     | 5,570                    | 0                     |
| Director of Education & Children's Services | 14/15 | 120,790                                    | 15,769                   | 0                     |
|   | 15/16 | 120,790                                    | 15,582                   | 0                     |
| Head of Education Services                  | 14/15 | 97,088                                     | 12,674                   | 0                     |
|   | 15/16 | 97,860                                     | 12,618                   | 0                     |

For the purpose of putting a value on the pension contributions relating to senior officers, the Common Contribution Rate of 12.9% 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 post of Director of Regeneration & Leisure was deleted in April 2015. Prior to this date, the Director worked 4 days per week.
- (ii) The role of Director of Environment (formerly Technical Services) was undertaken by two individuals during 2014/15 due to retirement and by three individuals during 2015/16 due to resignation and interim arrangements.
- (iii) The Director of Communities (formerly Social Care & Housing) retired in September 2014 with a new Director being appointed in November 2014.
- (iv) The Director of Corporate Services (formerly Resources) retired in September 2014. The Head of Financial Services was subsequently appointed section 151 officer until September 2015 when the postholder was appointed to the post of Director.

The ratio of the Chief Executive's pay to the median pay in Carmarthenshire County Council was as follows:

|                       | 2014/15 | 2015/16 |
|-----------------------|---------|---------|
| Chief Executive's pay | 8.21    | 8.07    |
| Median pay            | 1       | 1       |

### 6.35 Exit Packages

During 2015-16 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 |                  |
|---|-----------------------------------|-----------|-----------------------------------|------------|--|------------|--|------------------|
|   | 2014/15                           | 2015/16   | 2014/15                           | 2015/16    | 2014/15                                    | 2015/16    | 2014/15<br>£                             | 2015/16<br>£     |
| £0 - £20,000  | 90                                | 52        | 50                                | 60         | 140  | 112        | 965,758                                  | 804,773          |
| £20,000 - £40,000                                   | 5                                 | 4         | 39                                | 35         | 44   | 39         | 1,274,876                                | 1,057,547        |
| £40,000 - £60,000                                   | 2                                 | 0         | 10                                | 8          | 12   | 8          | 606,300                                  | 380,596          |
| £60,000 - £80,000                                   | 0                                 | 0         | 5                                 | 5          | 5  | 5          | 360,833                                  | 357,427          |
| £80,000 - £100,000                                  | 0                                 | 1         | 6                                 | 6          | 6  | 7          | 554,835                                  | 650,502          |
| £100,000 - £150,000                                 | 1                                 | 0         | 0                                 | 0          | 1  | 0          | 125,960                                  | 0                |
| <b>TOTAL</b>  | <b>98</b>                         | <b>57</b> | <b>110</b>                        | <b>114</b> | <b>208</b>                                 | <b>171</b> | <b>3,888,562</b>                         | <b>3,250,845</b> |

### 6.36 Audit Costs

In 2015-16 Carmarthenshire County Council incurred the following fees relating to financial audit and inspection, payable to the Wales Audit Office:

|   | 2014-15<br>£'000 | 2015-16<br>£'000 |
|---|------------------|------------------|
| Financial Audit Services                | 184              | 184              |
| Local Government Measure                | 116              | 116              |
| Certification of Grant Claims & Returns | 188              | 154              |
| Burry Port Harbour Inspection           | 2                | 2                |
| <b>Total</b>                            | <b>490</b>       | <b>456</b>       |

**6.37 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 2015 to 30<sup>th</sup> June 2016:

| Description | Policy Excess (per claim/ event)  | Stop Loss      | Indemnity Limit   |
|-------------|---|----------------|---|
| Liability   | Public Liability<br>£250,000<br><br>Employers' Liability<br>£130,000  | £3,150,000     | £30,000,000   |
| Property    | Education Properties -<br>£250,000<br><br>General Properties -<br>£50,000<br><br>Housing Properties -<br>£50,000                                | £1,000,000     | Sum Insured<br>£1,925,625,471   |
| Motor       | £1,000 per claim (own damage i.e. Council Vehicle)<br><br>No excess applies for 3 <sup>rd</sup> Party Property Damage or Personal Injury Claims | Not Applicable | * Damage to Own Vehicle – Market Value<br>* 3 <sup>rd</sup> Party Vehicle or Property Damage - £5m any one claim<br>* 3 <sup>rd</sup> Party Death or Injury – Unlimited |

**6.38 Grant Income**

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

|   | 2014-15<br>£'000 | 2015-16<br>£'000 |
|---|------------------|------------------|
| <b>Credited to Services</b>   |                  |                  |
| <b>Education &amp; Children's Services:</b>                         |                  |                  |
| DCELLS Post 16 & ACL Funding  | 6,648            | 6,348            |
| Flying Start  | 3,251            | 3,782            |
| Cymorth Grant   | 2,244            | 1,994            |
| Education Improvement Grant*  | 8,453            | 8,159            |
| Deprivation Grant   | 3,348            | 3,931            |
| <b>Adult Social Services:</b>                                       |                  |                  |
| Supporting People   | 6,870            | 6,465            |
| Continuing Health Care Grant  | 923              | 1,284            |
| Intermediate Care Fund  | 6,504            | 2,295            |
| Work Choice   | 516              | 401              |
| Wanless Grant   | 800              | 700              |
| Houses into Homes   | 817              | 758              |
| General Capital Grant   | 3,548            | 2,605            |
| Improvement Agreement Grant   | 1,227            | 0                |
| Specific Grant for Renewals   | 654              | 206              |
| Community Team Learning Disabilities                                | 0                | 2,487            |
| ARBED Energy Efficiency   | 0                | 1,368            |
| <b>Highways &amp; Transport Services:</b>                           |                  |                  |
| Concessionary Fares Subsidy   | 1,791            | 1,987            |
| Local Transport Services Grant                                      | 695              | 740              |
| Convergence (European)  | 415              | 30               |
| <b>Cultural, Environmental, Regulatory &amp; Planning Services:</b> |                  |                  |
| Sustainable Waste Management Grant                                  | 4,015            | 3,968            |
| Convergence (European)  | 4,269            | 3,589            |
| Rural Development Plan  | 2,924            | 445              |
| Strategic Regeneration Area Grant                                   | 0                | 2,631            |
| Workways  | 424              | 0                |
| Communities First Cluster   | 742              | 709              |
| Sports Council for Wales  | 567              | 513              |
| <b>Central Services to the Public:</b>                              |                  |                  |
| Housing Benefit   | 50,236           | 51,044           |
| Other Grants - WAG funded   | 4,704            | 3,677            |
| Other Grants  | 6,547            | 4,772            |
| Total   | <u>123,132</u>   | <u>116,888</u>   |

\*In 2015-16 the Foundation Phase, 14-19 funding, School Effectiveness and Welsh in Education grants were combined to form the Education Improvement Grant.

|  | <b>2014-15</b> | <b>2015-16</b> |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| <b>Revenue Support Grant</b>                                 | <b>202,696</b> | <b>199,071</b> |
| <b>General Government Grants</b>                             |                |                |
| Outcome Agreement Grant                                      | 565            | 565            |
| Other  | 222            | 0              |
| <b>Total</b>   | <b>787</b>     | <b>565</b>     |
| <b>Capital Grants and Contributions</b>                      |                |                |
| 21st Century Schools Grant/School Building Improvement Grant | 29,831         | 11,291         |
| Major Repairs Allowance                                      | 6,190          | 6,166          |
| Flying Start   | 814            | 1,287          |
| Improvement Agreement Grant                                  | 100            | 1,342          |
| Transport Grants   | 1,364          | 3,799          |
| General Capital Grant  | 0              | 940            |
| Targeted Match Funding                                       | 305            | 11             |
| ERDF Convergence   | 5,024          | 640            |
| Intermediate Care Fund                                       | 518            | 0              |
| Vibrant & Viable Places VVP*                                 | 300            | 998            |
| ARBED Energy Efficiency                                      | 0              | 265            |
| Other Grants & Contributions*                                | 783            | 2,448          |
| <b>Total</b>   | <b>45,229</b>  | <b>29,187</b>  |

\*The 'Other Grants and Contributions' 2014-2015 comparator has been restated by - £280k. This reflects a significant increase in Vibrant & Viable Places (VVP) which is now shown separately (£300k) and includes 3 other small balances (£20k).

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:

|   | <b>31 March</b> | <b>31 March</b> |
|---|-----------------|-----------------|
|   | <b>2015</b>     | <b>2016</b>     |
|   | <b>£'000</b>    | <b>£'000</b>    |
| <b>Revenue Grants Receipts in Advance</b> |                 |                 |
| Houses into Homes Grant                   | 758             | 0               |
| Communities various                       | 127             | 75              |
| Environment various                       | 140             | 51              |
| Chief Executive's various                 | 25              | 0               |
| Education various                         | 136             | 114             |
|   | <b>1,186</b>    | <b>240</b>      |

### **6.39 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 6.38.

#### **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 6.32

#### **Dyfed Pension Fund**

The Dyfed Pension Fund is administered by Carmarthenshire County Council. Transactions between the two bodies are detailed in Note 6.43. Short Term Creditors (Note 6.19) includes an amount of £2.3m owed to the Dyfed Pension Fund at 31<sup>st</sup> March 2016. (£3.6m at 31<sup>st</sup> March 2015).

#### **CWM Environmental Limited**

CWM Environmental Limited is a wholly owned subsidiary company of Carmarthenshire County Council. Details of investments are included in Note 6.11 under Long Term Investments.

#### **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 2015-16 is shown in Note 6.33.

The Authority paid grants totalling £80k to organisations in which twelve 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**

During 2015-16, the Assistant Chief Executive (Focus & Policy) 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>2014-15</b> | <b>2015-16</b> |
|-------------------------------------|----------------|----------------|
|                                     | <b>£'000</b>   | <b>£'000</b>   |
| Expenditure                         | 564            | 428            |
| Income                              | 1,194          | 1,002          |
|                                     | <b>2015</b>    | <b>2016</b>    |
| Balances outstanding at 31st March: | <b>£'000</b>   | <b>£'000</b>   |
| Creditor                            | 407            | 3              |
| Debtor                              | 411            | 310            |

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.

**6.40 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>2014-15</b>        | <b>2015-16</b>        |
|--|-----------------------|-----------------------|
|  | <b>£'000</b>          | <b>£'000</b>          |
| <b>Capital Investment</b>  |                       |                       |
| Property, Plant and Equipment  | 81,987                | 66,998                |
| Investment Properties  | 1,269                 | 1,101                 |
| Heritage Assets  | 109                   | 0                     |
| Long Term Loans  | 0                     | 6                     |
| Revenue Expenditure Funded from Capital under Statute                                  | 16,704                | 16,723                |
| Buyout of HRA Subsidy  | 0                     | 78,969                |
|  | <u>100,069</u>        | <u>163,797</u>        |
| <b>Sources of Finance</b>  |                       |                       |
| Capital Receipts   | 4,697                 | 10,050                |
| Government grants and other contributions  | 58,605                | 41,483                |
| Sums set aside from revenue  | 7,751                 | 11,682                |
| Direct revenue contributions   | 10,061                | 9,990                 |
| Borrowing  | 18,955                | 90,592                |
|  | <u>100,069</u>        | <u>163,797</u>        |
| <b>Opening Capital Financing Requirement</b>   | <b>369,097</b>        | <b>373,821</b>        |
| <b>Explanation of Movements in Year</b>  |                       |                       |
| Increase in underlying need to borrow (supported by government financial assistance)   | 2,635                 | 2,525                 |
| Increase in underlying need to borrow (unsupported by government financial assistance) | 2,089                 | 77,979                |
| Increase/(decrease) in Capital Financing Requirement                                   | <u>4,724</u>          | <u>80,504</u>         |
| <b>Closing Capital Financing Requirement</b>   | <b><u>373,821</u></b> | <b><u>454,325</u></b> |



**6.41 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>2014-15</b><br><b>£'000</b> | <b>2015-16</b><br><b>£'000</b> |
|---|--------------------------------|--------------------------------|
| Not later than one year                           | 662                            | 810                            |
| Later than one year and not later than five years | 1,928                          | 2,567                          |
| Later than five years                             | <u>5,488</u>                   | <u>5,093</u>                   |
|   | <b><u>8,078</u></b>            | <b><u>8,470</u></b>            |

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

|                        | <b>2014-15</b><br><b>£'000</b> | <b>2015-16</b><br><b>£'000</b> |
|------------------------|--------------------------------|--------------------------------|
| Minimum Lease payments | 1,231                          | 1,081                          |

**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:

|   | <b>2014-15</b><br><b>£'000</b> | <b>2015-16</b><br><b>£'000</b> |
|---|--------------------------------|--------------------------------|
| Not later than one year                           | 1,176                          | 1,050                          |
| Later than one year and not later than five years | 3,288                          | 3,044                          |
| Later than five years                             | 24,189                         | 24,031                         |
|   | <b><u>28,653</u></b>           | <b><u>28,125</u></b>           |

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into.

In 2015/16 £104,391 contingent rents were receivable by the Authority. (£181,602 in 2014/15).

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.

#### **6.42 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.

#### **6.43 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 2015-16 Carmarthenshire County Council paid £9.63m to the Department for Education in respect of teachers' pension costs, which represents 16.48% of teachers and lecturers pensionable pay. The figures for 2014-15 were £8.85m and 14.1%. There were no contributions remaining payable at year-end. The contributions due to be paid in the next financial year are estimated to be £10.2m.

In addition, the County Council is responsible for all pension payments relating to added years it has awarded together with the related increases. In 2015-16 these amounted to £0.480m.

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.

#### **6.44 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 Panel 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:

|   | <b>2014-15</b> | <b>2015-16</b> |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| <b>Comprehensive Income and Expenditure Statement</b>   |                |                |
| <b>Cost of Services:</b>  |                |                |
| Current Service Cost  | 22,647         | 28,207         |
| Past Service Costs  | 47             | 18             |
| Settlements and Curtailments  | 2,919          | 3,838          |
| <b>Financing and Investment Income and Expenditure</b>  |                |                |
| Net Interest Expense  | 8,350          | 9,185          |
| <b>Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services</b>   | <b>33,963</b>  | <b>41,248</b>  |
| <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   | (76,898)       | 34,687         |
| Actuarial gains and losses arising on changes in financial assumptions  | 156,886        | (63,159)       |
| <b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>  | <b>113,951</b> | <b>12,776</b>  |
| <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 | (33,963)       | (41,248)       |
| <b>Actual amount charged against the Council Fund Balance for pensions in the year:</b>   |                |                |
| Employers' Contributions payable to Scheme  | 24,217         | 24,413         |

**Assets and Liabilities in Relation to Post-employment Benefits****Carmarthenshire County Council**

Reconciliation of present value of the scheme liabilities:

|  | <b>2014-15</b>          | <b>2015-16</b>          |
|--|-------------------------|-------------------------|
|  | <b>£'000</b>            | <b>£'000</b>            |
| Balance as at 1 April  | (926,948)               | (1,126,044)             |
| Current Service Cost   | (22,647)                | (28,207)                |
| Interest cost  | (41,081)                | (36,611)                |
| Contributions by scheme participants                                   | (7,360)                 | (7,220)                 |
| Actuarial gains and losses arising on changes in financial assumptions | (156,886)               | 63,159                  |
| Curtailments   | (2,919)                 | (3,838)                 |
| Benefits paid  | 31,844                  | 34,839                  |
| Past service costs   | (47)                    | (18)                    |
| Balance as at 31 March   | <u>(1,126,044)</u>      | <u>(1,103,940)</u>      |
|  | <b>2014-15</b>          | <b>2015-16</b>          |
|  | <b>£'000</b>            | <b>£'000</b>            |
| Balance as at 1 April  | 740,531                 | 849,893                 |
| Interest on plan assets  | 33,318                  | 27,994                  |
| Experience gain on assets  | 76,898                  | (34,687)                |
| Administration expenses  | (587)                   | (568)                   |
| Employer contributions   | 24,217                  | 24,413                  |
| Contributions by scheme participants                                   | 7,360                   | 7,220                   |
| Benefits paid  | (31,844)                | (34,839)                |
| Balance as at 31 March   | <u>849,893</u>          | <u>839,426</u>          |
| <b>Net Scheme Liabilities</b>  | <b><u>(276,151)</u></b> | <b><u>(264,514)</u></b> |

The Dyfed Pension Fund assets comprised:

|              |                       | <u>Quoted</u> | <b>2014-15</b><br><b>£'000</b> | <b>2015-16</b><br><b>£'000</b> |
|--------------|-----------------------|---------------|--------------------------------|--------------------------------|
| Equities     | UK                    | Yes           | 200,489                        | 200,119                        |
|              | Overseas Pooled Funds | No            | 168,279                        | 174,013                        |
|              | US                    | Yes           | 97,483                         | 88,895                         |
|              | Canada                | Yes           | 4,249                          | 3,190                          |
|              | Japan                 | Yes           | 29,661                         | 33,409                         |
|              | Pacific Rim           | No            | 25,412                         | 23,504                         |
|              | Emerging Markets      | No            | 55,073                         | 56,913                         |
| Bonds        | UK Index linked       | Yes           | 90,174                         | 80,165                         |
|              | UK Corporate          | No            | 85,414                         | 82,180                         |
| Property     | Property Funds        | No            | 87,369                         | 93,512                         |
| Cash         | Cash instruments      | Yes           | 425                            | 0                              |
|              | Cash accounts         | Yes           | 3,315                          | 1,679                          |
|              | Net current assets    | No            | 2,550                          | 1,847                          |
| <b>Total</b> |                       |               | <b><u>849,893</u></b>          | <b><u>839,426</u></b>          |

### Scheme History

|   | <b>2011-12</b><br><b>£'000</b> | <b>2012-13</b><br><b>£'000</b> | <b>2013-14</b><br><b>£'000</b> | <b>2014-15</b><br><b>£'000</b> | <b>2015-16</b><br><b>£'000</b> |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Present value of liabilities in the Local Government Pension Scheme | (827,233)                      | (978,044)                      | (926,948)                      | (1,126,044)                    | (1,103,940)                    |
| Fair value of assets in the Local Government Pension Scheme         | 601,309                        | 685,882                        | 740,531                        | 849,893                        | 839,426                        |
| <b>Surplus/(deficit) in the scheme</b>                              | <b><u>(225,924)</u></b>        | <b><u>(292,162)</u></b>        | <b><u>(186,417)</u></b>        | <b><u>(276,151)</u></b>        | <b><u>(264,514)</u></b>        |

The liabilities show the underlying commitments that the Authority has in the long-run to pay post-employment benefits. The total net liability of £265m 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 2017 is £19.7m.

### 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 2013.

The main assumptions used in its calculations are shown below:

|                                       | 2014-15 | 2015-16 |
|---------------------------------------|---------|---------|
|                                       | %       | %       |
| <b>Financial Assumptions:</b>         |         |         |
| Rate of CPI inflation                 | 2.0     | 2.0     |
| Rate of increase in salaries          | 3.50    | 3.50    |
| Rate of increase in pensions          | 2.0     | 2.0     |
| Rate for discounting Fund liabilities | 3.3     | 3.6     |

|   | 2014-15 | 2015-16 |
|---|---------|---------|
|   | %       | %       |
| <b>Mortality assumptions:</b>           |         |         |
| Longevity at 65 for current pensioners: |         |         |
| Men                                     | 23.3    | 23.4    |
| Women                                   | 25.8    | 25.9    |
| Longevity at 65 for future pensioners:  |         |         |
| Men                                     | 25.5    | 25.7    |
| Women                                   | 28.1    | 28.2    |

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**

|   | <b>Increase in<br/>assumption £'000</b> | <b>Decrease in<br/>assumption £'000</b> |
|---|---|---|
| Longevity (increase or decrease of 1 year)                                  | 22,168                                  | (22,168)                                |
| Rate of inflation (increase or decrease by 0.1% p.a.)                       | 20,678                                  | (20,678)                                |
| Rate of increase in salaries (increase or decrease by 0.1% p.a.)            | 5,427                                   | (5,427)                                 |
| Rate of increase in pensions (increase or decrease by 0.1% p.a.)            | 20,678                                  | (20,678)                                |
| Rate for discounting scheme liabilities (increase or decrease by 0.1% p.a.) | (20,295)                                | 20,295                                  |

#### **6.45 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. In order to clarify the intent of the arrangement and to limit this potential liability, the Council will be entering into a new agreement with the water supplier which ensures that it is acting as an agent.



