

# Pecyn Dogfennau



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

**DYDD IAU, 24 MEDI 2015**

**AT: HOLL AELODAU'R PWYLLGOR ARCHWILIO**

**YR WYF DRWY HYN YN EICH GALW I FYNYCHU CYFARFOD O'R PWYLLGOR ARCHWILIO A GYNHELIR YN Y SIAMBR, NEUADD Y SIR, CAERFYRDDIN AM 10.00 AM. AR DDYDD MERCHER, 30AIN MEDI, 2015 ER MWYN CYFLAWNI'R MATERION A AMLINELLIR AR YR AGENDA SYDD YNGHLWM**

*Mark James*

**PRIF WEITHREDWR**



**AILGYLCHWCH OS GWELWCH YN DDA**

<b>Swyddog Democrataidd:</b>	<b>Martin S. Davies</b>
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**PWYLLGOR ARCHWILIO  
AELODAETH:  
8 AELOD O'R CYNGOR AC 1 AELOD ALLANOL Â PHLEIDLAIS**

**GRWP PLAID CYMRU 3 AELOD**

1. Y Cyngorydd H.A.L. Evans
2. Y Cyngorydd G.B. Thomas
3. Y Cyngorydd D.E. Williams

**GRWP LLAFUR 3 AELOD**

1. Y Cyngorydd C.P. Higgins
2. Y Cyngorydd J.D. James
3. Y Cyngorydd W.G. Thomas

**GRWP ANNIBYNNOL 2 AELOD**

1. Y Cyngorydd A.G. Morgan
2. Y Cyngorydd E.G. Thomas

**AELOD Â PHLEIDLAIS ALLANOL**

**Sir David Thomas Rowell Lewis**

# AGENDA

1. YMDDIHEURIADAU AM ABSENOLDEB
2. DATGANIADAU O FUDDIANNAU PERSONOL.
3. DIWEDDARIAD AR Y CYNLLUN ARCHWILIO MEWNOL 2015/16. 5 - 16
4. GRANT CEFNOGI POBL - ADRODDIAD CYNNYDD. 17 - 22
5. YSTYRIED Y DOGFENNAU CANLYNOL PARATOWYD GAN SWYDDFA ARCHWILIO CYMRU:-
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  - 5.2 CYNLLUN ARCHWILIO MEWNOL. 29 - 42
  - 5.3 ISA 260 CYNGOR SIR GAERFYRDDIN. 43 - 46
  - 5.4 CRONFA BENSIWN DYFED ISA 260. 47 - 62
  - 5.5 TYSTYSGRIF CYDYMFFURFIO - ARCHWILIAD Y CUNLLUN GWELLA 2015/16 AC ASESIAD O BERFFORMIAD 2014/15. 63 - 66
  - 5.6 ASESIAD CORFFORAETHOL - BRIFFIO. 67 - 78
6. LLYTHYR YN CYFLWYNO SYLWADAU I'R SWYDDFA ARCHWILIO CYMRU – CYNGOR SIR GAERFYRDDIN. 79 - 86
7. YMHOLIADAU ARCHWILIO AR GYFER Y RHEINI SY'N GYFRIFOL AM LYWODRAETHU A RHEOLAETH - CYNGOR SIR GAERFYRDDIN. 87 - 100
8. LLYTHYR YN CYFLWYNO SYLWADAU I'R SWYDDFA ARCHWILIO CYMRU – CRONFA BENSIWN DYFED. 101 - 108
9. YMHOLIADAU ARCHWILIO I'R RHEINI SY'N GYFRIFOL AM LYWODRAETHU A RHEOLAETH - CRONFA BENSIWN DYFED. 109 - 122
10. CYFRIFLEN CYNGOR SIR GAERFYRDDIN 2014/15. 123 - 126
11. DATGANIAD ARIANNOL HARBWR PORTH TYWYN 2014/15. 127 - 138
12. COFNODION CYFARFOD Y GRŴP LLYWODRAETHU CORFFORAETHOL A GYNHALIWDYD AR Y 1AF MAI, 2015. 139 - 142
13. COFNODION CYFARFOD Y GRŴP LLYWIO RHEOL RISG A GYNHALIWDYD AR Y 3YDD GORFFENNAF, 2015. 143 - 146
14. COFNODION CYFARFOD Y PANEL GRANTIAU A GYNHALIWDYD AR Y 3YDD MEDI, 2015. 147 - 152

**15. LLOFNODI FEL COFNOD CYWIR COFNODION Y CYFARFOD A  
GYNHALIWYD AR Y 10FED GORFFENNAF, 2015.**

153 - 162

## PWYLLGOR ARCHWYLIO

30 Medi 2015

<b>Y Pwnc:</b> Cynllun Archwilio Mewnol		
<b>Y Pwrpas:</b> Y diweddaraf ynghylch ar Cynllun Archwilio Mewnol 2015/16		
<b>Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:</b>		
<b>I dderbyn yr adroddiad</b>		
<b>Y Rhesymau:</b> Cyflwynir adroddiad cynnydd yn rheolaidd bob tro mae'r Pwyllgor Archwilio yn cyfarfod.		
<b>Ymgynghorwyd â'r pwyllgor craffu perthnasol :</b> AMHERTHNASOL		
<b>Angen i'r Bwrdd Gweithredol wneud penderfyniad :</b> AMHERTHNASOL <b>Angen i'r Cyngor wneud penderfyniad :</b> AMHERTHNASOL		
<b>YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-</b> Cynghorydd David Jenkins		
<b>Y Gyfarwyddiaeth:</b> Gwasanathau Corfforaethol <b>Enw Pennaeth y Gwasanaeth:</b> Phil Sexton <b>Awdur yr Adroddiad:</b> Helen Pugh	<b>Swyddi:</b> Pennaeth Archwilio, Risg a Chaffael  Rhelowr Archwilio a Risg	<b>Rhif ffôn:</b> 01267 246217 <b>Cyfeiriad E-bost:</b> <a href="mailto:PSexton@sirgar.gov.uk">PSexton@sirgar.gov.uk</a>  <b>Rhif ffôn:</b> 01267 246223 <b>Cyfeiriad E-bost:</b> <a href="mailto:HLPugh@sirgar.gov.uk">HLPugh@sirgar.gov.uk</a>

