

DYDD GWENER, 9 HYDREF 2020

AT: HOLL AELODAU'R PWYLLGOR ARCHWILIO

YR WYF DRWY HYN YN EICH GALW I FYNYCHU CYFARFOD RHITHWIR O'R **PWYLLGOR ARCHWILIO** SYDD I'W GYNNAL AM **10.00 YB** AR **DYDD GWENER, 16EG HYDREF, 2020**, ER MWYN CYFLAWNI'R MATERION A AMLINELLIR AR YR AGENDA SYDD ATODEDIG.

*Wendy Walters*

**PRIF WEITHREDWR**

Swyddog Democrataidd:	Kevin Thomas
Ffôn (Llinell Uniongyrchol):	01267 224027
E-bost:	<a href="mailto:kjthomas@sirgar.gov.uk">kjthomas@sirgar.gov.uk</a>

**SYLWCH:**

Os oes angen cyfieithu ar y pryd o'r Gymraeg i'r Saesneg arnoch yn ystod y cyfarfod, ffoniwch 0330 336 4321 Cyfrin-gôd: 96221472#

**(Am daliadau galwad cysylltwch â'ch darparwr gwasanaeth.)**

Wendy Walters Prif Weithredwr, *Chief Executive*,  
Neuadd y Sir, Caerfyrddin. SA31 1JP  
County Hall, Carmarthen. SA31 1JP

# **PWYLLGOR ARCHWILIO**

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

## **GRŴP PLAID CYMRU – 4 AELOD**

1. Y Cynghorydd Kim Broom
2. Y Cynghorydd Karen Davies
3. Y Cynghorydd Gareth John
4. Y Cynghorydd Elwyn Williams

## **GRŴP LLAFUR – 2 AELOD**

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

## **GRŴP ANNIBYNNOL – 1 AELOD**

1. Y Cynghorydd Giles Morgan [Is-Gadeirydd]

## **GRŴP ANNIBYNNOL NEWYDD – 1 AELOD**

1. Y Cynghorydd Louvain Roberts

## **AELOD ALLANOL Â PHLEIDLAIS (1)**

**Mrs. Julie James**

# AGENDA

1. YMDDIHEURIADAU AM ABSENOLDEB.
2. DATGANIADAU O FUDDIANNAU PERSONOL.
3. DATGANIAD CYFRIFON CRONFA BENSIWN DYFED:-
  - 3.1 ADRODDIAD DATGANIADAU ARIANNOL Y CRONFA BENSIWN DYFED 5 - 24
  - 3.2 LLYTHYR CYNRYCHOLAETH I ARCHWILIO CYMRU CRONFA BENSIWN DYFED 25 - 32
  - 3.3 YMHOLIADAU ARCHWILIO AR GYFER Y RHEINY SYDD YN GYFRIFOL AM LYWODRAETHU A RHEOLAETH 33 - 52
  - 3.4 DATGANIAD CYFRIFON CRONFA BENSIWN DYFED 2019-20 53 - 94
4. Y DIWEDDARAF YNGHYLCH AR CYNLLUN ARCHWILIO MEWNOL 2020/21 95 - 102
5. BLAENRHAGLEN GWAITH Y PWYLLGOR ARCHWILIO 103 - 110
6. ADRODDIADAU CYNNYDD:-
  - 6.1 CANOLFAN SGŌ PENBRE 111 - 118
  - 6.2 CANOLFAN HAMDDEN LLANELLI 119 - 130
7. STRATEGAETH GWRTH-DWYLL A LLYGREDD 131 - 148
8. LLOFNODI YN GOFNOD CYWIR COFNODION CYFARFOD Y PWYLLGOR A GYNHALIWDYD AR 11EG MEDI, 2020. 149 - 158

Mae'r dudalen hon yn wag yn fwriadol

**PWYLLGOR ARCHWILIO  
DYDDIAD 16/10/2020**

**Adroddiad Datganiadau Ariannol y Cronfa Bensiwn Dyfed**

**Mae'r Archwilydd Cyffredinol yn gyfrifol am ddarparu barn a yw'r Datganiadau Ariannol yn rhoi darlun cywir a theg ynglŷn â sefyllfa ariannol Cronfa Bensiwn Dyfed ar 31 Mawrth 2020.**

**YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:**

I dderbyn adroddiad Archwilio Cymru o'r Datganiadau ariannol Cronfa Bensiwn Dyfed 2019-20.

**Y RHESYMAU:**

Mae'r Archwilydd Cyffredinol yn gyfrifol am ddarparu barn a yw'r Datganiadau Ariannol yn rhoi darlun cywir a theg ynglŷn â sefyllfa ariannol Cronfa Bensiwn Dyfed ar 31 Mawrth 2020.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol AMHERTHNASOL

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'r Gyfarwyddwr:  
Chris Moore

Awdur yr Adroddiad:  
Chris Moore

Swydd:

Cyfarwyddwr  
Gwasanaethau  
Corfforaethol, Cyngor  
Sir Gâr

Rhifau ffôn: 01267 224120

Cyfeiriadau e-bost:

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

**EXECUTIVE SUMMARY  
AUDIT COMMITTEE  
DATE 16/10/2020**

**Dyfed Pension Fund Audit of Financial Statements report**

The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the position of Dyfed Pension Fund at 31 March 2020. This report summarises the findings from the audit undertaken.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

### Legal

Compliance with the Accounts and Audit Regulations 2014

## CONSULTATIONS

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

Signed: **C Moore**

Director of Corporate Services

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

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

NA

EXECUTIVE BOARD PORTFOLIO HOLDER(S) AWARE/CONSULTED : Yes

**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
<b>Accounts and Audit (Wales) Regulations 2014</b>		<b>Corporate Services Department, County Hall, Carmarthen</b>
<b>Code of Practice on Local Authority Accounting 2019/20</b>		<b>Corporate Services Department, County Hall, Carmarthen</b>



## Audit of Accounts Report – Dyfed Pension Fund

Audit year: 2019-20

Date issued: October 2020

Document reference: 2072A2020-21

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

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

# Contents

We intend to issue an unqualified audit report on your Accounts. There are some matters to report to you prior to their approval.

## Audit of Accounts Report

Introduction	4
Impact of COVID-19 on this year's audit	4
Proposed audit opinion	6
Significant issues arising from the audit	6

## Appendices

Appendix 1 – Final Letter of Representation	8
Appendix 2 – Proposed audit report	11
Appendix 3 – Summary of corrections made	15

# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2019-20 accounts in this report.
- 2 We have already discussed these issues with the Director of Corporate Services and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £23.7 million for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
  - Key Management Personnel Salaries - £1,000
  - Related Parties - £10,000
- 6 Although we have completed the majority of our audit work at the time of drafting this report, we have yet to complete:
  - the final review of our audit file; and
  - our final review of the revised 2019-20 financial statements;
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

## Impact of COVID-19 on this year's audit

- 8 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You were required by law to prepare accounts and it is of testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful for the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 9 Due to the impact of the COVID-19 pandemic this year, we received the Pension Fund's draft statement of accounts on 12 June 2020, which was slightly after the original planned date of 29 May 2020.
- 10 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

## Exhibit 1 – impact of COVID-19 on this year’s audit

<p><b>Timetable</b></p>	<ul style="list-style-type: none"> <li>• The agreed date for providing the draft statement of accounts for audit was 29 May 2020.</li> <li>• We received the draft accounts on 12 June 2020.</li> <li>• We agreed that the Pension Fund audit would commence upon the completion of our local Council audits.</li> <li>• The audit was substantially completed by 25 September 2020.</li> </ul>
<p><b>Electronic signatures</b></p>	<p>The current plan is for the Audit Committee to approve the 2019-20 financial statements at its virtual meeting on 16 October 2020. The Section 151 officer will then arrange for manual signatures to be obtained prior to the audit opinion being issued.</p> <p>There are no current plans to use electronic signatures, however, should the Council decide they should proceed on this basis then we can accept the use of electronic signatures and electronic transfer of files during the approval and signing process.</p>
<p><b>Audit evidence</b></p>	<p>As in previous years, we received the majority of audit evidence in electronic format. We have used various techniques to ensure its validity. Where we have been unable to obtain access to paper documents because of COVID-19 restrictions, we have devised alternative audit methodologies to obtain sufficient audit evidence. Specifically:</p> <ul style="list-style-type: none"> <li>• officers provided electronic working papers in accordance with our agreed Audit Deliverables Report;</li> <li>• officers provided audit evidence to the audit team via e-mail or the shared folder accessible by auditors through the Council laptops;</li> <li>• officers were available by video conferencing for discussions, and for the sharing of on-screen information/evidence; and</li> <li>• Audit Wales also secured remote read-only access to the Agresso ledger system which enabled the audit team to run reports and view evidence and hence reduce the burden on officers to provide this information.</li> </ul>
<p><b>Other</b></p>	<ul style="list-style-type: none"> <li>• Video conferencing has enabled the audit team to correspond effectively with officers throughout the audit.</li> <li>• Video-conference-based Audit Committee meetings have enabled us to proficiently discharge our responsibility for reporting to those charged with governance.</li> </ul>

- 11 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

## Proposed audit opinion

- 12 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 13 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 14 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards.
- 15 Our proposed audit report is set out in **Appendix 2**. This audit report includes an emphasis of matter paragraph. The aim of this paragraph is to draw the attention of the reader of the accounts to Note 11 in the financial statements.
- 16 Note 11 includes reference to material uncertainty clauses disclosed in year-end valuation reports for a pooled property fund and the Strategic Alternative Income Fund (SAIF). The total value of these funds as at 31 March 2020 is £296 million and £53 million respectively.
- 17 The audit opinion is not modified in respect of this matter.

## Significant issues arising from the audit

### Uncorrected misstatements

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

### Corrected misstatements

- 19 There were initially misstatements in the accounts that have now been corrected by management. The most significant of these amendments are drawn to your attention in **Appendix 3**.

### Other significant matters encountered and resolved during the audit

- 20 In the course of the audit, we considered a number of matters relating to the accounts. **Exhibit 2** includes commentary on the more significant matters we encountered and worked with management to resolve.

**Exhibit 2 – Significant matters encountered and resolved during the 2019-20 audit**

<b>Significant matters encountered and resolved during the 2019-20 audit</b>		
<p><b>Material uncertainty in relation to property assets</b></p>	<p>We have requested that the Council sets out in Note 11 additional narrative to disclose the material uncertainty in relation to property asset investments.</p>	<p>The Council has included the additional narrative disclosure. We have also drawn the reader’s attention to this disclosure in an emphasis of matter paragraph in our audit report.</p> <p>The audit opinion is not modified in respect of this matter.</p>
<p><b>Year-end investment valuations</b></p>	<p>Given the impact of COVID 19 and the potential of significant market volatility around the year-end, we reviewed all investment valuations to ensure these were based on actual figures. This allowed us to confirm that the fair value of investment assets in the 2019-20 financial statements was reasonable.</p>	<p>No adjustments were required to be made to the 2019-20 financial statements.</p>
<p><b>Impact of McCloud Pension remedy proposals on disclosures in the Actuarial Statement</b></p>	<p>Our audit plan highlighted the impact of the McCloud judgement as a potential audit risk for this year’s audit. An estimate for this potential liability was compiled prior to the proposed remedy being known and is included in the Actuarial Statement in the 2019-20 financial statements.</p> <p>On 16 July 2020 the UK government proposed its remedy, and this had the potential to significantly impact this estimate.</p>	<p>We corresponded with management and their actuary to assess whether the estimate for this potential liability was in line with the proposed remedy. We have received confirmation from the actuary that their assumptions were similar to the subsequently proposed remedy. Therefore, we were able to conclude that the estimate included in the 2019-20 financial statements disclosures was reasonable.</p>

# Appendix 1

## Final letter of representation

[Audited body's letterhead]

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

[Date]

## Representations regarding the 2019-20 financial statements

This letter is provided in connection with your audit of the financial statements of Dyfed Pension Fund for the year ended 31 March 2020 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

## Management representations

### Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2019-20; in particular the financial statements give a true and fair view in accordance therewith; and
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

## Information provided

We have provided you with:

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



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

## Financial statement representations

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

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

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

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

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

The financial statements are free of material misstatements, including omissions.

## Representations by those charged with governance

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on 16 October 2020.

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

Signed by:

Director of Corporate Services

Date:

Signed by:

Chair of the Audit Committee

Date:

# Appendix 2

## Proposed Audit Report

### **The independent auditor's report of the Auditor General for Wales to the Members of Carmarthenshire County Council as administering authority for Dyfed Pension Fund**

#### **Report on the audit of the financial statements**

##### **Opinion**

I have audited the financial statements of Dyfed Pension Fund for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004. Dyfed Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020, and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

##### **Basis for opinion**

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

## **Emphasis of matter – effects of the COVID-19 pandemic on the valuation of property fund and alternative assets**

I draw attention to Note 11 of the financial statements, which describes the impact of a material uncertainty disclosed in the fund managers year-end valuation reports for the UK property fund and alternatives fund they manage on behalf of the Dyfed Pension Fund. The Fund has disclosed this material uncertainty and my audit opinion is not modified in respect of this matter.

## **Conclusions relating to going concern**

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

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

## **Other information**

The responsible financial officer is responsible for the other information in the statement of accounts. The other information comprises the narrative report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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

## **Report on other requirements**

### **Opinion on other matters**

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

- the information contained in the narrative report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I report by exception**

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

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

## **Certificate of completion of audit**

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

## **Responsibilities**

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

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

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

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

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

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

Adrian Crompton  
Auditor General for Wales  
October 2020

24 Cathedral Road  
Cardiff  
CF11 9LJ

# Appendix 3

## Summary of corrections made

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

### Exhibit 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
2019-20 £6.99 million 2018-19 £4.53million	<p>Indirect investment management fees included transaction and implicit costs but did not result in any cash movement between the pension fund and investment managers.</p> <p>These fees were correctly included in investment management fee expenditure. However, the double entry was a credit to investment income in the fund account rather than a movement to the net asset value in the balance sheet.</p> <p>Adjustments have been made to both the 2018-19 and 2019-20 figures to rectify the accounting for these transactions. These adjustments did not alter the net expenditure nor net investments assets figures in the financial statements.</p>	<p>To ensure compliance with CIPFA guidance around transparency of investment management fees.</p>
Various presentational amendments	<p>Various other minor presentational amendments were made to the narrative report and draft statement of accounts. There was no overall impact on the net expenditure or net investment assets of the Fund.</p>	<p>To ensure accuracy and completeness of the financial statements.</p>



Audit Wales  
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Cardiff CF11 9LJ

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

We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



**PWYLLGOR ARCHWILIO  
DYDDIAD 16/10/2020**

**LLYTHYR CYNRYCHIOLAETH I ARCHWILIO CYMRU  
CRONFA BENSIWN DYFED**

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

**YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:**

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

**Y RHESYMAU:**

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

Angen ymgynghori â'r Pwyllgor Craffu perthnasol AMHERTHNASOL

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'r Cyfarwyddwr:  
Chris Moore

Awdur yr Adroddiad:  
Chris Moore

Swydd:

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Gwasanaethau  
Corfforaethol, Cyngor  
Sir Gâr

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CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY  
AUDIT COMMITTEE  
DATE 16/10/2020**

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

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

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

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

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

Signed: **C Moore** Director

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

## CONSULTATIONS

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

Signed: **C Moore** Director

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

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

NA

EXECUTIVE BOARD PORTFOLIO HOLDER(S) AWARE/CONSULTED : Yes

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

**THERE ARE NONE**

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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Mae'r dudalen hon yn wag yn fwriadol

Eich cyf / Your ref:

Fy nghyf / My ref:

Dyddiad / Date: 16<sup>th</sup> October 2020

Gofynner am / Please ask for: Chris Moore

Llinell Uniongyrchol / Direct Line: 01267 224120

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

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

## Representations regarding the 2019-20 financial statements

This letter is provided in connection with your audit of the financial statements of Dyfed Pension Fund for the year ended 31 March 2020 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

## Management representations

### Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2019-20; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

### Chris Moore FCCA

Cyfarwyddwr y Gwasanaethau Corfforaethol,  
Neuadd y Sir, Caerfyrddin, Sir Gaerfyrddin SA31 1JP

Director of Corporate Services,  
County Hall, Carmarthen Carmarthenshire SA31 1JP



BUDDSODDWR | INVESTORS  
MEWN POBL | IN PEOPLE

Mae croeso i chi gysylltu â mi yn y Gymraeg neu'r Saesneg  
You are welcome to contact me in Welsh or English

## Information provided

We have provided you with:

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

## Financial statement representations

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

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

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

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

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

The financial statements are free of material misstatements, including omissions.

## Representations by those charged with governance

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on 16 October 2020.

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

Signed by:

Director of Corporate Services

Date:

Signed by:

Chair of the Audit Committee

Date:

Mae'r dudalen hon yn wag yn fwriadol



**PWYLLGOR ARCHWILIO  
DYDDIAD 16/10/2020**

**Ymholiadau Archwilio ar gyfer y rheiny sydd yn gyfrifol am  
lywodraethu a rheolaeth**

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

**YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU  
HANGEN:**

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

**Y RHESYMAU:**

Rhoi sicrwydd i Archwilio Cymru ynghylch nifer o feysydd llywodraethu sy'n  
effeithio ar yr archwiliad o datganiadau ariannol y Cronfa Bensiwn Dyfed.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol AMHERTHNASOL

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'r Cyfarwyddwr:  
Chris Moore

Awdur yr Adroddiad:  
Chris Moore

Swydd:

Cyfarwyddwr  
Gwasanaethau  
Corfforaethol, Cyngor  
Sir Gâr

Rhifau ffôn: 01267 224120

Cyfeiriadau e-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY  
AUDIT COMMITTEE  
DATE 16/10/2020**

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

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

The areas of governance on which they are seeking views:

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

The information provided informs their understanding of the Dyfed Pension Fund and its business processes and supports their work in providing an audit opinion on the 2019/20 financial statements.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

## CONSULTATIONS

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

Signed: **C Moore**

Director of Corporate Services

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

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

NA

EXECUTIVE BOARD PORTFOLIO  
HOLDER(S) AWARE/CONSULTED : Yes

**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
<b>2019-20 DPF working papers</b>		<b>County Hall, Carmarthen</b>

24 Cathedral Road / 24 Heol y Gadeirlan  
Cardiff / Caerdydd  
CF11 9LJ  
Tel / Ffôn: 029 2032 0500  
Fax / Ffacs: 029 2032 0600  
Textphone / Ffôn testun: 029 2032 0660  
[info@audit.wales](mailto:info@audit.wales) / [post@archwilio.cymru](mailto:post@archwilio.cymru)  
[www.audit.wales](http://www.audit.wales) / [www.archwilio.cymru](http://www.archwilio.cymru)

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

Dear Chris

### **Dyfed Pension Fund 2019-20**

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

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

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

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

The information you provide will inform our understanding of the Pension Fund's arrangements and business processes and support our work in providing an audit opinion on their 2019-20 financial statements.

I have included your responses for 2018-19 in Appendix 1 and would be grateful if you could these to reflect your current arrangements. Could you please provide this information on behalf of both management and those charged with governance by 31st July 2020. In the meantime, if you have queries, please contact me on 07792 015416.

Yours sincerely

Jason Garcia  
Audit Manager

## Appendix A

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

#### Background

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

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

The ISA views fraud as either:

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

#### What are we required to do?

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

Enquiries of management		
Question	2018-19 Response	2019-20 Response
1) What is management's assessment of the risk that the financial statements may be materially misstated due to fraud and what are the principle reasons?	<p>It is management's opinion that the risk of material misstatement of the financial statements due to fraud are low due to the checks and controls that are in place.</p> <p>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. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members. The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud.</p> <p>The Authority's Anti-Fraud and Anti-Corruption Strategy 2011/2015 was approved by Audit Committee in 30<sup>th</sup> September 2011 and is available on the Authority's Intranet. Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p>	<p>It is management's opinion that the risk of material misstatement of the financial statements due to fraud are low due to the checks and controls that are in place.</p> <p>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. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members. The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud.</p> <p>The Authority's Anti-Fraud and Anti-Corruption Strategy 2011/2015 was approved by Audit Committee in 30<sup>th</sup> September 2011 and is available on the Authority's Intranet. Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p>



	<p>The Authority participates in the <b>"National Fraud Initiative"</b>, where data on Payroll, Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues are matched nationally to identify potential individual frauds. The exercise reviewing data nationally across Local Authorities and other Public Sector Organisations was undertaken during 2016/2017.</p> <p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority. Internal Audit plan their work using risk assessment principles and taking into account changes in services. The adoption of a three-year rolling programme provides assurance of the adequacy of audit coverage and allows the flexibility to deal with changes to systems within the Authority.</p> <p>Internal Audit continues to provide training to a range of staff. Fraud awareness is a key area covered as part of the training</p>	<p>The Authority participates in the <b>"National Fraud Initiative"</b>, where data on Payroll, Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues are matched nationally to identify potential individual frauds. The exercise reviewing data nationally across Local Authorities and other Public Sector Organisations was undertaken during 2016/2017.</p> <p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority. Internal Audit plan their work using risk assessment principles and taking into account changes in services. The adoption of a three-year rolling programme provides assurance of the adequacy of audit coverage and allows the flexibility to deal with changes to systems within the Authority.</p> <p>Internal Audit continues to provide training to a range of staff. Fraud awareness is a key area covered as part of the training</p>
2) How can management assure those charged with governance that it has not been inappropriately influenced by external pressures?	<p>There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure</p>	<p>There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure</p>

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

relevant parties, and when?	All staff are required to make an annual declaration of personal interests and are reminded of the Officers code of Conduct	All staff are required to make an annual declaration of personal interests and are reminded of the Officers code of Conduct.
6) What arrangements are in place to report about fraud to those charged with governance?	The Annual Report from the designated Head of Audit to Audit Committee provides an opportunity to summarise issues relating to fraud or to report any individual cases which have reached a conclusion. Any significant case of fraud concluding during the year could form a separate Agenda Item to appraise the Committee of the facts of the individual case and advise of the control measures either already put in place or to be put in place to minimise the risk of any recurrence.	The Annual Report from the designated Head of Audit to Audit Committee provides an opportunity to summarise issues relating to fraud or to report any individual cases which have reached a conclusion. Any significant case of fraud concluding during the year could form a separate Agenda Item to appraise the Committee of the facts of the individual case and advise of the control measures either already put in place or to be put in place to minimise the risk of any recurrence.
<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>2018-19 Response</b>	<b>2019-20 Response</b>
1) How do those charged with governance, exercise oversight of management's processes for identifying and responding to the risks of fraud within the Pension Fund and the internal control that management has established to mitigate those risks?	Approval of the Anti-Fraud and Anti-Corruption Strategy 2011-2015 approved by Audit Committee in 30 <sup>th</sup> September 2011 The Strategy sets out the Framework for detecting and dealing with fraud matters within the Council. Regular Audit Plan updates to Audit Committee, and reports on control issue identified during audits.	Approval of the Anti-Fraud and Anti-Corruption Strategy 2011-2015 approved by Audit Committee in 30 <sup>th</sup> September 2011 The Strategy sets out the Framework for detecting and dealing with fraud matters within the Council. Regular Audit Plan updates to Audit Committee, and reports on control issue identified during audits.