**6.46 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<br>2015<br>£'000 | 31 March<br>2016<br>£'000 | 31 March<br>2015<br>£'000 | 31 March<br>2016<br>£'000 |
| Financial liabilities (principal amount) | 274,575                   | 370,309                   | 5,262                     | 5,727                     |
| Accrued Interest                         | 0                         | 0                         | 2,415                     | 3,287                     |
| Other accounting adjustments             | 117                       | 116                       | 0                         | 0                         |
| Financial liabilities at amortised cost  |                           |                           |                           |                           |
| <b>Total borrowings</b>                  | <b>274,692</b>            | <b>370,425</b>            | <b>7,677</b>              | <b>9,014</b>              |
| Loans and receivables (principal amount) | 680                       | 630                       | 27,020                    | 8,020                     |
| Accrued Interest                         | 154                       | 151                       | 28                        | 18                        |
| Loans and receivables at amortised cost  | 834                       | 781                       | 27,048                    | 8,038                     |
| Unquoted equity investment at cost       | 330                       | 329                       | 0                         | 0                         |
| <b>Total investments</b>                 | <b>1,164</b>              | <b>1,110</b>              | <b>27,048</b>             | <b>8,038</b>              |
| Soft loans provided (Note i)             | 0                         | 1190                      | 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 awarded in 2015/16 with the expectation it will be repaid in 2017/18. 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-15         | 31-Mar-16    |
| Opening Balance                      | 0                 | 0            |
| + New loans granted                  | 0                 | 1,350        |
| - Fair value adjustment              | 0                 | 232          |
| + Loans repaid                       | 0                 | 72           |
| <b>Balance carried forward</b>       | <b>0</b>          | <b>1,190</b> |
| <b>Nominal value carried forward</b> | <b>0</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<br>measured at<br>amortised cost |                  | Loans and<br>Receivables |                  |                  |                  |
|   | 2014-15<br>£'000                             | 2015-16<br>£'000 | 2014-15<br>£'000         | 2015-16<br>£'000 | 2014-15<br>£'000 | 2015-16<br>£'000 |
| Interest expense                                | (13,871)                                     | (17,639)         | 0                        | 0                | (13,871)         | (17,639)         |
| Impairment Losses                               | 0  | 0                | 0                        | 0                | 0                | 0                |
| <b>Interest payable and<br/>similar charges</b> | <b>(13,871)</b>                              | <b>(17,639)</b>  | <b>0</b>                 | <b>0</b>         | <b>(13,871)</b>  | <b>(17,639)</b>  |
| Interest Income                                 | 0  | 0                | 473                      | 450              | 473              | 450              |
| <b>Interest and investment<br/>income</b>       | <b>0</b>                                     | <b>0</b>         | <b>473</b>               | <b>450</b>       | <b>473</b>       | <b>450</b>       |
| <b>Net gain/(loss) for the<br/>year</b>         | <b>(13,871)</b>                              | <b>(17,639)</b>  | <b>473</b>               | <b>450</b>       | <b>(13,398)</b>  | <b>(17,189)</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 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 2015   |                | 31 March 2016   |                |
|------------------------------------|-----------------|----------------|-----------------|----------------|
|                                    | Carrying amount | Fair Value     | Carrying amount | Fair Value     |
| PWLB Debt                          | 277,989         | 408,034        | 372,815         | 542,509        |
| Non - PWLB debt                    | 4,380           | 5,590          | 6,623           | 8,198          |
| <b>Total Financial Liabilities</b> | <b>282,369</b>  | <b>413,624</b> | <b>379,438</b>  | <b>550,707</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 2015   |               | 31 March 2016   |               |
|------------------------------------|-----------------|---------------|-----------------|---------------|
|                                    | Carrying amount | Fair Value    | Carrying amount | Fair Value    |
| Money market loans < 1year         | 27,048          | 27,048        | 8,038           | 8,038         |
| Money market loans > 1year         | 834             | 834           | 781             | 781           |
| Total investments                  | 27,882          | 27,882        | 8,819           | 8,819         |
| Trade Debtors                      | 13,042          | 13,042        | 12,030          | 12,030        |
| <b>Total Loans and Receivables</b> | <b>40,924</b>   | <b>40,924</b> | <b>20,849</b>   | <b>20,849</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 £542.509m 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 £372.815m would be valued at £469.804m. 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 £542.509m, comprising £369.591m principal; £3.223m accrued interest and a penalty of £169.695m.

### **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 in 2009 and 2011.
- 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 24<sup>th</sup> February 2015 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2015/16 was set at £549m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £500m. 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 £480m and £48m 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 £18k 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 the 31 March 2016 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<br>at<br>31 March 2016<br>£'000 | Historical<br>Experience<br>of<br>default<br>% | Adjustment<br>for market<br>conditions at<br>31 March 2016<br>% | Estimated<br>maximum<br>exposure to<br>default<br>£'000 |
|---|--|--|---|---|
| <u>Deposits with banks and financial institutions</u> |  |  |   |   |
| AAA rated counterparties                              | 25,000                                 | 0.00   | 0.00  | 0   |
| A rated counterparties                                | 20,000                                 | 0.09   | 0.09  | 18  |
| Trade debtors   | 12,030                                 | 3.50   | 3.50  | 421   |
|   | <u>57,030</u>                          |  |   | <u>439</u>  |

The investment of £0.65m 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 £12.030m shown above includes £7.916m which is past its due date for payment. The past due amount can be analysed by age as follows:

|                        | <b>31st March<br/>2015<br/>£'000</b> | <b>31st March<br/>2016<br/>£'000</b> |
|------------------------|--------------------------------------|--------------------------------------|
| Less than three months | 2,151                                | 1,547                                |
| Three to six months    | 647                                  | 830                                  |
| Six months to one year | 942                                  | 991                                  |
| More than one year     | 3,660                                | 4,548                                |
|                        | <u>7,400</u>                         | <u>7,916</u>                         |

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 2016 was £716k.

### 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.

|                            | 2014-2015              |                        |                          | 2015-2016              |                        |                          |
|----------------------------|------------------------|------------------------|--------------------------|------------------------|------------------------|--------------------------|
|                            | Approved Maximum Limit | Approved Minimum Limit | 31st March 2015<br>£'000 | Approved Maximum Limit | Approved Minimum Limit | 31st March 2016<br>£'000 |
| Less than one year         | 15                     | 0                      | 7,677                    | 15                     | 0                      | 8,169                    |
| Between one and two years  | 25                     | 0                      | 5,723                    | 25                     | 0                      | 9,970                    |
| Between two and five years | 50                     | 0                      | 21,663                   | 50                     | 0                      | 25,512                   |
| Between five and ten years | 50                     | 0                      | 44,472                   | 50                     | 0                      | 41,348                   |
| More than ten years        | 100                    | 25                     | 202,834                  | 100                    | 25                     | 294,440                  |
|                            |                        |                        | 282,369                  |                        |                        | 379,439                  |

The maturity analysis of financial assets is as follows:

|                       | 2014-2015<br>£'000 | 2015-2016<br>£'000 |
|-----------------------|--------------------|--------------------|
| Less than one year    | 27,048             | 8,038              |
| Greater than one year | 834                | 781                |
|                       | 27,882             | 8,819              |

All trade and other payables are due to be paid in less than one year and trade debtors of £12.030m 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 3 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:

|  |        |
|--|--------|
| Increase in interest payable on variable rate borrowings   | 0      |
| Increase in interest receivable on variable rate investments   | (296)  |
| Increase in Government grant receivable for financing costs  | (164)  |
| Impact on Surplus or Deficit on the Provision of Services  | (460)  |
| Share of overall impact debited to the HRA*  | 214    |
| Decrease in fair value of fixed rate investment assets   | 0      |
| Impact on Other Comprehensive Income and Expenditure   | (246)  |
| <br>   |        |
| 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) | 78,291 |

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 2016 and the Council Fund

bearing the impact of the impairment. During 2015-16 £53k of the provision has been released and £802k is being maintained as a contingency against future changes.

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 £3.350m was received (83.75%) to 2015-16. An estimated further 1.75% is expected to be received by the end of 2017-18, taking total dividends expected to be paid to 85.5%.

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 | 83.75%           |
| Qtr 4 2016-17    | 0.50%            |
| Qtr 4 2017-18    | 1.25%            |

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.

#### 6.47 **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>2014-15</b> |                                       | <b>2015-16</b> |
|----------------|---------------------------------------|----------------|
| <b>£'000</b>   | <b><u>Expenditure</u></b>             | <b>£'000</b>   |
| 66             | Employee Costs                        | 34             |
| 25             | Premises Related Costs                | 28             |
| 0              | Transport Related Costs               | 0              |
| 45             | Supplies and Services                 | 78             |
| 33             | Central Recharges                     | 35             |
| 10             | Divisional and Departmental Recharges | 5              |
| 176            | Capital Costs                         | 170            |
| <b>355</b>     | <b><u>Total Expenditure</u></b>       | <b>350</b>     |
|                | <b><u>Income</u></b>                  |                |
| (125)          | Fees and Costs Recoverable            | (119)          |
| (16)           | Other Income                          | (1)            |
| <b>(141)</b>   | <b><u>Total Income</u></b>            | <b>(120)</b>   |
| <b>214</b>     | <b><u>Net Cost</u></b>                | <b>230</b>     |

| 2014-15      |                                  | 2015-16      |
|--------------|----------------------------------|--------------|
| £'000        | <u>Assets held:</u>              | £'000        |
| 3,326        | Infrastructure, Land & Buildings | 3,223        |
| 804          | Plant / Vehicles / Equipment     | 737          |
| <u>4,130</u> |                                  | <u>3,960</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 Interim Head of Financial Services, Corporate Services Department, County Hall, Carmarthen, SA31 1JP.

#### 6.48 Reconciliation of Net Deficit to Net Cashflows from Operating Activities

| 2014-15       |  | 2015-16       |
|---------------|--|---------------|
| £'000         |  | £'000         |
| (36,751)      | Surplus/(Deficit) for Year:                    | (222,417)     |
| 44,389        | Depreciation                                   | 37,764        |
| 55,386        | Impairment & Downward Valuations               | 139,509       |
| 4,018         | Increase in Creditors                          | (7,091)       |
| (8,420)       | Increase in Debtors                            | 5,635         |
| (6)           | Decrease in Inventories                        | 60            |
| (9,746)       | Movement in Pension Liability                  | (16,835)      |
| (30,323)      | Other non-cash transactions                    | 92,519        |
| <u>18,547</u> | <b>Net Cash Flow from Operating Activities</b> | <u>29,144</u> |

**7 HOUSING REVENUE ACCOUNT (HRA)****7.1 HRA Income and Expenditure Statement**

| 2014-15<br>£'000    |   | Note | 2015-16<br>£'000      |
|---------------------|---|------|-----------------------|
|                     | <b>Expenditure</b>  |      |                       |
|                     | Repairs and Maintenance   |      |                       |
| 1,743               | - Responsive  |      | 2,158                 |
| 4,279               | - Planned/Cyclical  |      | 4,102                 |
| 2,125               | - Voids   |      | 2,674                 |
| 6,825               | Supervision and Management  |      | 6,698                 |
| 1,446               | Central Support Charges   |      | 1,354                 |
| 235                 | Rents, Rates Taxes and other charges  |      | 279                   |
| 414                 | Movement in the allowance for Bad Debts   |      | 258                   |
| 6,255               | HRA Subsidy payable   | 8.6  | 0                     |
| 21,950              | Depreciation and Impairment of non current assets   | 8.12 | 145,663               |
|                     | Revenue Expenditure funded from Capital under   |      |                       |
| 56                  | Statute   |      | 78,992                |
| 33                  | Debt Management Costs   |      | 62                    |
| <u>45,361</u>       | <b>Total Expenditure</b>  |      | <u>242,240</u>        |
|                     | <b>Income</b>   |      |                       |
| (33,542)            | Dwelling rents  | 8.1  | (34,971)              |
| (90)                | Non-Dwelling Rents  | 8.1  | (93)                  |
| (177)               | Leaseholders  | 8.2  | 6                     |
| (839)               | Service Charges   | 8.2  | (937)                 |
| (220)               | Grants  | 8.7  | (135)                 |
| (632)               | Other Income  |      | (622)                 |
| (508)               | Commission - Water Rates  | 8.8  | (492)                 |
| <u>(36,008)</u>     | <b>Total Income</b>   |      | <u>(37,244)</u>       |
|                     | <b>Net cost of HRA Services as included in the Comprehensive Income &amp; Expenditure Statement</b>                     |      | <b>204,996</b>        |
| <b>9,353</b>        |   |      | <b>204,996</b>        |
| 256                 | HRA services' share of Corporate and Democratic Core  |      | 283                   |
| <b>9,609</b>        | <b>Net (Income)/cost for HRA Services</b>   |      | <b>205,279</b>        |
|                     | <b>HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b> |      |                       |
| (17)                | (Gain) or loss on the sale of HRA Non Current   |      | 14                    |
| 5,166               | Interest Payable and similar charges  |      | 9,942                 |
| (76)                | Interest and Investment Income  |      | (56)                  |
| 180                 | Net interest on the net defined benefit liability (asset)   |      | 194                   |
| <u>(6,834)</u>      | Capital grants and contributions receivable   |      | <u>(6,457)</u>        |
| <u><b>8,028</b></u> | <b>(Surplus) or Deficit for the year on HRA Services</b>  |      | <u><b>208,916</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.

| <b>2014-15</b>         |   | <b>Note</b> | <b>2015-16</b> | <b>2015-16</b>        |
|------------------------|---|-------------|----------------|-----------------------|
| <b>£'000</b>           |   |             | <b>£'000</b>   | <b>£'000</b>          |
| (15,110)               | Balance on the HRA at the end of the previous year                          |             |                | (10,662)              |
| 8,028                  | (Surplus) or deficit for the year on the HRA Income and Expenditure Account |             | 208,916        |                       |
| (3,824)                | Adjustments between accounting basis and funding basis under statute        | 7.3         | (207,414)      |                       |
| 4,204                  | Net Increase or (decrease) before transfers to or from reserves             |             | 1,502          |                       |
| 244                    | Transfers (to) or from reserves   | 7.4         | 40             |                       |
| 4,448                  | (Increase) or decrease in year on the HRA                                   |             |                | 1,542                 |
| <b><u>(10,662)</u></b> | <b>Balance on the HRA at the end of the current year</b>                    |             |                | <b><u>(9,120)</u></b> |

**7.3 Adjustments between accounting basis and funding basis under statute**

| <b>2014-15</b>        |  | <b>2015-16</b>          |
|-----------------------|--|-------------------------|
| <b>£'000</b>          |  | <b>£'000</b>            |
| (40)                  | Amortisation of Premiums and Discounts                     | (33)                    |
| 4                     | Transfers to / (from) Accumulated Absences Account         | (6)                     |
| 17                    | Gain or loss on sale of HRA noncurrent assets              | (14)                    |
| (211)                 | HRA share of contributions to or from the Pensions Reserve | (341)                   |
| 8,986                 | Capital expenditure funded by the HRA                      | 8,493                   |
| (12,580)              | Transfer to / from the Capital Adjustment Account          | (215,513)               |
| <b><u>(3,824)</u></b> |  | <b><u>(207,414)</u></b> |

**7.4 Transfers to or (from) Earmarked Reserves**

| <b>2014-15</b>    |                    |                   | <b>2015-16</b>    |                     |                  |
|-------------------|--------------------|-------------------|-------------------|---------------------|------------------|
| <b>£'000</b>      | <b>£'000</b>       | <b>£'000</b>      | <b>£'000</b>      | <b>£'000</b>        | <b>£'000</b>     |
| Trfs from         | Trfs to            | Net               | Trfs from         | Trfs to             | Net              |
| 215               | (42)               | 173               | 211               | (213)               | (2)              |
| 37                | 0                  | 37                | 41                | 0                   | 41               |
| 34                | 0                  | 34                | 1                 | 0                   | 1                |
| <b><u>286</u></b> | <b><u>(42)</u></b> | <b><u>244</u></b> | <b><u>253</u></b> | <b><u>(213)</u></b> | <b><u>40</u></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 2015-16 this totalled £35m (£33.5m for 2014-15). At the 31<sup>st</sup> March 2016 2.17% of lettable properties were vacant (2.12% in 2014-15). Average rents were £76.30 a week in 2015-16 (£73.02 in 2014-15).

**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 - £937k in 2015-16 (£839k in 2014-15).

Leaseholders charges were identified separately in 2014-15 being the first full year of data. In 2015/16 there was significantly less income due to very few repairs and there was a need to write off some prior year's debt.

**8.3 Rebates**

Assistance with rents is available under the Housing Benefit Scheme for those on low incomes. This totalled £21.6m in 2015-16 (£21.1m for 2014-15). 65.3% of the Council's tenants receive some help with the cost of rent and Council Tax (66.2% in 2014-15).

**8.4 Housing Stock**

The Council was responsible for managing on average 8,993 dwellings during 2015-16 (8,997 in 2014-15). The stock at 31 March 2016 was as follows:

|                               | <b>2014-15</b> | <b>2015-16</b> |
|-------------------------------|----------------|----------------|
| Houses                        | 4,854          | 4,858          |
| Flats / Maisonettes / Bedsits | 2,167          | 2,174          |
| Bungalows                     | 1,962          | 1,970          |
|                               | <b>8,983</b>   | <b>9,002</b>   |
|                               | <b>8,983</b>   | <b>9,002</b>   |

The change in stock can be summarised as follows:

|                                       | <b>2014-15</b> | <b>2015-16</b> |
|---------------------------------------|----------------|----------------|
| Opening Stock as at 1 April           | 9,010          | 8,983          |
| Sales                                 | (35)           | (4)            |
| Demolitions/Deactivated               | (9)            | 0              |
| New Building/Acquisitions/Conversions | 17             | 23             |
| Closing Stock as at 31 March          | <b>8,983</b>   | <b>9,002</b>   |
|                                       | <b>8,983</b>   | <b>9,002</b>   |

**8.5 Rent Arrears**

|  | <b>As at<br/>31 March 2015<br/>£'000</b> | <b>As at<br/>31 March 2016<br/>£'000</b> |
|--|--|--|
| Arrears                                      | 2,360                                    | 2,115                                    |
| Arrears as a Percentage of Gross Rent Income | 6.91%                                    | 5.93%                                    |

There is a 0.5% 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 3.12%. There is a 0.48% year on year decrease in former tenants rent arrears as a percentage of gross collectable rent debit however allowing for the £419k write-offs there is a 0.39% deterioration in performance.

Provision for Bad Debts at 31 March 2016 was £1,052,587 for rent (£1,158,599 inclusive of water rates). The comparative figures for 2014-15 are £1,198,170 for rent (£1,318,119 inclusive of water rates).

**8.6 HRA Subsidy (HRAS)**

Welsh local housing authorities exited the HRAS on 01/04/15 resulting in Carmarthenshire taking on of additional debt of £79m. Previously we paid Welsh Government for the surplus on our notional HRA, in 2014/15 this was £6.255m. The agreement to exit also placed a limit on the borrowing we could undertake in relation to our HRA activities.

**8.7 Grants**

Supporting People Grant £135k (£220k in 2014-15) was received from the Welsh Government during 2015-16 as a result of the de-pooling of tenants support service costs.

**8.8 Commission**

The Authority collects water rates on behalf of Dwr Cymru Welsh Water and receives commission on the monies due. In 2015-16 this amounted to £492k (£508k in 2014-15) net of void loss on properties. The value of water rates was £3.8m in 2015-16 (£3.9m in 2014-15).