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**30<sup>th</sup> September 2015**

**SUBJECT**

**INTERNAL AUDIT PLAN UPDATE 2015/16**

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

To provide Members with progress of the Internal Audit Plan. The following Reports are attached:

**REPORT A (i) Internal Audit Plan 2015/16 - Progress Report**

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

**DETAILED REPORT ATTACHED ?**

**YES**

## IMPLICATIONS

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

Signed: **Phil Sexton** **Head of Audit, Risk & Procurement**

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

### Finance

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

## CONSULTATIONS

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

Signed: **Phil Sexton** **Head of Audit, Risk & Procurement**

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

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

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

**THESE ARE DETAILED BELOW**

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

Mae'r dudalen hon yn wag yn fwriadol



INTERNAL AUDIT PLAN 2015 / 2016										
2015/16	% Plan Completion to Date	23%		% Target August 2015						30.0%
Job No	Departments	Days Planned	Pre- Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
	<b>Chief Executive</b>									
1115001	Partnership Arrangements	8							0.0	
1115002	Customer Services	6							0.0	
1115003	Press Office/communication	6							0.0	
1115004	Annual Governance Statement	8	*	*	*	*	*		7.2	Draft Report Issued
1215001	HR Function	10							0.0	
1215002	Modern Records	6	*	*	*	*	*	*	6.0	Complete
1215003	Declaration of Interest	10	*						0.0	Pre Audit Meeting
1315001	Financial Management Other	10							0.0	
	<b>Total Audit Days for Department</b>	<b>64</b>							<b>13.2</b>	
	<b>Education &amp; Children</b>									
2115001	Modernising Education Provisions	6							0.0	
2215001	Information Management	6							0.0	
2315001	Admissions	6	*	*	*	*	*		5.4	Draft Report Issued
2315002	Governor Support	5	*	*	*	*	*		4.5	Draft Report Issued
2315003	School Meals	10	*	*	*	*	*		9.0	Draft Report Issued
2315004	Catering Services	6							0.0	
2315005	Teachers starters & leavers	6							0.0	
2415001	Adoption & Fostering	6	*	*					0.0	Terms of Reference Issued
2415002	Family Support	6							0.0	
2415003	Partnering / Procurement	6							0.0	
2415004	Residential Care	6							0.0	
2415005	Safeguarding	6							0.0	
2515001	Financial Management Other									
	<b>Total Audit Days for Department</b>	<b>75</b>							<b>18.9</b>	
	<b>Grants</b>									
3115001	Physical Regeneration	10							0.0	
3115002	Business Development	5							0.0	
3115003	Community Funding	10							0.0	
3115004	Third Party Grants Monitoring	8							0.0	
3215001	Education - Arrangements for EIG	5	*	*	*	*	*	*	5.0	Complete
3215002	SCHH	5							0.0	
3215003	Resources	5							0.0	
3315001	Foundation Stage	6	*	*	*	*	*	*	5.4	Draft Report Issued
3315002	DCELLS Post 16	5	*	*	*	*	*	*	5.0	Complete
3315003	Bus operators Grant	5	*	*	*	*	*	*	5.0	Complete
3315004	Communities 2.0	6	*	*	*	*	*	*	6.0	Complete
3315005	Supporting People	15	*	*	*				0.0	Commenced
3315006	LSB - Development Officer	10	*	*	*	*	*	*	9.0	Draft Report Issued
3315007	LSB - Regional Collaboration	10	*	*	*	*	*	*	9.0	Draft Report Issued
3415001	Financial Management Other								0.0	
	<b>Total Audit Days for Department</b>	<b>105</b>							<b>44.4</b>	

INTERNAL AUDIT PLAN 2015 / 2016										
2015/16	% Plan Completion to Date	23%		% Target August 2015						30.0%
Job No	Departments	Days Planned	Pre- Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
<b>Resources</b>										
4115001	Main Accounting	15							0.0	
4115002	VAT	8							0.0	
4115003	Capital Accounting incl.Fixed Asset Register	15							0.0	
4115004	Treasury Management	7							0.0	
4115005	Investments	7							0.0	
4115006	Pensions Payroll System	8							0.0	
4115007	Housing Benefits	10							0.0	
4115008	Council Tax	10							0.0	
4115009	NNDR	10							0.0	
4115010	Payroll System (Cars CC staff & Teachers)	25	*	*	*				0.0	Commenced
4115011	Creditor Payments	20							0.0	
4115012	Debtors System	20							0.0	
4115013	Cash Receipting	8	*	*	*	*			5.2	Field Work Complete
4115014	Banking	8	*	*	*				0.0	Commenced
4115015	Travel & Subsistence System	10							0.0	
4115016	Trust Funds	12	*	*	*	*	*		10.8	Draft Report Issued
4215001	Asset Transfer	8							0.0	
4215002	Property Management	8							0.0	
4215003	Estate Management - HRA Garages & Land holdings	8							0.0	
4215004	Provision / livestock markets	8							0.0	
4315004	Financial Management Other	10							0.0	
<b>Total Audit Days for Department</b>		<b>235</b>							<b>16.0</b>	
<b>Community Services</b>										
5115001	Tenant Involvement	8							0.0	
5115002	Tenancy Mgt	10							0.0	
5115003	Voids (incl Building Service involvement)	13							0.0	
5115004	Travellers Sites	4	*	*	*	*	*	*	4.0	Complete
5115005	Affordable Homes	6	*	*	*	*	*	*	6.0	Complete
5115006	Rents	8	*	*	*	*	*	*	8.0	Complete
5115007	HRA	8	*	*	*	*	*	*	7.2	Draft Report Issued
5215001	Contract Management/Partnerships	10							0.0	
5215002	Home Care	15							0.0	
5215003	Meal provision	10	*	*	*	*	*		9.0	Draft Report Issued
5215004	Residential Care Authority & Private Homes	12							0.0	
5215005	Financial assessments and Collections	7	*	*	*	*	*		6.3	Draft Report Issued
5215006	Deputyship	10							0.0	
5215007	Learning Disabilities	10							0.0	
5215008	Safeguarding	5							0.0	
5215009	Supporting People	8							0.0	
5215010	Care Line	6	*	*	*	*			3.9	Field Work Complete
5315001	Licensing and other fees	6							0.0	
5415001	Theatres	8							0.0	
5415002	Heritage Services	8							0.0	
5415003	Libraries	8	*	*	*	*	N/A	N/A	8.0	Complete
5415004	Amman Valley	5							0.0	
5415005	Carmarthen	5							0.0	
5415006	Llanelli	5							0.0	
5415007	South Area Leisure / Education & Workforce	13							0.0	
5415008	Arrangements for Leisure Trust Status	5							0.0	
5415009	Countryside Access	5							0.0	
5415010	Pembrey Country Park / MCP / Country Parks	15	*	*	*	*	*		13.5	Draft Report Issued
5415011	Ski Slope Mngt and Operational	5	*	*	*	*	*		4.5	Draft Report Issued
5515001	Financial Management Other	14	*	*	*	*	*	*	14.0	Complete
<b>Total Audit Days for Department</b>		<b>252</b>							<b>84.4</b>	