2) Have those charged with governance knowledge of any actual, suspected or alleged fraud since 1 April 2019?	Audit Committee is a public meeting so individual cases of “suspected fraud” cannot be discussed in such a forum. The Chair and Vice Chair of Audit Committee are provided with greater detail and day to day access to the Internal Audit Management Team. Details of suspected fraud would be shared “informally” with the Chair and Vice Chair i.e. outside of the Formal Committee Meeting.	Audit Committee is a public meeting so individual cases of “suspected fraud” cannot be discussed in such a forum. The Chair and Vice Chair of Audit Committee are provided with greater detail and day to day access to the Internal Audit Management Team. Details of suspected fraud would be shared “informally” with the Chair and Vice Chair i.e. outside of the Formal Committee Meeting.
3) Have those charged with governance any suspicion that fraud may be occurring within the organisation?	All Members and employees have a responsibility to report Fraud and Corruption when they become aware of it. Under Financial Procedure Rules any suspected case of fraud or corruption by any officer or member must be reported to the Head of Audit, Risk and Procurement. Carmarthenshire County Council has a “Whistleblowing policy”, managed by the Monitoring officer. This policy enables employees to raise concerns and also safeguard their interests in line with the Public Interest Disclosure Act 1998. Staff and the public are able to report suspected Benefit Fraud including Housing and Council Tax Benefit fraud through the dedicated “Fraud Hotline”.	All Members and employees have a responsibility to report Fraud and Corruption when they become aware of it. Under Financial Procedure Rules any suspected case of fraud or corruption by any officer or member must be reported to the Head of Audit, Risk and Procurement. Carmarthenshire County Council has a “Whistleblowing policy”, managed by the Monitoring officer. This policy enables employees to raise concerns and also safeguard their interests in line with the Public Interest Disclosure Act 1998. Staff and the public are able to report suspected Benefit Fraud including Housing and Council Tax Benefit fraud through the dedicated “Fraud Hotline”.
4) Are those charged with governance satisfied that internal controls, including segregation of duties, exist and work effectively? If ‘yes’, please provide details. If	Yes Regular Audit Plan updates to Audit Committee, and proposed coverage for coming financial years. Reports on control issue identified during audits	Yes Regular Audit Plan updates to Audit Committee, and proposed coverage for coming financial years. Reports on control issue identified during audits.

'no' what are the risk areas?		
5) How do you encourage staff to report their concerns about fraud and what concerns about fraud are staff expected to report?	<p>The Authority's Whistleblowing policy sets out a working environment where Staff can feel confident to raise any concerns about malpractice within the Council. Malpractice can include fraud, corruption, bribery, dishonesty, financial irregularities, serious maladministration because of deliberate and improper conduct, unethical activities (which may be of a criminal nature) and dangerous acts or omissions which create a risk to health, safety or the environment, criminal offences, or failure to comply with a legal or regulatory obligation.</p> <p>The Whistleblowing Procedure is regularly monitored by a Whistleblowing Group and annual reports regarding whistleblowing are submitted to Standards Committee</p>	<p>The Authority's Whistleblowing policy sets out a working environment where Staff can feel confident to raise any concerns about malpractice within the Council. Malpractice can include fraud, corruption, bribery, dishonesty, financial irregularities, serious maladministration because of deliberate and improper conduct, unethical activities (which may be of a criminal nature) and dangerous acts or omissions which create a risk to health, safety or the environment, criminal offences, or failure to comply with a legal or regulatory obligation.</p> <p>The Whistleblowing Procedure is regularly monitored by a Whistleblowing Group and annual reports regarding whistleblowing are submitted to Standards Committee.</p>
6) From a fraud and corruption perspective, what are considered by those charged with governance to be high risk posts within the organisation and how are the risks relating to these posts identified, assessed and managed?	<p>The Audit Committee rely on both Internal Audit and External Audit to undertake an ongoing comprehensive review of the Authority. Individuals controlling large amounts of money / cash or managing high value or attractive assets will naturally be seen as higher risk albeit controls should be more secure to prevent any abuse. The Internal Audit Plan is compiled using a Risk Based Approach which takes in to account issues such as value, nature of transaction, past problems etc.</p> <p>The Pensions Administration section has an audit trail of all transactions via the workflow system in addition to the daily journals which record each key suppression. Staff members are restricted on access level by the software 'check pointing' facility. The</p>	<p>The Audit Committee rely on both Internal Audit and External Audit to undertake an ongoing comprehensive review of the Authority. Individuals controlling large amounts of money / cash or managing high value or attractive assets will naturally be seen as higher risk albeit controls should be more secure to prevent any abuse. The Internal Audit Plan is compiled using a Risk Based Approach which takes in to account issues such as value, nature of transaction, past problems etc.</p> <p>The Pensions Administration section has an audit trail of all transactions via the workflow system in addition to the daily journals which record each key suppression. Staff members are restricted on access level by the software 'check pointing' facility. The</p>

	<p>pension fund participates in the NFI and additionally undertakes monthly mortality screening of pensioners and an annual screening of deferred members. The section has annual payroll and system audits by Carmarthenshire's audit team.</p> <p>Any fraud identified would immediately be reported to Head of Financial Services and the Local Pension Board.</p>	<p>pension fund participates in the NFI and additionally undertakes monthly mortality screening of pensioners and an annual screening of deferred members. The section has annual payroll and system audits by Carmarthenshire's audit team.</p> <p>Any fraud identified would immediately be reported to the Head of Financial Services and the Pension Board.</p>
7) Are those charged with governance aware of any related party relationships or transactions that could give rise to instances of fraud and how does they mitigate the risks associated with fraud related to related party relationships and transactions?	All Related Party Transactions are disclosed in the statement of Accounts as confirmed in the letter of representation.	All Related Party Transactions are disclosed in the statement of Accounts as confirmed in the letter of representation.
8) Are those charged with governance aware of any entries made in the accounting records of the organisation that it believes or suspects are false or intentionally misleading?·	No – the Letter of representation confirms that the financial statements are free of material misstatements, including omissions	No – the Letter of representation confirms that the financial statements are free of material misstatements, including omissions.

<p>9) Are those charged with governance aware of any organisational, or management pressure to meet revenue and capital budgets or other financial constraints?</p>	<p>Three Elected Members sit on the pension committee and are kept informed quarterly on the global financial outlook and the performance/value of the pension fund.</p>	<p>Three Elected Members sit on the pension committee and are kept informed quarterly on the global financial outlook and the performance/value of the pension fund.</p>
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## International Standard for Auditing (UK and Ireland) 250 – Consideration of laws and regulations in an audit of financial statements

### Background

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

### What are we required to do?

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

Enquiries of management		
Question	2018-19 Response	2019-20 Response
1) How have you gained assurance that all relevant laws and regulations have been complied with?	Local Government Pension Scheme training courses and conferences run by the Local Government Chronicle and Pensions and Lifetime Savings Association. Regulatory documents from the Ministry of Housing, Communities & Local Government. WAO findings	Local Government Pension Scheme training courses and conferences run by the Local Government Chronicle and Pensions and Lifetime Savings Association. Regulatory documents from the Ministry of Housing, Communities & Local Government. Audit Wales findings.
2) Are there any potential litigations or claims that would affect the financial statements?	No – covered in the letter of representation. Enquiries are made of the Assistant Chief Executive (HR) and the Monitoring Officer at year end, and again pre-publication of the statement to identify any potential post balance sheet date events. All known actual or possible litigation and claims whose effects should be	No – covered in the letter of representation. Enquiries are made of the Assistant Chief Executive (HR) and the Monitoring Officer at year end, and again pre-publication of the statement to identify any potential post balance sheet date events. All known actual or possible litigation and claims whose effects should be considered when



	considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework	preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework
<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>2018-19 Response</b>	<b>2019-20 Response</b>
1) How do those charged with governance, exercise oversight of management's processes to ensure that all relevant laws and regulations have been complied with?	Reliance on Internal Audit, Monitoring Officer, Section 151 Officer, Letter of representation and WAO feedback	Reliance on Internal Audit, Monitoring Officer, Section 151 Officer, Letter of representation and Audit Wales feedback
2) Are those charged with governance aware of any non-compliance with relevant laws and regulations?	No	No
3) If there have been instances of non-compliance what are they, and what oversight have those charged with governance had to ensure that action taken by management to address and gaps in control?	No	No

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

### Background

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

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

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

### What are we required to do?

Where the applicable financial reporting framework establishes requirements for related parties, the auditor has a responsibility to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in

accordance with the requirements of the framework. We are therefore making requests from both management and those charged with governance:

<b>Enquiries of management</b>		
<b>Question</b>	<b>2018-19 Response</b>	<b>2019-20 Response</b>
1) What controls are in place to identify, authorise, approve, account for and disclose related party transactions and relationships?	<p>Enquires made of relevant officers and members for details of any potential related party transactions. Evidence subjected to audit by WAO.</p> <p>Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed.</p>	<p>Enquires made of relevant officers and members for details of any potential related party transactions. Evidence subjected to audit by Audit Wales.</p> <p>Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed.</p>
2) Confirm that you have: <ul style="list-style-type: none"> <li>• disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which you are aware; and</li> <li>• appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework.</li> </ul>	<p>Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed</p>	<p>Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed.</p>

<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>2018-19 Response</b>	<b>2019-20 Response</b>
1) How do those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transaction sand relationships?	Disclosure made in the statement of Accounts which is approved by the Audit Committee, Letter of Representations and feedback from WAO.	Disclosure made in the statement of Accounts which is approved by the Audit Committee, Letter of Representations and feedback from Audit Wales.

**PWYLLGOR ARCHWILIO  
DYDDIAD 16/10/2020**

**Datganiad Cyfrifon Cronfa Bensiwn Dyfed 2019-20**

**Mae'n ofynnol i'r Cyngor gymeradwyo cyfrifon 2019-20 y Cronfa Bensiwn Dyfed**

**YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:**

Cymeradwyo'r Datganiad Cyfriflen Cronfa Bensiwn Dyfed 2019-2020 ar ôl yr archwiliad.

**Y RHESYMAU:**

Mae angen i'r Cyngor gymeradwyo Cyfriflen Cronfa Bensiwn Dyfed 2019-2020 i gydymffurfio â Rheolau Cyfrifon ac Archwilio (Cymru) 2014. Mae gan y Pwyllgor Archwilio bwer dirprwyedig i gymeradwyo'r Cyfrifon yn unol a'r Mesuriad Llywodreath Leol.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol AMHERTHNASOL

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'r Gyfarwyddwr:  
Chris Moore

Awdur yr Adroddiad:  
Chris Moore

Swydd:

Cyfarwyddwr  
Gwasanaethau  
Corfforaethol, Cyngor  
Sir Gâr

Rhifau ffôn: 01267 224120

Cyfeiriadau e-bost:

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

**EXECUTIVE SUMMARY  
AUDIT COMMITTEE  
DATE 16/10/2020**

**Dyfed Pension Fund Statement of Accounts 2019-2020**

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

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

### Legal

Compliance with the Accounts and Audit Regulations 2014

## CONSULTATIONS

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

Signed: **C Moore**

Director of Corporate Services

#### 1. Scrutiny Committee

NA

#### 2. Local Member(s)

NA

#### 3. Community / Town Council

NA

#### 4. Relevant Partners

NA

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

NA

EXECUTIVE BOARD PORTFOLIO  
HOLDER(S) AWARE/CONSULTED : Yes

**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
<b>Accounts and Audit (Wales) Regulations 2014</b>		<b>Corporate Services Department, County Hall, Carmarthen</b>
<b>Code of Practice on Local Authority Accounting 2019/20</b>		<b>Corporate Services Department, County Hall, Carmarthen</b>



## DYFED PENSION FUND STATEMENT OF ACCOUNTS 2019-2020

### NARRATIVE REPORT

The Dyfed Pension Fund accounts are set out on the following pages and provide information about the financial position, performance and financial adaptability of the Fund for the year 2019-20. 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 2019-20 (the "Code"), which is based upon International Financial Reporting Standards (IFRS), as amended for the public sector. Reference is also made to the Financial Reports of Pension Schemes – A Statement of Recommended Practice published by the Pensions Research Accountants Group (PRAG) where it is felt that these disclosures provide more sufficient detail.

For readers with a more detailed or specialist interest of the operation of the Dyfed Pension Fund during 2019-2020, reference should be made to the Annual Report and Accounts 2019-20 (when published).

The main accounts and reports contained within this Statement of Accounts are as follows:

- The Fund Account.
- The Net Assets Statement.
- The Statement by the Consulting Actuary

### STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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

The Authority is required:

- To make arrangements for the proper administration of the pension fund's 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 the pension fund 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
- Kept proper and timely accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Complied with the Code

### **Certification of Accounts**

I certify that the Statement of Accounts on pages 3 to 37 gives a true and fair view of the financial position of the Dyfed Pension Fund at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

Chris Moore FCCA  
Director of Corporate Services

Dated: 16 October 2020

### **Audit Committee Approval**

Approval of Dyfed Pension Fund Statement of Accounts post audit

Chair of Audit Committee

Dated: 16 October 2020

# **The independent auditor's report of the Auditor General for Wales to the members of Carmarthenshire County Council as administering authority for Dyfed Pension Fund**

## **Report on the audit of the financial statements**

### **Opinion**

I have audited the financial statements of Dyfed Pension Fund for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004. Dyfed Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020, and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

### **Basis for opinion**

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

### **Emphasis of matter – effects of the Covid-19 pandemic on the valuation of property fund and alternative assets**

I draw attention to Note 11 of the financial statements, which describes the impact of a material uncertainty disclosed in the fund managers year-end valuation reports for the UK property fund and alternatives fund they manage on behalf of the Dyfed Pension Fund. The Fund has disclosed this material uncertainty and my audit opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

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

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

### **Other information**

The responsible financial officer is responsible for the other information in the statement of accounts. The other information comprises the narrative report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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

## **Report on other requirements**

### **Opinion on other matters**

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

- the information contained in the narrative report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

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

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

### **Certificate of completion of audit**

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

## **Responsibilities**

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

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

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

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

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

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

Adrian Crompton  
Auditor General for Wales  
October 2020

24 Cathedral Road  
Cardiff  
CF11 9LJ

## Fund Account for the Year Ended 31 March 2020

2018-19 £'000 * Restated		<u>Note</u>	2019-20 £'000
<b>Dealings with members, employers and others directly involved in the Fund</b>			
Contributions			
	Employer		
45,164	Normal		48,008
6,895	Augmentation		7,881
4,107	Past Service Deficit		4,349
	Member		
18,883	Normal		19,961
103	Additional voluntary		221
6,651	Transfers in from other pension funds	6	6,851
81,803			87,271
Benefits payable			
(68,875)	Pensions payable		(72,859)
(12,933)	Commutation and lump sum retirement benefits		(14,708)
(1,923)	Lump sum death benefits		(2,200)
(3,853)	Payments to and on account of leavers	7	(3,597)
(87,584)			(93,364)
<b>(5,781)</b>	<b>Net Additions (Withdrawals) from dealings with Members</b>		<b>(6,093)</b>
(12,532) *	Management Expenses	8	(11,387)
<b>(18,313)</b>	<b>Net Additions (Withdrawals) including fund management expenses</b>		<b>(17,480)</b>
<b>Returns on Investments</b>			
12,213 *	Investment Income	9	13,436
(56)	Taxes on Income (Irrecoverable Withholding Tax)	10	0
Changes in the market value of investments			
(26,956) *	Unrealised	11.2	(217,439)
168,686	Realised	11.3	30,270
<b>153,887</b>	<b>Net Return on Investments</b>		<b>(173,733)</b>
<b>135,574</b>	<b>Net Increase (Decrease) in the net assets available for benefits during the year</b>		<b>(191,213)</b>
2,440,112	Opening Net Assets of Scheme		2,575,686
<b>2,575,686</b>	<b>Closing Net Assets of Scheme</b>		<b>2,384,473</b>

\*Management Expenses restated to include Implicit costs within the Transaction costs. Implicit costs represent the loss of value implied by the difference between the actual transaction price and the mid-market value of the asset immediately before the trade entered the market. Investment Income has been restated to take indirect fees to the Net Asset Value.

## Net Assets Statement for the year ended 31 March 2020

31/03/19 £'000		<u>Note</u>	31/03/20 £'000
2,563,796	Investment Assets		2,365,404
7,052	Cash deposits		12,215
0	Investment liabilities		0
<u>2,570,848</u>		11.1	<u>2,377,619</u>
9,245	Current assets	16	10,386
(4,407)	Current liabilities	17	(3,532)
<u>4,838</u>	Net Current Assets/(Liabilities)		<u>6,854</u>
<u><b>2,575,686</b></u>	<b>Total Net Assets</b>		<u><b>2,384,473</b></u>

## Reconciliation of the movement in Fund Net Assets

2018-19 £'000		2019-20 £'000
2,440,112	Opening Net Assets	2,575,686
(6,156)	Net New Money Invested	(4,044)
141,730	Profit and losses on disposal of investments and changes in the market value of investments	(187,169)
<u><b>2,575,686</b></u>	<b>Closing Net Assets of Fund</b>	<u><b>2,384,473</b></u>

## Notes to the Dyfed Pension Fund Accounts for the year ended 31 March 2020

### 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 2019-2020 (when published) and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

#### 1.1 General

The Fund is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- the LGPS Scheme Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016.

It is a contributory defined pension scheme administered by Carmarthenshire County Council to provide pensions and other benefits for pensionable employees of Carmarthenshire County Council, Pembrokeshire County Council, Ceredigion County Council and a range of other scheduled and admission bodies within the former Dyfed geographical area. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The Fund is overseen by the Dyfed Pension Fund Committee (the Committee).

#### 1.2 Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Dyfed Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admission bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admission bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 66 employer organisations within the Dyfed Pension Fund as at 31 March 2020 and these are detailed in Note 21. The membership details of these organisations are summarised below:

<b>31/03/19</b>		<b>31/03/20</b>
18,446	Number of active contributors in the Fund	18,564
13,256	Number of pensioners	14,059
15,736	Number of deferred pensioners	15,900
<b><u>47,438</u></b> *	<b>Total membership</b>	<b><u>48,523</u></b>
48	Number of employers with active members	46

\* Restated to include Councillor members

These figures reflect the recorded position as at 31 March 2020 but are always subject to some movement post year end for notifications from employing bodies received after this date.

### 1.3 Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2020. Employee contributions are matched by employers' contributions which are set based on the triennial actuarial funding valuation as at 31 March 2016. Currently, employer contribution rates range from 7.4% to 27.6% of pensionable pay as detailed in Note 21.

### 1.4 Benefits

Pension benefits under the LGPS are based on final pensionable pay and length of pensionable service, summarised below:

	<b>Service pre 1 April 2008</b>	<b>Service 31 March 2008 - 31 March 2014</b>
<b>Pension</b>	Each year is worth 1/80 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.

There are a range of other benefits provided under the scheme including early retirement, ill-health pensions and death benefits. For more details, please refer to the Dyfed Pension Fund website – [www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk)

## 2 **Basis of preparation**

The Statement of Accounts summarises the Fund's transactions for the 2019-2020 financial year and its position at year end as at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019-2020 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed in the Statement by the Consulting Actuary.



### **3 Summary of significant accounting policies**

#### Fund Account – revenue recognition

##### **3.1 Contributions**

Normal contributions, both from members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

##### **3.2 Transfers to and from other schemes**

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

##### **3.3 Investment income**

###### **3.3.1 Interest income**

Interest income is recognised in the fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

###### **3.3.2 Dividend income**

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

###### **3.3.3 Distributions from pooled funds**

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

#### 3.3.4 Movement in the net market value of investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

#### 3.4 Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

#### 3.5 Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

As Carmarthenshire County Council is the administering Authority, VAT is recoverable on all Fund Activities. The Accounts are shown exclusive of VAT.

#### 3.6 Management Expenses

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

All administrative expenses are accounted for on an accruals basis. All staff costs of the pensions administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to the Fund in accordance with council policy.

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

An element of one of the Investment Managers' fees is performance related. The performance related fee was £0.76m in 2019-2020 (2018-2019: Fee was £0.67m).

Where an investment manager's fee note has not been received by the year end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2019-2020, no fees are based on such estimates (2018-2019: £0).

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. The Council charged the Pension Fund an amount of £1.1m (£1.0m in 2018-19) in respect of administration and support during 2019-20.

## Net assets statement

### 3.7 Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined as follows:

#### 3.7.1 Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

#### 3.7.2 Fixed interest securities

Fixed interest securities are recorded at net market value.

#### 3.7.3 Unquoted investments

Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the investment manager.

#### 3.7.4 Limited partnerships

Fair value is based on the net asset value ascertained from periodic valuations by those controlling the partnership.

#### 3.7.5 Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if available. If this is not available then these investments will be valued at the closing single price. In the case of accumulation funds, the change in market value will also include income which is reinvested in the Fund.

### 3.8 Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market value of overseas investments and purchases and sales outstanding at the end of the reporting period.

### 3.9 Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

The Fund has had its own bank accounts, which deal with the transactions of the Fund, since 1 April 2011, in accordance with section 6 of the Local Government Pension Scheme (Management and Investment of Pension Funds) Regulations 2009.

Cash balances held by the Fund are invested on a short term basis on the London Money Market by Carmarthenshire County Council until it is required to meet its liabilities or to transfer surplus cash to the investment managers for reinvestment.