**8.9 Capital Expenditure**

Capital Expenditure in 2015-16 on HRA land and dwellings totalled £15.269m (£25.151m in 2014-15). £78.969m was also spent on exiting the Housing Revenue Account Subsidy system.

|  | 2014-15<br>£'000 | 2015-16<br>£'000 |
|--|------------------|------------------|
| <b>Funded by :</b>                         |                  |                  |
| Major Repairs Allowance                    | 6,190            | 6,166            |
| Borrowing                                  | 8,666            | 78,969           |
| Grants                                     | 644              | 194              |
| Miscellaneous Income                       | 32               | 98               |
| Direct Revenue Financing                   | 8,986            | 8,493            |
| Capital Receipts - Sales of Dwellings/Land | 628              | 316              |
| Capital Receipts - Mortgage Principal      | 5                | 2                |
|  | <b>25,151</b>    | <b>94,238</b>    |
| <b>Spent on:</b>                           |                  |                  |
| Houses                                     | 25,036           | 94,238           |
| Land                                       | 37               | 0                |
| Other                                      | 78               | 0                |
|  | <b>25,151</b>    | <b>94,238</b>    |

**8.10 Capital Receipts**

Capital Receipts in 2015-16 totalled £0.4m (£2.1m in 2014-15). 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.

|                               | Financing<br>Expenditure<br>2014-15<br>£'000 | Repayment of<br>Debt<br>2014-15<br>£'000 | Total<br>2014-15<br>£'000 | Financing<br>Expenditure<br>2015-16<br>£'000 | Repayment of<br>Debt<br>2015-16<br>£'000 | Total<br>2015-16<br>£'000 |
|-------------------------------|--|--|---------------------------|--|--|---------------------------|
| Sales of Council<br>Dwellings | 442  | 1,443                                    | 1,885                     | 17   | 118                                      | 135                       |
| Sale of Land                  | 173  | 0  | 173                       | 300  | 0  | 300                       |
| Mortgage Principal            | 5  | 16                                       | 21                        | 2  | 5  | 7                         |
| Other                         | 13   | 12                                       | 25                        | 0  | 0  | 0                         |
|                               | <b>633</b>                                   | <b>1,471</b>                             | <b>2,104</b>              | <b>319</b>                                   | <b>123</b>                               | <b>442</b>                |



**8.11 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:

|  | <b>2014-15</b>      | <b>2015-16</b>      |
|--|---------------------|---------------------|
|  | <b>£'000</b>        | <b>£'000</b>        |
| <b><u>HRA Income &amp; Expenditure Statement</u></b>   |                     |                     |
| <b>Cost of Service:</b>  |                     |                     |
| Current Service Cost   | 487                 | 599                 |
| <b>Financing and Investment Income and Expenditure</b>   |                     |                     |
| Net Interest Cost  | <u>883</u>          | <u>776</u>          |
| <b>Total Post Employment Benefit charged to the Surplus or (Deficit) for the year on HRA Services</b>  | <u><u>1,370</u></u> | <u><u>1,375</u></u> |
| <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 | (666)               | (794)               |
| <b>Actual amount charged against the HRA Balance for pensions in the year:</b>   |                     |                     |
| Employers' Contributions payable to Scheme   | <u>455</u>          | <u>453</u>          |
|  | <u><u>(211)</u></u> | <u><u>(341)</u></u> |

**8.12 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>2014-15</b> | <b>2015-16</b> |
|----------------------------------|----------------|----------------|
|                                  | <b>£'000</b>   | <b>£'000</b>   |
| Depreciation on dwellings        | 17,635         | 11,174         |
| Revaluation losses & impairments | 4,315          | 134,489        |
|                                  | <u>21,950</u>  | <u>145,663</u> |

Revaluation losses and impairments were incurred on:

|        | <b>2014-15</b> | <b>2015-16</b> |
|--------|----------------|----------------|
|        | <b>£'000</b>   | <b>£'000</b>   |
| Houses | 4,200          | 134,489        |
| Land   | 37             | 0              |
| Other  | 78             | 0              |
|        | <u>4,315</u>   | <u>134,489</u> |

## 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

| 2014-15<br>£'000<br>31/03/15 |   | 2015-16<br>£'000<br>31/03/16 |
|------------------------------|---|------------------------------|
|                              | <b>Income</b>   |                              |
| (14)                         | Rent of Buildings/Land                                | (14)                         |
| (67)                         | Investment Income                                     | (72)                         |
| 0                            | Other Income  | (6)                          |
| (81)                         |   | (92)                         |
|                              | <b>Expenditure</b>                                    |                              |
| 83                           | Grants to Voluntary & Other Organisations             | 195                          |
| 18                           | Management and Administration                         | 17                           |
| 20                           | <b>Revenue Account (Surplus)/Deficit for the Year</b> | 120                          |
| (35)                         | Net Profit on Sales of Investments                    | (39)                         |
| (290)                        | Change in unrealised (Gains)/Losses on investments    | 162                          |
|                              | Change in unrealised (Gains)/Losses on Non- Current   |                              |
| 1,232                        | Assets  | 0                            |
| 927                          | <b>Net (Surplus)/Deficit for the Year</b>             | 243                          |

**Net Assets Statement**

| <b>2014-15</b>        |                                  | <b>2015-16</b>  |
|-----------------------|----------------------------------|-----------------|
| <b>£'000</b>          |                                  | <b>£'000</b>    |
| <b>31/03/15</b>       |                                  | <b>31/03/16</b> |
| 3,396                 | Investments                      | 3,195           |
| 950                   | Other Land & Buildings           | 950             |
| 4,346                 |                                  | 4,145           |
| 14                    | Debtors                          | 0               |
| 641                   | Cash                             | 729             |
| (97)                  | Creditors                        | (213)           |
| 4,904                 | <b>Net Assets</b>                | 4,661           |
| <b>Represented by</b> |                                  |                 |
| 431                   | Capital Adjustment Account       | 431             |
| 500                   | Revaluation Reserve              | 500             |
| 2,269                 | Capital Fund                     | 2,229           |
| 558                   | Revenue Fund                     | 516             |
| 1,146                 | Unrealised Profit/(Loss) Reserve | 985             |
| 4,904                 | <b>Closing Balance of Fund</b>   | 4,661           |

**Reconciliation of the Movement in Fund Net Assets**

| <b>2014-15</b> |   | <b>2015-16</b> |
|----------------|---|----------------|
| <b>£'000</b>   |   | <b>£'000</b>   |
| 5,831          | Opening Net Assets                                    | 4,904          |
| (20)           | Revenue Account Surplus/(Deficit) for the Year        | (120)          |
| 35             | Net Profit on Sale of Investments                     | 38             |
| 290            | Unrealised Profit/(Loss) Reserve - Investments        | (161)          |
| (1,232)        | Unrealised Profit/(Loss) Reserve - Non-Current Assets | 0              |
| 4,904          | <b>Closing Net Assets of the Fund</b>                 | 4,661          |

**9.2 Fund Accounts for Carmarthenshire County Council  
Revenue Account**

| 2014-15<br>£'000<br>31/03/15 |   | 2015-16<br>£'000<br>31/03/16 |
|------------------------------|---|------------------------------|
|                              | <b>Income</b>   |                              |
| (6)                          | Rent of Buildings/Land                                    | (6)                          |
| (27)                         | Investment Income   | (28)                         |
| 0                            | Other Income  | (6)                          |
| (33)                         |   | (40)                         |
|                              | <b>Expenditure</b>  |                              |
| 54                           | Grants to Voluntary & Other Organisations                 | 122                          |
| 7                            | Management & Administration                               | 6                            |
| 28                           |   | 88                           |
|                              | <b>Revenue Account (Surplus)/Deficit for the Year</b>     |                              |
| (14)                         | Net Profit on Sales of Investments                        | (15)                         |
| (119)                        | Change in unrealised (Gains)/Losses on Investments        | 66                           |
| 505                          | Change in unrealised (Gains)/Losses on Non-Current Assets | 0                            |
| 400                          | <b>Net (Surplus)/Deficit for the Year</b>                 | 139                          |

**Net Assets Statement**

| 2014-15<br>£'000 |                                  | 2015-16<br>£'000 |
|------------------|----------------------------------|------------------|
| 1,393            | Investments                      | 1,310            |
| 389              | Other Land & Buildings           | 389              |
| 1,782            |                                  | 1,699            |
| 6                | Debtors                          | 0                |
| 158              | Cash                             | 185              |
| (72)             | Creditors                        | (149)            |
| 1,874            | <b>Net Assets</b>                | 1,735            |
|                  | <b>Represented by</b>            |                  |
| 177              | Capital Adjustment Account       | 177              |
| 205              | Revaluation Reserve              | 205              |
| 931              | Capital Fund                     | 914              |
| 91               | Revenue Fund                     | 35               |
| 470              | Unrealised Profit/(Loss) Reserve | 404              |
| 1,874            | <b>Closing Balance of Fund</b>   | 1,735            |

**Reconciliation of the Movement in Fund Net Assets**

| <b>2014-15</b> |   | <b>2015-16</b> |
|----------------|---|----------------|
| <b>£'000</b>   |   | <b>£'000</b>   |
| 2,274          | Opening Net Assets                                    | 1,874          |
| (28)           | Revenue Account Surplus (Deficit) for the Year        | (88)           |
| 14             | Net Profit on Sales Reinvested                        | 15             |
| 119            | Unrealised Profit/(Loss) Reserve - Investments        | (66)           |
| (505)          | Unrealised Profit/(Loss) Reserve - Non-Current Assets | 0              |
| <u>1,874</u>   | <b>Closing Net Assets of the Fund</b>                 | <u>1,735</u>   |

**10 TRUST FUNDS 2015-2016****10.1 Receipts & Payments Account for the Year Ended 31 March 2016**

| <b>Total</b>   |  | <b>Education<br/>Services</b> | <b>Social<br/>Services</b> | <b>Cultural<br/>Services</b> | <b>Total</b>   |
|----------------|--|-------------------------------|----------------------------|------------------------------|----------------|
| <b>2014-15</b> |  | <b>2015-16</b>                | <b>2015-16</b>             | <b>2015-16</b>               | <b>2015-16</b> |
| <b>£'000</b>   |  | <b>£'000</b>                  | <b>£'000</b>               | <b>£'000</b>                 | <b>£'000</b>   |
|                | <b>Receipts</b>                        |                               |                            |                              |                |
| (308)          | Dividends/Interest/Sales/Contributions | (92)                          | (4)                        | (187)                        | (283)          |
| 304            | <b>Payments</b>                        | 120                           | 11                         | 174                          | 305            |
| <u>(4)</u>     | <b>(Surplus)/Deficit</b>               | <u>28</u>                     | <u>7</u>                   | <u>(13)</u>                  | <u>22</u>      |

**10.2 Balance Sheet as at 31 March 2016**

| <b>Total</b>   |                          | <b>Education<br/>Services</b> | <b>Social<br/>Services</b> | <b>Cultural<br/>Services</b> | <b>Total</b>   |
|----------------|--------------------------|-------------------------------|----------------------------|------------------------------|----------------|
| <b>2014-15</b> |                          | <b>2015-16</b>                | <b>2015-16</b>             | <b>2015-16</b>               | <b>2015-16</b> |
| <b>£'000</b>   |                          | <b>£'000</b>                  | <b>£'000</b>               | <b>£'000</b>                 | <b>£'000</b>   |
|                | <b>Assets</b>            |                               |                            |                              |                |
| 264            | Investments              | 239                           | 24                         | 0                            | 263            |
| 21             | Stocks                   | 0                             | 0                          | 19                           | 19             |
| 5              | Debtors                  | 0                             | 0                          | 1                            | 1              |
| 552            | Cash                     | 271                           | 59                         | 208                          | 538            |
| <u>842</u>     | <b>Total Assets</b>      | <u>510</u>                    | <u>83</u>                  | <u>228</u>                   | <u>821</u>     |
|                | <b>Liabilities</b>       |                               |                            |                              |                |
| (2)            | Creditors                | 0                             | 0                          | (3)                          | (3)            |
| <u>(2)</u>     | <b>Total Liabilities</b> | <u>0</u>                      | <u>0</u>                   | <u>(3)</u>                   | <u>(3)</u>     |
| <u>840</u>     | <b>NET ASSETS</b>        | <u>510</u>                    | <u>83</u>                  | <u>225</u>                   | <u>818</u>     |

Investments are shown at Book Value, however their Market Value as at 31<sup>st</sup> March 2016 was £720,125 (£758,223 as at 31<sup>st</sup> March 2015).

**11 NOTES TO THE TRUST FUNDS****11.1 Background**

Carmarthenshire County Council is currently responsible for the administration of sixty one 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 eight trusts on behalf of social services clients. Five are for the benefit of residents at specific residential homes throughout the County. Three relate to funds administered on behalf of individuals. Owing to the sensitive nature of these three 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 2016 was £341,392 (£324,512 as at 31<sup>st</sup> March 2015) 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 2016 was £1,043,271 (£1,379,015 as at 31<sup>st</sup> March 2015) 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 2016 was £74,717 (£74,381 as at 31<sup>st</sup> March 2015).

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 2016 was £2,298 (£4,989 as at 31<sup>st</sup> March 2015).

### **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 2016 was £8,431 (£5,541 as at 31<sup>st</sup> March 2015).

**13 DYFED PENSION FUND STATEMENT OF ACCOUNTS****EXPLANATORY FOREWORD**

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 2015-16. 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 2015-16, 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 (Revised May 2007) 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 2015-16, reference should be made to the Annual Report and Accounts 2015-16 (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

**Fund Account for the Year Ended 31 March 2016**

| 2014-15<br>£'000   |   | <u>Note</u> | 2015-16<br>£'000        |
|--|---|-------------|-------------------------|
| <b>Dealings with members, employers and others directly involved in the Fund</b> |   |             |                         |
| Contributions  |   |             |                         |
| Employer   |   |             |                         |
| 37,244   | Normal  |             | 36,503                  |
| 7,465  | Augmentation  |             | 7,082                   |
| 6,368  | Deficit   |             | 7,508                   |
| Member   |   |             |                         |
| 17,750   | Normal  |             | 17,484                  |
| 56   | Additional voluntary  |             | 177                     |
| 1,317  | Transfers in from other pension funds   | 13.6        | 1,986                   |
| <u>70,200</u>  |   |             | <u>70,740</u>           |
| Benefits payable   |   |             |                         |
| (56,527)   | Pensions payable  |             | (59,798)                |
| (14,764)   | Commutation and lump sum retirement benefits  |             | (13,392)                |
| (1,214)  | Lump sum death benefits   |             | (1,400)                 |
| (2,421)  | Payments to and on account of leavers   | 13.7        | (4,027)                 |
| <u>(74,926)</u>  |   |             | <u>(78,617)</u>         |
| <b>(4,726)</b>   | <b>Net Additions (Withdrawals) from dealings with Members</b>                           |             | <b>(7,877)</b>          |
| <b>Returns on Investments</b>  |   |             |                         |
| 26,383   | Investment Income   | 13.9        | 28,061                  |
| 106  | Other Income  |             | 57                      |
| (33)   | Taxes on Income (Irrecoverable Withholding Tax)   | 13.10       | (32)                    |
| Changes in the market value of investments                                       |   |             |                         |
| 103,751  | Unrealised  | 13.11.2     | (78,090)                |
| 122,088  | Realised  | 13.11.3     | 49,974                  |
| (4,856)  | Management Expenses   | 13.8        | (5,305)                 |
| <u>247,439</u>   | <b>Net Return on Investments</b>  |             | <u>(5,335)</u>          |
| <b>242,713</b>   | <b>Net Increase (Decrease) in the net assets available for benefits during the year</b> |             | <b>(13,212)</b>         |
| 1,670,908  | Opening Net Assets of Scheme  |             | 1,913,621               |
| <u><b>1,913,621</b></u>  | <b>Closing Net Assets of Scheme</b>   |             | <u><b>1,900,409</b></u> |

**Net Assets Statement**

| <b>31/03/15</b>         |                                  | <b><u>Note</u></b> | <b>31/03/16</b>         |
|-------------------------|----------------------------------|--------------------|-------------------------|
| <b>£'000</b>            |                                  |                    | <b>£'000</b>            |
| 1,905,698               | Investment Assets                |                    | 1,894,613               |
| 2,774                   | Cash deposits                    |                    | 1,715                   |
| (16)                    | Investment liabilities           |                    | (948)                   |
| <u>1,908,456</u>        |                                  | 13.11.1            | <u>1,895,380</u>        |
| 9,926                   | Current assets                   | 13.16              | 9,227                   |
| (4,761)                 | Current liabilities              | 13.17              | (4,198)                 |
| <u>5,165</u>            | Net Current Assets/(Liabilities) |                    | <u>5,029</u>            |
| <b><u>1,913,621</u></b> | <b>Total Net Assets</b>          |                    | <b><u>1,900,409</u></b> |

**Reconciliation of the Movement in Fund Net Assets**

| <b>2014-15</b>          |   | <b>2015-16</b>          |
|-------------------------|---|-------------------------|
| <b>£'000</b>            |   | <b>£'000</b>            |
| 1,670,908               | Opening Net Assets  | 1,913,621               |
| 16,873                  | Net New Money Invested  | 14,904                  |
| 225,840                 | Profit and losses on disposal of investments and changes in the market value of investments | (28,116)                |
| <b><u>1,913,621</u></b> | <b>Closing Net Assets of Fund</b>   | <b><u>1,900,409</u></b> |

## NOTES TO THE PENSION FUND ACCOUNTS

### 13.1 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 2015-16 (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.

#### 13.1.1 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 2009 (as amended).

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 Panel (the Panel).

#### 13.1.2 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 66 employer organisations within the Dyfed Pension Fund as at 31<sup>st</sup> March 2016 and these are detailed in Note 13.21. The membership details of these organisations are summarised below:

| <b>31/03/15</b>      |   | <b>31/03/16</b>      |
|----------------------|---|----------------------|
| 19,451               | Number of active contributors in the Fund | 18,970               |
| 10,906               | Number of pensioners                      | 11,462               |
| 13,854               | Number of deferred pensioners             | 14,499               |
| <u><b>44,211</b></u> | <b>Total membership</b>                   | <u><b>44,931</b></u> |
| 49                   | Number of employers with active members   | 49                   |

These figures reflect the recorded position as at 31<sup>st</sup> March 2016 but are always subject to some movement post year end for notifications from employing bodies received after this date.

### 13.1.3 **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 2016. Employee contributions are matched by employers' contributions which are set based on the triennial actuarial funding valuation as at 31 March 2013. Currently, employer contribution rates range from 7.4% to 27.7% of pensionable pay as detailed in Note 13.21.

### 13.1.4 **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 post 31 March 2008</b>  |
|-----------------|--|--|
| <b>Pension</b>  | Each year is worth 1/80 x final pensionable salary.  | Each year is worth 1/60 x final pensionable salary.  |
| <b>Lump Sum</b> | Automatic lump sum of 3 x 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<sup>th</sup>. Accrued pension is uprated annually in line with the Consumer Price Index (CPI).

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)

### **13.2 Basis of preparation**

The Statement of Accounts summarises the Fund's transactions for the 2015-16 financial year and its position at year end as at 31 March 2016. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 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.

### **13.3 Summary of significant accounting policies**

#### **Fund Account – revenue recognition**

#### **13.3.1 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.

#### **13.3.2 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.

### 13.3.3 **Investment income**

#### 13.3.3.1 **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.

#### 13.3.3.2 **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 financial asset.

#### 13.3.3.3 **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 financial asset.

#### 13.3.3.4 **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.

### 13.3.4 **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.

### 13.3.5 **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.

### 13.3.6 **Management Expenses**

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the council discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

All administrative expenses are accounted for on an accruals basis. All staff, 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 £0.34m in 2015-2016 (2014-2015: Fee was £0.11m).

Where an investment manager's fee note has not been received by the Balance Sheet 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 2015-2016, £0.4m of fees is based on such estimates (2014-2015: £1m).

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**

#### **13.3.7 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:

- 13.3.7.1 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.
- 13.3.7.2 Fixed interest securities  
Fixed interest securities are recorded at net market value.
- 13.3.7.3 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.
- 13.3.7.4 Limited partnerships  
Fair value is based on the net asset value ascertained from periodic valuations by those controlling the partnership.

**13.3.7.5 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.

**13.3.8 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.

**13.3.9 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 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.

**13.3.10 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.

**13.3.11 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 IAS26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a reference in the accompanying actuarial report.

**13.3.12 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 13.18.

### **13.4 Critical judgements in applying accounting policies**

#### **13.4.1 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 13.22. This estimate is subject to significant variances based on changes to the underlying assumptions.

#### **13.4.2 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 2016 was £33.3m (31 March 2015: £27.2m).

### 13.5 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 2016 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. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £20.3m for 2015-16. However, the assumptions interact in complex ways. During 2015-16, the Authority's actuaries advised that the net pensions liability had decreased by £61.5m attributable to updating of the assumptions. |
| 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 £33.3m. There is a risk that this investment may be under or overstated in the accounts.  |

### 13.6 Transfers in from other pension funds

| 2014-15<br>£'000 |  | 2015-16<br>£'000 |
|------------------|--|------------------|
| 1,317            | Individual transfers in from other schemes | 1,986            |
| <u>1,317</u>     |  | <u>1,986</u>     |

**13.7 Payments to and on account of Leavers**

| <b>2014-15</b> |   | <b>2015-16</b> |
|----------------|---|----------------|
| <b>£'000</b>   |   | <b>£'000</b>   |
| (126)          | Refunds to members leaving service        | (103)          |
| (26)           | Payments for members joining state scheme | (28)           |
| (2,269)        | Individual transfers to other schemes     | (3,896)        |
| <u>(2,421)</u> |   | <u>(4,027)</u> |

**13.8 Management Expenses**

| <b>2014-15</b> |   | <b>2015-16</b> |
|----------------|---|----------------|
| <b>£'000</b>   |   | <b>£'000</b>   |
| (1,155)        | Administrative costs                        | (1,213)        |
| (3,544)        | Investment management expenses (Note 13.13) | (3,966)        |
| (157)          | Oversight and governance costs              | (126)          |
| <u>(4,856)</u> |   | <u>(5,305)</u> |

2015-16 Audit fees of £26,874 included within Oversight and governance costs. This amount includes £1,934 credit note in respect of 2013-14 audit. (2014-15 £24,006)

**13.9 Investment Income**

| <b>2014-15</b> |   | <b>2015-16</b> |
|----------------|---|----------------|
| <b>£'000</b>   |   | <b>£'000</b>   |
| 764            | Fixed interest securities                               | 0              |
| 17,494         | Equity dividends  | 18,819         |
| 5,177          | Pooled property investments                             | 6,253          |
| 580            | Pooled investments - Unit trust and other manager funds | 1,031          |
| 2,360          | Property  | 1,707          |
| 13             | Interest on cash deposits                               | (1)            |
| (5)            | Other   | 252            |
| <u>26,383</u>  |   | <u>28,061</u>  |

**13.10 Taxation**

| <b>2014-15</b> |                            | <b>2015-16</b> |
|----------------|----------------------------|----------------|
| <b>£'000</b>   |                            | <b>£'000</b>   |
| (33)           | Withholding tax - equities | (32)           |
| <u>(33)</u>    |                            | <u>(32)</u>    |