INTERNAL AUDIT PLAN 2015 / 2016										
2015/16	% Plan Completion to Date	23%		% Target August 2015						30.0%
Job No	Departments	Days Planned	Pre- Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
<b>Environmental Services</b>										
6115001	Building Maintenance (excl Housing voids)	6							0.0	
6115002	Procurement	8							0.0	
6115003	Grounds Maintenance	8							0.0	
6215001	Highway Maintenance (incl. Trunk Roads)	8							0.0	
6215002	Waste Services	8							0.0	
6215003	Other Streetwork	6	*	*	*	*	*		5.4	Draft Report Issued
6215004	Street Lighting	5	*	*	*	*	*		4.5	Draft Report Issued
6215005	Cleaning Services	8							0.0	
6315001	Community transport	5							0.0	
6315002	Parking inc Enforcement	5	*	*	*	*	*	*	5.0	Complete
6315003	Management systems (task)	8							0.0	
6415001	Conservation	5	*	*	*	*			3.3	Field Work Complete
6515001	Financial Management Other	10							0.0	
<b>Total Audit Days for Department</b>		<b>90</b>							<b>18.2</b>	
<b>Procurement / Contracts</b>										
6615001	Departmental Contract Management	10							0.0	
6615002	Contract Partnering Selection	10							0.0	
6615003	Capital Grant Management	10							0.0	
6615004	Framework contracts	15							0.0	
6615005	Dinefwr Reorganisation	8							0.0	
6615006	Carmarthenshire Homes Standard	8							0.0	
6615007	MEP	8							0.0	
6615008	New residential home Carmarthen	8	*	*	*	*			5.2	Field Work Complete
6615009	Carmarthen West Link Road	7	*	*	*	*			4.6	Field Work Complete
6615010	Leisure - Museum garden scheme	8	*						0.0	Pre Audit Meeting
6615011	Stradey Phase 1	8							0.0	
6715001	Financial Management Other	15							0.0	
<b>Total Audit Days for Department</b>		<b>115</b>							<b>9.8</b>	
<b>Computer Audit</b>										
4415001	IT Procurement	15	*	*	*				0.0	Commenced
4415002	Corporate File Plan	10	*						0.0	Pre Audit Meeting
4415003	Cloud Computing	10							0.0	
4415004	Data Protection	10	*	*	*				0.0	Commenced
4415005	Computer Assisted Audit Testing(CAATs)	22	*	*	*				0.0	Commenced
4415006	NFI	35	*	*	*	*			22.8	Field Work Complete
4415007	- Agresso Developments	8							0.0	
4415008	Pensions	8	*	*	*	*	*		7.2	Draft Report Issued
4415009	-Revenues/ Benefits / DIPS	9	*	*	*				0.0	Commenced
4415010	- Payment Cards	10							0.0	
4415011	Resources / WWEC - Grants Matrix system	10	*	*	*				0.0	Commenced
4415012	Other Systems - Total Mobile	13							0.0	
4515001	Financial Management Other	4							0.0	
<b>Total Audit Days for Department</b>		<b>164</b>							<b>30.0</b>	