### 3.10 Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net asset statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

### 3.11 Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a reference in the accompanying actuarial report.

### 3.12 Additional voluntary contributions (AVC)

Occupational Pension Schemes are required by Statute to provide in-house AVC arrangements. The Fund has joint providers: Prudential, Standard Life and UTMOST (previously Equitable Life), where a range of investment options are available.

It is for individual scheme members to determine how much they contribute (subject to HM Revenue & Customs limits) and the investment components or its mix.

AVC's are invested separately from the assets of the Fund and are not included in the accounts in accordance with section 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Pension Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only - Note 18.

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

### 4.1 Fund liability

The Fund's liability is calculated every three years by the appointed actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 22. This estimate is subject to significant variances based on changes to the underlying assumptions.

### 4.2 Unquoted Property investments – Partners Group Red Dragon Limited Partnership

In assessing the fair value of non-traded financial instruments, the Limited Partnership uses a variety of market and income methods such as time of last financing, earnings and multiple

analysis, discounted cash flow method and third party valuation and makes assumptions that are based on market conditions and expected market participant assumptions existing at the end of each reporting period. Other information used in determining the fair value of non-traded financial instruments include latest financial reports, subsequent cash flows and internally performed monitoring of triggering events (such as exits and IPOs) as well as pricing movements in comparable investments together with techniques such as option pricing models and estimated discounted value of future cash flows. These practices are in line with widely used international industry guidelines. The value of the Partners Group Red Dragon Limited Partnership as at 31st March 2020 was £36.0m (31st March 2019: £36.0m).

## 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 31st March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured.  However, the assumptions interact in complex ways.
Property – Limited Partnership investments	The Limited Partnership property investments are valued in line with widely used industry guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. Fair value adjustments were conducted to bridge the time lag between the latest available investment Net Asset Values. Incorporating the movements seen in capital markets in the fair value adjustment process, Partners Group liaised with various investment partners for indications around their first quarter Net Asset Values. Overall, fair value adjustments applied during the first quarter of 2020 are significantly higher than those applied previously.	The total Limited Partnership property investments are £36.0m. There is a risk that this investment may be under or overstated in the accounts.

## 6 Transfers in from other pension funds

2018-19 £'000		2019-20 £'000
0	Group transfers in from other schemes and scheme mergers	0
6,651	Individual transfers in from other schemes	6,851
<u>6,651</u>		<u>6,851</u>

## 7 Payments to and on account of Leavers

2018-19 £'000		2019-20 £'000
(144)	Refunds to members leaving service	(196)
(5)	Payments for members joining state scheme	20
0	Group transfers	0
(3,704)	Individual transfers	(3,421)
<u>(3,853)</u>		<u>(3,597)</u>

## 8 Management Expenses

2018-19 £'000		2019-20 £'000
<b>*Restated</b>		
(1,188)	Administrative costs	(1,274)
(10,784) *	Investment management expenses	(9,495)
(560)	Oversight and governance costs	(618)
<u>(12,532) *</u>		<u>(11,387)</u>

\*Management Expenses restated to include Implicit costs within the Transaction costs.

2019-20 Audit fees of £28,280 included within Oversight and governance costs. (2018-19 £28,322)

## 9 Investment Income

2018-19 £'000		2019-20 £'000
<b>*Restated</b>		
5,512 *	Income from equities	645
6,630 *	Pooled property investments	11,057
0	Income from Alternatives	1,630
55	Interest on cash deposits	104
16	Other	0
<u>12,213 *</u>		<u>13,436</u>

\*Investment Income restated to include Implicit costs within the Transaction costs and exclude indirect fees included in Net Asset Value.

## 10 Taxation

2018-19 £'000		2019-20 £'000
(56)	Withholding tax - equities	0
<u>(56)</u>		<u>0</u>

## 11 Investments

### 11.1 Net investment assets

Fair value 31/03/2019 £'000		Fair value 31/03/2020 £'000
	<b><u>Investment assets</u></b>	
	<b>Bonds</b>	
	UK Corporate Bonds	
265,299	- BlackRock	272,772
	Indexed Linked Securities	
138,699	- BlackRock	107,390
	<b>Equities</b>	
	UK Quoted Equities	
510,928	- BlackRock	424,727
	<b>Alternatives</b>	
27,626	- BlackRock UK SAIF	53,198
	<b>Pooled Investments</b>	
	Overseas equities	
704,690	- BlackRock	642,005
	Global equities	
588,671	- Wales Pension Partnership	545,586
	<b>Pooled property investments</b>	
293,605	- Schroders	285,681
27,011	- Partners Group	28,022
	<b>Property</b>	
327	- Schroders	286
6,044	- Partners Group	5,680
	<b>Cash deposits</b>	
259	- BlackRock	27
4,293	- Schroders	10,388
2,500	- Partners Group	1,800
	<b>Investment income due</b>	
689	- Schroders	0
	<b>Tax reclaims due</b>	
85	- BlackRock	16
122	- Schroders	41
0		0
<u>2,570,848</u>	<b>Amounts receivable for sales</b>	<u>0</u>
	<b>Total investment assets</b>	<b><u>2,377,619</u></b>
	<b><u>Investment liabilities</u></b>	
<u>0</u>	<b>Amounts payable for purchases</b>	<u>0</u>
<u>0</u>	<b>Total investment liabilities</b>	<b><u>0</u></b>
<u><u>2,570,848</u></u>	<b>Net investment assets</b>	<u><u>2,377,619</u></u>

The outbreak of Coronavirus (COVID-19) has impacted global financial and property markets. Due to these market conditions, a material valuation uncertainty has been included in a year end valuation report

for the Dyfed Pension Fund's investments with Schroders (Pooled Property Investments £285,681k, Property £286k) and BlackRock SAIF investments (£53,198k). The specific wording included in the report is "As at 31st March 2020, RICS (Royal Institute of Chartered Surveyors) have advised there is currently material valuation uncertainty of UK Real Estate Funds due to market conditions."

## 11.2 Reconciliation of movements in investments

During the year, investments purchased totalled £91m whilst sales totalled £65m. The sales realised a net gain of £26m. Acquisition costs are included in the purchase price of the investment.

	Fair value 31/03/2019 £'000	Purchases at Cost £'000	Sales at Cost £'000	Fees included in NAV £'000	Cash movement £'000	Change in unrealised gains/(losses) £'000	Fair value 31/03/2020 £'000
Bonds	403,998	181	(31,817)	0	0	7,800	380,162
Equities	510,928	11,754	0	0	0	(97,955)	424,727
Pooled investments	1,293,361	37,350	(22,073)	(4,493)	0	(116,554)	1,187,591
Pooled property investments	320,616	16,155	(11,221)	(2,505)	0	(9,342)	313,703
Property	6,371	0	0	0	0	(405)	5,966
Alternatives	27,626	25,866	0	0	0	(294)	53,198
	<b>2,562,900</b>	<b>91,306</b>	<b>(65,111)</b>	<b>(6,998)</b>	<b>0</b>	<b>(216,750)</b>	<b>2,365,347</b>
<b>Other investment balances</b>							
Cash deposits	7,052	0	0	0	5,163	0	12,215
Amount receivable for sales investments	0	0	0	0	0	0	0
Investment income due	689	0	0	0	0	(689)	0
Tax reclaims due	207	0	0	0	(150)	0	57
Amounts payable for purchases investments	0	0	0	0	0	0	0
	<b>2,570,848</b>	<b>91,306</b>	<b>(65,111)</b>	<b>(6,998)</b>	<b>5,013</b>	<b>(217,439)</b>	<b>2,377,619</b>

	Fair value 31/03/2018 £'000	Purchases at Cost £'000	Sales at Cost £'000	Fees included in NAV £'000	Cash movement £'000	Change in unrealised gains/(losses) £'000	Fair value 31/03/2019 £'000
Bonds	489,582	243,490	(280,773)	0	0	(48,301)	403,998
Equities	480,061	0	(170)	0	0	31,037	510,928
Pooled investments	1,220,499	588,983	(500,092)	(4,353)	0	(11,676)	1,293,361
Pooled property investments	231,874	97,771	(7,544)	(2,437)	0	952	320,616
Property	6,057	0	0	0	0	314	6,371
Alternatives	0	27,332	0	0	0	294	27,626
	<b>2,428,073</b>	<b>957,576</b>	<b>(788,579)</b>	<b>(6,790)</b>	<b>0</b>	<b>(27,380)</b>	<b>2,562,900</b>
<b>Other investment balances</b>							
Cash deposits	6,587	0	0	0	465	0	7,052
Amount receivable for sales investments	0	0	0	0	0	0	0
Investment income due	265	0	0	0	0	424	689
Tax reclaims due	225	0	0	0	(18)	0	207
Amounts payable for purchases investments	0	0	0	0	0	0	0
	<b>2,435,150</b>	<b>957,576</b>	<b>(788,579)</b>	<b>(6,790)</b>	<b>447</b>	<b>(26,956)</b>	<b>2,570,848</b>



### 11.3 Realised gains and losses

<b>2018-19</b>		<b>2019-20</b>
<b>£'000</b>		<b>£'000</b>
64,649	Bonds	3,350
101,488	Pooled Equity Investments	26,375
2,549	Pooled property investments	545
<b><u>168,686</u></b>		<b><u>30,270</u></b>

### 11.4 Geographical analysis of investments

<b>Fair value</b>	<b>Geographical analysis</b>	<b>Fair value</b>
<b>31/03/19</b>		<b>31/03/20</b>
<b>£'000</b>		<b>£'000</b>
1,329,108	UK	1,208,494
198,650	Europe (excl UK)	179,147
623,301	North America	573,598
117,561	Japan	120,750
57,013	Pacific Rim	45,218
230,322	Emerging Markets	234,714
14,893	International pooled funds	15,698
<b><u>2,570,848</u></b>		<b><u>2,377,619</u></b>

### 11.5 Fund manager analysis

<b>Fair value</b>	<b>Fund manager analysis</b>	<b>Fair value</b>
<b>31/03/19</b>		<b>31/03/20</b>
<b>£'000</b>		<b>£'000</b>
1,647,585	BlackRock	1,500,135
299,036	Schroders	296,395
35,556	Partners Group	35,503
588,671	Wales Pension Partnership	545,586
<b><u>2,570,848</u></b>		<b><u>2,377,619</u></b>

### 11.6 Wales Pension Partnership (WPP)

Included in Management Expenses (Table 8) is the cost of our involvement in the Wales Pension Partnership (WPP) collective Investment Pooling arrangement. The Oversight and Governance costs are the annual running costs of the pool which includes the Host Authority costs and other External Advisor costs. These costs are funded equally by all eight of the local authority Pension Funds in Wales. The Investment Management Expenses are fees payable to Link Fund Solutions (the WPP operator) and include fund manager fees (which also includes the operator fee and other associated costs), transaction costs and custody fees. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the Net Asset Value (NAV). Further details on the WPP can be found in the Annual Report.

Wales Pension Partnership costs included in the Dyfed Pension Fund accounts for 2019-20 and 2018-19 are below:

<b>Wales Pension Partnership</b>		
<b>31/03/19</b>		<b>31/03/20</b>
<b>£'000</b>		<b>£'000</b>
	<b>WPP oversight and governance costs</b>	
111	Running Costs	70
	<b>WPP Investment Management expenses</b>	
347	Fund Manager fees	2,437
0	Transaction costs	199
18	Custody Fees	93
<u>476</u>		<u>2,799</u>

The full year effect of the global growth sub funds launched in January/February 2019 is reflected in the 2019-20 Wales Pension Partnership manager fees.

## 12 Concentration of Investments

The following investments represent more than 5% of the Fund's total net assets as at 31st March 2020:

	<b>Value as at 31/03/2020</b>	<b>Proportion of Investment Portfolio</b>
	<b>£'000</b>	<b>%</b>
Wales Pension Partnership (Global Growth Fund)	545,586	21.22
BlackRock Aquila Life UK Equity Index Fund	424,725	16.52
Blackrock Ascent Life US Equity Fund	269,630	10.49
Blackrock Active Selection Fund UK	272,772	10.61
Blackrock active selection fund - Emerging Market Index Fund	164,162	6.39

## 13 Investment Management Expenses

<b>2018-19</b>		<b>2019-20</b>
<b>£'000</b>		<b>£'000</b>
<b>*Restated</b>		
(4,513)	Management fees	(5,032)
(671)	Performance related fees	(763)
(29)	Custody fees	(30)
(5,571) *	Transaction costs	(3,670)
<u>(10,784) *</u>		<u>(9,495)</u>

\*Investment Management Expenses restated to include Implicit costs within the Transaction costs.

## 14 Financial Instruments

### 14.1 Classification of financial instruments

Accounting policies describe how different asset classes are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities (excluding cash) by category and net assets statement heading.

2018-19				2019-20			
Designated at fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000	Designated at fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000
<b>Financial assets</b>							
403,998	0	0	403,998	380,162	0	0	380,162
510,928	0	0	510,928	424,727	0	0	424,727
27,626	0	0	27,626	53,198	0	0	53,198
1,293,361	0	0	1,293,361	1,187,591	0	0	1,187,591
320,616	0	0	320,616	313,703	0	0	313,703
6,371	0	0	6,371	5,966	0	0	5,966
0	12,259	0	12,259	0	17,164	0	17,164
896	0	0	896	57	0	0	57
0	4,038	0	4,038	0	5,437	0	5,437
<b>2,563,796</b>	<b>16,297</b>	<b>0</b>	<b>2,580,093</b>	<b>2,365,404</b>	<b>22,601</b>	<b>0</b>	<b>2,388,005</b>
<b>Financial liabilities</b>							
0	0	0	0	0	0	0	0
0	0	(4,407)	(4,407)	0	0	(3,532)	(3,532)
<b>0</b>	<b>0</b>	<b>(4,407)</b>	<b>(4,407)</b>	<b>0</b>	<b>0</b>	<b>(3,532)</b>	<b>(3,532)</b>
<b>2,563,796</b>	<b>16,297</b>	<b>(4,407)</b>	<b>2,575,686</b>	<b>2,365,404</b>	<b>22,601</b>	<b>(3,532)</b>	<b>2,384,473</b>

### 14.2 Net gains and losses on financial instruments

2018-19 £'000	2019-20 £'000
<b>Financial assets</b>	
141,730	(187,169)
<b>141,730</b>	<b>(187,169)</b>
<b>0 Total financial liabilities</b>	
<b>141,730</b>	<b>(187,169)</b>

### 14.3 Fair value of financial instruments and liabilities

The following table summarises the carrying value of the financial assets and financial liabilities by class of instrument compared with their fair values:

<b>Carrying value</b>	<b>Fair value</b>		<b>Carrying value</b>	<b>Fair value</b>
<b>31/03/19</b>	<b>31/03/19</b>		<b>31/03/20</b>	<b>31/03/20</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
<b>Financial assets</b>				
1,971,208	2,563,796	Fair value through profit and loss	1,994,998	2,365,404
16,297	16,297	Loans and receivables	22,601	22,601
<b>1,987,505</b>	<b>2,580,093</b>	<b>Total financial assets</b>	<b>2,017,599</b>	<b>2,388,005</b>
<b>Financial liabilities</b>				
0	0	Fair value through profit and loss	0	0
(4,407)	(4,407)	Financial liabilities at amortised cost	(3,532)	(3,532)
<b>(4,407)</b>	<b>(4,407)</b>	<b>Total financial liabilities</b>	<b>(3,532)</b>	<b>(3,532)</b>
<b>1,983,098</b>	<b>2,575,686</b>	<b>Total</b>	<b>2,014,067</b>	<b>2,384,473</b>

### 14.4 Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

#### Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed interest securities, quoted index linked securities and certain unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

#### Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

#### Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include limited partnerships, where fair value is ascertained from periodic valuations provided by those controlling the partnership. Assurance over the valuation is gained from the independent audit of the partnership.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the value at which the fair value is observable.

Fair values at 31 March 2020	Quoted market price	Using observable inputs	With significant unobservable inputs	Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial assets</b>				
Financial assets at fair value through profit and loss	969,374	1,076,628	319,402	2,365,404
Loans and receivables	22,601	0	0	22,601
<b>Total financial assets</b>	<b>991,975</b>	<b>1,076,628</b>	<b>319,402</b>	<b>2,388,005</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit and loss	0	0	0	0
Financial liabilities at amortised cost	(3,532)	0	0	(3,532)
<b>Total financial liabilities</b>	<b>(3,532)</b>	<b>0</b>	<b>0</b>	<b>(3,532)</b>
<b>Net financial assets</b>	<b>988,443</b>	<b>1,076,628</b>	<b>319,402</b>	<b>2,384,473</b>

Fair values at 31 March 2019	Quoted market price	Using observable inputs	With significant unobservable inputs	Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial assets</b>				
Financial assets at fair value through profit and loss	1,105,917	1,131,163	326,716	2,563,796
Loans and receivables	16,297	0	0	16,297
<b>Total financial assets</b>	<b>1,122,214</b>	<b>1,131,163</b>	<b>326,716</b>	<b>2,580,093</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit and loss	0	0	0	0
Financial liabilities at amortised cost	(4,407)	0	0	(4,407)
<b>Total financial liabilities</b>	<b>(4,407)</b>	<b>0</b>	<b>0</b>	<b>(4,407)</b>
<b>Net financial assets</b>	<b>1,117,807</b>	<b>1,131,163</b>	<b>326,716</b>	<b>2,575,686</b>

#### 14.5 Fair value – Basis of valuation

Description of Asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the Valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Pooled Investments – Quoted Equity	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing policy	Not required
Pooled Investments – Property Funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing policy	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.
Unquoted Equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Vanture Capital Valuation Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts

#### 14.6 Reconciliation of fair value measurements within level 3

Asset Type	Market Value 01 April 2019 £'000	Transfers into Level 3 £'000	Transfers out of Level 3 £'000	Purchases £'000	Sales £'000	Unrealised Gains / (Losses) £'000	Realised Gains / (Losses) £'000	Market Value 31 March 2020 £'000
Equities - Unquoted overseas equity	0	0	0	0	0	0	0	0
Property	326,716	0	0	16,155	(10,639)	(13,215)	385	319,402
<b>Total</b>	<b>326,716</b>	<b>0</b>	<b>0</b>	<b>16,155</b>	<b>(10,639)</b>	<b>(13,215)</b>	<b>385</b>	<b>319,402</b>

#### 14.7 Transfers between levels 1 and 2

There were no transfers between levels 1 and 2 investments during 2019-20.

## 15 Nature and extent of risks arising from financial instruments

### 15.1 Risk and risk management

The Fund has developed a formal risk assessment process and maintains a risk register which is updated annually. This ensures that risks are identified appropriately and are assessed and managed effectively. For more details, and to view the Risk Register, please refer to the Fund's website -

[www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk)

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Authority manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Committee. Risk management policies are established to identify and analyse the risks faced by the Authority's pensions operations. Policies are reviewed regularly to reflect changes in activity and market conditions.

### 15.2 Market risk

Market risk is the risk of loss from fluctuations in equity prices and interest and foreign exchange rates. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Committee and its independent investment adviser undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in three ways:

- The exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments
- By investing in a diverse portfolio in terms of managers and investments and again by the actuary only anticipating a long-term return on a relatively prudent basis to reduce risk of under-performing

### 15.3 Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

As a result of the COVID-19 pandemic spread early in 2020, global financial markets reflected the impending risks, with resultant material falls in valuations of most asset classes in February and March of 2020.

At the March 2020 reporting date, property fund managers consider that they can attach less weight to previous market evidence for comparison purposes. They are faced with an unprecedented set of circumstances on which to base judgement. The fall in transactions and lack of clarity on pricing means that all major industry valuers have now added Material Uncertainty clauses to their property fund valuations.

LGPS defined benefit pensions are not linked to stock market performance and are set out in statute. Although short term investment values may vary, the LGPS as a long-term investor is securely managed to address any longer term impacts.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Committee to ensure it is within limits specified in the Fund's investment strategy.

#### 15.4 Other price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities shown below, are consistent with a one standard deviation movement in the change in value of the assets over the latest three years:

<b>Asset Type</b>	<b>Potential market movements (+/-)</b>
Equity	13.20%
Bonds	6.70%
Index Linked	8.50%
Property	2.80%
Cash	1.00%

Had the market price of the Fund increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows:

<b>Asset Type</b>	<b>Value as at 31 March 2020 £'000</b>	<b>Change %</b>	<b>Value on Increase £'000</b>	<b>Value on Decrease £'000</b>
Cash	12,215	1.00%	12,337	12,093
UK Equities	424,727	13.20%	480,791	368,663
Overseas Equities	642,005	13.20%	726,749	557,260
Global Pooled Equities inc UK	545,586	13.20%	617,603	473,568
Alternatives	53,198	13.20%	60,220	46,176
UK Corporate Bonds	272,772	6.70%	291,048	254,496
Index Linked Gilts	107,390	8.50%	116,518	98,262
Property	319,669	2.80%	328,620	310,718
Sales receivable	0	0.00%	0	0
Purchases payable	0	0.00%	0	0
Income receivables	57	0.00%	57	57
<b>Total Assets</b>	<b>2,377,619</b>		<b>2,633,943</b>	<b>2,121,293</b>



Asset Type	Value as at	Change	Value on	Value on
	31 March 2019		Increase	Decrease
	£'000	%	£'000	£'000
Cash	7,052	0.50%	7,087	7,017
UK Equities	510,928	10.50%	564,576	457,281
Overseas Equities	704,690	10.50%	778,682	630,697
Global Pooled Equities inc UK	588,671	10.50%	650,481	526,861
Alternatives	27,626	10.50%	30,527	24,725
UK Corporate Bonds	265,299	6.50%	282,543	248,054
Index Linked Gilts	138,699	9.80%	152,291	125,106
Property	326,987	2.60%	335,489	318,485
Sales receivable	0	0.00%	0	0
Purchases payable	0	0.00%	0	0
Income receivables	896	0.00%	896	896
<b>Total Assets</b>	<b>2,570,848</b>		<b>2,802,572</b>	<b>2,339,122</b>

#### 15.4.1 Sensitivity of assets valued at level 3

Asset Type	Value as at	Change	Value on	Value on
	31 March 2020		Increase	Decrease
	£'000	%	£'000	£'000
Equities - Unquoted overseas	0	13.20%	0	0
Property	319,402	2.80%	328,345	310,459
<b>Total Level 3 Assets</b>	<b>319,402</b>		<b>328,345</b>	<b>310,459</b>

#### 15.5 Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Committee in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates against the relevant benchmarks.