**13.11 Investments****13.11.1 Net investment assets**

| Fair value<br>31/03/2015<br>£'000 |                                      | Fair value<br>31/03/2016<br>£'000 |
|-----------------------------------|--------------------------------------|-----------------------------------|
|                                   | <b><u>Investment assets</u></b>      |                                   |
|                                   | <b>Fixed interest securities</b>     |                                   |
|                                   | UK Corporate Bonds                   |                                   |
| 185,611                           | - BlackRock                          | 178,145                           |
|                                   | Indexed Linked Securities            |                                   |
| 185,896                           | - BlackRock                          | 177,109                           |
|                                   | <b>Equities</b>                      |                                   |
|                                   | UK Quoted Equities                   |                                   |
| 463,834                           | - BlackRock                          | 450,678                           |
|                                   | <b>Pooled Investments</b>            |                                   |
|                                   | Overseas equities                    |                                   |
| 487,701                           | - BlackRock                          | 479,667                           |
|                                   | Global equities                      |                                   |
| 200,810                           | - Baillie Gifford                    | 199,874                           |
| 189,948                           | - Columbia Threadneedle              | 194,866                           |
|                                   | <b>Pooled property investments</b>   |                                   |
| 156,975                           | - Schroders                          | 175,362                           |
| 20,164                            | - Partners Group                     | 27,001                            |
|                                   | <b>Property</b>                      |                                   |
| 4,364                             | - Schroders                          | 1,047                             |
| 7,085                             | - Partners Group                     | 6,334                             |
|                                   | <b>Cash deposits</b>                 |                                   |
| 2,534                             | - BlackRock                          | 736                               |
| 240                               | - Schroders                          | 979                               |
|                                   | <b>Investment income due</b>         |                                   |
| 2,974                             | - BlackRock                          | 2,973                             |
|                                   | <b>Tax reclaims due</b>              |                                   |
| 299                               | - BlackRock                          | 276                               |
| 21                                | - Schroders                          | 88                                |
|                                   | <b>Amounts receivable for sales</b>  |                                   |
| 16                                | - BlackRock                          | 1,209                             |
| <u>1,908,472</u>                  | <b>Total investment assets</b>       | <u>1,896,344</u>                  |
|                                   | <b><u>Investment liabilities</u></b> |                                   |
|                                   | <b>Amounts payable for purchases</b> |                                   |
| (16)                              | - BlackRock                          | (964)                             |
| <u>(16)</u>                       | <b>Total investment liabilities</b>  | <u>(964)</u>                      |
| <u><u>1,908,456</u></u>           | <b>Net investment assets</b>         | <u><u>1,895,380</u></u>           |

**13.11.2 Reconciliation of movements in investments**

During the year, investments purchased totalled £156m whilst sales totalled £90m. The sales realised a net gain of £66m. Acquisition costs are included in the purchase price of the investment.

|  | Fair value<br>31/03/2015<br>£'000 | Purchases<br>at Cost<br>£'000 | Sales<br>at Cost<br>£'000 | Cash<br>movement<br>£'000 | Change in<br>unrealised<br>gains/(losses)<br>£'000 | Fair value<br>31/03/2016<br>£'000 |
|--|-----------------------------------|-------------------------------|---------------------------|---------------------------|--|-----------------------------------|
| Fixed interest securities                    | 371,507                           | 24,567                        | (33,544)                  | 0                         | (7,276)  | 355,254                           |
| Equities                                     | 463,834                           | 50,445                        | (27,173)                  | 0                         | (36,428)   | 450,678                           |
| Pooled investments                           | 878,458                           | 45,195                        | (6,401)                   | 0                         | (42,845)   | 874,407                           |
| Pooled property investments                  | 177,139                           | 35,385                        | (19,996)                  | 0                         | 9,835  | 202,363                           |
| Property                                     | 11,449                            | 0                             | (3,073)                   | 0                         | (995)  | 7,381                             |
|  | <b>1,902,387</b>                  | <b>155,592</b>                | <b>(90,187)</b>           | <b>0</b>                  | <b>(77,709)</b>                                    | <b>1,890,083</b>                  |
| <b>Other investment balances</b>             |                                   |                               |                           |                           |  |                                   |
| Cash deposits                                | 2,774                             | 0                             | 0                         | (1,059)                   | 0  | 1,715                             |
| Amount receivable for sales<br>investments   | 16                                | 0                             | 0                         | 1,193                     | 0  | 1,209                             |
| Investment income due                        | 2,974                             | 0                             | 0                         | 380                       | (381)  | 2,973                             |
| Tax reclaims due                             | 321                               | 0                             | 0                         | 43                        | 0  | 364                               |
| Amounts payable for purchases<br>investments | (16)                              | 0                             | 0                         | (948)                     | 0  | (964)                             |
|  | <b>1,908,456</b>                  | <b>155,592</b>                | <b>(90,187)</b>           | <b>(391)</b>              | <b>(78,090)</b>                                    | <b>1,895,380</b>                  |

|  | Fair value<br>31/03/2014<br>£'000 | Purchases<br>at Cost<br>£'000 | Sales<br>at Cost<br>£'000 | Cash<br>movement<br>£'000 | Change in<br>unrealised<br>gains/(losses)<br>£'000 | Fair value<br>31/03/2015<br>£'000 |
|--|-----------------------------------|-------------------------------|---------------------------|---------------------------|--|-----------------------------------|
| Fixed interest securities                    | 323,051                           | 43,709                        | (17,321)                  | 0                         | 22,068   | 371,507                           |
| Equities                                     | 651,730                           | 66,008                        | (244,804)                 | 0                         | (9,100)  | 463,834                           |
| Pooled investments                           | 518,792                           | 395,186                       | (110,746)                 | 0                         | 75,226   | 878,458                           |
| Pooled property investments                  | 152,720                           | 25,838                        | (17,170)                  | 0                         | 15,751   | 177,139                           |
| Property                                     | 12,671                            | 0                             | (648)                     | 0                         | (574)  | 11,449                            |
|  | <b>1,658,964</b>                  | <b>530,741</b>                | <b>(390,689)</b>          | <b>0</b>                  | <b>103,371</b>                                     | <b>1,902,387</b>                  |
| <b>Other investment balances</b>             |                                   |                               |                           |                           |  |                                   |
| Cash deposits                                | 4,623                             | 0                             | 0                         | (1,849)                   | 0  | 2,774                             |
| Amount receivable for sales<br>investments   | 541                               | 0                             | 0                         | (525)                     | 0  | 16                                |
| Investment income due                        | 3,402                             | 0                             | 0                         | (808)                     | 380  | 2,974                             |
| Tax reclaims due                             | 399                               | 0                             | 0                         | (78)                      | 0  | 321                               |
| Amounts payable for purchases<br>investments | (489)                             | 0                             | 0                         | 473                       | 0  | (16)                              |
|  | <b>1,667,440</b>                  | <b>530,741</b>                | <b>(390,689)</b>          | <b>(2,787)</b>            | <b>103,751</b>                                     | <b>1,908,456</b>                  |

Transaction costs are included in the cost of purchase and sale proceeds. Identifiable transaction costs incurred during the year amounted to £0.71m (2014-15 restated: £0.65m). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled vehicles. The amount of indirect costs is not separately provided to the scheme.

**13.11.3 Realised gains and losses**

| <b>2014-15</b>        |                             | <b>2015-16</b>       |
|-----------------------|-----------------------------|----------------------|
| <b>£'000</b>          |                             | <b>£'000</b>         |
| 31,875                | Fixed Interest Securities   | 11,441               |
| 23,607                | Equities                    | 1,336                |
| 65,472                | Pooled Investments          | 32,948               |
| 1,189                 | Pooled property investments | 4,971                |
| (55)                  | Property                    | (722)                |
| <b><u>122,088</u></b> |                             | <b><u>49,974</u></b> |

**13.11.4 Geographical analysis of investments**

| <b>Fair</b>             | <b>Geographical</b> | <b>Fair</b>             |
|-------------------------|---------------------|-------------------------|
| <b>value</b>            | <b>analysis</b>     | <b>value</b>            |
| <b>31/03/15</b>         |                     | <b>31/03/16</b>         |
| <b>£'000</b>            |                     | <b>£'000</b>            |
| 1,052,607               | UK                  | 1,032,530               |
| 99,724                  | Europe (excl UK)    | 99,498                  |
| 396,901                 | North America       | 407,341                 |
| 81,563                  | Japan               | 78,408                  |
| 95,570                  | Pacific Rim         | 89,054                  |
| 182,091                 | Emerging Markets    | 188,549                 |
| <b><u>1,908,456</u></b> |                     | <b><u>1,895,380</u></b> |

**13.11.5 Fund manager analysis**

| <b>Fair</b>             | <b>Fund manager</b>   | <b>Fair</b>             |
|-------------------------|-----------------------|-------------------------|
| <b>value</b>            | <b>analysis</b>       | <b>value</b>            |
| <b>31/03/15</b>         |                       | <b>31/03/16</b>         |
| <b>£'000</b>            |                       | <b>£'000</b>            |
| 1,328,850               | BlackRock             | 1,289,830               |
| 161,600                 | Schroders             | 177,476                 |
| 27,248                  | Partners Group        | 33,334                  |
| 200,810                 | Baillie Gifford       | 199,874                 |
| 189,948                 | Columbia Threadneedle | 194,866                 |
| <b><u>1,908,456</u></b> |                       | <b><u>1,895,380</u></b> |



**13.12 Concentration of Investments**

The following investments represent more than 5% of the Fund's total net assets as at 31 March 2016:

|  | <b>Value as at<br/>31/03/2016</b> | <b>Proportion of<br/>Investment<br/>Portfolio</b> |
|--|-----------------------------------|---|
|  | <b>£'000</b>                      | <b>%</b>  |
| Blackrock Ascent Life US Equity Fund                         | 201,830                           | 10.65   |
| Baillie Gifford Global Alpha Fund                            | 199,381                           | 10.55   |
| Threadneedle Global Equity Fund                              | 194,866                           | 10.28   |
| Blackrock Active Selection Fund UK                           | 178,145                           | 9.34  |
| Aquila Life over 5yr UK index linked                         | 177,109                           | 9.40  |
| Blackrock active selection fund - Emerging Market Index Fund | 100,694                           | 5.31  |

**13.13 Investment Management Expenses**

| <b>2014-15</b>        |                          | <b>2015-16</b>        |
|-----------------------|--------------------------|-----------------------|
| <b>£'000</b>          |                          | <b>£'000</b>          |
| <b>Restated</b>       |                          |                       |
| (3,387)               | Management fees          | (3,579)               |
| (47)                  | Custody fees             | (49)                  |
| (110)                 | Performance related fees | (338)                 |
| <u><b>(3,544)</b></u> |                          | <u><b>(3,966)</b></u> |

2014-15 Restated in accordance with CIPFA guidance

**13.14 Financial Instruments****13.14.1 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.

| 2014-15  |                                   |  |                  | 2015-16  |                                   |  |                  |
|--|-----------------------------------|--|------------------|--|-----------------------------------|--|------------------|
| Designated<br>at fair<br>value<br>through<br>profit and<br>loss<br>£'000 | Loans and<br>receivables<br>£'000 | Financial<br>liabilities<br>at<br>amortised<br>cost<br>£'000 | Total<br>£'000   | Designated<br>at fair<br>value<br>through<br>profit and<br>loss<br>£'000 | Loans and<br>receivables<br>£'000 | Financial<br>liabilities<br>at<br>amortised<br>cost<br>£'000 | Total<br>£'000   |
| <b>Financial assets</b>  |                                   |  |                  |  |                                   |  |                  |
| 371,507  | 0                                 | 0  | 371,507          | 355,254  | 0                                 | 0  | 355,254          |
| 463,834  | 0                                 | 0  | 463,834          | 450,678  | 0                                 | 0  | 450,678          |
| 878,459  | 0                                 | 0  | 878,459          | 874,407  | 0                                 | 0  | 874,407          |
| Pooled property  |                                   |  |                  |  |                                   |  |                  |
| 177,139  | 0                                 | 0  | 177,139          | 202,363  | 0                                 | 0  | 202,363          |
| 11,449   | 0                                 | 0  | 11,449           | 7,381  | 0                                 | 0  | 7,381            |
| 0  | 6,360                             | 0  | 6,360            | 0  | 4,041                             | 0  | 4,041            |
| Other investment   |                                   |  |                  |  |                                   |  |                  |
| 3,310  | 0                                 | 0  | 3,310            | 4,530  | 0                                 | 0  | 4,530            |
| 0  | 6,340                             | 0  | 6,340            | 0  | 6,901                             | 0  | 6,901            |
| <b>1,905,698</b>   | <b>12,700</b>                     | <b>0</b>   | <b>1,918,398</b> | <b>1,894,613</b>   | <b>10,942</b>                     | <b>0</b>   | <b>1,905,555</b> |
| <b>Financial liabilities</b>   |                                   |  |                  |  |                                   |  |                  |
| Other investment   |                                   |  |                  |  |                                   |  |                  |
| (16)   | 0                                 | 0  | (16)             | (948)  | 0                                 | 0  | (948)            |
| 0  | 0                                 | (4,761)  | (4,761)          | 0  | 0                                 | (4,198)  | (4,198)          |
| <b>(16)</b>  | <b>0</b>                          | <b>(4,761)</b>   | <b>(4,777)</b>   | <b>(948)</b>   | <b>0</b>                          | <b>(4,198)</b>   | <b>(5,146)</b>   |
| <b>1,905,682</b>   | <b>12,700</b>                     | <b>(4,761)</b>   | <b>1,913,621</b> | <b>1,893,665</b>   | <b>10,942</b>                     | <b>(4,198)</b>   | <b>1,900,409</b> |

13.14.2 **Net gains and losses on financial instruments**

| <b>2014-15</b>                             | <b>2015-16</b>  |
|--|-----------------|
| <b>£'000</b>                               | <b>£'000</b>    |
| <b>Financial assets</b>                    |                 |
| 225,840 Fair value through profit and loss | (28,116)        |
| <b>225,840 Total Financial assets</b>      | <b>(28,116)</b> |
| <b>0 Total Financial liabilities</b>       |                 |
| <b>225,840 Total</b>                       | <b>(28,116)</b> |

13.14.3 **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>31/03/15</b>              | <b>31/03/15</b>   |   | <b>31/03/16</b>       | <b>31/03/16</b>   |
| <b>£'000</b>                 | <b>£'000</b>      |   | <b>£'000</b>          | <b>£'000</b>      |
| <b>Financial assets</b>      |                   |   |                       |                   |
| 1,413,591                    | 1,905,698         | Fair value through profit and loss      | 1,480,598             | 1,894,613         |
| 12,700                       | 12,700            | Loans and receivables                   | 10,942                | 10,942            |
| <b>1,426,291</b>             | <b>1,918,398</b>  | <b>Total financial assets</b>           | <b>1,491,540</b>      | <b>1,905,555</b>  |
| <b>Financial liabilities</b> |                   |   |                       |                   |
| (16)                         | (16)              | Fair value through profit and loss      | (948)                 | (948)             |
| (4,761)                      | (4,761)           | Financial liabilities at amortised cost | (4,198)               | (4,198)           |
| <b>(4,777)</b>               | <b>(4,777)</b>    | <b>Total financial liabilities</b>      | <b>(5,146)</b>        | <b>(5,146)</b>    |
| <b>1,421,514</b>             | <b>1,913,621</b>  | <b>Total</b>                            | <b>1,486,394</b>      | <b>1,900,409</b>  |

#### 13.14.4 **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.

##### 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.

| Fair values at 31 March 2016                                | Quoted market  | Using            | With significant | Total            |
|---|----------------|------------------|------------------|------------------|
|   | price          | observable       | unobservable     |                  |
|   | Level 1        | Level 2          | Level 3          |                  |
|   | £'000          | £'000            | £'000            | £'000            |
| <b>Financial assets</b>                                     |                |                  |                  |                  |
| Financial assets at fair value through profit and loss      | 811,788        | 1,049,491        | 33,334           | 1,894,613        |
| Loans and receivables                                       | 10,942         | 0                | 0                | 10,942           |
| <b>Total financial assets</b>                               | <b>822,730</b> | <b>1,049,491</b> | <b>33,334</b>    | <b>1,905,555</b> |
| <b>Financial liabilities</b>                                |                |                  |                  |                  |
| Financial liabilities at fair value through profit and loss | (948)          | 0                | 0                | (948)            |
| Financial liabilities at amortised cost                     | (4,198)        | 0                | 0                | (4,198)          |
| <b>Total financial liabilities</b>                          | <b>(5,146)</b> | <b>0</b>         | <b>0</b>         | <b>(5,146)</b>   |
| <b>Net financial assets</b>                                 | <b>817,584</b> | <b>1,049,491</b> | <b>33,334</b>    | <b>1,900,409</b> |

| Fair values at 31 March 2015                                | Quoted market  | Using            | With significant | Total            |
|---|----------------|------------------|------------------|------------------|
|   | price          | observable       | unobservable     |                  |
|   | Level 1        | Level 2          | Level 3          |                  |
|   | £'000          | £'000            | £'000            | £'000            |
| <b>Financial assets</b>                                     |                |                  |                  |                  |
| Financial assets at fair value through profit and loss      | 843,579        | 1,034,870        | 27,249           | 1,905,698        |
| Loans and receivables                                       | 12,700         | 0                | 0                | 12,700           |
| <b>Total financial assets</b>                               | <b>856,279</b> | <b>1,034,870</b> | <b>27,249</b>    | <b>1,918,398</b> |
| <b>Financial liabilities</b>                                |                |                  |                  |                  |
| Financial liabilities at fair value through profit and loss | (16)           | 0                | 0                | (16)             |
| Financial liabilities at amortised cost                     | (4,761)        | 0                | 0                | (4,761)          |
| <b>Total financial liabilities</b>                          | <b>(4,777)</b> | <b>0</b>         | <b>0</b>         | <b>(4,777)</b>   |
| <b>Net financial assets</b>                                 | <b>851,502</b> | <b>1,034,870</b> | <b>27,249</b>    | <b>1,913,621</b> |

### **13.15 Nature and extent of risks arising from financial instruments**

#### **13.15.1 Risk and risk management**

The Fund has developed a formal risk assessment process and maintains a formal risk register. 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.

#### **13.15.2 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 Panel and its independent 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.

#### **13.15.3 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.

#### 13.15.4 Other price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome will depend largely on funds' asset allocations. 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                          | 0.01%                                   |
| UK Equities                   | 10.66%                                  |
| Overseas Equities             | 10.25%                                  |
| Global Pooled Equities inc UK | 10.08%                                  |
| UK Corporate Bonds            | 6.23%                                   |
| Index Linked Securities       | 9.45%                                   |
| Property                      | 1.96%                                   |

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</b>   |               | <b>Value on Increase</b> | <b>Value on Decrease</b> |
|---------------------------------|----------------------|---------------|--------------------------|--------------------------|
|                                 | <b>31 March 2016</b> | <b>Change</b> |                          |                          |
|                                 | <b>£'000</b>         | <b>%</b>      | <b>£'000</b>             | <b>£'000</b>             |
| Cash                            | 1,715                | 0.01%         | 1,715                    | 1,714                    |
| UK Equities                     | 450,678              | 10.66%        | 498,720                  | 402,636                  |
| *Overseas Equities              | 479,667              | 10.25%        | 528,833                  | 430,501                  |
| *Global Pooled Equities incl UK | 394,740              | 10.08%        | 434,530                  | 354,950                  |
| UK Corporate Bonds              | 178,145              | 6.23%         | 189,243                  | 167,046                  |
| Index Linked Gilts              | 177,109              | 9.45%         | 193,846                  | 160,373                  |
| Property                        | 209,744              | 1.96%         | 213,855                  | 205,633                  |
| Sales receivable                | 1,209                | 0.00%         | 1,209                    | 1,209                    |
| Purchases payable               | (964)                | 0.00%         | (964)                    | (964)                    |
| Income receivables              | 3,337                | 0.00%         | 3,337                    | 3,337                    |
| <b>Total Assets</b>             | <b>1,895,380</b>     |               | <b>2,064,324</b>         | <b>1,726,435</b>         |

| Asset Type                     | Value as at      | Change | Value on         | Value on         |
|--------------------------------|------------------|--------|------------------|------------------|
|                                | 31 March         |        | Increase         | Decrease         |
|                                | 2015             | %      | £'000            | £'000            |
|                                | (Restated)       |        | (Restated)       | (Restated)       |
| Cash                           | 2,774            | 0.02%  | 2,775            | 2,774            |
| UK Equities                    | 463,833          | 10.35% | 511,840          | 415,826          |
| *Overseas Equities             | 487,702          | 9.50%  | 534,032          | 441,367          |
| *Global Pooled Equities inc Uk | 390,758          | 9.50%  | 427,880          | 353,638          |
| UK Corporate Bonds             | 185,611          | 6.10%  | 196,933          | 174,289          |
| Index Linked Gilts             | 185,896          | 9.66%  | 203,853          | 167,938          |
| Property                       | 188,587          | 2.30%  | 192,925          | 184,250          |
| Sales receivable               | 16               | 0.00%  | 16               | 16               |
| Purchases payable              | (16)             | 0.00%  | (16)             | (16)             |
| Income receivables             | 3,295            | 0.00%  | 3,295            | 3,295            |
| <b>Total Assets</b>            | <b>1,908,456</b> |        | <b>2,073,533</b> | <b>1,743,377</b> |

\* Restated to separately identify the Global Equities market movement percentages

#### 13.15.5 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 Panel 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 2016 and 31 March 2015 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

| 31/03/15       | Asset type                | 31/03/16       |
|----------------|---------------------------|----------------|
| £'000          |                           | £'000          |
| 2,774          | Cash and cash equivalents | 1,715          |
| 3,586          | Cash held at CCC          | 2,326          |
| 371,507        | Fixed interest securities | 355,254        |
| <b>377,867</b> | <b>Total</b>              | <b>359,295</b> |



### 13.15.6 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<br>31/03/16<br>£'000 | Change in year in the net<br>assets available to pay |                |
|---|----------------------------------|--|----------------|
|   |                                  | +1%<br>£'000   | -1%<br>£'000   |
| Cash and cash equivalents               | 1,715                            | 17   | (17)           |
| Cash held at CCC                        | 2,326                            | 23   | (23)           |
| Fixed interest securities               | 355,254                          | 3,553  | (3,553)        |
| <b>Total change in available assets</b> | <b>359,295</b>                   | <b>3,593</b>   | <b>(3,593)</b> |

| Asset type                              | Value as at<br>31/03/15<br>£'000 | Change in year in the net<br>assets available to pay |                |
|---|----------------------------------|--|----------------|
|   |                                  | +1%<br>£'000   | -1%<br>£'000   |
| Cash and cash equivalents               | 2,774                            | 28   | (28)           |
| Cash held at CCC                        | 3,586                            | 36   | (36)           |
| Fixed interest securities               | 371,507                          | 3,715  | (3,715)        |
| <b>Total change in available assets</b> | <b>377,867</b>                   | <b>3,779</b>   | <b>(3,779)</b> |

### 13.15.7 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.

### 13.15.8 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 Panel 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 2016 and as at 31 March 2015:

| Fair value<br>31/03/15<br>£'000 | Asset type                   | Fair value<br>31/03/16<br>£'000 |
|---------------------------------|------------------------------|---------------------------------|
| 827,540                         | Overseas Equities            | 833,807                         |
| 28,208                          | Property                     | 29,011                          |
| 100                             | Cash                         | 32                              |
| <b>855,848</b>                  | <b>Total overseas assets</b> | <b>862,850</b>                  |

### 13.15.9 Currency risk sensitivity analysis

The aggregate currency exposure within the Fund as at 31 March 2016 was 6.23%. (2014-15: 6.04%)

This analysis assumes that all other variables, in particular interest rates, remain constant.