INTERNAL AUDIT PLAN 2015 / 2016										
2015/16	% Plan Completion to Date	23%		% Target August 2015						30.0%
Job No	Departments	Days Planned	Pre-Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Final Report Issued	Days to Date	Status
<b>School Audits</b>										
<b>Primary Schools</b>										
2615001	Maesybont C.P. School.	3	*	*					0.0	Terms of Reference Issued
2615002	Ysgol Gynradd Y Tymbl	3	*	*	*	*	*		2.7	Draft Report Issued
2615003	Pontiets C.P. School	3	*	*					0.0	Terms of Reference Issued
2615004	Betws C.P. School	3	*	*	*	*	*	*	3.0	Complete
2615005	Ysgol Gynradd Tycroes	3	*	*					0.0	Terms of Reference Issued
2615006	Ysgol Gynradd Parcyrhun	3	*	*					0.0	Terms of Reference Issued
2615007	Nantygroes C.P. School	3	*	*					0.0	Terms of Reference Issued
2615008	Talley C.P. School	3	*	*	*	*	*		2.7	Draft Report Issued
2615009	Cwrt Henry	3	*	*					0.0	Terms of Reference Issued
2615010	Ysgol Rhys Pritchard	3	*	*	*	*	*		2.7	Draft Report Issued
2615011	Llys Hywel Whitland	3	*	*	*	*	*		2.7	Draft Report Issued
2615012	Ysgol Gynradd Brynsaron	3	*	*					0.0	Terms of Reference Issued
2615013	Llangennech Junior School	3	*	*					0.0	Terms of Reference Issued
2615014	Henly C.P. Mixed School	3	*	*					0.0	Terms of Reference Issued
2615015	Brynamman Primary School	3	*	*	*	*	*		2.7	Draft Report Issued
2615016	Abernant	3	*	*					0.0	Terms of Reference Issued
2615017	Parc Y Tywyn School	3	*	*					0.0	Terms of Reference Issued
2615018	Pembrey	3	*	*					0.0	Terms of Reference Issued
2615019	Ysgol Beca	3	*	*	*	*	*		2.7	Draft Report Issued
2615020	Ysgol Gynradd Hafodwenog	3	*	*					0.0	Terms of Reference Issued
2615021	Llandeilo C.P. School	3	*	*					0.0	Terms of Reference Issued
2615022	Y.G. Cynwyl Elfed	3	*	*					0.0	Terms of Reference Issued
2615023	Halfway C.P. School.	3	*	*					0.0	Terms of Reference Issued
2615024	Pwll C.P. Mixed School	3	*	*					0.0	Terms of Reference Issued
2615025	Ysgol Y Castell	3	*	*	*	*	*	*	3.0	Complete
2615026	Penygroes C.P. School	3	*	*	*	*	*		2.7	Draft Report Issued
2615027	Ysgol Gynradd Nantgaredig	3	*	*					0.0	Terms of Reference Issued
2615028	Ysgol Gymraeg Gwenllian	3	*	*					0.0	Terms of Reference Issued
2615029	Ysgol Dewi Sant, Llanelli.	3	*	*					0.0	Terms of Reference Issued
2615030	Stebonheath C.P. School	3	*	*					0.0	Terms of Reference Issued
2615031	Ysgol Y Ddwylan	3	*	*					0.0	Terms of Reference Issued
2615032	Ysgol y Fro	3	*	*					0.0	Terms of Reference Issued
2615033	Carreg Hirfaen Foundation School	3	*	*	*	*	*		2.7	Draft Report Issued
2615034	Ysgol Cae'r Felin	3	*	*					0.0	Terms of Reference Issued
2615035	Ysgol Y Bedol	3	*	*					0.0	Terms of Reference Issued
2615036	Ysgol Brynteg	3	*	*					0.0	Terms of Reference Issued
2615037	Pentip VA School	3	*	*	*	*	*		2.7	Draft Report Issued
<b>Primary Schools Totals</b>		<b>111</b>							<b>30.3</b>	
<b>Secondary Schools</b>										
2715001	Ysgol Bro Dinefwr	7	*	*					0.0	Terms of Reference Issued
2715002	Dyffryn Amman	7	*	*					0.0	Terms of Reference Issued
2715003	Dyffryn Taf	7	*	*	*	*	*		6.3	Draft Report Issued
2715004	Ysgol Gyfun Emlyn	7	*	*					0.0	Terms of Reference Issued
2715005	Bro Myrddin	7	*	*	*	*	*		6.3	Draft Report Issued
2715006	Coedcae	7	*	*					0.0	Terms of Reference Issued
2715007	St John Lloyd	7	*	*	*	*	*		6.3	Draft Report Issued
<b>Secondary Schools Totals</b>		<b>49</b>							<b>18.9</b>	
<b>Total Audit Days for Department</b>		<b>160</b>							<b>49.2</b>	
<b>Total All Audits Planned</b>		<b>1260</b>							<b>284.0</b>	
<b>Additional Work Not Included in Original Plan</b>										
SEG - School Effectiveness Grant		15	*	*	*				0.0	Commenced
WEG - Welsh in Education Grant		15	*	*	*	*			9.8	Field Work Complete
14 to 19 Learning Pathways		8	*	*	*	*	*		7.2	Draft Report Issued
Pembrey Country Park / MCP / Counrty Parks		43	*	*	*	*	*		38.7	Draft Report Issued
Ski Slope Mngt and Operational		12	*	*	*	*	*		10.8	Draft Report Issued
<b>Total Additional Work</b>		<b>93</b>							<b>66.5</b>	
<b>Total Audit Plan Time</b>		<b>1353</b>							<b>350.4</b>	<b>% Complete to Date 26%</b>

INTERNAL AUDIT PLAN 2015 / 2016								
			REPORTING SCORES					
2015/16			Issues					
Job No	Departments	Days Planned	No. of 3* Issues	No. of 2* Issues	No. of 1* Issues	Total No. Issues	Score	Assurance Level
<b>Chief Executive</b>								
1115001	Partnership Arrangements	8				0	0	
1115002	Customer Services	6				0	0	
1115003	Press Office/communication	6				0	0	
1115004	Annual Governance Statement	8				0	0	
1215001	HR Function	10				0	0	
1215002	Modern Records	6	0	0	0	0	0	High
1215003	Declaration of Interest	10				0	0	
1315001	Financial Management Other	10				0	0	
<b>Total Audit Days for Department</b>		<b>64</b>						
<b>Education &amp; Children</b>								
2115001	Modernising Education Provisions	6				0	0	
2215001	Information Management	6				0	0	
2315001	Admissions	6				0	0	
2315002	Governor Support	5				0	0	
2315003	School Meals	10				0	0	
2315004	Catering Services	6				0	0	
2315005	Teachers starters & leavers	6				0	0	
2415001	Adoption & Fostering	6				0	0	
2415002	Family Support	6				0	0	
2415003	Partnering / Procurement	6				0	0	
2415004	Residential Care	6				0	0	
2415005	Safeguarding	6				0	0	
2515001	Financial Management Other					0	0	
<b>Total Audit Days for Department</b>		<b>75</b>						
<b>Grants</b>								
3115001	Physical Regeneration	10				0	0	
3115002	Business Development	5				0	0	
3115003	Community Funding	10				0	0	
3115004	Third Party Grants Monitoring	8				0	0	
3215001	Education - Arrangements for EIG	5	0	0	0	0	0	N/A
3215002	SCHH	5				0	0	
3215003	Resources	5				0	0	
3315001	Foundation Stage	6				0	0	
3315002	DCELLS Post 16	5	0	0	0	0	0	N/A
3315003	Bus operators Grant	5	0	0	0	0	0	N/A
3315004	Communities 2.0	6	0	0	0	0	0	N/A
3315005	Supporting People	15				0	0	
3315006	LSB - Development Officer	10				0	0	
3315007	LSB - Regional Collaboration	10				0	0	
3415001	Financial Management Other					0	0	
<b>Total Audit Days for Department</b>		<b>105</b>						
<b>Resources</b>								
4115001	Main Accounting	15				0	0	
4115002	VAT	8				0	0	
4115003	Capital Accounting incl.Fixed Asset Register	15				0	0	
4115004	Treasury Management	7				0	0	
4115005	Investments	7				0	0	
4115006	Pensions Payroll System	8				0	0	
4115007	Housing Benefits	10				0	0	
4115008	Council Tax	10				0	0	
4115009	NNDR	10				0	0	
4115010	Payroll System (Cars CC staff & Teachers)	25				0	0	
4115011	Creditor Payments	20				0	0	
4115012	Debtors System	20				0	0	
4115013	Cash Receipting	8				0	0	
4115014	Banking	8				0	0	
4115015	Travel & Subsistence System	10				0	0	
4115016	Trust Funds	12				0	0	
4215001	Asset Transfer	8				0	0	
4215002	Property Management	8				0	0	
4215003	Estate Management - HRA Garages & Land holdings	8				0	0	
4215004	Provision / livestock markets	8				0	0	
4315004	Financial Management Other	10				0	0	
<b>Total Audit Days for Department</b>		<b>235</b>						