The actuary, as part of their triennial valuation and dictated by the Funding Strategy Statement, will only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing. Progress is analysed at three yearly valuations for all employers.

The Fund's direct exposure to interest rate movements as at 31 March 2019 and 31 March 2020 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

31/03/19 Asset type	31/03/20
£'000	£'000
7,052 Cash and cash equivalents	12,215
5,207 Cash held at CCC	4,949
403,998 Bonds	380,162
<b>416,257 Total</b>	<b>397,326</b>

## 15.6 Interest rate risk sensitivity analysis

Interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates:

Asset type	Value as at 31/03/20 £'000	Change in year in the net assets available to pay benefits	
		+1% £'000	-1% £'000
Cash and cash equivalents	12,215	122	(122)
Cash held at CCC	4,949	49	(49)
Bonds	380,162	3,802	(3,802)
<b>Total change in available assets</b>	<b>397,326</b>	<b>3,973</b>	<b>(3,973)</b>

Asset type	Value as at 31/03/19 £'000	Change in year in the net assets available to pay benefits	
		+1% £'000	-1% £'000
Cash and cash equivalents	7,052	71	(71)
Cash held at CCC	5,207	52	(52)
Bonds	403,998	4,040	(4,040)
<b>Total change in available assets</b>	<b>416,257</b>	<b>4,163</b>	<b>(4,163)</b>

## 15.7 Discount Rate

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.

## 15.8 Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£ GBP Sterling). The Fund holds both monetary and non-monetary assets denominated in currencies other than £ GBP Sterling.

The Fund's currency rate risk is routinely monitored by the Committee in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following table summarises the Fund's currency exposure as at 31 March 2019 and as at 31 March 2020:

Fair value 31/03/19 £'000	Asset type	Fair value 31/03/20 £'000
1,213,890	Overseas Equities	1,143,481
27,846	Property	25,578
4	Cash	66
<b><u>1,241,740</u></b>	<b>Total overseas assets</b>	<b><u>1,169,125</u></b>

### 15.9 Currency risk sensitivity analysis

The aggregate currency exposure within the Fund as at 31 March 2020 was 7.40% (2018-19: 8.80%).

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

A 7.40% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Asset type	Fair value 31/03/20 £'000	Change in year in the net assets available to pay benefits	
		+7.40% £'000	-7.40% £'000
Overseas equities	1,143,481	84,618	(84,618)
Property	25,578	1,893	(1,893)
Cash	66	5	(5)
<b>Total change in available assets</b>	<b><u>1,169,125</u></b>	<b><u>86,516</u></b>	<b><u>(86,516)</u></b>

Asset type	Fair value 31/03/19 £'000	Change in year in the net assets available to pay benefits	
		+8.80% £'000	-8.80% £'000
Overseas equities	1,213,890	106,822	(106,822)
Property	27,846	2,450	(2,450)
Cash	4	0	0
<b>Total change in available assets</b>	<b><u>1,241,740</u></b>	<b><u>109,272</u></b>	<b><u>(109,272)</u></b>

### 15.10 Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Employers in the Fund are not currently assessed for their creditworthiness or individual credit limits set. There is risk of being unable to collect contributions from employers with no contributing members (e.g. risk associated with employers with a small number of declining contributing members) so Carmarthenshire County Council monitors membership movements on an annual basis.

New employers to the Fund have to agree to the provision of a bond to prevent the risk of future financial loss to the Fund in the event of not being able to meet its pension liability on cessation. Carmarthenshire County Council currently guarantees to meet any future liabilities falling on the Fund as a result of cessation. This is done to ensure that actuarial recovery periods and amounts are kept at a manageable level for smaller employers.

No collateral is held as security on financial assets. Carmarthenshire County Council does not generally allow credit to employers.

All investments held by investment managers are held in the name of the Dyfed Pension Fund at the custodian – Northern Trust, so if the investment manager fails the Fund’s investments are not classed amongst the manager’s assets.

Any cash held is in the Carmarthenshire County Council accounts and is invested in line with Carmarthenshire County Council’s approved credit rated counterparty list.

#### 15.11 Liquidity risk

This refers to the possibility that the Fund might not have sufficient Funds available to meet its commitments to make payments.

Carmarthenshire County Council has a comprehensive cash flow management system that seeks to ensure that cash is available when needed.

The amount held in the Fund’s bank accounts meet the normal liquidity needs of the Fund and any surplus cash is invested. The Fund’s actuaries establish what contributions should be paid in order that all future liabilities can be met.

The investments of the Fund are mainly of a liquid nature. Although any forced liquidation of the investments may be subject to a financial loss.

## 16 Current assets

31/03/19 £'000		31/03/20 £'000
	Contributions due from employer	
1,804	- Employer	2,428
1,624	- Employee	1,696
5,207	Cash Balances	4,949
610	Debtors	1,313
<u>9,245</u>		<u>10,386</u>

## 16.1 Analysis of Current assets

<b>31/03/19</b>		<b>31/03/20</b>
<b>£'000</b>		<b>£'000</b>
3	HMRC	3
7,731	Other local authorities	8,021
1	NHS bodies	1
0	Public corporations and trading funds	1,117
1,510	Other entities and individuals	1,244
<u>9,245</u>		<u>10,386</u>

## 17 **Current liabilities**

<b>31/03/19</b>		<b>31/03/20</b>
<b>£'000</b>		<b>£'000</b>
(2,266)	Unpaid benefits	(1,884)
(2,141)	Creditors	(1,648)
<u>(4,407)</u>		<u>(3,532)</u>

### 17.1 Analysis of Current liabilities

<b>31/03/19</b>		<b>31/03/20</b>
<b>£'000</b>		<b>£'000</b>
(759)	HMRC	(689)
(106)	Other local authorities	(35)
(684)	Public corporations and trading funds	(606)
(2,858)	Other entities and individuals	(2,202)
<u>(4,407)</u>		<u>(3,532)</u>

## 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 UTMOST (previously Equitable Life), where a range of investment options are available.

It is for individual Scheme members to determine how much they contribute (subject to HMRC limits) and the investment components or its mix.

The contributions made to separately invested AVC schemes and the value of these investments as at the balance sheet date are shown below:

AVC Provider	Value as at 31/03/19 £ '000	Contributions £ '000	Expenditure £ '000	Change in Market Value £ '000	Value as at 31/03/20 £ '000
Prudential	5,754	1,712	(1,075)	(115)	6,276
UTMOST	522	9	0	(38)	493
Standard Life	3,326	423	(905)	(47)	2,797
<b>Total</b>	<b>9,602</b>	<b>2,144</b>	<b>(1,980)</b>	<b>(200)</b>	<b>9,566</b>

## 19 Funding arrangements

In line with Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contributions rates for the forthcoming triennial period. The valuation that these financial statements are based on took place as at 31 March 2016. The last such valuation took place as at 31 March 2019.

For more details, and to view the Funding Strategy Statement (FSS), please refer to the Fund's website – [www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk) and the Annual Report and Accounts 2019-20.

## 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 £1.108 million (2018-2019: £1.038 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 £35.015 million to the Fund in 2019-2020 (2018-2019: £32.441 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 2020, the Fund had an average investment balance of £18.64 million (2018-2019: £13.58 million) earning interest of £140,466 (2018-2019: £88,575).

### 20.1 Governance

#### Pension Committee

There are three members and one substitute member of the Pension Committee. During 2019-20 these were Councillor Elwyn Williams, Councillor Robert Evans who was replaced by Councillor Deryk Cundy in January 2020, Councillor Jim Jones (active member) and the substitute was Councillor Dai Thomas (active member).

The Director of Corporate Services, Mr Chris Moore, who has the role of Section 151 Officer for the Authority, played a key role in the financial management of the Fund and is also an active member of the Fund.

The Committee members and the Senior Officers that advise the Committee are required to declare their interest at each meeting. The Committee members and Director of Corporate Services accrue their benefits in line with the regulations encompassing councillors and employees of the employing bodies of the Fund.

## Pension Board

A 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 2019-20.

## 20.2 Key Management Personnel

The key management personnel of the fund is the Section 151 Officer. Total remuneration payable to key management personnel is set out below:

<b>31/03/19</b>		<b>31/03/20</b>
<b>£'000</b>		<b>£'000</b>
14	Short-term benefits	14
<u>3</u>	Post-employment benefits	<u>3</u>
<b><u>17</u></b>		<b><u>17</u></b>

## 21 Employing bodies contribution rates, contributions receivable and benefits payable

2018-19				2019-20			
Contri- bution rate %	Deficit Contri- bution £'000	Contri- butions £'000	Benefits payable £'000	Contri- bution rate %	Deficit Contri- bution £'000	Contri- butions £'000	Benefits payable £'000
<b>Scheduled bodies</b>							
15.1	2,623	29,818	35,528	15.1	2,720	32,295	37,661
15.6	864	16,468	17,794	15.6	889	18,210	19,553
15.3	140	11,505	11,621	15.3	241	11,799	13,417
13.5	90	4,732	3,002	13.5	93	4,875	3,100
14.1	74	1,294	1,248	14.1	76	1,346	1,194
16.2	0	291	313	16.2	0	402	509
16.1	113	1,531	1,058	16.1	117	1,628	1,005
15.8	(84)	633	778	15.8	(87)	667	910
15.0	84	1,081	423	15.0	87	1,129	551
	3,904	67,353	71,765		4,136	72,351	77,900
<b>Designated (Resolution) bodies</b>							
23.0	0	11	13	23.0	0	16	13
24.9	0	0	0	24.9	0	0	0
17.9	17	80	111	17.9	18	80	99
21.6	0	31	0	21.6	0	33	0
21.7	0	12	0	21.7	0	14	0
24.0	1	5	4	24.0	1	6	4
-	0	11	31	-	0	12	32
27.6	9	13	12	27.6	10	15	12
20.7	0	2	1	20.7	0	2	1
24.9	0	0	1	24.9	0	0	1
15.9	6	194	156	15.9	6	213	214
19.1	7	57	91	19.1	7	62	104
15.9	0	8	0	15.9	0	9	0
19.5	5	39	21	19.5	5	34	12
19.6	(2)	39	7	19.6	(2)	53	42
16.3	(2)	10	12	16.3	(2)	10	19
16.6	1	13	0	16.6	1	14	0
13.5	1	10	0	13.5	1	10	0
	43	535	460		45	583	553

(continued overleaf)



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2018-19				2019-20				
Contri- bution rate %	Deficit Contri- bution £'000	Contri- butions £'000	Benefits payable £'000	Contri- bution rate %	Deficit Contri- bution £'000	Contri- butions £'000	Benefits payable £'000	
<b>Admission bodies</b>								
<b>Community Admission Body (CAB)</b>								
17.9	11	44	53	Ceredigion Association of Voluntary Org.	17.9	12	46	24
15.1	(21)	1,148	1,323	Careers Wales	15.1	(21)	932	1,126
17.0	10	32	40	Carmarthenshire Association of Voluntary Services	17.0	10	29	35
27.6	(9)	10	0	Carmarthenshire Federation of Young Farmers	27.6	(9)	13	118
15.9	2	14	40	laith Cyf	15.9	2	13	41
23.3	5	3	15	Leonard Cheshire Disability	23.3	5	3	16
0.0	0	0	34	Llanelli Burial Board	0.0	0	0	38
11.7	11	71	11	Menter Bro Dinefwr	11.7	11	72	11
10.5	29	36	32	Menter Cwm Gwendraeth	10.5	30	36	32
10.8	1	38	0	Menter Gorllewin Sir Gar	10.8	1	55	0
7.4	(2)	13	10	Menter laith Castell-Nedd Port Talbot Narberth & District Community & Sports Association	7.4	(2)	12	10
19.3	(3)	9	15	Pembrokeshire Association of Voluntary Services	19.3	(3)	4	10
20.1	1	66	100	PLANED	20.1	1	61	56
13.7	4	83	69	Tai Ceredigion	13.7	5	82	27
15.8	(5)	267	222	University of Wales-Trinity St David	15.8	(6)	253	220
18.4	72	602	497	Aberystwyth University	18.4	74	659	669
22.3	83	11	219	Welsh Books Council	22.3	86	11	214
14.7	(24)	223	334	West Wales Action for Mental Health	14.7	(24)	236	413
14.8	5	28	41	Valuation Tribunal Wales	14.8	5	31	41
15.8	(3)	26	73	Swim Narberth	15.8	(3)	29	75
14.2	1	7	0		14.2	1	6	0
	168	2,731	3,128			175	2,583	3,176
<b>Transferee Admission Body (TAB)</b>								
19.3	0	16	38	Grwp Gwalia/Pobl Group	19.3	0	17	38
26.6	(1)	6	54	DANFO	26.6	0	0	14
15.3	0	214	27	Llesiant DELTA wellbeing	15.3	0	398	4
21.2	(7)	117	106	Human Support Group (HSG)	21.2	(7)	65	122
	(8)	353	225			(7)	480	178
<b>Bodies with no pensionable employees</b>								
0.0	0	5	6	DVLA	0.0	0	6	7
0.0	0	0	13	Cardigan Swimming Pool	0.0	0	0	13
0.0	0	0	90	PRISM	0.0	0	0	41
0.0	0	52	317	Dyfed Powys Magistrates Courts	0.0	0	52	320
0.0	0	1	7	Carmarthen Family Centre	0.0	0	1	7
0.0	0	2	10	Milford Haven Town Council	0.0	0	2	4
0.0	0	0	2	Mencap	0.0	0	0	2
0.0	0	0	7,668	Dyfed County Council	0.0	0	0	7,527
0.0	0	0	2	Dyfed AVS	0.0	0	0	2
0.0	0	7	7	NHS	0.0	0	7	7
0.0	0	4	16	Welsh Water	0.0	0	4	16
0.0	0	0	7	Cwm Environmental	0.0	0	0	7
0.0	0	0	6	Cartrefi Cymru	0.0	0	0	5
0.0	0	2	2	Rent Officer Service	0.0	0	2	2
	0	73	8,153			0	74	7,960
<b>4,107 71,045 83,731 Total</b>				<b>4,349 76,071 89,767</b>				

## 21.1 Bodies with No Pensionable Employees where pension increase is recharged

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

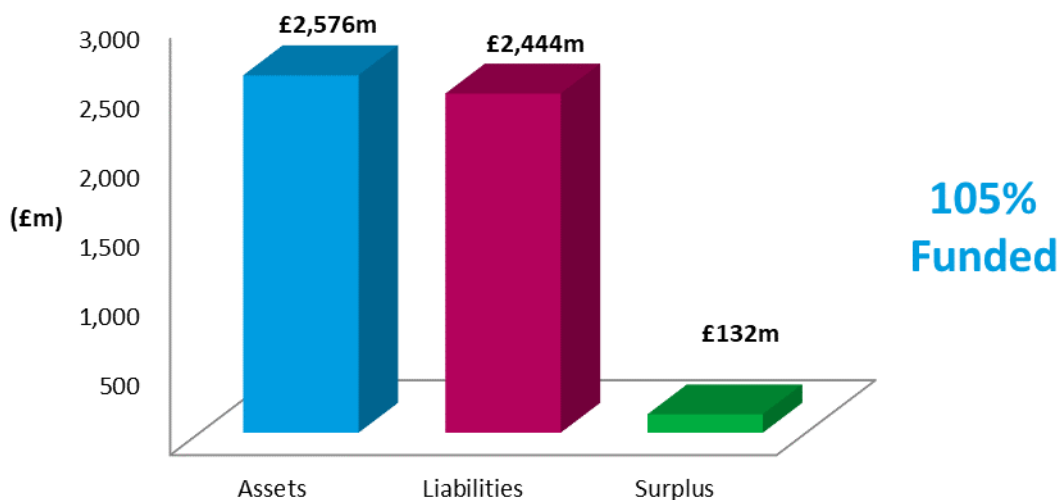
	<b>Proportion to be recharged %</b>
DVLA	100
Milford Haven Town Council	100
National Health Service	100
Carmarthen Family Centre	100
Dwr Cymru Welsh Water	50

## 22 Actuarial Statement

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Dyfed Pension Fund was carried out as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023.

On the basis of the assumptions adopted, the Fund's assets of £2,576 million represented 105% of the Fund's past service liabilities of £2,444 million (the "Solvency Funding Target") at the valuation date. The surplus at the valuation was therefore £132 million.



The valuation also showed that a Primary contribution rate of 18.3% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it is usually

appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average recovery period adopted is 14 years, and the total initial recovery payment (the “Secondary rate” for 2020-2023) is an offset of approximately £3m per annum on average in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2020.

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 Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	4.1% per annum	4.65% per annum
Rate of pay increases (long term)	3.9% per annum	3.9% per annum
Rate of increases in pensions in payment (in excess of GMP)	2.4% per annum	2.4% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2022. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2023.

### The McCloud Judgment

The “McCloud judgment” refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. The Government announced in 2019 that this needs to be remedied for all public sector schemes including the LGPS. This is likely to result in increased costs for some employers. This remedy is not yet agreed but guidance issued requires that each Fund sets out its policy on addressing the implications.

In line with guidance issued by the LGPS Scheme Advisory Board, the above funding level and Primary contribution rate do not include an allowance for the estimated cost of the McCloud judgment. However, at the overall Fund level we estimate that the cost of the judgment could be an increase in past service liabilities of broadly £28 million and an increase in the Primary Contribution rate of 1.1% of Pensionable Pay per annum. Provision for these costs has been included within the secondary rate for all employers (and also within the whole Fund average Secondary rate of £3 million per annum offset shown above).

## Impact of Covid 19

The valuation results and employer contributions above were assessed as at 31 March 2019. In 2020 we have so far seen significant volatility and uncertainty in markets around the world in relation to the COVID-19 pandemic. This potentially has far-reaching consequences in terms of funding and risk, which will need to be kept under review. We believe that it is important to take stock of the situation as opposed to make immediate decisions in what is an unprecedented set of events. Our view is that employer contributions should not be revisited but the position should be kept under review by the Administering Authority who will monitor the development of the situation and keep all stakeholders informed of any potential implications so that the outcome can be managed effectively.

## 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 2020 (the 31 March 2019 assumptions are included for comparison):

	31 March 2019	31 March 2020
Rate of return on investments (discount rate)	2.4% per annum	2.4% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.2% per annum	2.1% per annum
Rate of pay increases	3.7%* per annum	3.6% per annum
Rate of increases in pensions in payment (in excess of GMP)/Deferred revaluation	2.3% per annum	2.2% per annum

\* This is the long-term assumption. An allowance corresponding to that made at the previous formal actuarial valuation for short-term public sector pay restraint was also included.

The demographic assumptions are the same as those used for funding purposes, with the 31 March 2020 assumptions being updated to reflect the assumptions adopted for the 2019 actuarial valuation. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2020.

Corporate bond yields were similar at the start and end of year resulting in the same discount rate of 2.4% p.a. being used for IAS 26 purposes at the year-end as for last year. The expected long-term rate of CPI inflation decreased during the year, from 2.2% p.a. to 2.1%, which served to decrease the liabilities slightly over the year.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2019 was estimated as £3,291 million excluding the potential impact of the McCloud Judgment. Interest over the year increased the liabilities by c£80 million, and allowing for net benefits accrued/paid over the period also increased the liabilities by c£66 million (this includes any increase in liabilities arising as a result of early retirement and GMP indexation – see comments elsewhere in this statement). Allowing for the potential impact of the McCloud judgment increased the liabilities by £38 million.

There was also a decrease in liabilities of £28 million due to “actuarial gains” (i.e the effects of the changes in the actuarial assumptions used, referred to above, and the incorporation of the 31 March 2019 actuarial valuation results into the IAS26 figures).

The net effect of all the above is that the estimated total value of the Fund’s promised retirement benefits as at 31 March 2020 is therefore £3,447 million.

### **GMP Indexation**

At present, the public service schemes are required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government may well extend this at some point in the future to include members reaching State Pension Age from 6 April 2021 onwards, which would give rise to a further cost to the LGPS and its employers. If the Fund were required to index-link GMP benefits in respect of those members who reach their State Pension Age after April 2021, then this would increase the Fund liabilities by about £10 million on IAS26 assumptions, and we have included this amount within the final IAS26 liability figure above.

#### **John Livesey**

Fellow of the Institute and  
Faculty of Actuaries

#### **Laura Evans**

Fellow of the Institute and  
Faculty of Actuaries

Mercer Limited  
May 2020

The Actuary has based the figures for the provision for McCloud broadly on the proposed remedy in the HM Treasury consultation issued in July 2020 with an increase of approximately £28m in past service liabilities, this is included within the secondary rate for all employers.

## **23 Current Economic Climate**

As a result of the COVID-19 pandemic, pension fund investments have been subject to volatility. The markets, however, have continued trading and while it is recognised that the volatility exists, information is available to measure the financial instruments at 31 March 2020. Some investment markets, in particular equities, have recouped a significant proportion of the losses incurred from the lows of late March 2020 with the fund value at the end of August 2020 at £2.733billion, an increase of more than 15% from 31 March 2020. However, the outlook remains highly uncertain for financial markets and the economy, both in the UK and globally.

The impact for the Dyfed Pension Fund will possibly be seen next financial year with a potential financial impact with increased costs and potential loss of dividend / investment income during 2020-21. This area is being managed carefully with regular contact and updates being received from the investment managers and the Dyfed Pension Fund independent adviser.