An 6.23% 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<br>31/03/16<br>£'000 | Change in year in the net<br>assets available to pay<br>benefits |                 |
|---|---------------------------------|--|-----------------|
|   |                                 | +6.23%<br>£'000  | -6.23%<br>£'000 |
| Overseas equities                       | 833,807                         | 885,753  | 781,861         |
| Property                                | 29,011                          | 30,818   | 27,204          |
| Cash                                    | 32                              | 34   | 30              |
| <b>Total change in available assets</b> | <b>862,850</b>                  | <b>916,605</b>   | <b>809,095</b>  |

| Asset type                              | Fair value<br>31/03/15<br>£'000 | Change in year in the net<br>assets available to pay<br>benefits |                 |
|---|---------------------------------|--|-----------------|
|   |                                 | +6.04%<br>£'000  | -6.04%<br>£'000 |
| Overseas equities                       | 827,540                         | 877,524  | 777,556         |
| Property                                | 28,208                          | 29,911   | 26,504          |
| Cash                                    | 100                             | 106  | 94              |
| <b>Total change in available assets</b> | <b>855,848</b>                  | <b>907,541</b>   | <b>804,154</b>  |

### 13.15.10 **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 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.

### 13.15.11 **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.

**13.16 Current assets**

| 31/03/15<br>£'000 |                                 | 31/03/16<br>£'000 |
|-------------------|---------------------------------|-------------------|
|                   | Contributions due from employer |                   |
| 3,906             | - Employer                      | 4,956             |
| 1,457             | - Employee                      | 1,432             |
| 3,586             | Cash Balances                   | 2,326             |
| 977               | Debtors                         | 513               |
| <u>9,926</u>      |                                 | <u>9,227</u>      |

**13.16.1 Analysis of Current assets**

| 31/03/15<br>£'000 |                                       | 31/03/16<br>£'000 |
|-------------------|---------------------------------------|-------------------|
| 0                 | HMRC                                  | 2                 |
| 8,302             | Other local authorities               | 8,016             |
| 1                 | NHS bodies                            | 1                 |
| 1                 | Public corporations and trading funds | 1                 |
| 1,622             | Other entities and individuals        | 1,207             |
| <u>9,926</u>      |                                       | <u>9,227</u>      |

**13.17 Current liabilities**

| 31/03/15<br>£'000 |                 | 31/03/16<br>£'000 |
|-------------------|-----------------|-------------------|
| (3,273)           | Unpaid benefits | (2,206)           |
| <u>(1,488)</u>    | Creditors       | <u>(1,992)</u>    |
| <u>(4,761)</u>    |                 | <u>(4,198)</u>    |

**13.17.1 Analysis of Current liabilities**

| 31/03/15<br>£'000<br>(Restated) |                                       | 31/03/16<br>£'000 |
|---------------------------------|---------------------------------------|-------------------|
| (572)                           | HMRC                                  | (586)             |
| (258)                           | Other local authorities               | (454)             |
| (630)                           | Public corporations and trading funds | (670)             |
| <u>(3,301)</u>                  | Other entities and individuals        | <u>(2,488)</u>    |
| <u>(4,761)</u>                  |                                       | <u>(4,198)</u>    |

For 31 March 2015 £258k included in Other local authorities was previously classified as Central government bodies.

**13.18 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, as at the balance sheet date, of these investments are shown below:

| <b>AVC Provider</b> | <b>Value as<br/>at 31/03/15<br/>£ '000</b> | <b>Contributions<br/>£ '000</b> | <b>Expenditure<br/>£ '000</b> | <b>Change in<br/>Market Value<br/>£ '000</b> | <b>Value as<br/>at 31/03/16<br/>£ '000</b> |
|---------------------|--|---------------------------------|-------------------------------|--|--|
| Prudential          | 2,660                                      | 878                             | (694)                         | 14   | 2,858                                      |
| Equitable Life      | 671  | 26                              | (112)                         | 0  | 585  |
| Standard Life       | 3,435                                      | 559                             | (567)                         | 8  | 3,435                                      |
| <b>Total</b>        | <b>6,766</b>                               | <b>1,463</b>                    | <b>(1,373)</b>                | <b>22</b>                                    | <b>6,878</b>                               |

**13.19 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 last such valuation took place as at 31 March 2013. The next valuation is due as at 31 March 2016.

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 2015-16.

**13.20 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 £0.889 million (2014-15: £0.843 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 £31.102 million to the Fund in 2015-16 (2014-15: £31.308 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 2016, the Fund had an average investment balance of £4.73 million (2014-2015: £5.62 million) earning interest of £26,180 (2014-15: £32,317).

### 13.20.1 **Governance**

#### Pension Panel

There are three members and one substitute member of the Pension Panel. During 2015-16 these were Councillor Wyn Evans, Councillor Siân Thomas (active member), Councillor Terry Davies (active member) and the substitute was Councillor Philip Hughes (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 Panel members, and the Senior Officers that advise the Panel, are required to declare their interest at each meeting.

The Panel 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 2015-16.

**13.21 Employing bodies contribution rates, contributions receivable and benefits payable**

| Contri-<br>bution rate<br>%           | 2014-15                                  |   |                              |                                 | Contri-<br>bution rate<br>% | 2015-16                    |                             |                              |
|---------------------------------------|--|---|------------------------------|---------------------------------|-----------------------------|----------------------------|-----------------------------|------------------------------|
|                                       | Contri-<br>bution<br>£'000<br>(Restated) | Contri-<br>butions<br>£'000<br>(Restated) | Benefits<br>payable<br>£'000 |                                 |                             | Contri-<br>bution<br>£'000 | Contri-<br>butions<br>£'000 | Benefits<br>payable<br>£'000 |
| <b>Scheduled bodies</b>               |  |   |                              |                                 |                             |                            |                             |                              |
| 12.9                                  | 4,106                                    | 27,203                                    | 29,970                       | Carmarthenshire County Council  | 12.9                        | 4,690                      | 26,459                      | 31,650                       |
| 13.5                                  | 1,063                                    | 13,812                                    | 14,502                       | Pembrokeshire County Council    | 13.5                        | 1,107                      | 13,776                      | 14,600                       |
| 13.6                                  | 702                                      | 10,131                                    | 10,084                       | Ceredigion County Council       | 13.6                        | 730                        | 10,008                      | 10,792                       |
|                                       |  |   |                              | Office for the Police & Crime   |                             |                            |                             |                              |
| 11.6                                  | 374                                      | 3,484                                     | 2,306                        | Commissioner for Dyfed-Powys    | 11.6                        | 389                        | 3,455                       | 2,048                        |
| 13.5                                  | 123                                      | 1,378                                     | 1,063                        | Mid & West Wales Fire Authority | 13.5                        | 133                        | 1,167                       | 930                          |
| 14.7                                  | 0  | 253                                       | 202                          | Coleg Ceredigion                | 15.2                        | (1)                        | 275                         | 224                          |
| 13.7                                  | 0  | 1,247                                     | 818                          | Coleg Sir Gar                   | 14.3                        | 139                        | 1,244                       | 1,046                        |
|                                       |  |   |                              | Pembrokeshire Coast National    |                             |                            |                             |                              |
| 13.6                                  | 0  | 593                                       | 825                          | Park Authority                  | 15.1                        | (24)                       | 592                         | 681                          |
| 13.2                                  | 0  | 908                                       | 250                          | Pembrokeshire College           | 12.8                        | 55                         | 851                         | 258                          |
|                                       | 6,368                                    | 59,009                                    | 60,020                       |                                 |                             | 7,218                      | 57,827                      | 62,229                       |
| <b>Designated (Resolution) bodies</b> |  |   |                              |                                 |                             |                            |                             |                              |
| 24.7                                  | 0  | 7   | 5                            | Aberystwyth Town Council        | 20.0                        | 2                          | 3                           | 53                           |
| 9.9                                   | 0  | 1   | 0                            | Aberaeron Town Council          | 12.6                        | 0                          | 1                           | 0                            |
| 18.1                                  | 0  | 62  | 66                           | Carmarthen Town Council         | 18.6                        | 13                         | 71                          | 123                          |
| 14.2                                  | 0  | 4   | 0                            | Cwmamman Town Council           | 18.7                        | 0                          | 6                           | 0                            |
| 22.6                                  | 0  | 4   | 1                            | Gorslas Community Council       | 27.7                        | 1                          | 5                           | 5                            |
| 24.4                                  | 0  | 9   | 30                           | Haverfordwest Town Council      | 24.4                        | 0                          | 9                           | 30                           |
| 30.5                                  | 0  | 9   | 14                           | Kidwelly Town Council           | 27.6                        | 7                          | 9                           | 14                           |
| 21.9                                  | 0  | 2   | 1                            | Llanbadarn Fawr Community       | 17.3                        | 0                          | 2                           | 1                            |
| 17.5                                  | 0  | 1   | 1                            | Llanarthney Community Council   | 21.2                        | 0                          | 1                           | 1                            |
| 14.9                                  | 0  | 175                                       | 168                          | Llanelli Rural Council          | 14.6                        | 11                         | 196                         | 136                          |
| 15.3                                  | 0  | 46  | 74                           | Llanelli Town Council           | 17.8                        | 8                          | 52                          | 74                           |
| 12.7                                  | 0  | 6   | 0                            | Llangennech Community Council   | 12.8                        | 0                          | 6                           | 0                            |
| 17.1                                  | 0  | 17  | 6                            | Llannon Community Council       | 18.2                        | 4                          | 21                          | 7                            |
| 19.9                                  | 0  | 22  | 7                            | Pembrey & Burry Port Town       | 23.5                        | 3                          | 25                          | 7                            |
| 9.3                                   | 0  | 5   | 13                           | Tenby Town Council              | 13.0                        | (1)                        | 6                           | 12                           |
| 12.0                                  | 0  | 8   | 0                            | Pembroke Town Council           | 12.0                        | 0                          | 9                           | 3                            |
| 8.5                                   | 0  | 7   | 0                            | Pembroke Dock Town Council      | 8.5                         | 0                          | 7                           | 0                            |
| 0.0                                   | 0  | 0   | 0                            | Pontyberem Community Council    | 24.9                        | 0                          | 3                           | 0                            |
|                                       | 0  | 385                                       | 386                          |                                 |                             | 48                         | 432                         | 466                          |

(continued overleaf)

| 2014-15                                |                            |                             |                              | 2015-16                     |                            |                             |                              |
|--|----------------------------|-----------------------------|------------------------------|-----------------------------|----------------------------|-----------------------------|------------------------------|
| Contri-<br>bution rate<br>%            | Deficit                    |                             | Benefits<br>payable<br>£'000 | Contri-<br>bution rate<br>% | Deficit                    |                             | Benefits<br>payable<br>£'000 |
|  | Contri-<br>bution<br>£'000 | Contri-<br>butions<br>£'000 |                              |                             | Contri-<br>bution<br>£'000 | Contri-<br>butions<br>£'000 |                              |
|  | (Restated)                 | (Restated)                  |                              |                             |                            |                             |                              |
| <b>Admission bodies</b>                |                            |                             |                              |                             |                            |                             |                              |
| <b>Community Admission Body (CAB)</b>  |                            |                             |                              |                             |                            |                             |                              |
| 0.0                                    | 0                          | 2                           | 0                            | 26.1                        | (12)                       | 1                           | 26                           |
| 15.7                                   | 0                          | 50                          | 16                           | 13.2                        | 13                         | 31                          | 17                           |
| 14.2                                   | 0                          | 1,055                       | 1,033                        | 13.3                        | 40                         | 937                         | 892                          |
| 11.9                                   | 0                          | 52                          | 32                           | 11.7                        | 6                          | 38                          | 38                           |
| 11.8                                   | 0                          | 8                           | 0                            | 26.5                        | (5)                        | 11                          | 0                            |
| 14.5                                   | 0                          | 33                          | 7                            | 17.9                        | 0                          | 34                          | 84                           |
| 44.2                                   | 0                          | 5                           | 15                           | 20.0                        | 5                          | 3                           | 16                           |
| 22.1                                   | 0                          | 37                          | 21                           | 18.1                        | 5                          | 32                          | 37                           |
| 6.2                                    | 0                          | 54                          | 0                            | 7.8                         | 3                          | 60                          | 0                            |
| 11.9                                   | 0                          | 35                          | 27                           | 11.5                        | 15                         | 35                          | 28                           |
| 5.6                                    | 0                          | 13                          | 0                            | 7.4                         | 0                          | 15                          | 0                            |
| 16.5                                   | 0                          | 8                           | 0                            | 23.7                        | 1                          | 12                          | 40                           |
| 18.6                                   | 0                          | 10                          | 2                            | 16.0                        | 1                          | 10                          | 2                            |
| 13.0                                   | 0                          | 104                         | 91                           | 14.5                        | 4                          | 60                          | 33                           |
| 11.6                                   | 0                          | 90                          | 47                           | 12.6                        | 7                          | 57                          | 40                           |
| 13.2                                   | 0                          | 90                          | 32                           | 13.4                        | 0                          | 1                           | 26                           |
| 11.3                                   | 0                          | 281                         | 141                          | 14.2                        | (41)                       | 301                         | 179                          |
| 17.5                                   | 0                          | 622                         | 494                          | 16.5                        | 101                        | 582                         | 529                          |
| 46.8                                   | 0                          | 29                          | 236                          | 22.5                        | 74                         | 10                          | 189                          |
| 14.4                                   | 0                          | 216                         | 339                          | 15.1                        | 22                         | 254                         | 374                          |
| 16.6                                   | 0                          | 30                          | 39                           | 13.8                        | 6                          | 32                          | 40                           |
| 16.9                                   | 0                          | 57                          | 86                           | 17.8                        | 1                          | 56                          | 44                           |
| 0.0                                    | 0                          | 0                           | 0                            | 13.5                        | 0                          | 3                           | 0                            |
|  | 0                          | 2,881                       | 2,658                        |                             | 246                        | 2,575                       | 2,634                        |
| <b>Transferee Admission Body (TAB)</b> |                            |                             |                              |                             |                            |                             |                              |
| 12.5                                   | 0                          | 0                           | 3                            | 14.9                        | 0                          | 0                           | 0                            |
| 17.8                                   | 0                          | 41                          | 54                           | 19.3                        | (4)                        | 87                          | 70                           |
| 21.5                                   | 0                          | 21                          | 0                            | 21.5                        | 0                          | 25                          | 45                           |
| 20.3                                   | 0                          | 96                          | 37                           | 20.3                        | 0                          | 219                         | 93                           |
|  | 0                          | 158                         | 94                           |                             | (4)                        | 331                         | 208                          |

(continued overleaf)



| 2014-15                                     |                            |                             |                              | 2015-16                        |                            |                             |                              |               |
|---|----------------------------|-----------------------------|------------------------------|--------------------------------|----------------------------|-----------------------------|------------------------------|---------------|
| Contri-<br>bution rate<br>%                 | Deficit                    |                             | Benefits<br>payable<br>£'000 | Contri-<br>bution rate<br>%    | Deficit                    |                             | Benefits<br>payable<br>£'000 |               |
|   | Contri-<br>bution<br>£'000 | Contri-<br>butions<br>£'000 |                              |                                | Contri-<br>bution<br>£'000 | Contri-<br>butions<br>£'000 |                              |               |
|   | (Restated)                 | (Restated)                  |                              |                                |                            |                             |                              |               |
| <b>Bodies with no pensionable employees</b> |                            |                             |                              |                                |                            |                             |                              |               |
| 0.0   | 0                          | 6                           | 7                            | DVLA                           | 0.0                        | 0                           | 6                            | 7             |
| 0.0   | 0                          | 52                          | 344                          | Dyfed Powys Magistrates Courts | 0.0                        | 0                           | 51                           | 352           |
| 0.0   | 0                          | 0                           | 5                            | Carmarthen Family Centre       | 0.0                        | 0                           | 1                            | 6             |
| 0.0   | 0                          | 0                           | 2                            | Milford Haven Town Council     | 0.0                        | 0                           | 1                            | 5             |
| 0.0   | 0                          | 0                           | 2                            | Mencap                         | 0.0                        | 0                           | 0                            | 2             |
| 0.0   | 0                          | 0                           | 8,918                        | Dyfed County Council           | 0.0                        | 0                           | 0                            | 8,615         |
| 0.0   | 0                          | 0                           | 2                            | Dyfed AVS                      | 0.0                        | 0                           | 0                            | 2             |
| 0.0   | 0                          | 10                          | 11                           | NHS                            | 0.0                        | 0                           | 8                            | 8             |
| 0.0   | 0                          | 13                          | 42                           | Welsh Water                    | 0.0                        | 0                           | 13                           | 42            |
| 0.0   | 0                          | 0                           | 8                            | Cwm Environmental              | 0.0                        | 0                           | 0                            | 7             |
| 0.0   | 0                          | 0                           | 5                            | Cartrefi Cymru                 | 0.0                        | 0                           | 0                            | 5             |
| 0.0   | 0                          | 1                           | 1                            | Rent Officer Service           | 0.0                        | 0                           | 1                            | 1             |
|   | 0                          | 82                          | 9,347                        |                                |                            | 0                           | 81                           | 9,052         |
|   | <b>6,368</b>               | <b>62,515</b>               | <b>72,505</b>                | <b>Total</b>                   |                            | <b>7,508</b>                | <b>61,246</b>                | <b>74,589</b> |

For 2014-15, an amount of £262k was included in Deficit Contributions in error. Also, amounts reported in Deficit Contributions were also included in the Contributions figures. The total Deficit Contributions for 2014-15 have therefore been restated from £6,630k to £6,368k and the Contributions total from £68,882k to £62,515k to correct this.

### 13.21.1 Bodies with No Pensionable Employees

It has been assumed that for the following bodies, the proportion of pension increases stated below will continue to be recharged.

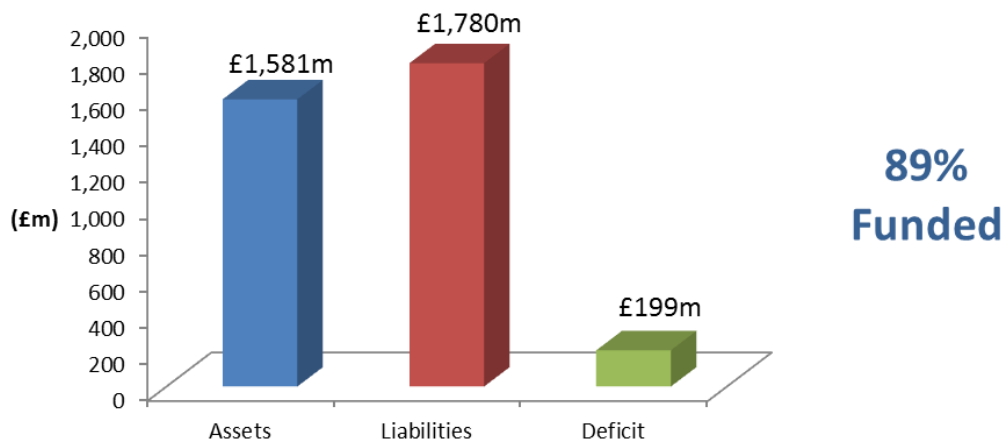
|                            | <b>Proportion to<br/>be recharged<br/>%</b> |
|----------------------------|---|
| DVLA                       | 100   |
| Milford Haven Town Council | 100   |
| National Health Service    | 100   |
| Carmarthen Family Centre   | 100   |
| Welsh Water                | 50  |

### 13.22 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 2013 to determine the contribution rates for the period 1 April 2014 to 31 March 2017.

On the basis of the assumptions adopted, the Fund's assets of £1,581 million represented 89% of the Fund's past service liabilities of £1,780 million (the "Funding Target") at the valuation date. The deficit at the valuation was therefore £199 million.