**INTERNAL AUDIT PLAN 2015 / 2016**

			REPORTING SCORES					
2015/16			Issues					
Job No	Departments	Days Planned	No. of 3* Issues	No. of 2* Issues	No. of 1* Issues	Total No. Issues	Score	Assurance Level
<b>Social Care, Housing &amp; Leisure</b>								
5115001	Tenant Involvement	8				0	0	
5115002	Tenancy Mgt	10				0	0	
5115003	Voids (incl Building Service involvement)	13				0	0	
5115004	Travellers Sites	4	0	0	0	0	0	High
5115005	Affordable Homes	6	0	4	2	6	14	Low
5115006	Rents	8	0	0	0	0	0	
5115007	HRA	8				0	0	
5215001	Contract Management/Partnerships	10				0	0	
5215002	Home Care	15				0	0	
5215003	Meal provision	10				0	0	
5215004	Residential Care Authority & Private Homes	12				0	0	
5215005	Financial assessments and Collections	7				0	0	
5215006	Deputyship	10				0	0	
5215007	Learning Disabilities	10				0	0	
5215008	Safeguarding	5				0	0	
5215009	Supporting People	8				0	0	
5215010	Care Line	6				0	0	
5315001	Licensing and other fees	6				0	0	
5415001	Theatres	8				0	0	
5415002	Heritage Services	8				0	0	
5415003	Libraries	8	0	0	0	0	0	N/A
5415004	Amman Valley	5				0	0	
5415005	Carmarthen	5				0	0	
5415006	Llanelli	5				0	0	
5415007	South Area Leisure / Education & Workforce	13				0	0	
5415008	Arrangements for Leisure Trust Status	5				0	0	
5415009	Countryside Access	5				0	0	
5415010	Pembrey Country Park / MCP / Country Parks	15				0	0	
5415011	Ski Slope Mngt and Operational	5				0	0	
5515001	Financial Management Other	14	0	0	0	0	0	N/A
<b>Total Audit Days for Department</b>		<b>252</b>						
<b>Environmental Services</b>								
6115001	Building Maintenance (excl Housing voids)	6				0	0	
6115002	Procurement	8				0	0	
6115003	Grounds Maintenance	8				0	0	
6215001	Highway Maintenance (incl. Trunk Roads)	8				0	0	
6215002	Waste Services	8				0	0	
6215003	Other Streetwork	6				0	0	
6215004	Street Lighting	5				0	0	
6215005	Cleaning Services	8				0	0	
6315001	Community transport	5				0	0	
6315002	Parking inc Enforcement	5	0	0	0	0	0	High
6315003	Management systems (task)	8				0	0	
6415001	Conservation	5				0	0	
6515001	Financial Management Other	10				0	0	
<b>Total Audit Days for Department</b>		<b>90</b>						
<b>Construction / Procurement / Contracts</b>								
6615001	Departmental Contract Management	10				0	0	
6615002	Contract Partnering Selection	10				0	0	
6615003	Capital Grant Management	10				0	0	
6615004	Framework contracts	15				0	0	
6615005	Dinefwr Reorganisation	8				0	0	
6615006	Carmarthenshire Homes Standard	8				0	0	
6615007	MEP	8				0	0	
6615008	New residential home Carmarthen	8				0	0	
6615009	Carmarthen West Link Road	7				0	0	
6615010	Leisure - Museum garden scheme	8				0	0	
6615011	Stradey Phase 1	8				0	0	
6715001	Financial Management Other	15				0	0	
<b>Total Audit Days for Department</b>		<b>115</b>						
<b>Computer Audit</b>								
4415001	IT Procurement	15				0	0	
4415002	Corporate File Plan	10				0	0	
4415003	Cloud Computing	10				0	0	
4415004	Data Protection	10				0	0	
4415005	Computer Assisted Audit Testing(CAATs)	22				0	0	
4415006	NFI	35				0	0	
4415007	- Agresso Developments	8				0	0	
4415008	Pensions	8				0	0	
4415009	-Revenues/ Benefits / DIPS	9				0	0	
4415010	- Payment Cards	10				0	0	
4415011	Resources / WWEC - Grants Matrix system	10				0	0	
4415012	Other Systems - Total Mobile	13				0	0	
4515001	Financial Management Other	4				0	0	
<b>Total Audit Days for Department</b>		<b>164</b>						

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## INTERNAL AUDIT PLAN 2015 / 2016