Mae'r dudalen hon yn wag yn fwriadol

**Pwyllgor Archwilio**  
**16 October 2020**

<b>Y diweddaraf ynghylch ar Cynllun Archwilio Mewnol 2020/21</b>		
<b>Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:</b> I dderbyn yr adroddiad.		
<b>Y Rhesymau:</b> Cyflwynir adroddiad cynnydd yn rheolaidd bob tro mae'r Pwyllgor Archwilio yn cyfarfod.		
<b>Ymgynghorwyd â'r pwyllgor craffu perthnasol: NADDO</b>		
<b>Angen i'r Bwrdd Gweithredol wneud penderfyniad: NAC OES</b> <b>Angen i'r Cyngor wneud penderfyniad: NAC OES</b>		
<b>YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:</b> Cyng. David Jenkins		
<b>Y Gyfarwyddiaeth:</b> Gwasanathau Corfforaethol	<b>Swyddi:</b> Pennaeth Refeniw a Chydymffurfio Ariannol	<b>Rhif ffôn:</b> 01267 246223 <b>Cyfeiriad e-bost:</b> <a href="mailto:HLPugh@sirgar.gov.uk">HLPugh@sirgar.gov.uk</a>
<b>Enw Pennaeth y Gwasanaeth:</b> Helen Pugh		
<b>Awdur yr Adroddiad:</b> Helen Pugh		

**Audit Committee  
16 October 2020**

**Internal Audit Plan 2020/21 Update**

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

To provide Members with progress of the Internal Audit Plan. The following Report is attached:

**Internal Audit Plan 2020/21 Progress Report**

**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: H L Pugh – Head of Revenues and Financial Compliance

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

### 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: H L Pugh – Head of Revenues and Financial Compliance

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

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

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Strategic Audit Plan 2020-23	AC 29-07-20	Internal Audit Unit

Mae'r dudalen hon yn wag yn fwriadol

INTERNAL AUDIT PLAN 2020/21											
2020/21		% Plan Completion to Date		36.3%							
Job No	Departments	Days Planned	Pre-Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Complete / Final Report Issued	Status	Assurance Rating / Engagement Type	
<b>Fundamentals</b>											
1120002	Council Tax	15									
1120003	Creditors	40	*						Pre Audit Meeting		
1120004	Income	20	*						Pre Audit Meeting		
1120005	Main Accounting	20	*	*	*				Commenced		
1120006	National Fraud Initiative (NFI) - Mortality Screening	10									
5120007	Payroll	40	*								
1120008	Treasury Management - Loans & Investments (CCC and DPF)	15	*	*	*				Commenced		
<b>Total Audit Days for Fundamentals</b>		<b>160</b>									
<b>Corporate Governance Assurance</b>											
2120001	Annual Governance Statement/Corp Gov Arrangements	20									
2120002	Performance Management	20									
2120003	Risk Management Arrangements	15									
2120004	Wellbeing of Future Generations Act	20									
2120005	Whistleblowing	15									
<b>Total Audit Days for Corporate Governance Assurance</b>		<b>90</b>									
<b>COVID-19</b>											
3120001	COVID-19 Decision-Making Process	20	*	*					Terms of Reference Issued		
3120002	COVID-19 Expenditure	20	*						Pre Audit Meeting		
5420002	COVID-19 Systems and Processes (advice and support)	50	N/A	N/A	*	*	/	*	Complete	Consultation	
3120003	COVID-19 Systems and Processes (Evaluation and recs)	40	*	*	*				Commenced		
5420001	COVID-19: Free School Meals Payment Process	20	N/A	N/A	*	*	/	*	Complete	Consultation	
<b>Total Audit Days for COVID-19</b>		<b>150</b>									
<b>Corporate Review Work</b>											
4120005	Local Authority Trading Companies	20									
4120006	Procurement	30	*	*	*				Commenced		
4120007	Safeguarding	20							Commenced		
4120008	Staffing Matters (e.g. DBS   Overtime   Flexi   Leave)	20	*								
<b>Total Audit Days for Corporate Review Work</b>		<b>90</b>									
<b>Counter Fraud</b>											
1120007	National Fraud Initiative (NNDR) - review of COVID-19 Grants	20	*	N/A	*				Commenced		
1120009	Proactive Fraud Testing	20	*	N/A	*				Commenced		
1120010	Fraud Prevention, Detection and Investigation	30	N/A	N/A	*				Commenced		
<b>Total Audit Days for Counter Fraud Work</b>		<b>70</b>									
<b>Grants &amp; Certification</b>											
5120005	Burry Port Harbour	10	*	N/A	*	*	*	*	Complete	Accounts Return	
5220001	Children & Communities Grant	25	*	*	*	*	*	*	Complete	Grant Certification	
4120003	Education Improvement Grant - EOY	10	*	*	*	*	*	*	Complete	Grant Certificate	
5220003	Education Improvement Grant - Q3	10									
5220004	Education Improvement Grant - Q4	10									
6120005	Enable Grant	10	*	*	*	*	*	*	Complete	Grant Certificate	

6120004	HSG - Homelessness	12	*	*	*	*	*	*	Complete	Grant Certificate
6120004	HSG - Rent Smart Wales	10	*	*	*	*	*	*	Complete	Grant Certificate
6120004	HSG - Supporting People	13	*	*	*	*	*	*	Complete	Grant Certificate
5220005	Local Authority Education Grant	20	*	*	*	*	*	*	Complete	Grant Certificate
5220006	Other Grants (where assurance is required for sign-off)	20								
5220007	Post 16 Grant	10								
4120004	Pupil Deprivation Grant - EOY	10	*	*	*	*	*	*	Complete	Grant Certificate
5220008	Pupil Deprivation Grant - Q3	10								
5220009	Pupil Deprivation Grant - Q4	10								
5120002	Trust Funds - Arbour Stephens	5	*	*	*	*	*	*	Complete	Certification
5120004	Trust Funds - Dyfed Welsh Church Fund	5	*	*	*	*	*	*	Complete	Certification
5120003	Trust Funds - Minnie Morgan	5	*	*	*	*	*	*	Complete	Certification
5120001	Trust Funds - Oriel Myrddin	5	*	*	*				Commenced	
5220002	Wales Pension Partnership	5	*	N/A	*	*	*	*	Complete	Accounts Return
5220010	Regional Development Co-ordinator Grant	5	*	*	*	*	*	*	Complete	Grant Certificate
	<b>Total Audit Days for Grants &amp; Certification</b>	<b>220</b>								
	<b>Chief Executive's Department (not incl IT)</b>									
8120001	Property Management (Follow Up)	10								
1120001	Departmental Expenditure (CEX)	10	*	*	*	*	*		Draft Report Issued	
8120002	Pentre Awel	10								
8120003	Net Zero Carbon	10								
8120004	Regeneration Strand	10								
	<b>Total Audit Days for Chief Executive's Department (not incl IT)</b>	<b>50</b>								
	<b>Chief Executive's Department: IT</b>									
4120001	Covid-19 CAATS Analysis (FSM)	10	*	*	*	*	*	*	Complete	Consultation
8220001	Office 365, including TEAMS and Sharepoint	15	*	*					Terms of Reference Issued	
8220002	Bring Your Own Device	10								
8220003	Cyber Security	15								
	<b>Total Audit Days for Chief Executive's Department: IT</b>	<b>50</b>								
	<b>Communities</b>									
6120001	Departmental Expenditure: Leisure	15	*	*	*	*	*		Draft Report Issued	
6120002	Departmental Expenditure: Housing	10	*	*	*	*	*		Draft Report Issued	
6120003	Departmental Expenditure: Social Care	10	*	*	*	*	*		Draft Report Issued	
8320001	Sport Wales/Active Communities	10								
8320002	Ski Centre Follow Up	5	*	*	*	*	*	*	Complete	High
8320003	Financial Assessments & Collections	10	*	*	*				Commenced	
	<b>Total Audit Days for Communities</b>	<b>60</b>								
	<b>Corporate Services</b>									
5120006	Departmental Expenditure (Corp Serv)	10	*	*	*	*	*		Draft Report Issued	
8420001	Financial Management Other	10	*	*	*	*	*	*	Complete	Consultation
	<b>Total Audit Days for Corporate Services</b>	<b>20</b>								
	<b>Education &amp; Children</b>									
4120002	Departmental Expenditure (Education)	10	*	*	*	*	*		Draft Report Issued	
8520001	Fostering	10								
8520002	School Meals/ParentPay	10								
8520003	Schools (incl School Questionnaires)	40	*	*	*				Commenced	
8520004	Specialist Provision Units	10	*	*	*				Commenced	

	<b>Total Audit Days for Education &amp; Children</b>	<b>80</b>							
	<b>Environment</b>								
8620001	Ash Dieback	10							
7120001	Departmental Expenditure (Environment)	20	*	*	*	*			Field Work Complete
8620002	Flood Defence & Coastal Protection	10	*	*	*				Commenced
8620003	Property Maintenance	10	*	*					Terms of Reference Issued
8620004	Waste Management & Recycling Obligations	10							
	<b>Total Audit Days for Environment</b>	<b>60</b>							
	<b>Total Approved Plan Days</b>	<b>1100</b>	<b>% Complete to Date</b>		<b>36.3%</b>				

Mae'r dudalen hon yn wag yn fwriadol

**Pwyllgor Archwilio  
16 Hydref 2020**

<b>Blaenrhaglen Gwaith y Pwyllgor Archwilio</b>		
<b>Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:</b> I dderbyn yr adroddiad.		
<b>Y Rhesymau:</b> Blaenrhaglen Blynyddol i hysbysu'r Aelodau o'r Pwyllgor Archwilio am yr eitemau agenda yw trafod am y flwyddyn 2020/21.		
<b>Ymgynghorwyd â'r pwyllgor craffu perthnasol: NADDO</b>		
<b>Angen i'r Bwrdd Gweithredol wneud penderfyniad: NAC OES</b> <b>Angen i'r Cyngor wneud penderfyniad: NAC OES</b>		
<b>YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:</b> Cyng. David Jenkins		
<b>Y Gyfarwyddiaeth:</b> Gwasanathau Corfforaethol	<b>Swyddi:</b> Pennaeth Refeniw a Chydymffurfio Ariannol	<b>Rhif ffôn:</b> 01267 246223 <b>Cyfeiriad e-bost:</b> <a href="mailto:HLPugh@sirgar.gov.uk">HLPugh@sirgar.gov.uk</a>
<b>Enw Pennaeth y Gwasanaeth:</b> Helen Pugh		
<b>Awdur yr Adroddiad:</b> Helen Pugh		

## Audit Committee 16 October 2020

### Audit Committee Forward Work Programme

To provide Members with a Forward Work Programme for the 2020/21 Audit Committee cycle to ensure that all appropriate Committees have a published up to date programme owned by the Committee Members.

The following Report is attached:  
Forward Work Programme

**DETAILED REPORT ATTACHED?**

**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: H L Pugh – Head of Revenues and Financial Compliance

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

## CONSULTATIONS

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

Signed: H L Pugh – Head of Revenues and Financial Compliance

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

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

**THERE ARE NONE**

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

Mae'r dudalen hon yn wag yn fwriadol

Subject area and brief description of nature of report	Lead Department	Responsible Officer	Oct-20	Dec-20	Mar-21	Jun-21	Sep-21
Appointment of Audit Committee: - Chair - Vice Chair	Corporate Services	Audit Committee				✓	
Annual Audit Report	Corporate Services	Head of Revenues and Financial Compliance				✓	
Forward Work Programme	Corporate Services	Head of Revenues and Financial Compliance	✓	✓	✓	✓	✓
Internal Audit Plan Update	Corporate Services	Head of Revenues and Financial Compliance	✓	✓	✓	✓	✓
Internal Audit indicative three year plan	Corporate Services	Head of Revenues and Financial Compliance			✓		
Assurance Reviews: - Fundamental financial systems - 3* reports	Corporate Services	Head of Revenues and Financial Compliance	As required				
Progress Report - Delivery of External Audit Recommendations	ICT & Policy	Performance Planning Section		✓			
Progress Report - Delivery of Internal Audit Recommendations	Corporate Services	Head of Revenues and Financial Compliance			✓		
Internal Audit Progress Updates requested by Audit Committee: - Pembrey Ski Centre	Corporate Services	Head of Revenues and Financial Compliance	✓				
Progress reports as requested by Audit Committee - Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities - Museums - Llanelli Leisure Centre - Schools' Deficits and Surpluses	Communities  Education & Children	Head of Mental Health and Learning Disabilities Head of Leisure Head of Leisure Head of Education and Inclusion Services		✓			
Approval of Audit Charter	Corporate Services	Head of Revenues and Financial Compliance	As required				
Approval of Strategies / Rules & Regulations	Corporate Services	Head of Revenues and Financial Compliance	As required				
Approval of Anti-Fraud and Corruption Strategy	Corporate Services	Head of Revenues and Financial Compliance	✓				
Annual Anti-Fraud and Corruption Report	Corporate Services	Head of Revenues and Financial Compliance					✓
Receive the Corporate Risk Register	Corporate Services	Head of Revenues and Financial Compliance			✓		✓
Opportunity for Members to discuss Risks	Corporate Services	Risk owners			✓		✓
Statement of Accounts including Annual Governance Statement for Carmarthenshire CC - To be received - To be approved	Corporate Services	Head of Financial Services				✓	✓
Statement of Accounts including Annual Governance Statement for Dyfed Pension Fund - To be received - To be approved	Corporate Services	Head of Financial Services	✓			✓	✓
Burry Port Harbour Accounting Statement - To be received - To be approved	Corporate Services	Head of Financial Services				✓	✓
Audit enquiries to those charged with governance and management for: - Carmarthenshire CC - Dyfed Pension Fund	Corporate Services	Head of Financial Services	✓				✓
Single Tender Action	Corporate Services	Director of Corporate Services	As required				
Minutes for noting: - Grants Panel - Corporate Governance Group - Risk Management Steering Group	Corporate Services	Head of Revenues and Financial Compliance Head of Financial Services	✓	✓	✓	✓	✓
Audit Wales: - Audit Plan Update	Corporate Services	Audit Wales	✓	✓	✓	✓	✓
- Financial Statements – ISA260 Report presented to those charged with Governance in relation to the Statement of Accounts for: o Carmarthenshire CC o Dyfed Pension Fund			✓				✓
- Letter of Representation o Carmarthenshire CC o Dyfed Pension Fund			✓				✓
- Annual Audit Letter: o Carmarthenshire CC o Dyfed Pension Fund					✓		
- Auditor General's fees o Financial Audits: § Carmarthenshire CC § Dyfed Pension Fund o Performance Audit					✓		

Mae'r dudalen hon yn wag yn fwriadol

**Audit Committee Training / Informal Sessions**

Subject area and brief description of session	Lead Department	Responsible Officer(s)	Dates														
			Jul-17	Dec-17	Mar-18	Jul-18	Sep-18	Dec-18	Mar-19	Jul-19	Sep-19	Jan-20	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Audit Committee - Self Assessment	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance	✓														
Meeting with Auditors	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance		✓		✓		✓			✓		✓		✓		✓
Risk Register	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance			✓				✓			✓	✓		✓		✓
Statement of Accounts & Annual Governance Statement	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance				✓				✓				✓			
Audit Committee Development Session	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance					✓										
Fraud Awareness	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance													✓		
Category Management	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance	✓														
Local Authority Trading Companies	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance														✓	

Mae'r dudalen hon yn wag yn fwriadol

**Pwyllgor Archwilio  
16 Hydref 2020**

<b>Canolfan Sgio Penbre - Adroddiad Cynnydd</b>		
<b>Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:</b> I dderbyn yr adroddiad.		
<b>Y Rhesymau:</b> Gofynnodd y Pwyllgor Archwilio am adroddiad cynnydd yng nghyfarfod Medi 2019.		
<b>Ymgynghorwyd â'r pwyllgor craffu perthnasol: NADDO</b>		
<b>Angen i'r Bwrdd Gweithredol wneud penderfyniad: NAC OES</b> <b>Angen i'r Cyngor wneud penderfyniad: NAC OES</b>		
<b>YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:</b> Cyng. David Jenkins		
<b>Y Gyfarwyddiaeth:</b> Gwasanathau Corfforaethol  <b>Enw Pennaeth y Gwasanaeth:</b> Helen Pugh  <b>Awdur yr Adroddiad:</b> Helen Pugh	<b>Swyddi:</b> Pennaeth Refeniw a Chydymffurfio Ariannol	<b>Rhif ffôn:</b> 01267 246223 <b>Cyfeiriad e-bost:</b> <a href="mailto:HLPugh@sirgar.gov.uk">HLPugh@sirgar.gov.uk</a>

# Audit Committee 16 October 2020

## Pembrey Ski Centre – Internal Audit Update Report

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

At the September 2019 Audit Committee meeting, the Committee requested that a progress report be brought before the Audit Committee in 6 months' time. A progress report was prepared by the service and presented in the Audit Committee papers for the 20<sup>th</sup> March 2020 meeting. The Audit Committee meeting at that date was, however, cancelled due to the outbreak of Covid-19.

Since then, a follow-up review of the actions detailed in the 2018/19 report on Pembrey Ski Centre has been undertaken by Internal Audit. This progress report is, therefore, brought by Internal Audit and provides an update on the position as at October 2020.

A summary of the follow-up report is attached.

**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: H L Pugh – Head of Revenues and Financial Compliance

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

### 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: H L Pugh – Head of Revenues and Financial Compliance

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

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

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Strategic Audit Plan 2020-23	AC 29-07-20	Internal Audit Unit

Mae'r dudalen hon yn wag yn fwriadol

DEPARTMENT	AUDIT REVIEW	AUDIT REF
<b>Communities</b>	<b>Pembrey Ski Centre</b>	<b>8320002</b>

### **BACKGROUND**

Carmarthenshire County Council provides a wide range of countryside recreation facilities including Pembrey Country Park and the Ski Centre. These facilities generate significant levels of income, from a range of activities, to the Authority.

Pembrey Country Park is one of the most visited outdoor attractions in Wales. Integral to the success of the Country Park is the Ski Centre, which includes the ski slope, the toboggan run, a bicycle hire point and a café.

### **SCOPE**

The objective of the review was to ascertain whether the issues raised during the 2018/19 audit review of the Ski Centre have been appropriately addressed.

The following areas were considered during the 2018/19 review:

- Previously agreed recommendations have been implemented;
- Income due has been collected in full, promptly banked and is accurately accounted for in accordance with the requirements of Financial Procedure Rules;
- Adequate arrangements exist for the procurement of goods and services;
- Adequate arrangements exist for the safeguarding of the Authority's assets;
- Sale of shop stock is complete;
- All relevant staff have been subject to a Disclosure and Barring check;
- Staff rotas tally to submitted timesheets.

### **SUMMARY OF RESULTS**

The 2018/19 review of the Ski Centre resulted in a low assurance rating, identifying a number of areas, where improvements were required, relating in the main to:

- Control over till access, income recording and reconciliation, and cash holding.
- Document retention to evidence procurement decisions.

Internal Audit has followed up the actions that were agreed to be implemented by the Service following the 2018/19 review. It is pleasing to report that evidence was provided, and reviewed, to support all the agreed actions having been completed.

It should be noted that onsite testing was not undertaken during this review, due to COVID-19. A full Internal Audit review of the procedures is proposed to be undertaken during the 2021/22 financial year.

The issues identified during the 2018/19 review, the update from the Service as at 20<sup>th</sup> March 2020 and the Internal Audit Follow-up comments are included in the table on the following page.

**Pembrey Ski Centre – Audit Committee Update**

	Summary of Issues	Rating	Agreed Actions/Comments	Updated Actions (Update as at 20.03.2020)	Internal Audit Follow-up 2020/21
146	1 employee does not have a Disclosure and Barring Service (DBS) check which their post requires.	**	The DBS in question has now been completed and processed.	No Action required	Internal Audit confirmed that the DBS in question had been completed as appropriate.
2	As identified in the 2017/18 audit, there is inadequate segregation of duties and control over till access. Additionally, only 4 till operators have had unannounced cash ups since April 2018.	**	New Till system to be installed in the Park on 15th June 2019 where each operator will have a swipe card to access till.  There is a plan in place to undertake cash ups of all the team by Managers	11/9/2019 - All agreed actions have been implemented.  1/3/2020 - New till system have spot checks of cash ups. Key to this is that swipe cards are only used when that individual is on shift.	Internal Audit confirmed that the new till system is now in place and that all staff members have individual swipe cards. Evidence of unannounced cash-ups was reviewed by Internal Audit. Cash ups are performed by the Business Support Unit, thus ensuring segregation of duties is maintained in the process, as per Financial Procedure Rules.
3	20 income transactions were selected for review. The following issues were identified: <ul style="list-style-type: none"> <li>• 2 instances where Income Reconciliation Forms (IRF) not completed;</li> <li>• 12 refunds identified, but only 1 detailed on the back of the IRF (refunds appear to be mainly return of golf deposits and till under/over adjustments);</li> <li>• 4 instances of overs/unders exceeding £2, but only 1 was detailed on the back of the IRF;</li> <li>• Only 1 Z-reading was filed;</li> <li>• 1 error identified on the Daily Income form;</li> <li>• 4 Weekly Income Forms not properly completed;</li> </ul>	**	Training will be provided to all staff on site. There will also be a review of all financial procedures in line with Pembrey Country Park's procedures.	Training was implemented immediately after Audit.  BSU Team Leader and Commercial and Facility Manager revised procedure and changes to financial procedures.  1/3/2020 Financial procedures have now been added to Outdoor Recreation version so that all sites are following the same processes. Spot checks in place to ensure all processes are being followed	Discussions with the Commercial and Facilities Manager confirmed that all staff have been provided with training on Financial Procedure Rules following the previous Audit review. Internal Audit were provided with evidence of the training.