The valuation also showed that a common rate of contribution of 12.9% of pensionable pay per annum was required from employers. The common 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. It allows for the new LGPS benefit structure effective from 1 April 2014.

After the valuation date, there were significant changes in financial markets. In particular there was an increase in gilt yields, which underpin the liability assessment. This improved the funding position materially to 94% with a resulting deficit of £103 million. This improvement was taken into account when setting the deficit contribution requirements for employers where required to stabilise contribution rates. On average across the Fund, the updated deficit would be eliminated by a contribution addition of £7 million per annum increasing at 4.1% per annum (equivalent to approximately 2.7% of projected Pensionable Pay at the valuation date) for 17 years if all assumptions are borne out in practice.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2014.

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 common contribution rate 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)                                      | 4.8% per annum                                       | 5.6% per annum   |
| Rate of pay increases (long term)  | 4.1% per annum*                                      | 4.1% per annum   |
| Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension) | 2.6% per annum                                       | 2.6% per annum   |

\* allowance was also made for short-term public sector pay restraint over a 3 year period.

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2016. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2017.

### **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 2016 (the 31 March 2015 assumptions are included for comparison):

|  | <b>31 March 2015</b> | <b>31 March 2016</b> |
|--|----------------------|----------------------|
| Rate of return on investments (discount rate)                                      | 3.3% per annum       | 3.6% per annum       |
| Rate of pay increases  | 3.5% per annum *     | 3.5% per annum *     |
| Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension) | 2.0% per annum       | 2.0% per annum       |

\* includes a corresponding allowance to that made in the 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 2014.

During the year, corporate bond yields fell significantly, resulting in a lower discount rate being used for IAS26 purposes at the year end than at the beginning of the year (3.6% p.a. versus 3.3% p.a.). There was no change in the expected long-term rate of CPI inflation during the year, resulting in the same assumption for pension increases at the year end than at the beginning of the year (2.0% p.a.).

The value of the Fund's promised retirement benefits for the purposes of IAS26 as at 31 March 2015 was estimated as £2,360 million.

The effect of the changes in actuarial assumptions between 31 March 2015 and 31 March 2016 as described above is to decrease the liabilities by c£118 million. Adding interest over the year increases the liabilities by c£78 million. The net effect of allowing for benefits accrued/paid over the period increases the liabilities by a further c£17million (including any increase in liabilities arising as a result of early retirements/augmentations).

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2016 is therefore £2,337 million.

***John Livesey***

***Fellow of the Institute and Faculty of Actuaries***

***Mercer Limited***

**June 2016**

### **13.23 Events after the balance sheet date**

There have been no events since 31st March 2016, and up to the date when these accounts were authorised that require any adjustments to these accounts.

## 14 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.

**Pension Fund****Active Management**

A style of Investment Management which seeks to provide out performance of a relevant Benchmark through either Asset Allocation, Market Timing or Stock Selection (or a combination of these). Directly contrasted with Passive Management.

**Actuary**

An independent consultant who advises on the viability of the Fund. Every three years the actuary reviews the assets and liabilities of the Fund and reports to the County Council as administering Authority on the financial position and the recommended employers contribution rates. This is known as the actuarial valuation.

**Asset Class**

A specific area/type of Investment e.g. UK Equities, overseas Equities, Fixed Income, Property, Cash.

**Benchmark Return**

The aim of the Fund Manager is to outperform the Benchmark return by 1%. The benchmark return is the return that would be achieved if the Fund Manager had not deviated from the weightings of each asset class given to them by the Investment Panel, and had achieved returns in each of these asset classes consistent with the average return of all Local Authority Funds for that class. The Benchmark weightings of asset classes is outlined within the Statement of Investment Principles.

**Corporate Governance**

Issues relating to the way in which a company ensures that it is attaching maximum importance to the interests of its shareholders and how shareholders can influence management.

**Deficit Funding**

Contributions payable for example, for a limited period or as a single payment, to improve the funding of a defined benefit scheme, often arising from a scheme funding recovery plan.

**Equities**

Ordinary shares in UK and overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and are normally entitled to vote at shareholders' meetings.

**Fixed Interest Securities**

Investments in mainly government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a stated future date but which can be traded on the Stock Exchange in the meantime.

**Fund Manager**

A person or company to whom the Investment of the whole or part of the assets of a fund is delegated by the Trustees.

**Investment**

An asset acquired for the purpose of producing income and Capital Gain for its owner.

**Investment Adviser**

A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial Investment advice to companies, pension funds or individuals, for a stated fee.

**Market Indicators**

- (i) The movement in Stock market are monitored continuously by means of an Index made up of the current prices of a representative sample of stock.
- (ii) Change in the rates at which currencies can be exchanged.

**Market Value**

The price at which an investment can be sold at a given date.

**Out performance/Under performance**

The difference in Returns gained by a particular fund against an "Average" Fund or an Index over a specified time period i.e. a Target for a fund may be out performance of a Benchmark over a 3-year period.

**Passive Management (also called Indexation/Index Tracking)**

A style of Investment Management which aims to construct a Portfolio in such a way as to provide the same Return as that of a chosen Index i.e. Stocks are purchased to be as representative as possible of the make-up of the Index. Contrasts with Active Management.

**Performance**

A measure, usually expressed in percentage terms, of how well a fund has done over a particular time period - either in absolute terms or as measured against the "Average" Fund or a particular Benchmark.

**Performance Measurement**

A service designed to help investors evaluate the performance of their investments. This usually involves the comparison of a fund's performance with a selected Benchmark and/or with a Universe of similar funds. The main Performance Measurement Companies are The WM Company, which the Dyfed Pension Fund uses, and CAPS.

**Portfolio**

A collective term for all the investments held in a fund, market or sector.

**Preserved Benefits**

The pension benefits payable from normal retirement age to a member of the Fund who has ceased to contribute as a result of leaving employment or opting out of the Pension scheme before normal retirement age.

**Return**

The total gain from holding an investment over a given period, including income and increase (decrease) in market value.

**Risk**

Generally taken to mean the Variability of Returns. Investments with greater risk must usually promise higher returns than more "stable" investments before investors will buy them.

**Transfer Value**

Payments made between funds when contributors leave service with one employer and decide to take the value of their contributions to their new fund.

**Unit Trusts**

These are investment companies that accept money from many different investors. The money is pooled and used to buy investments.

**Unrealised Increase/(Decrease) In Market Value**

The increase/(decrease) in market value, since the purchase date, of those investments held at the year end.

Mae'r dudalen hon yn wag yn fwriadol

**Pwyllgor Archwilio  
Gorfennaf 8fed 2016**

**Pwnc: Datganiad Ariannol Awdurdod Harbwr Porth Tywyn 2015-16**

**Y Pwrpas:** I gyflwyno'r cyfriflen am y flwyddyn 2015-16

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

I dderbyn Datganiad Ariannol Awdurdod Harbwr Porth Tywyn am y flwyddyn 2015-16.

**Y Rhesymau:**

Mae angen i'r Cyngor gymeradwyo cyfriflen Awdurdod Harbwr Porth Tywyn am y flwyddyn 2015-16, 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:**

Owen Bowen

**Awdur yr Adroddiad:**

Owen Bowen

**Swyddi:**

Pennaeth Gwasanaethau Cyllidol

Dros Dro

**Rhif ffôn:** 01267 224886

**Cyfeiriad E-bost:**

Obowen@sirgar.gov.uk

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**8<sup>th</sup> July 2016**

**Burry Port Harbour Financial Statement 2015-16**

**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.

The net cost of the Harbour Activities in 2015-16 was £230k, and all activities are fully funded by Carmarthenshire County Council. Fixed assets held at 31<sup>st</sup> March 2015 total £3,960k.

DETAILED REPORT ATTACHED ?

YES

**IMPLICATIONS**



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

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

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: O Bowen Head of Finance

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

**Legal**

Compliance with the Accounts and Audit (Wales) Regulations 2014

**Finance**

The net cost of the Harbour activities in 2015-16 was £230k, which has been fully funded by Carmarthenshire County Council. Fixed assets held at 31<sup>st</sup> March 2016 total £3,960k.

## CONSULTATIONS

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

Signed: O Bowen Head of Finance

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.       |

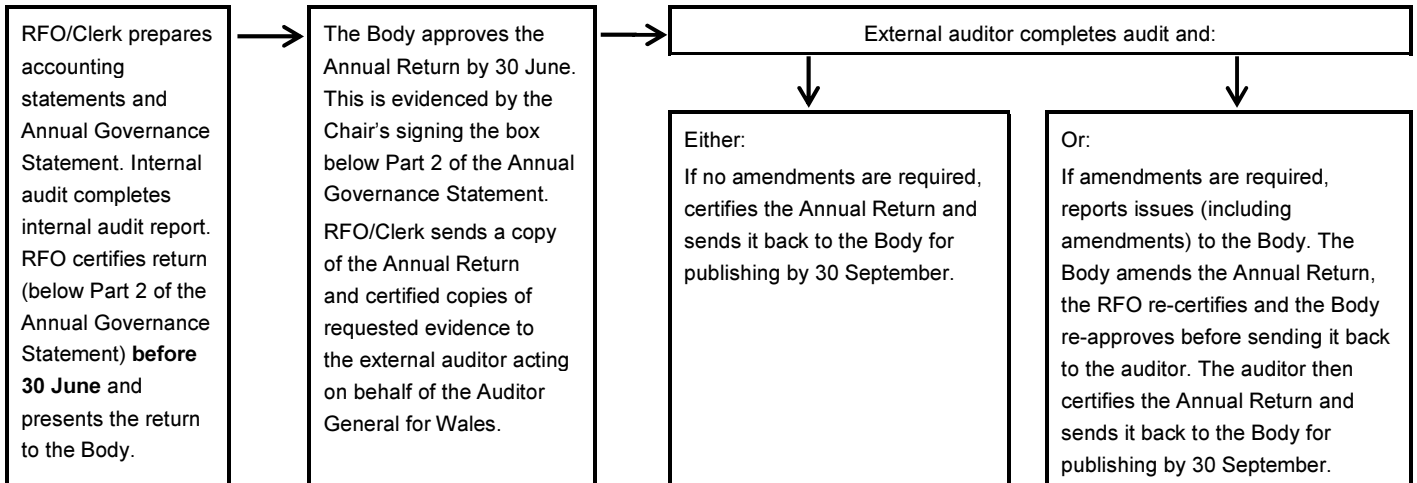


## Smaller local government bodies in Wales Annual Return for the Year Ended 31 March 2016

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?                    |                          |
|--|---|--------------------------|--------------------------|
|  |   | Yes                      | No                       |
| <b>Initial submission to the external auditor</b>        |   |                          |                          |
| <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 2016?                                    | <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 2016 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 2015-16 for:

Name of body: Burry Port Harbour Authority

|  | Year ending   |                   | Notes and guidance for compilers  |                                     |     |    |     |                                     |                                     |   |                                     |                                     |   |  |  |
|--|---|-------------------|---|-------------------------------------|-----|----|-----|-------------------------------------|-------------------------------------|---|-------------------------------------|-------------------------------------|---|--|--|
|  | 31 March 2015 (£)   | 31 March 2016 (£) |   |                                     |     |    |     |                                     |                                     |   |                                     |                                     |   |  |  |
| <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                           | 214,301   | 230,141           | Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.  |                                     |     |    |     |                                     |                                     |   |                                     |                                     |   |  |  |
| 3. (+) Total other receipts                                      | 140,462   | 119,670           | Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.   |                                     |     |    |     |                                     |                                     |   |                                     |                                     |   |  |  |
| 4. (-) Staff costs   | 65,624  | 33,707            | 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                          | 176,085   | 169,997           | Total expenditure or payments of capital and interest made during the year on external borrowing (if any).  |                                     |     |    |     |                                     |                                     |   |                                     |                                     |   |  |  |
| 6. (-) Total other payments                                      | 113,054   | 146,107           | 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                                | 57,576  | 65,394            | <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                                | -51,476   | -59,101           | <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  | 6,100   | 6,293             | <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                      | 4,129,759   | 3,959,762         | 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                                  | <table border="1"> <tr> <td>Yes</td> <td>No</td> <td>N/A</td> <td>Yes</td> <td>No</td> <td>N/A</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;">x</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;">x</td> </tr> </table> | Yes               | No  | N/A                                 | Yes | No | N/A | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | x | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | x |  | 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). |
| Yes  | No  | N/A               | Yes   | No                                  | N/A |    |     |                                     |                                     |   |                                     |                                     |   |  |  |
| <input checked="" type="checkbox"/>                              | <input checked="" type="checkbox"/>   | x                 | <input checked="" type="checkbox"/>   | <input checked="" type="checkbox"/> | 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 2016, 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 checked="" type="checkbox"/> | 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 checked="" type="checkbox"/> | 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 checked="" 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   |      |
| 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 checked="" type="checkbox"/> | 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 checked="" type="checkbox"/> | 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 checked="" 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  |      |
| 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 checked="" type="checkbox"/> | 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 checked="" 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  |      |
| 9. Trust funds – in our capacity as trustee, we have: <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 checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | N/A   | 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:  | PG Ref |
|---|---------|--------------------------|--|--------|
|   | Yes     | No*                      |  |        |
| 1. We calculated and approved the Harbour Authority's budget requirement for the 2015-16 financial year in accordance the Local Government Finance Act 1992 and proper practices [and issued the precept in accordance with Sections 39 to 42 of the Local Government Finance Act 1992.]* | x       | <input type="checkbox"/> | 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* receipts and payments*] and a summary of the Harbour Authority's financial position on a regular bimonthly basis throughout the year.   | x       | <input type="checkbox"/> | 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="checkbox"/> | 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 2016.</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> |
| <p><b>RFO signature:</b> signature required</p>   | <p><b>Chair signature:</b> signature required</p>   |
| <p><b>Name:</b> name required</p>   | <p><b>Name:</b> name required</p>   |
| <p><b>Date:</b> dd/mm/yyyy</p>  | <p><b>Date:</b> dd/mm/yyyy</p>  |

### 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 2016.</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> |
| <p><b>RFO signature:</b> signature required</p>   | <p><b>Chair signature:</b> signature required</p>   |
| <p><b>Name:</b> name required</p>   | <p><b>Name:</b> name required</p>   |
| <p><b>Date:</b> dd/mm/yyyy</p>  | <p><b>Date:</b> dd/mm/yyyy</p>  |

## 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 2016 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: Burry Port Harbour Authority

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 2016.

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.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Insert text  |
| 2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Insert text  |
| 3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Insert text  |
| 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. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Insert text  |
| 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"/> | <input type="checkbox"/> | <input type="checkbox"/> | Insert text  |
| 6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Insert text  |
| 7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.                                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Insert text  |
| 8. Asset and investment registers were complete, accurate, and properly maintained.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Insert text  |

|  | 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Insert text  |
| 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Insert text  |
| 11. Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Insert text  |

**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 2014-15 and 2015-16. I also confirm that there are no conflicts of interest surrounding my appointment.

|   |
|---|
| <b>Name of person who carried out the internal audit:</b> name required           |
| <b>Signature of person who carried out the internal audit:</b> signature required |
| <b>Date:</b> 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 2015) equals the balance brought forward in the current year (line 1 of 2016). Explain any differences between the 2015 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.**



**PWYLLGOR ARCHWYLIO  
8 Gorffena 2016**

|   |   |  |
|---|---|--|
| <b>Y Pwnc:</b> I dderbyn Cofnodion Grwpiau Perthnsaol   |   |  |
| <b>Y Pwrpas:</b> I fonitro materion allweddol ym mherthnasol i Grwpiau Corfforaethol  |   |  |
| <b>Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:</b>   |   |  |
| I dderbyn y cofnodion   |   |  |
| <b>Y Rhesymau:</b><br>Mae'r Pwyllgor Archwyllo yn derbyn cofnodion y Grwpiau i fonitro effeithlonrwydd Trefn Rheoli Corfforaethu, Rheoli Risg a Rheoli Grantiau |   |  |
| <b>Ymgynghorwyd â'r pwyllgor craffu perthnasol :</b> AMHERTHNASOL   |   |  |
| Angen i'r Bwrdd Gweithredol wneud penderfyniad : AMHERTHNASOL   |   |  |
| Angen i'r Cyngor wneud penderfyniad : AMHERTHNASOL  |   |  |
| <b>YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-</b>   |   |  |
| Cynghorydd David Jenkins  |   |  |
| <b>Y Gyfarwyddiaeth:</b><br>Gwasanathau Corfforaethol<br><b>Enw Pennaeth y Gwasanaeth:</b><br>Phil Sexton<br><b>Awdur yr Adroddiad:</b><br>Helen Pugh           | <b>Swyddi:</b><br>Pennaeth Archwilio, Risg a Chaffael<br><br>Rhelowr Archwilio a Risg | <b>Rhif ffôn:</b> 01267 246217<br><b>Cyfeiriad E-bost:</b><br><a href="mailto:PSexton@sirgar.gov.uk">PSexton@sirgar.gov.uk</a><br><br><b>Rhif ffôn:</b> 01267 246223<br><b>Cyfeiriad E-bost:</b><br><a href="mailto:HLPugh@sirgar.gov.uk">HLPugh@sirgar.gov.uk</a> |

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**8<sup>th</sup> July 2016**

|   |            |
|---|------------|
| <b>SUBJECT</b><br><b>Minutes</b>  |            |
| <p>To provide Members with minutes from supporting Governance Groups for information</p> <p>The following Minutes are attached:</p> <ol style="list-style-type: none"><li>1. Corporate Governance Group – 10<sup>th</sup> March 2016</li><li>2. Risk Management Steering Group – 13 April 2016</li><li>3. Grants Panel – 10<sup>th</sup> March 2016 &amp; 12 May 2016</li></ol> |            |
| <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: Phil Sexton Head of Audit, Risk & Procurement

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

## CONSULTATIONS

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

Signed: Phil Sexton Head of Audit, Risk & Procurement

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

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

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

**THESE ARE DETAILED BELOW**

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

Mae'r dudalen hon yn wag yn fwriadol

## Minutes of the Corporate Governance Group

10<sup>th</sup> March 2016 @ 2:30pm

Democratic Services Committee Room, County Hall

| <b>Present:</b>         |                                      |
|-------------------------|--------------------------------------|
| Cllr Pam Palmer (PP)    | Executive Board Member (Communities) |
| Cllr David Jenkins (DJ) | Executive Board Member (Resources)   |
| Chris Moore (CM)        | Director Corporate Services          |
| Paul Thomas (PT)        | Assistant Chief Executive            |
| Phil Sexton (PS)        | Head of Audit, Risk & Procurement    |
| Linda Rees Jones (LRJ)  | Head of Administration and Law       |
| Owen Bowen (OB)         | Chief Accountant                     |
| Alison Wood (AW)        | HR Manager                           |
| Helen Pugh (HP)         | Audit & Risk Manager                 |
| Noelwyn Daniel (ND)     | Performance & Information Manager    |

| <b>Apologies:</b>       |                                     |
|-------------------------|-------------------------------------|
| Cllr Calum Higgins (CH) | Chair of Audit Committee (Observer) |
| Wendy Walters (WW)      | Assistant Chief Executive           |
|                         |                                     |

| <b>Item No</b> | <b>Discussion / Action</b>  | <b>Responsible Officer</b> |
|----------------|---|----------------------------|
| 1              | <p><b>Apologies</b><br/>As noted above</p> <p>N.B. PS to Chair meeting on the request of the Councillors</p>  |                            |
| 2              | <p><b>Minutes of Last Meeting / Matters Arising</b><br/>The Minutes of the last Meeting held on 3rd December 2015 were approved as correct.</p> <p><b>Matters arising / outstanding from previous minutes:</b></p> <p><b>Grants Panel</b> – Follow up on DJ’s suggestion at Audit Committee that Chair of Audit should attend the Grants Panel as an Observer. The Audit Committee were supportive of this proposal. The request stemmed from the ongoing concerns about the grants issues reported by WAO.</p> <p>LRJ to follow up once Terms of Reference for Grants Panel is forwarded on to her for consideration.</p> <p>Action outstanding:</p> <ul style="list-style-type: none"> <li>LRJ to consider proposal with reference to the Constitution – LRJ to then advise on the way forward</li> </ul> | LRJ                        |

|   |  |  |
|---|--|--|
|   | <p><b>AOB</b> – request that this Group’s minutes and papers use moderngov.com. HP followed this up with Democratic Services and was informed that this facility is not currently available to roll out to all meetings yet.</p> <p>Action:</p> <ul style="list-style-type: none"> <li>• HP to keep in touch with Democratic Services. Once moderngov.com is available for use to ensure Corporate Governance Group minutes and Agendas are processed through moderngov.com (update for this meeting – no change from Democratic Services – unable to use this system as yet)</li> </ul> <p>Can the Audit Committee Vice Chair attend this group on behalf of the Audit Chair Membership of the Corporate Governance Group is fixed by the Council. Any changes need to be approved by Council. As the Audit Committee requirements will have to change due to new Bill this year this can be an opportunity to address any changes / issues.</p> <p>Action:</p> <ul style="list-style-type: none"> <li>• Follow up when new Bill to be addressed</li> </ul> | <p><b>HP</b></p> <p><b>LRJ</b></p>                 |
| 3 | <p><b>Code of Corporate Governance</b></p> <ul style="list-style-type: none"> <li>• Approved as final.</li> </ul> <p>Action: Code to be taken to next Audit Committee</p>  | <p><b>HP</b></p>                                   |
| 4 | <p><b>Corporate Governance Group TOR</b></p> <ul style="list-style-type: none"> <li>• Approved as final.</li> </ul> <p>Action: Code to be taken to next Audit Committee</p>  | <p><b>HP</b></p>                                   |
| 5 | <p><b>AGS – Action Plan</b></p> <p><b>Outstanding actions:</b></p> <p>2012/13 No 1 – Governance of Partnerships and Commissioning. ND to follow up and provide update for the next meeting</p> <p>2013/14 No 3– Modular Constitution – this is considered each time a change is required. Consistent approach to other LAs Assessment is carried out each time and approach agreed. Action complete.</p> <p>2013/14 No 5 – Financial Procedure Rules to be update. To be taken to Audit Committee 2016/17</p> <p>2014/15 No1 Working with the new Administration to develop a 5 Year Forward Work Programme and priorities for the Council – Prelim Executive Board to agree on forward planning programme. To EB March 2016, 5 year programme due to be</p>   | <p><b>ND</b></p> <p><b>HP</b></p> <p><b>WW</b></p> |

|   |   |                                   |
|---|---|-----------------------------------|
|   | <p>completed May 2016</p> <p>2014/15 No 2 Responding to the Corporate Assessment to be undertaken by Wales Audit Office during 2015/16 – Report due January 2016, Action plan prepared. CMT discussed. WAO due back in Oct 2016 to follow up</p> <p>2014/15 No 4 - Ensure that 100% of Managers complete the Whistleblowing E-learning module – Not complete - PT agreed to email al Directors to remind staff of the need to complete the training. People managers 100% complete</p> <p>2014/15 No 6 - Responding to the new EU General Data Protection Regulation (GDPR) (as a replacement to the Data Protection Act 1998) – ongoing</p> <p>2014/15 No 7 - Review the WAO Grant Certification Report – 2013/14 and implement any agreed actions – Grants Panel has followed up the issues with relevant project managers. Complete</p> <p>2014/15 No 8 - Monitor progress with implementing improvements in the management of Supporting People Grant – quarterly update reports to Audit Committee - ongoing</p> | <p><b>ND</b></p> <p><b>WW</b></p> |
| 6 | <p><b>Corporate Assessment Update</b></p> <p>6 proposals for improvement. Action plan in place. Report due to EB 21 March 2016. Followed by quarterly updates to CMT and half yearly updates to EB. All actions noted on PIMS. WAO due back to carry out follow up in October 2016</p> <p><b>Action:</b></p> <ul style="list-style-type: none"> <li>• Update from ND at next meeting</li> </ul>   | <p><b>ND</b></p>                  |
| 7 | <p><b>Whistleblowing</b></p> <p>Ownership with Standards Committee. They issue an Annual Report to Council, last one reported December 2015. They next meet in June / July 2016.</p>  |                                   |
| 7 | <p><b>Any Other Business</b></p> <p>No other issues<br/>Meeting closed @ 3:17pm</p>   |                                   |
|   | <p><i>Date of next meeting:</i><br/><b>10 June 2016</b><br/><i>All Meetings in the Democratic Services Committee Room, County Hall</i></p>  |                                   |