			REPORTING SCORES					
2015/16			Issues					
Job No	Departments	Days Planned	No. of 3* Issues	No. of 2* Issues	No. of 1* Issues	Total No. Issues	Score	Assurance Level
<b>School Audits</b>								
<b>Primary Schools</b>								
2615001	Maesybont C.P. School.	3				0	0	
2615002	Ysgol Gynradd Y Tymbl	3				0	0	
2615003	Pontiets C.P. School	3				0	0	
2615004	Betws C.P. School	3	0	0	0	0	0	High
2615005	Ysgol Gynradd Tycroes	3				0	0	
2615006	Ysgol Gynradd Parcyrhun	3				0	0	
2615007	Nantygroes C.P. School	3				0	0	
2615008	Talley C.P. School	3				0	0	
2615009	Cwrt Henry	3				0	0	
2615010	Ysgol Rhys Pritchard	3				0	0	
2615011	Llys Hywel Whittland	3				0	0	
2615012	Ysgol Gynradd Brynsaron	3				0	0	
2615013	Llangennech Junior School	3				0	0	
2615014	Hendy C.P. Mixed School	3				0	0	
2615015	Brynamman Primary School	3				0	0	
2615016	Abernant	3				0	0	
2615017	Parc Y Tywyn School	3				0	0	
2615018	Pembrey	3				0	0	
2615019	Ysgol Beca	3				0	0	
2615020	Ysgol Gynradd Hafodwenog	3				0	0	
2615021	Llandeilo C.P. School	3				0	0	
2615022	Y.G. Cynwyl Elfed	3				0	0	
2615023	Halfway C.P. School.	3				0	0	
2615024	Pwll C.P. Mixed School	3				0	0	
2615025	Ysgol Y Castell	3	0	0	1	1	0	Acceptable
2615026	Penygroes C.P. School	3				0	0	
2615027	Ysgol Gynradd Nantgaredig	3				0	0	
2615028	Ysgol Gymraeg Gwenllian	3				0	0	
2615029	Ysgol Dewi Sant, Llanelli.	3				0	0	
2615030	Stebonheath C.P. School	3				0	0	
2615031	Ysgol Y Ddwylan	3				0	0	
2615032	Ysgol y Fro	3				0	0	
2615033	Carreg Hirfaen Foundation School	3				0	0	
2615034	Ysgol Cae'r Felin	3				0	0	
2615035	Ysgol Y Bedol	3				0	0	
2615036	Ysgol Brynteg	3				0	0	
2615037	Ferryside V.C.P. School	3				0	0	
<b>Primary Schools Totals</b>		<b>111</b>						
<b>Secondary Schools</b>								
2715001	Ysgol Bro Dinefwr	7				0	0	
2715002	Dyffryn Amman	7				0	0	
2715003	Dyffryn Taf	7				0	0	
2715004	Ysgol Gyfun Emlyn	7				0	0	
2715005	Bro Myrddin	7				0	0	
2715006	Coedcae	7				0	0	
2715007	St John Lloyd	7				0	0	
<b>Secondary Schools Totals</b>		<b>49</b>						
<b>Total Audit Days for Department</b>		<b>160</b>						
<b>Total All Audits</b>		<b>1260</b>						
<b>Additional Work Not Included in Original Plan</b>								
	SEG - School Effectiveness Grant	15				0	0	
	WEG - Welsh in Education Grant	15				0	0	
	14 to 19 Learning Pathways	8				0	0	
	Pembrey Country Park / MCP / Country Parks	43				0	0	
	Ski Slope Mngt and Operational	12				0	0	
<b>Total Additional Work</b>		<b>93</b>						
<b>Total Audit Plan Time</b>		<b>1353</b>						

**INTERNAL AUDIT PLAN 2015 / 2016**

INTERNAL AUDIT PLAN 2015 / 2016			REPORTING SCORES					
2015/16			Issues					
Job No	Departments	Days Planned	No. of 3* Issues	No. of 2* Issues	No. of 1* Issues	Total No. Issues	Score	Assurance Level

**SCORING METHODOLOGY**

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

**ASSURANCE LEVEL - BASED ON NUMBER OF RECOMMENDATIONS AND**

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

**PRE AUDIT RISK LEVEL**

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

**POST AUDIT RISK LEVEL**

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



## Pwyllgor Archwyllo 30 Medi 2015

### Diweddaru Grant Cefnogi Pobl

**Y Pwrpas:** I nodi'r gwelliannau yn Cynllun Gweithredu Cefnogi Pobl

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

I gymeradwyo'r gwelliannau a'r amcanion gwaith parhaol

### Y Rhesymau:

Cais wrth y Pwyllgor Archwilio yn y cyfarfod ar 10 Gorffnaf 2015 am adroddiad gwelliant

### Ymgynghorwyd â'r pwyllgor craffu perthnasol

AMHERTHNASOL

### Y BWRDD GWEITHREDOL / CYNGOR / PWYLLGOR:

Argymhellion / Sylwadau'r Pwyllgor Craffu:

Angen i'r Bwrdd Gweithredol wneud penderfyniad Amherthnasol

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

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

Cyng. Linda Evans

### Y Gyfarwyddiaeth:

Adran Cymunedau

**Enw Pennaeth y Gwasanaeth:**

R Staines

**Awdur yr Adroddiad:**

R Staines

**Swyddi:**

Pennaeth Tai a Diogelu'r

Cyhoedd

**Rhif ffôn:** 01267 228960

**Cyfeiriad E-bost:**

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

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**30<sup>th</sup> September 2015**

**SUBJECT**

**Supporting People Programme Grant Update**

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

The attached report summarises the work done to date by the Supporting People Team to improve its grant and contract management processes as identified by the Audit & Risk Manager's Report to the Audit Committee meeting on 10<sup>th</sup> July 2015.

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

**DETAILED REPORT ATTACHED ?**

**YES**



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

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

## IMPLICATIONS

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

Signed: **R Staines**

Head of Housing and Public Protection

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: **R Staines**

Head of Housing and Public Protection

**1. Scrutiny Committee**

N/A

**2. Local Member(s)**

N/A

**3. Community / Town Council**

N/A

**4. Relevant Partners**

N/A

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

N/A

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

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

N/A

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

## Update Report for Audit Committee Meeting 30<sup>th</sup> Sept 2015

### Background

In the last Audit Committee meeting on 10<sup>th</sup> July 2015, a quarterly update report was requested regarding the Internal Audit report of the administration of the Supporting People Programme Grant.