Internal Audit Follow-Up Report - Pembrey Ski Centre

	<ul style="list-style-type: none"> <li>• 2 Float in/out forms not completed;</li> <li>• 1 error on the Income recording (safe in/out form).</li> </ul>				
4	<p>Whilst cash collection is usually undertaken on a suitably frequent basis, testing identified two occasions where three weeks' cash was collected together.</p> <p>Internal Audit also noted that weekly takings during August 2018 exceeded the insurance threshold value.</p>	**	<p>New safe and income collection arrangements have been introduced to address these issues.</p>	<p>11/9/2019 Income collection issues have been addressed as part of the training detailed above.</p> <p>1/3/2020 Bank holiday pick-ups have been arranged for different days to ensure insurance threshold is addressed.</p>	<p>Discussions with the Commercial and Facilities Manager confirmed that all staff have been provided with training on Financial Procedure Rules following the previous Audit review. Training presentation slides confirmed that income collection issues were covered.</p>
5	<p>There is inadequate evidence of the procurement decision making process, when approved suppliers have not been used.</p>	*	<p>Procurement spreadsheet has been set up similar to the document within the Country Park procedures, which will rectify this issue in future.</p>	<p>11/9/2019 Database has been set up and no purchases to be made without these processes being followed.</p> <p>1/3/2020 Procurement process is used for all purchases and documented in database.</p>	<p>Internal Audit reviewed the Procurement database that is now maintained by the Ski Centre Management Team; it is pleasing to note that the document was thorough and detailed the information expected.</p>
6	<p>At the time of the audit, no invoice had been raised in respect of a booking for Ski Slope hire in August 2018, which had a net value of £1,200. Adequate income monitoring would have identified this omission.</p> <p>Of the remaining 9 credit invoices selected for testing, only 3 were invoiced within 10 days of incurring the debt, as per the requirement of Financial Procedure Rules.</p>	**	<p>The Booking system has been reviewed and diary markers put in place for raising of invoicing within the set time frame.</p>	<p>11/9/2019 Part of weekly processes is now to raise any invoices and the Commercial and Facility Manager checks diary for double checking income has been collected.</p> <p>1/3/2020 Income monitoring is undertaken regularly to check all income is collected. The monitoring takes place as part of the weekly financial checks and invoices are raised as part of this.</p>	<p>Internal Audit reviewed evidence of the diary markers now in place to raise invoices in a timely and appropriate manner. Evidence of the monitoring of income was also reviewed.</p>
7	<p>Rates charged for Adaptive Club and Slope Hire are not included in the Charging Digest. (The Adaptive Club rate is pre entered onto the system by the Central Admin</p>	*	<p>The Charging Digest is being updated to include this, with an SLA also being set up to confirm partnership working arrangements.</p>	<p>11/9/2019 Meetings have been undertaken to confirm points in the SLA, fees and charges are in draft version to be approved.</p>	<p>Internal Audit reviewed the SLA and found it to be satisfactory.</p>

Internal Audit Follow-Up Report - Pembrey Ski Centre

Judalen 118	<p>Team and cannot be amended by Centre staff). No evidence has been provided to confirm authorisation of these additional rates.</p>			<p>1/3/2020 SLA been completed but all charges are now part of the Charging Digest documents.</p>	
	<p>Minor discrepancies were identified during verification of the inventory of assets for hire. Internal Audit were advised these were due to human error.</p>	<p>*</p>	<p>Training and checking of asset list being reviewed and will be implemented.</p>	<p>11/9/2019 Spot checks are now undertaken as well as checks by the Ski and Activity Centre team.  1/3/2020 Asset checks have taken place already this year.</p>	<p>It is pleasing to note that a full asset list and stock register is now maintained. Documents were reviewed to evidence asset checks having been undertaken.</p>

**Pwyllgor Archwilio  
16 Hydref 2020**

<b>Adroddiad Cynnydd – Canolfan Hamdden Llanelli</b>		
<b>Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:</b> I dderbyn yr adroddiad.		
<b>Y Rhesymau:</b> Gofynnwyd am ddiweddariad cynnydd yng nghyfarfod y Pwyllgor Archwilio ar 1 Gorffennaf 2019.		
<b>Ymgynghorwyd â'r pwyllgor craffu perthnasol: NADDO</b>		
<b>Angen i'r Bwrdd Gweithredol wneud penderfyniad: NAC OES</b> <b>Angen i'r Cyngor wneud penderfyniad: NAC OES</b>		
<b>YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:</b> Cyng. David Jenkins		
<b>Y Gyfarwyddiaeth:</b> Adran Cymunedau  <b>Enw Pennaeth y Gwasanaeth:</b> Ian Jones  <b>Awdur yr Adroddiad:</b> Carl Daniels	<b>Swyddi:</b> Pennaeth Hamdden	<b>Rhif ffôn:</b> 01267 246031 <b>Cyfeiriad e-bost:</b> <a href="mailto:CaDaniels@carmarthenshire.gov.uk">CaDaniels@carmarthenshire.gov.uk</a>

**Audit Committee  
16 October 2020**

**Property Management Review – Progress Update**

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

The attached report summaries the agreed work and progress to date by the Llanelli Leisure Centre Management Team to improve its processes following the 2018/19 Internal Audit report undertaken in January 2019 and the 2019/20 Internal Audit report undertaken in March 2020.

**DETAILED REPORT ATTACHED?**

**YES**



## IMPLICATIONS

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

Signed: Ian Jones – Head of Leisure

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

### Finance

Actions contained within the report include those related to financial processes and procedures.

## CONSULTATIONS

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

Signed: Ian Jones – Head of Leisure

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

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

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Internal Audit Reports	6118012 6119014	Internal Audit Unit

Mae'r dudalen hon yn wag yn fwriadol

# Llanelli Leisure Centre – Update Report

16<sup>th</sup> October 2020

The attached Action Plan summaries the agreed work and progress to date by the Llanelli Leisure Centre Management Team to improve its processes following the 2018/19 Internal Audit report undertaken in January 2019 and 2019/20 Internal Audit report undertaken in March 2020.

It is very pleasing to report that since the 2018/19 audit, many of the issues previously identified have been, or are being addressed. For example:

- Recording and monitoring of bookings had improved;
- The income recording and document retention was generally a good standard;
- Stock taking procedures and associated records had improved;
- No issues were identified in relation to Disclosure and Barring Service clearance during the 2019/20 review.

Further, the general findings from the 2019/20 audit state that 'It is very pleasing to report that all relevant officers had appropriate Disclosure and Barring checks in place. Recording and monitoring of bookings has significantly improved; income recording, and document retention was a good standard and stock taking procedures and associated records have improved. Testing did highlight a couple of issues which need to be resolved before an overall positive evaluation can be assigned.'

The 2018/19 Internal Audit report highlighted five areas (1-5) within the action plan, with three actions being rated as one star (minor issues) and two being rated as two star issues (control issues required to strengthen existing procedures).

The 2019/20 Internal Audit report highlights two issues; the first being a revisit of finding number 2 from 2018/19 report, which was a two star issue (No 2b in the attached action plan), and the second being classed as a one star issue (No 6 in the attached action plan).

All of these issues are now complete, with one further IT system enhancement being in build phase.

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

- It should be ensured that sundry debtor accounts are raised promptly;
- Official orders are raised for all goods and services;
- All procurement complies with Financial Procedure Rules and Contract Procedure Rules;
- Training files are updated regularly, and copies of all relevant certificates retained;
- Control documentation needs to be improved, to evidence that hours claimed are being properly monitored.
- The requirement for qualifications needs to be accurately reflected within recruitment documentation and processes.

**FLANELLI LEISURE CENTRE ACTION PLAN - INTERNAL AUDIT 2018/19 (Points 1, 2, 3, 4, 5) and 2019/20 (Points 2b and 6)**

Auditor	Summary of Issues	Recommendations	Rating	Agreed Action / Comments	Officer Responsible	Original Target Date	Current Position
Hussein 124	<p>Audit testing of a sample of 10 bookings identified that 5 of the related invoices were raised after more than 10 days. It is acknowledged that in 1 of the cases, this was as a result of issues with Gladstone. Financial Procedure Rules detail that invoices must be raised within 10 days from the incurring of the debt.</p>	<p>It should be ensured that sundry debtor accounts are raised promptly.</p> <p>Monitoring of income receivable should be documented, together with any action taken in respect of non-payment.</p>	**	<p>Current reservation / configuration process requires officer to create membership ID, apply to booking screen and then activate account relevant to booking configuration/schedule. Invoice should be raised within 10 days from start date. Central administration team will manage transaction and update account. Further training will be administered to ensure financial regulations are maintained.</p>	Steve Owens / Mathew Stoakes	31.07.2019	<p>Complete. Systems and process in operation. Monthly update provided in service-wide Customer Experience Meetings, including relevant training for key personnel.</p>
	<p>In addition, 2 internal charges raised in June 2018 were still outstanding at date of audit (Feb 19).</p>			<p>IT process changed; Aug 2018 (approx), transition period may have caused minor discrepancies. Central Admin Team are now notified of charges and</p>	Steve Owens / Mathew Stoakes	31.07.2019	<p>Complete. IT issue resolved and all transactions now periodically run.</p>

				activate internal costs. Account details and payments are updated.			
2	Audit testing of a sample of 10 expenditure transactions identified 3 which did not have official orders raised, as per the requirement of Financial Procedure Rules.	It should be ensured that official orders are raised for all goods and services.	*	Monthly performance management meetings observe orders/ordering process to ensure all Financial Procedure Rules are adhered too. All staff are aware that purchase order numbers must be raised prior to ordering. Further training will be scheduled to appropriate staff.	Steve Owens	31.07.2019	Complete. All staff trained and reminded of relevant process and adherence monitored corporately by Leisure Business Support Unit and locally by Steve Owens via monthly budget monitoring.
2b	A sample of 10 expenditure transactions was reviewed. The following issues were identified;  3 transactions did not have an official order raised when it was appropriate to do so; 1 invoice was paid twice, the original in	It should be ensured that: - Official orders are raised for all goods and services. - Controls over invoice verification are properly applied. - All procurement exercises comply with Financial Procedure Rules and Contract Procedure Rules.	**	Procurement training has been applied to all relevant officers. Due to low purchase thresholds on recurring orders at site, recent procurement exercises have been associated to SIT; H&S / Operations; waste collections/pool chemicals – best value.	Steve Owens	01.04.2020	Complete. All multi-site / countywide purchases logged and reviewed with best value exercises allocated to relevant service improvement teams within Sport & Leisure

Tudalen 126	2018/19 and a copy in 2019/20; Evidence of procurement decisions was requested for 3 of the transactions, however, inadequate procurement evidence was provided to confirm best value was attained.	- Adequate documentation should be maintained in order to confirm the Authority has attained best value for money.					
3	Inadequate documentation was provided to confirm that best value was obtained in the procurement of goods and services. From a sample of 10 expenditure transactions selected for testing procurement evidence was insufficient.	It should be ensured that all procurement complies with Financial Procedure Rules and Contract Procedure Rules. Adequate documentation should be maintained in order to confirm the Authority has obtained best value for money.	**	Selected Framework suppliers provide substantial stock provisions. Further training on procurement protocol is required.	Steve Owens	31.10.2019	Complete. Evidence of various procurement exercises linked to refuse, chemicals, housekeeping consumables, etc. to increase efficiency. Training complete.
4	Audit testing of a sample of 10 staff identified that copies of First Aid qualifications were not available in	It should be ensured training files are updated regularly and copies of all relevant certificates retained.	*	National Pool Lifeguard Qualification (NPLQ) includes enhanced First Aid standard qualification. Employees will receive	Ian Wright / Gary Price / Steve Owens	01.06.2019	Complete. Comprehensive training programme in place re: NPLQ and digital

	respect of 3 employees.			certificates directly, and we encourage that copies are maintained at site within training files. Updated RLSS digital systems now provide all employee training specification and schedules for easy access and monitoring.			access system for qualification-checking. Incorporated First Aid qualification exceeds First Aid at Work qualification.
5	<p>Audit testing of 10 timesheet entries in the ledger confirmed that improved procedures have been introduced to monitor the accuracy of time claimed by staff. However for most entries, the documentation provided was inadequately completed, and it was not possible to confirm the accuracy of time claimed.</p> <p>Staff do not always clock in/out for all shifts.</p>	<p>Control documentation needs to be improved, to evidence that hours claimed are being properly monitored. Additional staff training is required, to ensure monitoring records are consistently utilised, complete and accurate.</p> <p>Staff must be reminded to clock in/out for all shifts.</p>	*	<p>Continued communication with staff is maintained through our workforce Duty Supervisor who records and monitors standards, monthly performance reviews are shared with site management team.</p> <p>Current funding application and procurement exercise is being managed with</p>	<p>Ian Wright / Steve Owens</p> <p>Steve Petherick</p>	<p>01.06.2019</p> <p>31.01.2020</p>	<p>Complete. Robust management and monitoring process in place</p> <p>Corporate Digital Transformation Bid successful (May 2019). IT</p>

Tudalen 128				the intention of introducing automated sign-in/out that will calculate hours etc and produce relevant reports.			solution procured and remains in 'build' phase due to lockdown and subsequent impact on business/ staffing requirements.
6	The 2017/18 audit identified that swimming instructors were being appointed without the Level 2 qualification required in the Job Profile. Since then a review of job profiles had been completed with the essential criteria amended to a Level 1 qualification. The job profile for a Swimming Instructor, issued in September 2019 was still specifying Swimming Teacher Licence and Swimming Teacher Level 2 qualification as	The correct Job Profile should be used for all relevant appointments.	*	The correct Job Profile has now been applied and is relevant to all current swimming teacher appointments in relation to appropriate essential qualifications requirements and grade (Level 1).	Penny John-Pearce (Aquatics Manager)	01.04.2020	Complete



	Essential Qualifications.						
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Mae'r dudalen hon yn wag yn fwriadol

**Pwyllgor Archwilio**  
**16 October 2020**

<b>Strategaeth Gwrth-Dwyll a Llygredd</b>		
<b>Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:</b> Cymeradwyo'r Strategaeth Gwrth-Dwyll a Llygredd.		
<b>Y Rhesymau:</b> Er mwyn caniatáu i'r Pwyllgor Archwilio gyflwyno sylwadau ynghylch cynnwys y Strategaeth Gwrth-Dwyll a Llygredd.		
<b>Ymgynghorwyd â'r pwyllgor craffu perthnasol: NADDO</b>		
<b>Angen i'r Bwrdd Gweithredol wneud penderfyniad: NAC OES</b> <b>Angen i'r Cyngor wneud penderfyniad: NAC OES</b>		
<b>YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:</b> Cyng. David Jenkins		
<b>Y Gyfarwyddiaeth:</b> Gwasanathau Corfforaethol  <b>Enw Pennaeth y Gwasanaeth:</b> Helen Pugh  <b>Awdur yr Adroddiad:</b> Helen Pugh	<b>Swyddi:</b> Pennaeth Refeniw a Chydymffurfio Ariannol	<b>Rhif ffôn:</b> 01267 246223 <b>Cyfeiriad e-bost:</b> <a href="mailto:HLPugh@sirgar.gov.uk">HLPugh@sirgar.gov.uk</a>

# Audit Committee

## 16 October 2020

### Anti-Fraud and Anti-Corruption Strategy

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

Carmarthenshire County Council has a zero-tolerance stance to all forms of fraud, corruption and theft, both from within the Council and from external sources. We recognise fraud can:

- Undermine the standards of public service that the Council is attempting to achieve;
- Reduce the level of resources and services available for the residents of Carmarthenshire; and
- Result in major consequences which reduce public confidence in the Council.

Fraud is not a victimless crime and can affect us all:

- **The monetary cost** – In monetary terms, fraud costs the country billions of pounds a year. It also affects the amount of money we have available to spend on providing public services.
- **The human cost** – There are other not so obvious costs as a consequence of some frauds. For example, a consequence of Council Housing Tenancy Fraud is that available housing spaces are reduced thereby depriving families and vulnerable people on the waiting list.

Good Corporate Governance requires that the Authority must demonstrate clearly that it is committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (Members and Employees) and outside the Council.

This strategy is closely linked to current policies within the Authority which provide staff with guidance on the prevention and reporting of fraud and corruption.

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: H L Pugh – Head of Revenues and Financial Compliance

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

### Legal:

The Fraud Act affects both companies and individuals and is part of a wider initiative to combat the increasing problem of fraud.

### Finance:

In monetary terms, fraud costs the country billions of pounds a year. It also affects the amount of money we have available to spend on providing public services.

### Risk Management Issues:

The nature and scale of fraud risks must be established and assessed.

## CONSULTATIONS

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

Signed: H L Pugh – Head of Revenues and Financial Compliance

**1.Scrutiny Committee: Not Applicable**

**2.Local Member(s): Not Applicable**

**3.Community / Town Council: Not Applicable**

**4.Relevant Partners: Not Applicable**

**5.Staff Side Representatives and other Organisations: Not Applicable**

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

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

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Financial Procedure Rules		Internal Audit Unit  PMP
Contract Procedure Rules		
Whistleblowing Policy		
Behaviour and standards of the Authority		
Benefit Fraud Procedures		
Code of Conduct		

Mae'r dudalen hon yn wag yn fwriadol

# Anti-Fraud and Anti-Corruption Strategy 2020-2025

October 2020

# Anti-Fraud and Anti-Corruption Strategy 2020-2025

<u>Table of Contents</u>	<u>Page</u>
1. Introduction	3
2. Scope	4
3. Fraud and Corruption Definitions	4
3.1 What is Fraud?	4
3.2 What is Corruption?	4
3.3 What is Theft?	5
3.4 What is Money Laundering?	5
3.5 Areas to be addressed by this Strategy	6
4. Culture	7
5. Reporting Fraud and Corruption	8
5.1 Housing Benefit Fraud	8
5.2 Council Tax Reduction Fraud	8
5.3 Blue Badge Fraud or Misuse	8
5.4 Other Frauds perpetrated against Carmarthenshire CC	8
5.5 Monitoring and Reporting	9
6. Detection and Investigation	9
7. Prevention	10
7.1 Working with Organisations/Partners	10
7.2 Members	10
7.3 Staff	11
7.4 Joint working to prevent fraud and corruption	11
8. Promoting Anti-Fraud and Anti-Corruption Awareness	11
9. Aims & Objectives of the Strategy	12
10. Conclusion	12
Appendix: Fraud and Corruption Reporting Flowchart	13



## 1.0 Introduction

Carmarthenshire County Council is one of the largest unitary Authorities in Wales, and the largest local employer with over 8,000 staff. We have an annual budget of over £586 million, and provide hundreds of services to over 180,000 residents. The Council owns significant assets, operates a range of systems and deals on a day to day basis with a wide range of contractors and customers. The diverse range and nature of services and activities coupled with the size of its operations and budgets inevitably put Carmarthenshire County Council at risk of fraud and corruption, from both internal and external sources.

Fraud is not a victimless crime and can affect us all.

**The monetary cost** – in monetary terms, fraud costs the country billions of pounds a year. It also affects the amount of money we have available to spend on providing public services.

**The human cost** – There are other not so obvious costs as a consequence of some frauds. E.g. a consequence of Council Housing Tenancy Fraud is that available housing spaces are reduced thereby depriving families and vulnerable people on the waiting list.

Good Corporate Governance requires that the Authority must demonstrate clearly that it is committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (Members and employees) and outside the Council. In addition, there will be no distinction made in investigation and action between cases that generate

financial benefits and those that do not. [The Well-being of Future Generations \(Wales\) Act 2015](#) requires each public body to carry out sustainable development, which means the process of improving the economic, social, environmental and cultural well-being of Wales. The role of this strategy will play an important part to ensure we follow the 7 principles of Good Governance set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) by behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law. Managing risks and performance through robust internal control and strong public finance management. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Council has a high degree of external scrutiny of its affairs by a variety of bodies including:

- Public Services Ombudsman for Wales
- Wales Audit Office
- Central Government Departments and Parliamentary Commissions
- Her Majesty's Revenue and Customs
- The Department of Works and Pensions
- Welsh Government

This strategy is closely linked to current policies within the Authority which provide staff with guidance on the prevention and reporting of fraud and corruption. These include Financial Procedure Rules, [Whistleblowing Policy, Behaviour and standards of the Authority](#), and [Benefit Fraud Procedures](#).

## 2.0 Scope

This strategy applies to:

- All Carmarthenshire County Council employees (including volunteers and agency staff);
- Councillors;
- Staff and Committee Members of council-funded voluntary organisations;
- Carmarthenshire County Council's partners;
- NHS partners;
- Carmarthenshire County Council Schools;
- Council suppliers, contractors and consultants;
- Customers.

## 3.0 Definitions - Fraud and Corruption

Carmarthenshire County Council has a **zero-tolerance** stance to all forms of fraud, corruption and theft, both from within the council and from external sources. We recognise that fraud can:

- Undermine the standards of public service that the Council is attempting to achieve;
- Reduce the level of resources and services available for the residents of Carmarthenshire; and
- Result in major consequences which reduce public confidence in the Council.

### 3.1 What is Fraud?

Fraud is a criminal act or omission of deception intended for personal gain or to cause a loss to another person or organisation (Fraud Act 2006, UK Legislation) this includes:

- **Knowingly making a false representation** – where an individual dishonestly and knowingly makes a representation that is untrue or misleading.
- **Failing to disclose information** – where an individual wrongfully and dishonestly fails to disclose information to another person when they have a legal duty to disclose it, or where the information is of a kind that they are trusted to disclose it, or they would be reasonably expected to disclose it.
- **Abuse of position** – Where an individual who has been given a position in which they are expected to safeguard another person's financial interests dishonestly and secretly abuses that position of trust without the other person's knowledge.

Fraud may be committed against individuals, businesses, or other organisations including Councils.

Fraud may be committed by persons internal or external to the Council, either acting alone or as part of a group.

### 3.2 What is Corruption?

Corruption is regarded as:

The offering, giving, soliciting or accepting of any inducement or reward, which would influence the actions taken by the body, its members or officers.

The Bribery Act 2010, UK Legislation identifies the criminal offence of bribery and identifies 4 key offences:

- **Bribing another person** – A person commits an offense by offering, promising or giving a financial or other advantage to another person, directly or through an intermediary: intending that advantage to induce a person to perform improperly a function or to reward a person for so doing (whether or not it is the same person to whom the advantage is offered) or knowing or believing that accepting the advantage would itself be improper performance of a function.
- **Being bribed** – A person commits this offence by requesting, agreeing to receive or accepting a financial or other advantage, directly or through a third party, for his or her own or someone else’s benefit: that person intends that, as a consequence, there is improper performance of a function or there is improper performance of a Function (whether as a reward, in anticipation of or as a consequence of the request, agreement or acceptance). The request, agreement or acceptance itself may be the improper performance of a function.
- **Bribery of a Foreign Public Figure** – This offence will be committed if a person offers or gives a financial or other advantage to a foreign public official with the intention of influencing the foreign public

official and obtaining or retaining business, where the foreign public official was neither permitted nor required by written law to be so influenced; and

- **Failing to prevent Bribery** – A company is ‘strictly liable’ for any bribe paid by a person performing services on its behalf, unless the organisation proves that adequate anti-bribery procedures were in place.

The maximum penalty for the offenses is 10 years imprisonment and/or an unlimited fine. For the failure to prevent an offense, the fine alone applies.

### 3.3 What is Theft?

- A person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it; and “thief” and “steal” shall be construed accordingly.
- It is immaterial whether the appropriation is made with a view to gain, or is made for the thief’s own benefit.