Mae'r dudalen hon yn wag yn fwriadol



## RISK MANAGEMENT STEERING GROUP

**Minutes of Meeting held at  
Conservatory East, Building 8, Parc Dewi Sant  
Wednesday, 13<sup>th</sup> April 2016.**

| <b>Members Present:</b> |                                    |   |     |
|-------------------------|------------------------------------|---|-----|
| Phil Sexton (Chair)     | Resources                          | Head of Audit, Risk & Procurement                 | PS  |
| Cllr David Jenkins      | Executive Board Member (Resources) | Executive Board Risk Champion                     | DJ  |
| Jonathan Fearn          | Resources                          | Chair of Property & Liability Risks Working Group | JF  |
| Stephen Pilliner        | Environment                        | Chair of Transport Risks Working Group            | SP  |
| Helen Pugh              | Resources                          | Risk Champion                                     | HLP |
| Alan Howells            | Environment                        | Risk Champion                                     | AH  |
| Richard Davies          | Communities                        | Principal Officer                                 | RD  |
| Richard Stradling       | Communities                        | Business & Projects Manager                       | RS  |
| Julie Standeven         | Resources                          | Principal Risk Officer                            | EJS |

| <b>Item No</b> | <b>Subject</b>  | <b>Action</b> |
|----------------|---|---------------|
| <b>1.</b>      | <b>Apologies</b><br>Lyn Walters – Communities Risk Champion<br>Heidi Font – Chief Executive’s Risk Champion<br>Stephanie R Williams – Education & Children Risk Champion<br>Jenna Smith – Marsh UK Ltd                        |               |
| <b>2.</b>      | <b>Minutes of Last Meeting</b><br>The Minutes of the Risk Management Steering Group Meeting held at Parc Dewi Sant on Tuesday, 22 <sup>nd</sup> December 2016, were confirmed as a true record.                               |               |
| <b>3.</b>      | <b>Matters arising from Risk Management Steering Group Minutes.</b>   |               |
| <b>3.1</b>     | <b>Risk Management &amp; Business Continuity Strategy</b><br>PS confirmed that development of a new Risk Management & Business Continuity Strategy for the period 2016-19 is underway. Update to be provided at next meeting. |               |

|              |  |           |
|--------------|--|-----------|
| <b>4.</b>    | <b>Minutes of Transport Risks Working Group Meeting – 17<sup>th</sup> March 2016</b><br>The minutes were noted.  |           |
| <b>4.1</b>   | <b>Matters arising from Transport Risks Working Group Minutes</b>  |           |
| <b>4.1.1</b> | <b>Pool Bike Scheme</b><br>SP advised that roll-out of training to commence shortly.<br>Update to be provided at next meeting.   | <b>SP</b> |
| <b>4.1.2</b> | <b>Managing Approach To Drug &amp; Alcohol Misuse</b><br>Review ongoing – update to be provided at next meeting.   |           |
| <b>5</b>     | <b>Minutes of Property &amp; Liability Risks Working Group Meeting – 6<sup>th</sup> April 2016</b><br>The minutes were noted.  |           |
| <b>5.1</b>   | <b>Matters arising from Property &amp; Liability Risks Working Group Minutes</b>   |           |
| <b>5.1.1</b> | <b>Security &amp; Fire Alarms</b><br>Sub-group to complete gap analysis and prioritise areas for concern.  |           |
| <b>5.2</b>   | <b>School Fencing</b><br>Property Services review underway – update to be provided at next meeting.  | <b>JF</b> |
| <b>6</b>     | <b>Bids for Financial Assistance</b>   |           |
| <b>6.1</b>   | <b>E&amp;C – Old Road School – Reception/Foyer</b><br>This bid related to the provision of safeguarding improvements at Old Road School. It was agreed that the Group were unable to make a recommendation to approve or reject this bid based on the information provided to date. The Council’s Health & Safety Advisor to investigate and report to the Chair of Risk Management Steering Group.                        |           |
| <b>6.2</b>   | <b>E&amp;C – Pentip V A School – Security Improvements</b><br>This bid related to the provision of safeguarding and security improvements at Pentip V A School. It was agreed that the Group were unable to make a recommendation to approve or reject this bid based on the information provided to date. The Council’s Health & Safety Advisor to investigate and report to the Chair of Risk Management Steering Group. |           |

|     |  |  |
|-----|--|--|
| 6.3 | <p><b>E&amp;C – Pwll C P School – Fencing &amp; Gate Access</b><br/> This bid related to the provision of safeguarding and security improvements at Pwll C P School. It was agreed that the Group were unable to make a recommendation to approve or reject this bid based on the information provided to date. The Council’s Health &amp; Safety Advisor to investigate and report to the Chair of Risk Management Steering Group.</p>  |  |
| 6.4 | <p><b>E&amp;C – Ysgol Llandybie – Fencing &amp; Gate Access</b><br/> This Bid related to the provision of safeguarding and security improvements at Ysgol Llandybie.<br/> It was agreed that the Departmental Bid for Phase 1 at £7,000 (50% of the estimated gross cost of £14,000) be approved.<br/> In respect of Phase 2, it was agreed that the Group were unable to make a recommendation to approve or reject this bid based on the information provided to date. The Council’s Health &amp; Safety Advisor to investigate and report to the Chair of Risk Management Steering Group.</p> |  |
| 7   | <p><b>Any Other Business</b><br/> None</p>   |  |
| 8   | <p><b>Next Meeting</b><br/> Date to be advised</p>   |  |

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| <b>MINUTES OF THE GRANTS PANEL MEETING HELD ON<br/>10<sup>th</sup> MARCH 2016 IN THE RESOURCES CONFERENCE ROOM, COUNTY<br/>HALL</b> |   |   |
|---|---|---|
|   |   | <b>DATE: 11<sup>th</sup> March 2016</b> |
| <b>PRESENT:</b>   | Helen Pugh, Audit & Risk Manager<br>Helen Morgan, Interim Economic Development Manager<br>Delyth Thomas, Grants Compliance Officer (GCO)<br>Simon Davies, Chair of PWG – Education & Children’s Services<br>Les James – Chair of PWG – Communities<br>Alan Howells, Chair of PWG – Environment<br>Jason Garcia - Audit Manager, Wales Audit Office (WAO)<br>Julie Owens - Financial Audit Team Leader, Wales Audit Office (WAO)   |   |
| <b>APOLOGIES:</b>   | Owen Bowen, Interim Head of Financial Services<br>Stuart Walters, Interim Economic Development Manager  |   |
|   | SUBJECT   | ACTION                                  |
|   | <p><b><u>Welcome</u></b></p> <ul style="list-style-type: none"> <li>• The new Audit Manager and Financial Audit Team Leader from WAO who are managing the audits in Carmarthenshire County Council were welcomed to the meeting.</li> </ul> <p><b><u>Minutes of the last meeting</u></b></p>  |   |
| 1.0   | <ul style="list-style-type: none"> <li>• The minutes were agreed.</li> </ul>  |   |
|   | <p><b><u>Matters Arising</u></b></p>  |   |
| 2.0   | <ul style="list-style-type: none"> <li>• The final report regarding the lessons learnt exercise on Carmarthenshire Local Service Board (LSB) projects was distributed to members of Grants Panel. Report to be reviewed by Grants Panel members and in conjunction with the Internal Audit Report. Report and recommendations to be agreed in the next Grants Panel meeting.</li> <li>• A review is being undertaken at a corporate level on procurement arrangements across the Authority. Grants Panel agreed that an email be sent to all officers as a reminder/awareness of the procurement processes. It is expected that feedback on the review will be disseminated across the Authority.</li> <li>• It was intended that a working group be set up to review the current third party grants process and to implement improvements. However, the Authority will no longer be administrating third party grants via European Funded Projects. These will be managed by Intermediary Bodies that have been approved by WEFO (WG, WCVA, DEST &amp; SHELL)</li> </ul> | All                                     |

|     | <b>SUBJECT</b>   | <b>ACTION</b>        |
|-----|--|----------------------|
| 3.0 | <p><b><u>Wales Audit Office - Update</u></b></p> <ul style="list-style-type: none"> <li>• The initial review of the draft report from WAO on the Certification of Grants &amp; Returns 2014/15 has been undertaken and the authority is waiting for the revised draft report to be returned from WAO. This will be circulated to Grants Panel members accordingly.</li> <li>• WAO is waiting for confirmation from their Central Support Team as to the grant funded projects that are due to be audited for 2015/16.</li> <li>• WAO are currently looking at changing the audit approach from a finance based audit on grant funded projects to an audit based more on outputs. There are a couple of pilot schemes that are going to be undertaken by WAO in other local authorities to see how these performance related audits can be undertaken effectively.</li> </ul> | <p>DT</p> <p>WAO</p> |
| 4.0 | <p><b><u>Internal Audit Office (IA) - Update</u></b></p> <ul style="list-style-type: none"> <li>• The Internal Audit for quarter 4 for the Education Improvement Grant (EIG) has been completed. The project is due to also have a final audit to be undertaken by IA. Waiting for confirmation from ERW.</li> <li>• The audit arrangements for EIG will continue for 2016/2017 but will also include the audit for the Pupil Deprivation Grant.</li> <li>• IA work has commenced on a number of selected projects as part of IA grants review. The projects selected are: <ul style="list-style-type: none"> <li>○ Pooled Budgets</li> <li>○ Major Repairs Allowance</li> <li>○ NRW Grants</li> <li>○ Foundations in Heritage</li> </ul> A summary of the review will be presented in the next Grants Panel meeting.</li> </ul>   | <p>HP</p> <p>HP</p>  |
| 5.0 | <p><b><u>Project Working Groups – Update</u></b></p> <p>Updates were received from each of the Chairs of the PWG.</p>  |                      |

|     | SUBJECT  | ACTION              |
|-----|--|---------------------|
|     | <ul style="list-style-type: none"> <li>• Environment<br/>There is a requirement for each of the Departmental Project Working Groups to monitor S106 monies in their department. Officers from Planning attended the PWG meeting held in January 2016.</li> <li>• Communities<br/>Officers from Planning to be invited to next PWG to discuss the management of S106 monies.</li> </ul> <p>Review of PWG attendees to be undertaken to ensure that appropriate representation is in place across the department.</p> <p>Grants monies have been awarded by WG for a capital funded ECO Arbed project. Finance had not been notified that this project had been awarded.</p> <ul style="list-style-type: none"> <li>• Education &amp; Children’s Services<br/>There are two PWGs, one for Capital and one for Revenue and are chaired by different senior officers. A review has been undertaken to identify attendance at the Revenue PWG to ensure appropriate representation from the department is in place.</li> </ul> <p>The PWG is proactive in retaining an ongoing list of grants pertaining to their department. This allows an easy crosschecking exercise to be undertaken with the corporate register and more effective monitoring of grants.</p> <p>Key capital grants include MEP and Flying Start. Audits have been undertaken on both projects. For Flying Start, an issue on internal charges has been qualified while it has not been qualified on MEP. As a result the audit process has been queried on consistency.</p> | <p>LJ</p> <p>SD</p> |
| 6.0 | <p><b><u>Project Closures</u></b></p> <ul style="list-style-type: none"> <li>• A schedule showing of the current status of the closure/archiving of project files for the Convergence Programme was presented to Grants Panel. <ul style="list-style-type: none"> <li>○ Project files relating to 10 projects have been deposited with Central Archiving</li> <li>○ Project files for 7 projects were ready for archiving but had not been passed to Central</li> </ul> </li> </ul>  | <p>Tudalen 295</p>  |

|     | <b>SUBJECT</b>   | <b>ACTION</b> |
|-----|--|---------------|
|     | <p style="text-align: center;">Archiving</p> <ul style="list-style-type: none"> <li>○ There are still 20 projects, which are at different stages of the closure process.</li> <li>● Any outstanding grant monies from WEFO are expected to be paid by 31<sup>st</sup> March 2016. Therefore, once all grants monies have been received for a project there is an expectation that the project files will be completed and sent to Central Archiving as soon as possible.</li> <li>● There are concerns on the closure arrangements for a number of projects and these have been referred to the Chairs of the PWGs so that progress can be reviewed by the PWG. These include: <ul style="list-style-type: none"> <li>○ National Station Improvement Programme</li> <li>○ Green Seas Beach Improvements – Cefn Sidan</li> <li>○ Materials Efficiency</li> <li>○ Romans in Carmarthenshire - Museums</li> </ul> </li> </ul> | PWG           |
| 7.0 | <p><b><u>New Funding Programmes</u></b></p> <ul style="list-style-type: none"> <li>● Under new European Structural Funds Programme, a number of approvals have been received: <ul style="list-style-type: none"> <li>○ Communities 4 Work which is led by WG.</li> <li>○ Workways + which is led by Neath Port Talbot</li> </ul> </li> <li>● Grant approvals maybe affected by forthcoming elections where purdah arrangements are in place. These arrangements are due to cover a period of up to 6 weeks.</li> </ul>   |               |
| 8.0 | <p><b><u>Grant Income Outstanding</u></b></p> <ul style="list-style-type: none"> <li>● An up to date schedule of grant income outstanding to the Authority for Convergence schemes was presented to the meeting: <ul style="list-style-type: none"> <li>○ Convergence projects where the Authority is lead - approximately £9m is still outstanding. WEFO had just paid the Authority the final grant payment of £503k for Y Ffwrnes.</li> <li>○ Convergence projects where the Authority is a partner – approximately £527k is outstanding.</li> </ul> </li> </ul>  |               |



|     | <b>SUBJECT</b>  | <b>ACTION</b> |
|-----|---|---------------|
|     | There is an expectation that WEFO will be making the final grants payments in the next few weeks.   |               |
| 9.0 | <ul style="list-style-type: none"> <li>• Date of next meeting – 12<sup>th</sup> May 2016 2:00pm<br/>Resources Conference Room, County Hall</li> </ul> |               |

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|     | <b>SUBJECT</b>   | <b>ACTION</b> |
|-----|--|---------------|
|     | <p>to be audited has reduced from 26 in 2014/2015 to 14 in 2015/2016.</p> <ul style="list-style-type: none"> <li>• Confirmation has been received from the WAO Central Team that an audit certificate is not required for the Environment &amp; Sustainable Development Directorate Revenue Grant. There is potential for an audit for Vibrant and Viable Places in 2017/2018 for the whole of the project from April 2014 to March 2017.</li> <li>• Project information for Housing Benefits and Pooled Budgets has been forwarded to WAO for auditing. Audit work has already started on Housing Benefits. The audit deadline for Pooled Budgets is 20/5/2016. The Authority has already been notified that there will be a delay in the completion of the audit.</li> <li>• Wales Audit Office has been invited to attend the next Project Working Group meeting for Education &amp; Children's Services (Revenue) to discuss the audit process and issues identified in previous audits</li> </ul> |               |
| 4.0 | <p><b><u>Third Party Grants Process</u></b></p> <p><b><u>Procurement</u></b></p> <ul style="list-style-type: none"> <li>• The original process for Third Party Procurement was agreed by Grants Panel in 2012.</li> <li>• Further to discussions between Procurement and the Regeneration Division, the process has been reviewed and the revised process was presented to Grants Panel for consideration. The following amendments were agreed: <ul style="list-style-type: none"> <li>○ Thresholds have been amended to reflect current Procurement and European directives.</li> <li>○ For all purchases between £25,000 and £74,999 there is a requirement to contact the Project Manager in all instances where only one quote is received and to obtain permission to proceed.</li> <li>○ To provide clear instructions on the due diligence and financial checks that need to be undertaken by the applicant.</li> </ul> </li> </ul>  |               |

|     | <b>SUBJECT</b>   | <b>ACTION</b> |
|-----|--|---------------|
|     | <ul style="list-style-type: none"> <li>○ Quotations/tenders are only sought from appropriate suppliers.</li> <li>○ Guidance on avoiding conflicts of interest to be improved.</li> <li>○ Guidance to be included where there are changes to the specification or contract.</li> </ul> <p><b><u>Approval</u></b></p> <ul style="list-style-type: none"> <li>● A proposal is to be presented to CMT for consideration for the approval of grant awarded to Third Parties: <ul style="list-style-type: none"> <li>○ Grant awards of £250k and below to be approved by the Executive Board Member.</li> <li>○ Grant approvals for grants awarded of £251k and above to be approved by Executive Board.</li> </ul> </li> </ul>  |               |
| 5.0 | <p><b><u>Internal Audit (IA) - Update</u></b></p> <ul style="list-style-type: none"> <li>● The final claim for the Education Improvement Grant (EIG) 2015/16 is due to be submitted to IA for auditing. The turnaround for the audit is tight and as Pembrokeshire County Council (PCC) as lead on ERW needs to submit their claim to Welsh Government by the end of July.</li> <li>● PCC is yet to confirm audit arrangements for 2015/2016 for the Pupil Deprivation Grant.</li> <li>● Audits for the following grants have been concluded and reports are currently being drafted: <ul style="list-style-type: none"> <li>○ Pooled Budgets</li> <li>○ Major Repairs Allowance</li> <li>○ NRW Grants</li> </ul> </li> <li>● The audit of Building our Heritage is currently being undertaken.</li> <li>● IA is due to undertake a review of the Environment &amp; Sustainable Development Directorate Revenue Grant in September.</li> </ul> |               |
| 5.0 | <p><b><u>Project Working Groups – Update</u></b></p> <p>Minutes of PWG meeting were circulated to Grants Panel members for :</p>   | Tudalen 301   |

|     | SUBJECT   | ACTION |
|-----|---|--------|
|     | <ul style="list-style-type: none"> <li>○ Environment – 23<sup>rd</sup> March 2016</li> <li>○ Communities – 16<sup>th</sup> March 2016</li> <li>○ Education &amp; Children’s Services (Capital) – 22<sup>nd</sup> March 2016</li> <li>○ Education &amp; Children’s Services (Revenue) – 12<sup>th</sup> April 2016</li> <li>○ Corporate Services &amp; Regeneration – 25<sup>th</sup> January 2016</li> </ul>  |        |
| 7.0 | <p><b><u>New Funding Programmes</u></b></p> <ul style="list-style-type: none"> <li>● Approval has been received from WG for the Swansea Bay Regional Engagement Team (RET). Total grant awarded for both ERDF and ESF elements total £809k.</li> <li>● The Authority has been successful in receiving funding of £180k from WG to undertake design works for potential future schemes for Flood Defence/Enhancements works in Burry Port and Pendine. The project will receive 100% funding.</li> <li>● Approval by WEFO is almost in place for the Cynnydd project, which is being led by PCC. Total spend on the project is £19m with approximately £3m spend in this Authority.</li> <li>● Another project led by PCC, Carm Nesa, is under development and is at the early stages of the process.</li> <li>● The Authority is currently waiting to hear from Visit Wales in respect of a grant of £3m for Pendine Visitor Attractor Project which will accompany the £1.5m grant awarded by WG in March 2016.</li> <li>● Stage 1 application has been approved by WG for funding from the Rural Community Development Fund (RCDF) for: <ul style="list-style-type: none"> <li>○ the Towy Valley Cycle Way (Capital grant £128k). An expression of interest has also been submitted to the WG’s Sustainable Management Scheme for this project (£1m capital grant)</li> <li>○ the Bwcabus project which will now cover Pembrokeshire as well as Ceredigion (£1.797m)</li> <li>○ Jacksons Lane (Capital Grant £128k)</li> <li>○ Wetlands, Carmarthen (Capital Grant £128k)</li> </ul> </li> </ul> <p>All projects will now move to Stage 2 of the application process.</p> |        |

|     | <b>SUBJECT</b>   | <b>ACTION</b> |
|-----|--|---------------|
| 8.0 | <p><b><u>Grant Income Outstanding</u></b></p> <ul style="list-style-type: none"> <li>• The majority of the grant income has now been received by the Authority in respect of the Convergence Schemes. The total outstanding in the last meeting totalled £9.5m. The current outstanding balance is approximately £19K and this is in respect of projects where the Authority is a partner.</li> <li>• Projects where grant income is outstanding include: <ul style="list-style-type: none"> <li>○ Materials Efficiency (£7.5k) – PCC have received monies from WEFO and are reviewing the final grant payment before forwarding to the Authority</li> <li>○ Coastal (£6.3K) – there are discrepancies regarding the final grant payment between Swansea City Council (lead body) and the Authority. Swansea City Council to be contacted regarding the outstanding balance due to this Authority</li> <li>○ Romans in Carmarthenshire Tourism (£5.2K) – Accountancy is currently in correspondence with the National Trust to agree the final grant monies due to the Authority.</li> </ul> </li> </ul> |               |
| 9.0 | <ul style="list-style-type: none"> <li>• Date of next meeting – 12<sup>th</sup> July 2016 9:30am in the Resources Conference Room, County Hall</li> </ul>  |               |