The Audit and Risk Manager identified three significant areas of weakness in the management of the Supporting People Programme. In particular the following were highlighted:

- 1. Insufficient evidence available to enable an assurance to be placed that grant terms and conditions, the Project Grants Manual and the Authority's Financial Procedure Rules had been fully complied with.**
- 2. The standard of documentation retained, and the evidence available to support eligibility and outcomes continued to be poor despite issues being previously raised by Internal Audit**

### Progress to date

There has been an agreement that there are many areas of the Supporting People grant administration that need to be improved but also that not all elements can be remedied immediately. Some elements have been prioritised over others but the Supporting People Team is determined to deliver all the improvements needed. A meeting held with Internal Audit on 11<sup>th</sup> May 2015 which prioritised

- 1. Insufficient evidence available to enable an assurance to be placed that grant terms and conditions, the Project Grants Manual and the Authority's Financial Procedure Rules had been fully complied with.**

A meeting was arranged by the Supporting People team with Corporate Procurement and Internal Audit to discuss the contract position and what needed to be done to remedy this. This was seen to be the most critical element of the Internal Audit review and the element that should be prioritised. The meeting took place on 13<sup>th</sup> July 2015 and the following points were agreed in the meeting.

1. Floating Support projects – It was agreed that a timed project plan needs to be developed for the tendering of the new floating support. Interim contracts can be awarded to the existing floating support providers stating that they are being issued in preparation of a tender exercise.
2. Jointly funded supported living projects – These were issued with new contracts in 2014. Specifications need to include service profiles detailing breakdown of funding.
3. Older People alarm services – Paper to be prepared for SP Planning Group and/or DMT to consider future commissioning arrangements for the service
4. Remaining services – These services to be the focal point of the exception report to allow the opportunity for the SP Team to evaluate the services to be able to make an informed decision about whether these services are needed and if efficiencies can be found through negotiation with the existing service provider or whether these services need to be re-tendered.

This has enabled the Supporting People Team to prioritise and focus their work on the 4 work areas above in the short term.

An exception report was prepared around these 4 priorities to ask if the interim arrangements detailed in number 1 and 4 could proceed outside of the Contract Regulations. This was to enable the Supporting People Team to, in the case of number 1, to tender for a new countywide floating support service; and in the case of number 4, evaluate the services and decide on their future and apply the relevant tendering/contracting process.

The exception report was amended to be a status report which was agreed by the Section 151 and Monitoring Officers. The agreement of the report enabled the Supporting People Audit Certificate 2013/2014 to be signed and confirmation has been received from Welsh Government that has been received and accepted. The outstanding monies will be released to Carmarthenshire County Council by end September 2015.

The work identified in the four points above has become one of the short-term priorities for the Supporting People Team with target milestones in place to ensure that the work is delivered in line with the timetable identified in the Status report.

Progress has already been made on the four priority areas with some service evaluations nearing completion and the floating support proposal being consulted upon with current service providers.

Outside of these priorities, work has commenced on improving the grant administration systems. Regular contract review/monitoring meetings are being arranged for those services that were not being regularly monitored with these to commence in Autumn 2015.

The Supporting People Planning Group agenda has been amended and will require the Supporting People Team to report progress on the work identified in the Internal Audit report. It will also feature more prominently discussions and agreement of the Spend Plan and quarterly out-turn statements.

**2. The standard of documentation retained, and the evidence available to support eligibility and outcomes continued to be poor despite issues being previously raised by Internal Audit**

Work has commenced in this area with regular contract review meeting being organised with service providers though it has been agreed that is prioritised after the work needed to satisfy the first main area of concern. This will ensure that the standard of documentation is improved and the necessary monitoring is put in place to ensure that eligibility and outcomes are tested effectively.

**Conclusion**

It is hoped that the progress to date shows the commitment that the Supporting People Team and the wider Commissioning Division has to progress this work and improve so that the Supporting People Grant is managed to the standards that is expected by Carmarthenshire County Council.

## Carmarthenshire County Council Audit Committee Update – September 2015

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### Financial audit work 2014-15 – Dyfed Pension Fund

Activity	Scope	Status
Audit Plan	Plan of financial audit work for 2014-15.	Audit Committee March 2015.
Financial Statements/Annual Audit Letter	Audit of the Pension Fund's 2014-15 financial statements and Annual Audit Letter.	Audit Committee September 2015.

### Financial audit work 2014-15 – Carmarthenshire County Council

Activity	Scope	Status
Audit Plan	Plan of financial audit work for 2014-15.	Audit Committee March 2015.
Review of Internal Audit	Audit of the Council's Internal Audit arrangements.	Audit Committee September 2015.
Financial Statements 2014-15	Audit of the Council's 2014-15 financial statements.	Audit Committee September 2015.
Certification of Grants and Returns 2014-15	Summary of grants and returns certification work 2014-15.	Audit Committee March 2016.

Activity	Scope	Status
Property Development Fund 2013-14	One-off report summarising issues arising from our grant audit 2013-14.	Audit Committee TBC.
Annual Audit Letter	Report summarising our 2014-15 financial audit work.	Audit Committee December 2015.

### Performance work 2014-2015 - Carmarthenshire County Council – All fieldwork completed, all local reports issued

Activity	Scope	Status
Performance Audit Plan	Plan of performance audit work for 2014-15.	Audit Committee March 2014.
Improvement Plan Audit – 2014-2015	Review the Council's improvement plan in line with the LG Measure 2009 and WG guidance.	Complete – Certificate issued July 2014.
Progress check - Wales Audit Office proposals for improvement	Is the Council making progress against previous proposals for improvement?	Complete - informs Annual Improvement Report 2015.
Risk assessment of housing and council tax benefit	Desk top review of core data provided by both the DWP and by the Council.	Complete - informs Annual Improvement Report 2015.
Annual Report Audit	<p>Has the delivery of planned action resulted in intended improvements?</p> <ul style="list-style-type: none"> <li>Review the Council's annual report in line with the LG Measure and WG guidance.</li> <li>Review performance against Improvement Objectives (KIOPS).</li> <li>Validate the Council's assessment of its own performance.</li> </ul>	Complete – Certificate issued July 2014. Informs Annual Improvement Report 2015.