[\(The Theft Act 1968.Legislation.gov.uk\)](#)

### 3.4 What is Money Laundering?

Money Laundering is the process by which criminals attempt to ‘recycle’ the proceeds of their criminal activities in order to conceal its origin and ownership whilst retaining use of the funds.

The burden of identifying and reporting acts of money laundering rests within

the Council. Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and any suspicion concerning the appropriateness of a transaction should be reported and

advice sought from the Head of Revenues and Financial Compliance.

The Council recognises its responsibilities under the [Money Laundering Regulations 2007](#) and the [Proceeds of Crime Act 2002](#).

**3.5 Areas to be addressed by this Strategy**

The Anti-Fraud and Anti-Corruption Strategy 2020-2025 will aim to address the following areas:



#### 4. Culture

The culture of the Council has always been one of openness and the core values of Integrity, Taking Responsibility and Excellence support this. Carmarthenshire County Council is committed to the highest ethical and moral standards and is determined that the culture of the organisation is that of **honesty, integrity** and **transparency** and fundamental to these core values is its commitment to combat fraud and corruption.

The prevention/detection of fraud, bribery and corruption and the **protection of the public purse** are responsibilities of everyone, both internal and external to the organisation. The Council's Elected Members and employees play an important role in creating this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority. The public also has a role to play in this process and should inform the Council if they feel that fraud/corruption may have occurred.

Carmarthenshire County Council will continue to be committed to a policy of **zero tolerance** in relation to Fraud and Corruption. The Authority aims to provide excellent public services and needs to ensure propriety and accountability in all matters. The public has a right to expect that public funds are spent appropriately, transparently and on essential services in an efficient, effective and economic manner. The Council is determined to protect itself and the public from fraud and corruption. It is committed to the rigorous maintenance of a strategy for the prevention and detection of fraud and corruption, which is designed to:

- Raise awareness of fraud and corruption,
- Encourage prevention,

- Promote detection,
- Perform investigations and facilitate recovery,
- Act as a deterrent against future fraud and corruption,
- Allow the Authority to act in the strongest way against any wrongdoing,
- Maintain, monitor and communicate policies and related procedures,
- Not tolerate false accusations of fraud.



## 5. Reporting Fraud and Corruption

As per the Financial Procedure Rules:

*Any case of suspected fraud or corruption by any officer or member of the Council must be reported immediately to the Head of Revenues and Financial Compliance. Where cases are logged on the Whistle blowing Database, the Monitoring Officer will be responsible for formally referring the case to the Head of Revenues and Financial Compliance. No internal investigation should be attempted by any Department. The Head of Revenues and Financial Compliance will arrange for the necessary investigation to be carried out. Where, as a consequence of the investigation, there appears to be reasonable grounds to indicate that an officer has been guilty of fraud or corruption, the Head of Revenues and Financial Compliance will discuss the matter with the Section 151 Officer who will be responsible for deciding whether the matter should be formally referred to the Police.*

*All cases of suspected fraud or corruption will be reported to the Authority's Chief Executive.*

**Thefts:** *Where cash or items are stolen, such incidents should normally be immediately reported to the Police. If it is suspected that a member of staff may have been involved in the theft, it may be appropriate to liaise with Internal Audit prior to formally referring the case to the Police. This decision must be made by the Divisional Heads of Services depending upon the circumstances. Where the issue is referred directly to the Police, the Head of Revenues and Financial Compliance must be made aware of the referral as soon as is reasonably possible. All thefts of cash or items should be notified to the Head of Revenues and Financial Compliance.*

Reports of fraud are encouraged from all sources, including staff and the public.

Fraud can be reported confidentially in the following ways:

### 5.1 Housing Benefit Fraud:

Allegations of fraud can be reported online to [fraud@carmarthenshire.gov.uk](mailto:fraud@carmarthenshire.gov.uk) or by telephone to the Council's Fraud & Compliance team on 01554 742129.

You can also report benefit fraud by telephoning the National Benefit Fraud Hotline. The Hotline is available Monday to Friday 8am to 6pm on 0800 854440, they also have a dedicated Welsh Hotline on 0800 6783722.

### 5.2 Council Tax Reduction Fraud/Council Tax Discount & Exemption Fraud:

Allegations of fraud can be reported online to [fraud@carmarthenshire.gov.uk](mailto:fraud@carmarthenshire.gov.uk) or by telephone to the Council's Fraud & Compliance team on 01554 742129.

### 5.3 Blue Badge Fraud or Misuse:

It is an offence to misuse a blue badge and can result in a prosecution, a fine of up to £1000, confiscation of the badge plus any additional penalty for the related parking offence. If you think someone is misusing a blue badge parking permit you can report this online to [fraud@carmarthenshire.gov.uk](mailto:fraud@carmarthenshire.gov.uk) or by telephone to the Council's Fraud & Compliance team on 01554 742129.

### 5.4 Other Frauds perpetrated against Carmarthenshire County Council:

If you would like to speak to someone about frauds perpetrated against Carmarthenshire County Council, you can contact the Head of Revenues and Financial Compliance on 01267 246223.

The Public can also make an appointment at one of our Customer Service Centres in Ammanford, Carmarthen or Llanelli. If you



are deaf or hard of hearing we can also provide a sign language interpreter, please let us know when you make an appointment.

You can also email us at [direct@carmarthenshire.gov.uk](mailto:direct@carmarthenshire.gov.uk).

Carmarthenshire County Council has a [Whistleblowing Policy](#) managed by the monitoring officer. This policy enables employees to raise concerns and also safeguard their interests in line with the Public Interest Disclosure Act 1998.

### 5.5 Monitoring and Reporting

An annual report will be provided to the Authority's Audit Committee to monitor the implementation of this strategy.

Regular reports of suspected and proven frauds will be provided to the Corporate Management Team (CMT). The CMT will monitor the effectiveness of Counter Fraud arrangements across the Authority.

## 6. Detection and Investigation

Internal Audit plays an important role in the detection of fraud, bribery and corruption. Included in their strategic plan are reviews of system controls including financial controls and specific fraud and corruption tests and will make spot checks. Internal Audit undertakes extensive data matching exercises to detect potential fraud comparing data sets between and within systems to identify discrepancies, which may indicate fraudulent activity.

In addition to Internal Audit, there are numerous systems and management controls in place to deter fraud and corruption but it is often the vigilance of employees and members of the public that aids detection. The Council's Whistle

Blowing Policy is intended to encourage and enable staff to raise their concerns.

The Authority will continue to contribute to the National Fraud Initiative, co-ordinated by Wales Audit Office (undertaken every 2 years) where sets of data on a range of service provision are compared with other Local Authorities and Public Body Data to identify exceptions, which could include fraudulent activity.

Any decision to refer a matter to the Police of suspected fraud or corruption for a criminal investigation will require the involvement of the Director of Corporate Services, The Head of Revenues and Financial Compliance and the relevant Director, or in their absence any of these officers or their nominated representatives.

Under the Authority's **zero tolerance** approach, all cases of Fraud and Corruption are discussed with the Police with a view to progressing the prosecution.

Depending on the nature of the allegation the Head of Revenues and Financial Compliance will work closely with the Head of Service concerned to ensure that all allegations are thoroughly investigated and reported upon.

The Authority's [Disciplinary Procedures](#) will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. Cases in respect of Elected Members will be referred to the Public Services Ombudsman for Wales.

Investigations are undertaken without delay and by suitably qualified staff within Internal Audit and the Fraud & Compliance team, who are aware of Data Protection and Human Rights issues and in particular the Regulation of Investigatory Powers Act 2016. Under this Act strict conditions are imposed when undertaking observations

and surveillance and these require specific approval.

## 7. Prevention

Our aim is to stop fraud and corruption from happening in the first place. In line with the Well-being of Future Generations (Wales) Act 2015, we will act to prevent problems occurring or getting worse, by understanding the root cause of the issue and preventing reoccurrence, ensuring:

- There are clear rules and procedures within which Members, employees and customers can work; these are maintained, communicated and enforced.
- There is a robust Internal Control Environment established and there are appropriate levels of internal checks included in working practices, particularly financial procedures.
- We work with other organisations/partners to prevent and detect fraud and corruption.
- That the established Code of Conduct for Members and staff is effective.
- We work with partners to prevent fraud and improve intelligence.
- That the Authority's strategy on Anti-Fraud and Anti-Corruption is promoted to all parties including members, staff, service users and customers.
- Fraud Risks are included in the Corporate and Service Risk Registers.
- Where appropriate, to reduce risk, we will work to remove cash from the system by considering digital cashless options.
- We will provide appropriate training to staff and Members on the prevention and detection of fraud and corruption.

A robust Internal Control Environment must be embedded within the Council

whereby Senior Management ensure that effective controls are in place within all systems to reduce the risk of fraud or corruption.

Internal and External Audit provide support to management by undertaking an independent evaluation of internal controls, reporting to management and where necessary to Audit Committee.

The Executive Board Member elected as the Council's Counter Fraud Champion will promote the Council's **zero tolerance** fraud culture.

### 7.1 Working with Other Organisations/Partners

In line with the Well-being of Future Generations (Wales) Act 2015, we work with others in a collaborative way to find shared sustainable solutions. The Authority increasingly collaborates with agencies and other bodies to provide effective services; this includes collaboration with the Department for Work and Pensions (DWP) and the Police. A current Memorandum of Understanding in place with Dyfed Powys Police emphasises our intention and commitment to combatting fraud and corruption against the Authority.

Management must ensure that the necessary framework to counter fraud and corruption are in place when the Authority is working with other organisations, either by way of contract or partnership. The Authority should not enter into any contractual agreement with an organisation that fails Carmarthenshire County Council to uphold Codes of Practice and/or other related procedures.

### 7.2 Members

Members are required to adhere to the ['Code of Conduct for Members and co-](#)



opted Members'. This code provides rules on the declaration of interest, gifts and hospitality. A register is maintained and Member Declarations of Interest are formally recorded in the minutes.

### **7.3 Staff**

Employees must abide by the [Council's Code of Conduct for Employees](#). The Code details the standards all employees must uphold to maintain the integrity of the Council's activities. The Code includes rules regarding relationships, gifts and hospitality, confidentiality, personal conduct and the requirement for conflicts of interest to be declared.

### **7.4 Joint working to prevent Fraud and Corruption**

Carmarthenshire County Council will continue to maintain and develop its links with other organisations in its efforts to prevent fraud and corruption.

Carmarthenshire County Council works alongside other Authorities as part of the Welsh Chief Auditors Group, where fraud concerns are discussed and considered. Fraud is not restricted to boundaries and this type of collaboration allows best practice, skills, knowledge and intelligence to be shared by all Authorities.

## **8. Promoting Anti-Fraud and Corruption Awareness**

Carmarthenshire County Council informs its stakeholders via Staff News E-mails, monthly newsletters, the Council's website and social media pages of Anti-Fraud and Anti-Corruption initiatives.

This covers issues such as:

- Fraud initiatives relating to reducing Benefit Fraud.
- Public Protection issues relating to bogus traders.
- Fraud warnings relating to false invoices/lottery scams.

Internal Audit will publicise the Anti-Fraud and Anti-Corruption Strategy on the Intranet with other up to date advice and guidance on current issues and will facilitate fraud awareness training to staff as and when required.

The Authority supports the provision of training programmes and circulation of relevant information to ensure that responsibilities and duties are highlighted and reinforced. This includes the requirement for information to be provided to third parties providing services to and on behalf of the Council.

## 9. Aims and Objectives of the Strategy

### *We aim to:*

#### Make better use of resources

Protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Carmarthenshire residents and visitors.

#### Prevent Fraud, through understanding the root cause of problems and driving improvements for long-term impact

Create and promote an 'anti-fraud' culture which highlights the Council's zero tolerance of fraud, bribery, corruption and theft.

Provide recommendations to inform policy, system, risk management and control improvements, thereby reducing the Council's exposure to fraudulent activity.

Create an environment that enables the reporting of any genuine suspicions of fraudulent activity. However, we will not tolerate malicious or vexatious allegations or those motivated by personal gain and if proven, we may take disciplinary or legal action.

#### Work with others in a collaborative way to find shared, sustainable solutions

Work with our partners and other investigative bodies to strengthen and continuously improve our arrangements to prevent fraud and corruption.

## 10. Conclusion

Carmarthenshire County Council prides itself on setting and maintaining high standards and a culture of openness, with core values of **Integrity, Taking Responsibility** and **Excellence**. This Strategy fully supports the Council's desire to maintain an honest authority, free from fraud and corruption.

The Authority is committed to **zero tolerance** in relation to fraud and corruption and has in place a network of systems and procedures to assist it in dealing with fraud and corruption when it occurs. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation to safeguard the interests of the Council and its customers.

Carmarthenshire County Council will maintain a continuous review of all these systems and procedures to ensure their relevance and effectiveness.

## FRAUD AND CORRUPTION REPORTING FLOWCHART

### FRAUD OR CORRUPTION IS DETECTED OR SUSPECTED

**Action to take:**  
Inform the appropriate officer using the following flowchart.

**DOES THE OFFENCE RELATE TO HOUSING BENEFITS, COUNCIL TAX OR BLUE BADGES?**

Yes

No

**CONTACT THE FRAUD INVESTIGATION OFFICER**

[fraud@carmarthenshire.gov.uk](mailto:fraud@carmarthenshire.gov.uk)

01554 742129

**CONTACT THE HEAD OF REVENUES AND FINANCIAL COMPLIANCE**

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

01267 246223

The Head of Revenues and Financial Compliance will assess the information and discuss with the Authority's Section 151 Officer.

A decision will be made as to whether the matter should be referred to the Police to request a criminal investigation.

Where an employee is suspected of fraud, consideration will be given to the need to suspend the employee as part of invoking the disciplinary procedure.

All cases of suspected fraud or corruption will be reported to the Authority's Chief Executive.

Mae'r dudalen hon yn wag yn fwriadol

**Dydd Gwener, 11eg Medi, 2020**

**YN BRESENNOL:** Y Cyngorydd T.M. Higgins [Cadeirydd]

**Y Cynghorwyr:**

K.V. Broom, K.Davies, J.S. Edmunds (yn lle B.A.L. Roberts), G.H. John, A.G. Morgan, B. Thomas a D.E. Williams

Mrs J. James (Aelod Allanol â Phleidlais)

**Yn bresennol fel sylwedydd:**

Y Cyngorydd D.M. Jenkins – Yr Aelod o'r Bwrdd Gweithredol dros Adnoddau

**Yn bresennol o Archwilio Cymru:**

Mr J. Garcia a Ms A. Lewis

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

C. Moore - Cyfarwyddwr Gwasanaethau Corfforaethol

R. Hemingway - Pennaeth Gwasanaethau Ariannol

J. Jones - Pennaeth Adfywio

H. Pugh - Pennaeth Refeniw a Chydymffurfio Ariannol

P.R. Thomas - Prif Weithredwr Cynorthwyol (Rheoli Pobl a Pherfformiad)

G. Davies - Rheolwr Cyllid

C. Powell - Prif Archwilydd

M. Evans Thomas - Prif Swyddog Gwasanaethau Democrataidd

E. Bryer - Swyddog Gwasanaethau Democrataidd

M.S. Davies - Swyddog Gwasanaethau Democrataidd

J. Corner - Swyddog Technegol

S. Rees - Cyfieithydd Ar Y Pryd

**Cyfarfod Rhithwir : 2.00 p.m. – 4.30 p.m.**

**1. YMDDIHEURIADAU AM ABSENOLDEB**

Cafwyd ymddiheuriad am absenoldeb gan y Cyngorydd B.A.L. Roberts.

Dyweddodd y Cyfarwyddwr Gwasanaethau Corfforaethol byddai rhaid iddo gadael y cyfarfod am 3.30 p.m.

**2. DATGANIADAU O FUDDIANNAU PERSONOL**

<b>Aelod</b>	<b>Rhif y Cofnod</b>	<b>Y Math o Fuddiant</b>
A.G. Morgan	3 – Datganiad Cyfrifon Cyngor Sir Caerfyrddin	Mae'n denant yn Llynnoedd Delta
J. James	3.4 – Datganiad Cyfrifon Cyngor Sir Caerfyrddin 2019/20	Mae hi'n Is-gadeirydd ac yn Ymddiriedolwr i Ardd Fotaneg Genedlaethol Cymru.

### **3. DATGAN CYFRIFON CYNGOR SIR GAERFYRDDIN**

#### **3.1. ADRODDIAD DATGANIADAU ARIANNOL CYNGOR SIR GAERFYRDDIN (ISA 260)**

Bu'r Pwyllgor yn ystyried adroddiad Archwilio Cymru ar yr Archwiliad o Ddatganiadau Ariannol (ISA 260). Roedd yr adroddiad yn crynhoi'r prif ganfyddiadau a ddeilliodd o'r archwiliad a gynhaliwyd gan Archwilio Cymru o gyfrifon yr Awdurdod ar gyfer 2019/20. Yr Archwilydd Cyffredinol oedd yn gyfrifol am ddarparu sylwadau ynghylch a yw'r datganiadau ariannol yn olwg gywir a theg ar sefyllfa Cyngor Sir Caerfyrddin ar 31 Mawrth 2020.

Dywedodd Jason Garcia o Archwilio Cymru wrth y Pwyllgor fod Archwilio Cymru yn bwriadu cyhoeddi adroddiad archwilio diamedd ar y cyfrifon, ond roedd rhai materion yr oedd angen eu hadrodd i'r Pwyllgor cyn iddynt gael eu cymeradwyo, a bod manylion wedi'u cynnwys yn yr adroddiad.

Nodwyd bod barn archwilio amodol yn cael ei chyhoeddi lle mae pryderon perthnasol am rai agweddau ar y cyfrifon, neu fel arall cyhoeddir barn ddiamod. Roedd y Pwyllgor yn falch o nodi bod Archwilio Cymru yn bwriadu cyhoeddi barn archwilio ddiamod ar y cyfrifon ac y byddai'n cael ei chyhoeddi cyn gynted ag y deuai'r Llythyr Sylwadau i law. Roedd y Pwyllgor hefyd yn falch o nodi nad oedd unrhyw gamdatganiadau wedi'u nodi yn y datganiadau ariannol a oedd yn dal heb eu cywiro.

Estynnwyd llongyfarchiadau i'r holl swyddogion oedd yn rhan o'r gwaith o lunio adroddiad cadarnhaol iawn yn ystod cyfnod heriol iawn.

#### **PENDERFYNWYD YN UNFRYDOL dderbyn adroddiad Archwilio Cymru ar yr Archwiliad o Ddatganiadau Ariannol Cyngor Sir Caerfyrddin ar gyfer 2019/20.**

#### **3.2. LLYTHYR CYNRYCHOLAETH**

Bu'r Pwyllgor yn ystyried y Llythyr Sylwadau i Archwilio Cymru a baratowyd gan Gyfarwyddwr y Gwasanaethau Corfforaethol a Chadeirydd y Pwyllgor Archwilio, yn unol â gofynion y Datganiad ar Safonau Archwilio (SAS440 - Sylwadau Rheolwyr).

Roedd angen cydnabyddiaeth ffurfiol y Pwyllgor o ymateb Cyfarwyddwr y Gwasanaethau Corfforaethol a Chadeirydd y Pwyllgor Archwilio ar Archwilio Cymru hefyd.

#### **PENDERFYNWYD YN UNFRYDOL gydnabod yn ffurfiol y Llythyr Sylwadau gan Gyfarwyddwr y Gwasanaethau Corfforaethol a Chadeirydd y Pwyllgor Archwilio at Archwilio Cymru.**

#### **3.3. YMHOLIADAU ARCHWILIO AR GYFER Y RHEINY SY'N GYFRIFOL AM LYWODRAETHU A RHEOLAETH**

Bu'r Pwyllgor yn ystyried adroddiad ar Ymholiadau Archwilio i'r Rheiny sy'n Gyfrifol am Lywodraethu.

Mae'n ofynnol i Archwilio Cymru gynnal ei archwiliad ariannol yn unol â'r gofynion a nodir yn y Safonau Rhyngwladol ar Archwilio. Fel rhan o ofynion y Safonau, mae'n ofynnol i Archwilio Cymru geisio'n ffurfiol ystyriaeth a dealltwriaeth yr Awdurdod, wedi'u cofnodi, o nifer o feysydd llywodraethu sy'n effeithio ar yr archwiliad o'r datganiadau ariannol. Mae'r ystyriaethau hyn yn berthnasol i reolwyr y Cyngor a'r rheiny sy'n gyfrifol am lywodraethu, sef y Pwyllgor Archwilio.

Roedd yr adroddiad yn manylu ar y meysydd llywodraethu hynny y ceisiodd Archwilio Cymru farn arnynt ac roedd y wybodaeth a roddwyd yn llywio eu dealltwriaeth o'r Cyngor a'i brosesau busnes ac yn cefnogi eu gwaith wrth ddarparu barn archwilio ar ddatganiadau ariannol 2019/20.

**PENDERFYNWYD YN UNFRYDOL gymeradwyo'r ymatebion i'r ceisiadau a wnaed i'r rheolwyr a'r Pwyllgor Archwilio fel y manylir yn yr adroddiad.**

### **3.4. DATGAN CYFRIFON CYNGOR SIR GAERFYRDDIN 2019/20**

[NODER: Roedd y Cynghorydd A.G. Morgan a Mrs J. James wedi datgan buddiant yn yr eitem hon yn gynharach.]

Bu'r Pwyllgor yn ystyried Datganiad Cyfrifon 2019/20 ar gyfer Cyngor Sir Caerfyrddin wedi'i archwilio, yn unol â Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014 (fel y'u diwygiwyd yn 2018).

Nodwyd bod nifer o ddiwygiadau wedi'u gwneud i'r cyfrifon, fel y crybillwyd yn yr ISA 260, gan gynnwys eglurhad ynghylch rhai nodiadau datgelu. O ran Cronfa'r Cyngor, nid oedd newid wedi bod i'r balansau ar y cronfeydd cyffredinol na'r cronfeydd wrth gefn am y flwyddyn, ac nid oedd newid i falans y Cyfrif Refeniw Tai ar ddiwedd y flwyddyn. Roedd yr holl newidiadau y cytunwyd arnynt gydag Archwilio Cymru wedi'u hadlewyrchu yn y Datganiad Cyfrifon.