Mae'r dudalen hon yn wag yn fwriadol



Dydd Mawrth, 22 Mawrth 2016

**YN BRESENNOL:** Y Cynghorydd C.P. Higgins (Cadeirydd)

**Y Cynghorwyr:**

H.A.L. Evans, J.D. James, Sir D.Lewis, E.G. Thomas, G.B. Thomas, W.G. Thomas a/ac  
D.E. Williams

**Yn bresennol o Swyddfa Archwilio Cymru:**

R. Harries;  
J. Garcia;

**Yr oedd y swyddogion canlynol yn gwasanaethu yn y cyfarfod:**

I. Jones, Pennaeth Hamdden  
O Bowen, Prif Cyfrifydd  
P. Sexton, Y Pennaeth Archwilio, Rheoli Risg a Chaffael  
N. Edwards, Y Rheolwr Diogelu a Chomisiynu  
H. Pugh, Y Rheolwr Archwilio a Rheoli Risg  
A Jones, Swyddog Caffael a Chontractio  
M.S. Davies, Swyddog Gwasanaethau Democraidd

**Siambwr, Neuadd y Sir, Caerfyrddin - 2.00 - 3.35 pm**

**1. YMDDIHEURIADAU AM ABSENOLDEB**

Cafwyd ymddiheuriad am absenoldeb gan y Cynghorydd A.G. Morgan.

Dywedodd y Cadeirydd fod Syr David Lewis yn bresennol am y tro olaf fel yr Aelod Allanol â Phleidlais, a diolchodd iddo am ei gyfraniad at waith y Pwyllgor gan ddymuno'n dda iddo i'r dyfodol.

Diolchodd Syr David i'r Cadeirydd am ei sylwadau.

Rhoddwyd gwybod i'r Pwyllgor fod y trefniadau i benodi Aelod Allanol â Phleidlais newydd ar waith eisoes. Awgrymwyd y gallai fod yn briodol, petai angen, sefydlu panel rhestr fer a fyddai'n cynnwys tri aelod ac a fyddai'n gytbwys yn wleidyddol. Byddai hynny'n dibynnu ar nifer y ceisiadau a ddeuai i law.

**PENDERFYNWYD cymeradwyo'r awgrym uchod, a bod y Cadeirydd, yr Is-gadeirydd ac un o aelodau Plaid Cymru ar y Pwyllgor yn gwasanaethu ar y panel rhestr fer.**

**2. DATGANIADAU O FUDDIANNAU PERSONOL**

Ni chafwyd dim datganiadau o fuddiant personol.

**3. Y DIWEDDARAF YNGHYLCH Y CYNLLUN ARCHWILIO MEWNOL 2015/16**

Rhoddodd y Pwyllgor ystyriaeth i adroddiad a roddai'r wybodaeth ddiweddaraf am y cynnydd oedd yn cael ei wneud o ran gweithredu Cynllun Archwilio Mewnol 2015/16. Yr oedd Rhan A ar ffurf adroddiad cynnydd ynghylch Cynllun Archwilio 2015/16 ynghyd â matrices sgorio o ran yr argymhellion, yr oedd Rhan B yn grynodeb o'r adroddiadau terfynol gorffenedig am 2015/16 ynghylch y prif systemau ariannol (Ebrill 2015 tan y presennol), ac yr oedd Rhan C yn manylu ar Argymhellion Blaenoriaeth 1 ynghylch adolygu systemau eraill ac

archwiliadau o'r sefydliad.

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

- Cyfeiriwyd at yr adolygiad o'r system derbyn arian parod a oedd dan sylw yn y cyfarfod diwethaf, a rhodddwyd Gwybod i'r Pwyllgor fod y Rheolau Gweithdrefn Ariannol yn cael eu hailysgrifennu ar hyn o bryd ac y byddent yn cynnwys cynnal archwiliadau di-rybudd ar hap o'r staff sy'n gyfrifol am dderbyn arian parod;
- O ran yr adolygiad o'r cyfleusterau hamdden ym Mharc Gwledig Pen-bre ac ym Mharc Arfordirol y Mileniwm a oedd wedi'i gynnal ar gais Cyfarwyddwr y Gwasanaethau Cymunedol, rhoddodd y Pennaeth Hamdden sicrwydd i'r Pwyllgor fod y gwendidau a ddaethai i'r golwg yn cael eu hunioni ac y byddai'r swyddogion yn cydweithio'n agos â'r Adain Archwilio. Byddai hyn yn cynnwys sicrhau bod pawb yn cydymffurfio bob amser â'r Rheolau Gweithdrefn Ariannol Corfforaethol, a bod y materion iechyd a diogelwch yn cael sylw. Rhodddwyd gwybod i'r Aelodau fod Cynllun Gweithredu yn cael ei baratoi ynghylch y materion oedd dan sylw, ac awgrymwyd y gellid rhoi hwn gerbron cyfarfod nesaf y Pwyllgor;

## **PENDERFYNWYD**

**3.1 derbyn, at ddibenion monitro, y wybodaeth ddiweddaraf am Gynllun Archwilio Mewnol 2015/16;**

**3.2 rhoi gerbron y cyfarfod nesaf Gynllun Gweithredu a fyddai'n manylu ar sut y byddid yn rhoi sylw i'r materion oedd wedi'u codi yn sgil yr adolygiad o'r cyfleusterau hamdden ym Mharc Gwledig Pen-bre ac ym Mharc Arfordirol y Mileniwm.**

## **4. CYNLLUN ARCHWILIAD MEWNOL 2016/17 A'R CYNLLUN A FWRIEDIR AR GYFER 2017/19**

Bu'r Pwyllgor yn ystyried adroddiad a fanylai ar Gynllun Archwilio Mewnol 2016/17 ac a amlinellai gwmpas arfaethedig 2017/19. Nodai fod egwyddorion asesu risg wedi'u defnyddio wrth lunio'r cynlluniau, gan ystyried newidiadau yn y gwasanaethau. Y farn oedd y byddai mabwysiadu rhaglen dreigl dair blynedd yn rhoi sicrwydd bod y trefniadau archwilio yn ddigonol gan ganiatáu, ar yr un pryd, hyblygrwydd o ran ymdrin â newidiadau yn systemau'r Awdurdod. Yr oedd y Cynllun yn cymryd y byddai pob un o swyddi'r Adain yn llawn, sef 9.4 o weithwyr cyfwerth ag amser llawn.

## **PENDERFYNWYD**

**4.1 cymeradwyo'r Cynllun Archwilio Mewnol blynyddol ar gyfer 2016/17;**

**4.2 cadarnhau cwmpas arfaethedig 2017/19.**

## **5. ADRODDIAD CYNNYDD - CEFNOGI POBL**

Gan gyfeirio at gyfarfod y Pwyllgor Archwilio oedd wedi'i gynnal ar 18<sup>fed</sup> Rhagfyr, 2015 (gweler cofnod 4), rhodddwyd gerbron y Pwyllgor adroddiad cynnydd ynghylch y Cynllun Gweithredu ar gyfer Cefnogi Pobl. Yr oedd yr adroddiad yn

crynhoi'r gwaith oedd wedi'i wneud hyd yn hyn gan y Tîm Cefnogi Pobl er mwyn gwella ei brosesau o ran rheoli grantiau a chontractau, fel yr oedd y Rheolwr Archwilio a Risg wedi ei amlinellu yn y cyfarfod oedd wedi'i gynnal ar 10<sup>fed</sup> Gorffennaf, 2016. Y farn oedd bod y cynnydd yn dda. Byddai'r Grŵp Cynllunio Cefnogi Pobl dan gadeiryddiaeth Cyfarwyddwr y Gwasanaethau Cymunedol yn monitro hyn.

**PENDERFYNWYD nodi'r cynnydd o ran y Cynllun Gweithredu ar gyfer Cefnogi Pobl.**

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

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

**6.1. DIWEDDARIAD PWYLLGOR ARCHWILIO - MAWRTH 2016**

Bu'r Pwyllgor yn ystyried adroddiad a roddai'r wybodaeth ddiweddaraf am y gwaith archwilio oedd wedi'i wneud ynghylch yr Awdurdod gan Swyddfa Archwilio Cymru ers y cyfarfod diwethaf.

**PENDERFYNWYD derbyn yr adroddiad.**

**6.2. CYNGOR SIR CAERFYRDDIN - CYNLLUN ARCHWILIO 2016**

Bu'r Pwyllgor yn ystyried y fersiwn drafft o Gynllun Archwilio 2016 ar gyfer Cyngor Sir Caerfyrddin. Nodwyd bod yn rhaid i Swyddfa Archwilio Cymru, yn unol â'i dyletswyddau statudol:-

- edrych yn fanwl ar ddatganiadau ariannol y Cyngor ac ardystio a oeddynt "yn wir ac yn deg";
- asesu a yw'r Cyngor wedi gwneud trefniadau priodol i sicrhau darbodaeth, effeithlonrwydd ac effeithiolrwydd o ran defnyddio adnoddau;
- archwilio ac asesu a oedd y Cyngor wedi cyflawni ei ddyletswyddau a bodloni gofynion Mesur Llywodraeth Leol (Cymru) 2009; a
- cynnal astudiaethau er mwyn gwneud argymhellion i wella darbodaeth, effeithlonrwydd ac effeithiolrwydd neu i wella'r trefniadau ariannol neu drefniadau eraill yn ymwneud â rheoli.

Yr oedd y Cynllun yn manylu ar y gwaith oedd i'w wneud gan Swyddfa Archwilio Cymru wrth archwilio cyfrifon y Cyngor, pryd y câi'r gwaith ei wneud, faint y byddai'n ei gostio a phwy fyddai'n ei wneud.

Gan ymateb i gwestiwn, cytunodd cynrychiolwyr Swyddfa Archwilio Cymru i ddarparu rhagor o wybodaeth yn y cyfarfod nesaf ynghylch ffioedd.

**PENDERFYNWYD derbyn y fersiwn drafft o Gynllun Archwilio 2015 ar gyfer Cyngor Sir Caerfyrddin.**

**6.3. CRONFA BENSIWN DYFED - CYNLLUN ARCHWILIO 2016**

Bu'r Pwyllgor yn ystyried Cynllun Archwilio 2016 ar gyfer Cronfa Bensiwn Dyfed. Yr oedd yn rhaid i Swyddfa Archwilio Cymru, yn unol â'i rhwymedigaethau o dan

y Côt Ymarfer Archwilio, edrych yn fanwl ar ddatganiadau cyfrifon Cronfa Dyfed Bensiwn ac ardystio a oeddynt "yn wir ac yn deg".

Yr oedd y Cynllun yn manylu ar y gwaith oedd i'w wneud gan Swyddfa Archwilio Cymru wrth archwilio cyfrifon Cronfa Bensiwn Dyfed am y flwyddyn yn diweddu 31<sup>ain</sup> Mawrth, 2016, pryd y câi'r gwaith ei wneud, faint y byddai'n ei gostio a phwy fyddai'n ei wneud.

## **PENDERFYNWYD derbyn Cynllun Archwilio 2016 ar gyfer Cronfa Bensiwn Dyfed.**

### **7. CÔD RHEOLAETH CORFFORAETHOL**

Bu'r Pwyllgor yn ystyried y Côt Llywodraethu Corfforaethol, fel yr oedd wedi'i ddiweddarau, a'r Cylch Gwaith ar gyfer y Grŵp Llywodraethu Corfforaethol.

Gofynnwyd cwestiwn am y cyfeiriad yn y Côt at yr Arweinydd a'r Prif Weithredwr yn *trafod telerau* eu rolau. Gan ymateb i'r cwestiwn dywedwyd bod y geiriad yn gyson â'r hyn oedd yn nogfennau CIPFA/SOLACE sef 'Delivering Good Governance in Local Government'. Fodd bynnag, barn gyffredinol y Pwyllgor oedd y dylid gwaredu o'r Côt unrhyw gyfeiriad at 'drafod telerau' o ran hyn o beth.

### **PENDERFYNWYD**

**7.1 cymeradwyo'r Côt Llywodraethu Corfforaethol fel yr oedd wedi'i ddiweddarau;**

**7.2 cymeradwyo Cylch Gwaith y Grŵp Llywodraethu Corfforaethol, yn amodol ar y newid canlynol yn unol ag Egwyddor 2 yn yr Atodlen: 'bod protocolau ar waith sy'n sicrhau bod yr Arweinydd a'r Prif Weithredwr yn ~~trafod telerau~~ aeyn cytuno ar eu rolau yn gynnar yn y berthynas, ac sy'n cynnal cyd-ddealltwriaeth o'r rolau'.**

### **8. COFNODION Y GRŴP LLYWODRAETHU CORFFORAETHOL**

**PENDERFYNWYD derbyn cofnodion cyfarfod y Grŵp Llywodraethu Corfforaethol oedd wedi'i gynnal ar 3<sup>ydd</sup> Rhagfyr, 2015.**

### **9. COFNODION Y GRŴP LLYWIO RHEOLI RISG**

**PENDERFYNWYD derbyn cofnodion cyfarfod y Grŵp Llywio Rheoli Risg oedd wedi'i gynnal ar 22<sup>ain</sup> Rhagfyr, 2015.**

### **10. COFNODION Y PANEL GRANTIAU**

**PENDERFYNWYD derbyn cofnodion cyfarfod y Panel Grantiau oedd wedi'i gynnal ar 6<sup>ed</sup> Ionawr, 2016.**

### **11. COFNODION**

**PENDERFYNWYD Ilofnodi cofnodion cyfarfod y Pwyllgor Archwilio oedd wedi'i gynnal ar 18<sup>fed</sup> Rhagfyr, 2015 gan eu bod yn gywir.**

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**CADEIRYDD**

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**DYDDIAD**

## PWYLLGOR ARCHWILIO

Dydd Llun, 16 Mai 2016

**YN BRESENNOL:** Y Cynghorydd C.P.Higgins,

**Y Cynghorwyr:**

H.A.L. Evans, J.D. James, A.G. Morgan, E.G. Thomas, W.G. Thomas a D.E. Williams.

**Yr oedd y swyddogion canlynol yn gwasanaethu yn y cyfarfod:**

C.Moore, Cyfarwyddwr Gwasanaethau Corfforaethol

P. Sexton, Y Pennaeth Archwilio, Rheoli Risg a Chaffael

H. Pugh, Y Rheolwr Archwilio a Rheoli Risg

G. Morgan, Rheolwr Gwasanaethau Democrataidd

**Siambwr, Neuadd y Sir, Caerfyrddin 10.00 a.m. – 12.10 p.m.**

**1. YMDDIHEURIADAU AM ABSENOLDEB**

Cafwyd ymddiheuriad am absenoldeb gan y Cynghorydd G.B.Thomas.

**2. DATGANIADAU O FUDDIANNAU PERSONOL.**

Ni chafwyd dim datganiadau o fuddiant.

**3. ADRODDIAD NAD YDYNT I'W CYHOEDDI**

**PENDERFYNWYD YN UNFRYDOL, yn unol â Deddf Llywodraeth Leol 1972, fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywio) (Cymru) 2007, orchymyn i'r cyhoedd adael y cyfarfod tra oedd yr eitemau canlynol yn cael eu hystyried, gan fod yr adroddiadau yn cynnwys gwybodaeth eithriedig fel y'i diffiniwyd ym Mharagraff 12 o Ran 4 o Atodlen 12A i'r Ddeddf sef gwybodaeth ynghylch unigolyn penodol.**

**4. DERBYN NODIADAU GWEITHREDU CYFARFOD O'R PANEL RHESTR FER A GYNHALIWDYD AR Y 4YDD MAI, 2016.**

Ar ôl cynnal prawf budd y cyhoedd **PENDERFYNWYD**, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 3 uchod, ystyried y mater hwn yn breifat gan orchymyn i'r cyhoedd adael y cyfarfod, gan y byddai'n golygu datgelu gwybodaeth eithriedig yn ymwneud ag unigolyn neilltuol neu wybodaeth a fyddai'n debygol o ddatgelu pwy oedd unigolyn (Paragraff 12 a 13 o Ran 4 o Atodlen 12A i'r Ddeddf).

Roedd prawf budd y cyhoedd mewn perthynas â'r mater hwn yn ymwneud â'r ffaith fod yr adroddiad yn cynnwys gwybodaeth am y ceisiadau a ddaethai i law

am y swydd. Roedd y budd i'r cyhoedd o ran parchu hawl cyfrinachedd pob ymgeisydd yn drech na'r budd i'r cyhoedd o ran datgelu'r wybodaeth honno. Felly ar ôl pwysu a mesur, y farn oedd bod y budd i'r cyhoedd o ran cynnal yr eithriad yn drech na'r budd i'r cyhoedd o ran datgelu'r wybodaeth.

**PENDERFYNWYD derbyn adroddiad cyfarfod y Panel Rhestr Fer a gynhaliwyd ar 4<sup>ydd</sup> Mai 2016.**

**5. DERBYN CYFLWYNIADAU A CHYFWELD YR YMGEISWYR AR Y RHESTR FER AR GYFER SWYDD AELOD ALLANOL O'R PWYLLGOR ARCHWILIO**

Ar ôl cynnal prawf budd y cyhoedd **PENDERFYNWYD**, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 3 uchod, ystyried y mater hwn yn breifat gan orchymyn i'r cyhoedd adael y cyfarfod, gan y byddai'n golygu datgelu gwybodaeth eithriedig yn ymwneud ag unigolyn neilltuol neu wybodaeth a fyddai'n debygol o ddatgelu pwy oedd unigolyn (Paragraff 12 a 13 o Ran 4 o Atodlen 12A i'r Ddeddf).

Roedd prawf budd y cyhoedd mewn perthynas â'r mater hwn yn ymwneud â'r ffaith fod yr adroddiad yn cynnwys copiâu o'r ceisiadau a ddaethai i law am y swydd. Roedd y ceisiadau hyn yn cynnwys manylion am fywyd preifat pob ymgeisydd. Roedd y budd i'r cyhoedd o ran parchu hawl cyfrinachedd pob ymgeisydd yn drech na'r budd i'r cyhoedd o ran datgelu'r wybodaeth honno. Felly ar ôl pwysu a mesur, y farn oedd bod y budd i'r cyhoedd o ran cynnal yr eithriad yn drech na'r budd i'r cyhoedd o ran datgelu'r wybodaeth.

Bu'r Pwyllgor yn cyfweld â thri ymgeisydd ar gyfer swydd aelod allanol â phleidlais o'r Pwyllgor Archwilio.

Ar ôl ystyried y cyflwyniadau gan yr ymgeiswyr,

**PENDERFYNWYD ARGYMELL I'R CYNGOR fod y Cyngor Sir yn penodi Mrs Julie James yn Aelod Allanol â Phleidlais o'r Pwyllgor Archwilio am y cyfnod rhwng 1<sup>af</sup> Gorffennaf 2016 a 30<sup>ain</sup> Mehefin 2019 a hynny er mwyn bodloni gofynion Cyfansoddiad y Cyngor.**

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CADEIRYDD

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DYDDIAD