Cyfeiriodd Cyfarwyddwr y Gwasanaethau Corfforaethol at baragraff 3.3.6.3 ar dudalen 20 yr adroddiad a thynnodd sylw'r Pwyllgor at y cyfeiriad at y ffaith bod gan yr holl aelodau craffu bŵer i alw penderfyniadau gweithredol i mewn. Eglurodd fod gan unrhyw dri aelod o'r Cyngor y pŵer hwn a chynhigiodd fod hyn yn cael ei ddiwygio. Cyfeiriodd hefyd at y cyfeiriad yn yr un paragraff at gyfnod galw o 3 diwrnod ar gyfer penderfyniadau gweithredol. Dywedodd wrth y Pwyllgor mai 5 diwrnod yw'r cyfnod galw mewn gwirionedd felly byddai angen diwygio'r cyfeiriad hwn hefyd. Ychwanegodd fod y wybodaeth hon wedi'i hailadrodd yn ddiweddarach yn yr adroddiad ym mharagraff 3.3.7.7 felly byddai angen diwygio'r paragraff hwn hefyd.

Roedd y Cyfarwyddwr am ddiolch i Bennaeth y Gwasanaethau Ariannol, y Rheolwr Cyllid a'u staff am eu holl waith galed i gwblhau'r Datganiad Cyfrifon yn llwyddiannus o dan amgylchiadau anodd iawn.

**PENDERFYNWYD YN UNFRYDOL gymeradwyo Datganiad Cyfrifon 2019/20 Cyngor Sir Caerfyrddin, wedi'u harchwilio.**

#### **4. DATGANIAD ARIANNOL AWDURDOD HARBWR PORTH TYWYN 2019-20**

Roedd yn ofynnol i'r Cyngor gymeradwyo cyfrifon 2019/20 yr Awdurdod Harbwr wedi'u harchwilio er mwyn cydymffurfio â Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014. Roedd y Pwyllgor Archwilio wedi dirprwyo pwerau i gymeradwyo'r Cyfrifon yn unol â'r Mesur Llywodraeth Leol.

Mae ystod o bwerau a dyletswyddau statudol gan Gyngor Sir Caerfyrddin er mwyn gwella, cynnal a rheoli harbwr Porth Tywyn, a hynny drwy Orchymyn Adolygu Harbwr Porth Tywyn 2000. Yn unol â Deddf Harbyrau 1964, mae'n ofynnol i Awdurdodau Harbwr statudol lunio datganiad cyfrifon blynyddol ynghylch gweithgareddau'r harbwr. Yn unol â Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014, mae'r cyfrifon hyn ar ffurf cyfrif incwm a gwariant blynyddol ar wahân a datganiad balansau. Ym mis Ebrill 2018, roedd yr Awdurdod wedi rhoi prydles hirdymor i The Marine & Property Group Ltd, a gymerodd gyfrifoldeb dros gynnal a rheoli Harbwr Porth Tywyn ac o ganlyniad roedd llawer llai o weithgaredd ar y datganiad. Cost net gweithgareddau'r harbwr yn 2019/20 oedd £76k (2018-29 £533k) ac roedd yr holl weithgareddau'n cael eu cyllido'n llawn gan Gyngor Sir Caerfyrddin. Roedd yr asedau sefydlog a ddelir ar 31 Mawrth 2020 yn dod i gyfanswm o £950k. Roedd y gostyngiad yn y costau o flwyddyn i flwyddyn o £457k yn bennaf yn ymwneud â gostyngiad o £545k mewn gwariant cyfalaf a gostyngiad o £5k mewn costau gweithredu wedi'i wrthbwyso gan ostyngiad o £83K mewn incwm.

**PENDERFYNWYD YN UNFRYDOL gymeradwyo Datganiad Cyfrifon Awdurdod Harbwr Porth Tywyn wedi'u harchwilio ar gyfer 2019/20.**

#### **5. YSTYRIED Y DOGFENNAU A PHARATOWYD GAN ARCHWILIO CYMRU**

##### **5.1. ADRODDIAD LLEOL ARCHWILIO CYMRU - ASESIAID CYNALIADWYEDD ARIANNOL - CYNGOR SIR GAERFYRDDIN**

Bu'r Pwyllgor yn ystyried adroddiad Archwilio Cymru mewn perthynas â'r Aseiad Cynaliadwyedd Ariannol o Gyngor Sir Caerfyrddin. Cynhaliwyd yr asesiad hwn ar bob Awdurdod Lleol yng Nghymru.

Nod yr asesiad oedd asesu cynaliadwyedd sefyllfa ariannol pob Cyngor yn y tymor byr i'r tymor canolig. Roedd hyn yn cynnwys canolbwyntio ar strategaeth ariannol pob Cyngor yn ogystal ag adolygu dangosyddion ariannol sefyllfa ariannol pob Cyngor mewn perthynas â'r canlynol:-

- perfformiad yn erbyn y gyllideb;
- cyflawniad cynlluniau arbed;
- defnydd o gronfeydd wrth gefn;
- y dreth gyngor; a
- benthyca.

Nododd y Pwyllgor fod Archwilio Cymru, yn gyffredinol, wedi gweld bod y Cyngor wedi cynnal sefyllfa ariannol gynaliadwy hyd yn hyn ond bydd angen iddo barhau i ddatblygu ei ymagwedd tuag at gyflawni arbedion o ystyried y pwysau disgwylidig ar y gyllideb. Mae strategaeth y Cyngor wedi'i helpu i gynnal sefyllfa ariannol gref hyd yn hyn



## **PENDERFYNWYD YN UNFRYDOL dderbyn adroddiad Archwilio Cymru mewn perthynas a'r Asesiad Cynaliadwyedd Ariannol o Gyngor Sir Caerfyrddin.**

### **5.2. ADRODDIADAU CENEDLAETHOL ARCHWILIO CYMRU**

Bu'r Pwyllgor yn ystyried yr adroddiadau cenedlaethol canlynol a gyhoeddwyd yn ddiweddar gan Archwilio Cymru:-

- Gwella ein Perfformiad - Mynd i'r Afael â Thwyll yng Nghymru (Gorffennaf 2020)
- Cysgu Allan yng Nghymru – Problem i Bawb; Cyfrifoldeb i Neb (Gorffennaf 2020)
- Canfyddiadau o Archwiliadau Egwyddor Datblygu Cynaliadwy'r Archwilydd Cyffredinol (Mai 2020)

Gofynnwyd y cwestiwn canlynol mewn perthynas â'r adroddiad:-

- Gofynnwyd a yw argymhellion o adroddiadau cenedlaethol yn cael eu nodi gan y weithrediaeth berthnasol a hefyd, mewn perthynas ag unrhyw argymhellion sy'n effeithio ar y Pwyllgor Archwilio, sut yr oedd swyddogion yn bwriadu sicrhau bod y Pwyllgor yn cymryd rhan lawn yn y broses. Esboniodd y Pennaeth Refeniw a Chydymffurfiaeth Ariannol fod y tîm polisi yn gyfrifol am gydgyssylltu adroddiadau cenedlaethol. Mae gwaith eisoes wedi dechrau ar y mater o fynd i'r afael â thwyll a bydd y wybodaeth hon yn cael ei hychwanegu at System Monitro Perfformiad a Gwella yr Awdurdod. Bydd adroddiadau rheolaidd ar atal twyll yn cael eu cyflwyno i'r Tîm Rheoli Corfforaethol a bydd adroddiad blynyddol yn cael ei gyflwyno i'r Pwyllgor Archwilio;

## **PENDERFYNWYD YN UNFRYDOL dderbyn adroddiadau cenedlaethol Archwilio Cymru a nodir uchod.**

### **6. Y DIWEDDARAF YNGHYLCH Y CYNLLUN ARCHWILIO MEWNOL 2020/21**

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 2020/21.

Tynnodd y Pennaeth Refeniw a Chydymffurfiaeth Ariannol sylw'r Pwyllgor at y ffaith bod adran ychwanegol wedi'i hychwanegu at y cynllun mewn perthynas ag atal twyll, a fyddai'n helpu i fynd i'r afael â'r pryderon a amlygwyd gan Archwilio Cymru yn ei adroddiad yn gynharach ar yr agenda.

Gofynnwyd y cwestiwn canlynol mewn perthynas â'r adroddiad:-

- Gofynnwyd a yw swyddogion yn disgwyl i unrhyw waith arall godi yn ystod y flwyddyn heblaw am yr hyn a gafodd ei gynnwys yn y cynllun, gan fod gwaith ychwanegol wedi'i wneud y llynedd a roddodd bwysau ar y tîm. Rhoddwyd gwybod i'r Pwyllgor nad oedd cynlluniau i wneud unrhyw waith

ychwanegol, ond bod gwybodaeth gan Lywodraeth Cymru mewn perthynas â Covid-19 yn ddisgwyliedig.

## **PENDERFYNWYD YN UNFRYDOL dderbyn y diweddariad o Gynllun Archwilio Mewnol 2020/21.**

### **7. BLAENRHAGLEN GWAITH Y PWYLLGOR ARCHWILIO**

Bu'r Pwyllgor yn ystyried ei Flaenraglen Waith flynyddol a oedd yn manylu ar yr adroddiadau fydd yn cael eu cyflwyno i'r Pwyllgor eu hystyried yn ystod cylch cyfarfodydd y Pwyllgor Archwilio 2020/21.

## **PENDERFYNWYD YN UNFRYDOL gymeradwyo Blaenraglen Waith y Pwyllgor Archwilio ar gyfer 2020/21.**

### **8. COFRESTR RISG CORFFORAETHOL 2021/21**

Cafodd y Pwyllgor Gofrestr Risg Gorfforaethol 2020/21 i'w hystyried.

Mae'r Awdurdod yn cadw Cofrestr Risg Gorfforaethol er mwyn gwerthuso pa mor agored ydyw i risgiau strategol allweddol. Roedd yr Asesiad Corfforaethol wedi argymhell y dylai'r Gofrestr Risg Gorfforaethol gael ei rhannu gyda'r Pwyllgor Archwilio. Mae'r gwaith o adolygu a monitro'r Gofrestr Risg Gorfforaethol wedi'i ddirprwyo i'r Pwyllgor Archwilio yn unol â'r Cylch Gwaith.

Nododd y Pwyllgor fod un rhan o'r risg a nodwyd mewn perthynas â chynllunio gorfodaeth leol wedi'i dileu o'r Gofrestr Risg Gorfforaethol. Roedd y Pwyllgor hefyd yn falch o nodi nad oedd cynnig i gynnwys unrhyw risgiau ychwanegol ar y Gofrestr.

Codwyd y cwestiynau/sylwadau canlynol wrth drafod yr adroddiad:-

- O ran y risg a nodwyd mewn perthynas ag ysgolion nad ydynt yn gwneud gwaith atgyweirio a gwaith cynnal a chadw rheolaidd i eiddo, cyfeiriwyd at y ffaith nad oedd y wybodaeth yn y golofn ddiweddariadau yn gyfredol a gofynnwyd i swyddogion a oedd unrhyw wybodaeth fwy cyfredol ar gael. Rhoddodd y Pennaeth Refeniw a Chydymffurfiaeth Ariannol wybod i'r Pwyllgor y byddai hi'n gofyn am ddiweddariad gan yr adran berthnasol;
- Pwysleisiwyd bod y cynnydd o ran Clefyd Coed Ynn yn dda iawn a gofynnwyd i swyddogion a oedd unrhyw ddiweddariad. Rhoddwyd gwybod i'r Pwyllgor bod swyddogion yn gwneud cynnydd eithaf da o ran y broses gaffael a'u bod yn gweithio tuag at sicrhau ei bod ar waith erbyn mis Tachwedd.

## **PENDERFYNWYD YN UNFRYDOL dderbyn Gofrestr Risg Gorfforaethol 2020/21.**

### **9. ADRODDIADAU CYNNYDD**

#### **9.1. GWERTHUSO ADOLYGIAD Y CYNGOR O RAN REOLI PERFFORMIAD POBL - DIWEDDARIAD MEDI 2020**

Yn ei gyfarfod diwethaf, gofynnodd y Pwyllgor am ddiweddariad ynghylch y cynnydd sy'n cael ei wneud mewn perthynas â gweithredu argymhellion a ddeilliodd o Adolygiad y Cyngor o Reolaeth Perfformiad Pobl.

Yn ystod 2017, o ganlyniad i bryderon a amlygwyd gan y tîm Archwilio Mewnol, cynhaliwyd adolygiad gan y Gweithgor Adolygu Rheolaeth Perfformiad Pobl Corfforaethol o fframwaith Rheoli Perfformiad Pobl y Cyngor a chyflwynodd ei ganfyddiadau i Dîm Rheoli Corfforaethol y Cyngor. Ar ôl hynny rhoddodd y canfyddiadau yn ffurfiol i'r Bwrdd Llywodraethu Strategaeth Pobl ym mis Chwefror 2018 a oedd yn gyfrifol am lunio cynllun gweithredu manwl.

Rhoddodd yr adroddiad ddiweddariad ynghylch y cynnydd sydd wedi'i wneud o ran mynd i'r afael ag argymhellion yr adolygiad a chadarnhaodd fod yr holl argymhellion wedi'u cwblhau erbyn hyn. Soniodd yr adroddiad hefyd am effaith COVID-19, yn enwedig mewn perthynas â'r gofyniad am weithio mewn modd mwy ystwyth a hyblyg, gan gydymffurfio â'r gofynion deddfwriaethol mewn perthynas â chadw pellter cymdeithasol.

Codwyd y cwestiynau/sylwadau canlynol wrth drafod yr adroddiad:-

- Cyfeiriwyd at y ffaith bod gweithio gartref wedi amlygu problemau o ran cysylltedd band eang yng Nghymru wledig. Mae hefyd wedi datgelu problemau eraill megis arwahaniad, diffyg lle gartref ar gyfer swyddfa gartref, a phwysleisiwyd pwysigrwydd bod yn ymwybodol o faterion o'r fath a chydymdeimlad â materion o'r fath. Dywedodd y Prif Weithredwr Cynorthwyol wrth y Pwyllgor ein bod yn newid o broffiliau swyddi technegol traddodiadol i ddull sy'n canolbwyntio mwy ar bobl, yn sgil arwahaniad;
- O ran y gofrestr rhoddion a chroesogarwch, gofynnwyd i swyddogion sut y mae'r broses hon yn cael ei dilysu/archwilio. Dywedodd y Prif Weithredwr Cynorthwyol wrth y Pwyllgor fod y broses wedi'i hailwampio a bod pob ffurflen wedi'i hailysgrifennu i'w gwneud yn llawer mwy cynhwysfawr gan nad oedd mor llym ag yr oedd angen iddi fod. Bydd yn ofynnol i bob aelod o staff lenwi ffurflen datganiad buddiant p'un a oes ganddo fuddiant ai peidio;
- Gofynnwyd i swyddogion am y broses a gynhelir ar gyfer arfarniadau a beth y mae'n ei gynnwys. Rhoddwyd gwybod i'r Pwyllgor bod y broses ar gyfer arfarniadau yn rhy fecanistig o lawer o'r blaen. Nod arfarniadau yw cefnogi pobl;
- Gofynnwyd i swyddogion am y polisi cyffredinol mewn perthynas â chadw mewn cysylltiad â staff. Dywedodd y Prif Weithredwr Cynorthwyol wrth y Pwyllgor fod hyn yn cael ei wneud drwy ddiwrnodau Cadw mewn Cysylltiad yn bennaf. Mae gan yr Awdurdod ddyletswydd gofal i'w weithwyr sy'n cynnwys iechyd meddwl.

## **PENDERFYNWYD YN UNFRYDOL**

### **9.1.1 dderbyn yr adroddiad;**

### **9.1.2 nid oes angen cyflwyno adroddiad diweddar pellach i'r Pwyllgor gan fod yr holl gamau gweithredu wedi'u cwblhau.**

## **9.2. ADOLYGIAD RHEOLI EDDO - DIWEDDARIAD CYNNYDD**

Bu'r Pwyllgor yn ystyried adroddiad diweddarau cynnydd mewn perthynas ag Is-adran Rheoli Eiddo yr Awdurdod.

Yn ei gyfarfod ar 24 Ionawr 2020, gofynnodd y Pwyllgor am ddiweddariad ynghylch y cynnydd sydd wedi'i wneud o ran mynd i'r afael â'r argymhellion a ddeilliodd o'r adolygiad archwilio o'r is-adran Rheoli Eiddo. Nododd yr adolygiad nifer o bryderon mewn perthynas â'r gwaith o reoli a gweinyddu eiddo prydles yr Awdurdod a chafodd cynllun gweithredu ei lunio i fynd i'r afael â'r pryderon hyn. Lluniwyd cynllun gweithredu i fynd i'r afael â'r pryderon hyn a oedd yn manylu ar y camau gweithredu penodol a gyflawnwyd a rhoddodd yr adroddiad ddiweddariad ynghylch y sefyllfa bresennol mewn perthynas â'r camau gweithredu a gynlluniwyd.

Nodwyd y gallai fod angen mireinio rhai agweddau ar y polisi gwaredu gan fod staff yn gweithio gartref oherwydd pandemig COVID 19, yn enwedig o ran llofnodi, ac a ellid gwneud hyn yn electronig. Mae'n bosibl y bydd pandemig COVID 19 yn cael effaith negyddol sylweddol ar lefelau rhent ac yn unol â hynny nid oedd cynnydd rhent drwy adolygiadau neu adnewyddiadau yn debygol o ddigwydd yn y tymor byr.

Codwyd y cwestiwn canlynol wrth drafod yr adroddiad:-

- Gofynnwyd a ddylai'r Awdurdod fod yn caniatáu i denant is-osod i denant arall. Esboniodd y Pennaeth Adfywio y byddai'n dderbyniol pe bai'r is-denant yn bodloni'r holl ofynion. Fel ceidwaid canol y dref byddai'n well gan yr Awdurdod weld eiddo'n cael ei ddefnyddio yn hytrach na bod yn wag. Mae angen i ni sicrhau canol trefi bywiog ac mae swyddogion yn gweithio tuag at gael cymysgedd o hamdden a llety yn yr hyn a arferai fod yn unedau manwerthu.

## **PENDERFYNWYD YN UNFRYDOL**

### **9.2.1 dderbyn yr adroddiad;**

### **9.2.2 bod canlyniadau'r archwiliad dilynol yn cael eu hadrodd i'r Pwyllgor maes o law.**

## **10. RHEOLAU GWEITHDREFN ARIANNOL**

Rhoddwyd gwybod i'r Pwyllgor bod y Rheolau Gweithdrefnau Ariannol wedi'u hadolygu a'u diwygio i sicrhau bod yr holl wybodaeth sy'n cael ei chynnwys yn gyfredol ac yn briodol.

Mae'r Rheolau Gweithdrefnau Ariannol yn darparu strwythur ac yn esbonio'r gweithdrefnau y mae'n rhaid i swyddogion ac aelodau eu dilyn i sicrhau safonau uchel o reolaeth ariannol ac felly'n caniatáu i Swyddog Adran 151 yr Awdurdod gyflawni ei ddyletswydd statudol o dan Ddeddf Cyllid Llywodraeth Leol 1972 (Adran 151) mewn perthynas â'r weinyddiaeth briodol o faterion ariannol y Cyngor. Gall Prif Swyddogion ddirprwyo swyddogaethau o natur ariannol i swyddogion unigol e.e. rheolaeth gyllidebol, archebu nwyddau/gwasanaethau, talu cyfrifon ac ardystio taflenni amser. Os bydd swyddogion yn ymgymryd â gweithgaredd sy'n

effeithio ar gyllid y Cyngor, dylent sicrhau eu bod yn deall gofynion y Rheolau Gweithdrefnau Ariannol fel eu bod yn cydymffurfio â'r trefniadau cymeradwy.

Mae'r Pwyllgor Archwilio wedi dirprwyo awdurdod, yn unol â Chyfansoddiad y Cyngor, i ystyried a chymeradwyo diwygiadau i'r Rheolau Gweithdrefnau Ariannol.

Codwyd y sylwad canlynol ynghylch yr adroddiad:-

- Cyfeiriwyd at y defnydd o lofnodion electronig a'r ffaith ei bod yn ymddangos nad oes unrhyw gyfeiriad at hyn ym mholisiau TG yr Awdurdod.

**PENDERFYNWYD YN UNFRYDOL gymeradwyo'r Rheolau Gweithdrefnau Ariannol diwygiedig.**

**11. RHEOLAU GWEITHDREFN CONTRACT DIWYGIEDIG.**

Rhoddyd gwybod i'r Pwyllgor bod y Rheolau o ran Gweithdrefnau Contractau wedi'u hadolygu a'u diweddarau i ystyried nifer o newidiadau yn y rheoliadau caffael a'r polisiau/gweithdrefnau caffael. Amlygwyd y diwygiadau arfaethedig i'r Rheolau o ran Gweithdrefnau Contractau yn yr adroddiad.

**PENDERFYNWYD YN UNFRYDOL gymeradwyo'r Rheolau o ran Gweithdrefnau Contractau (fersiwn 3).**

**12. COFNODION GRWPIAU PERTHNASOL I'R PWYLLGOR ARCHWILIO**

**12.1. COFNODION CYFARFOD Y GRŴP LLYWIO RHEOL RISG A GYNHALIWYD AR Y 31AF GORFFENNAF, 2020**

**PENDERFYNWYD YN UNFRYDOL dderbyn cofnodion cyfarfod y Grŵp Llywio Rheoli Risg a gynhaliwyd ar 31 Gorffennaf 2020.**

**12.2. COFNODION CYFARFOD Y PANEL GRANTIAU A GYNHALIWYD AR Y 12EG MEHEFIN, 2020**

**PENDERFYNWYD YN UNFRYDOL dderbyn cofnodion cyfarfod y Panel Grantiau a gynhaliwyd ar 12 Mehefin 2020.**

**13. LLOFNODI YN GOFNOD CYWIR COFNODION CYFARFOD Y PWYLLGOR A GYNHALIWYD AR 29AIN GORFFENNAF, 2020**

**PENDERFYNWYD YN UNFRYDOL lofnodi cofnodion cyfarfod y Pwyllgor Archwilio a gynhaliwyd ar 29 Gorffennaf 2020 gan eu bod yn gywir.**

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**CADEIRYDD**

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**DYDDIAD**

Mae'r dudalen hon yn wag yn fwriadol