Activity	Scope	Status
<b>Financial Management and Financial Position Summary</b>	Financial position work focussing on financial health, the effectiveness of budget setting arrangements, financial governance systems and progress/track record in delivering on required savings.	Complete – report issued May 2015.
<b>Governance and Performance</b>	Housing Focus.	Complete – report issued 26 June 2015. Audit Committee July 2015.
<b>TIC Benefits Review</b>	Are the TIC projects achieving the savings predicted by the Council in its benefits assessment?	Complete - report issued 1 June 2015. Audit Committee July 2015.
<b>Short Reviews and Follow Ups</b>	ICT Follow Up – Steering Group and ICT Strategy and links with P&R Scrutiny.	Complete - informs Annual Improvement Report 2015.
<b>Improvement Study –</b> joined up working to address Health and Social Care demand – Independence of Older People	This study will focus on supporting older people to maintain their independence outside of the health and care system by assessing how effective ancillary services are at supporting them to live independently.	Report in clearance – expected to be published in October 2015.
<b>National Study –</b> delivering with less Leisure Services	This study will track the levels of investment in leisure services over the last few years using the methodology developed for the 2013-14 delivering with less study on environmental health services.	Report in clearance – expected to be published in November 2015.
<b>Annual Improvement Report</b>	Report summarising findings from 2014-15 work.	Issued July 2015, to be presented to full Council 14 October 2015.

## Performance work 2015-2016 - Carmarthenshire County Council

Activity	Scope	Status
<b>Audit Plan</b>	Plan of performance audit work for 2015-16.	Audit Committee March 2015.
<b>Corporate Assessment</b>	Review of the Council's capacity and capability to deliver continuous improvement.	October 2015 (Fieldwork 9 <sup>th</sup> – 16 <sup>th</sup> October). Briefing Note to Audit Committee September 2015.
<b>Improvement Plan Audit – 2015-2016</b>	Audit of the discharge of the Council's duty to publish an improvement plan.	July 2015 – complete certificate issued. Audit Committee September 2015.
<b>Assessment of performance</b>	Audit of the discharge of the Council's duty to publish an assessment of performance.	July 2015 – complete certificate issued. Audit Committee September 2015.
<b>Performance Review</b>	Assessment of performance in relation to two of the Council's Key Improvement Priority Areas.	September – December 2015 - underway (fieldwork arranged).
<b>Financial Management and Financial Position Summary - 2</b>	Further work on our financial management arrangements following up our 2014-2015 review, and looking forward to 2016-2017 budget setting and savings proposals. There will also be a focus on reserves position.	July – September 2015 – underway, (fieldwork being arranged).

Activity	Scope	Status
<b>Governance and Performance Reviews – all inform the Corporate Assessment Report.</b>	Human Resources Review. Information technology Review. Information Management Review. Asset Management Review. Partnership Review.	HR review complete. ICT Review fieldwork arranged. Information Management Review complete. Partnership Review fieldwork nearing completion.
<b>Local Project</b>	Review of the application of Equalities impact Assessment in relation to Council improvement priorities	January-February 2016.
<b>LG Improvement Study 1 – Council funding of third-sector services</b>	Project brief under development	TBC.
<b>LG Improvement Study 2 - The strategic approach of councils to income generation and charging for services</b>	Project brief issued	Fieldwork to be delivered by Grant Thornton.
<b>National Study – The effectiveness of local community safety partnerships</b>	Project Brief Issued	Fieldwork underway.

Mae'r dudalen hon yn wag yn fwriadol



Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Assessment of Internal Audit

## Carmarthenshire County Council

**Audit year:** 2014-15

**Issued:** April 2015

**Document reference:** 267A2015

# Status of report

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In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@wao.gov.uk](mailto:infoofficer@wao.gov.uk).

The team who delivered the work comprised Jason Blewitt and Geraint Norman.

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Carmarthenshire County Council has suitable Internal Audit arrangements and an effective service is provided.

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# Summary report

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## The Council has suitable Internal Audit arrangements and an effective service is provided

1. The Code of Audit Practice issued by the Auditor General and International Standard on Auditing 610 require us to consider whether the internal financial control arrangements of Carmarthenshire County Council (the Council) are adequate. Internal Audit (IA) is a key element of the system of internal control.
2. We have assessed IA against their professional standards as set out in Public Sector IA Standards (PSIAS). Where these standards are met, wherever possible, we intend to rely on IA's work when documenting or testing the Council's financial systems as part of our accounts audit.
3. Overall we have concluded that the Council has suitable IA arrangements and an effective service is provided. Where relevant, we have been able to rely on IA's work for our testing to avoid duplication. Our detailed findings are set out in [Exhibit 1](#).

### Exhibit 1: Assessment against the Public Sector IA Standards (PSIAS)

Standard	Standard met? Yes/No	Comment
1000 <b>Purpose, authority and responsibility</b> The purpose, authority and responsibility of the Internal Audit (IA) activity must be formally defined in an internal audit charter (the charter), consistent with the <i>Definition of Internal Auditing</i> , the <i>Code of Ethics</i> and the <i>Standards</i> . The Head of IA must periodically review the charter and present it to senior management and the board for approval.	Yes	The purpose, authority and responsibility of IA are defined within both the IA Strategy and the IA Charter. These were last updated and approved by the Audit Committee on 14 December 2012 and so are up to date. These documents are supported by a detailed IA Manual providing guidance to staff. As reported for the last two years, this was last updated in March 2010 and so needs to be updated (see <a href="#">R1</a> ). The scope of IA's work covers a suitable range of areas including responsibility for evaluation of systems of internal control for both financial and non-financial systems.



Standard	Standard met? Yes/No	Comment
<p>1100</p> <p><b>Independence and Objectivity</b></p> <p>The IA activity must be independent, and internal auditors must be objective in performing their work.</p>	<p>Yes</p>	<p>The Head of IA has a right of access to senior management, the Council and Audit Committee.</p> <p>IA staff are made aware of the need to declare potential conflicts of interest through the IA Manual.</p> <p>A declaration of interest is required to be completed by staff involved on each assignment.</p> <p>Where any conflicts of interest arise, appropriate controls are put in place.</p> <p>No independence issues were identified.</p> <p>IA staff are made aware of the need to comply with ethical standards through the IA Manual.</p> <p>An ethical standards declaration is required to be completed by staff involved on each assignment.</p> <p>No issues of non-compliance with ethical standards were identified.</p>
<p>1200</p> <p><b>Proficiency and Due Professional Care</b></p> <p>Engagements must be performed with proficiency and due professional care.</p>	<p>Yes</p>	<p>IA has procedures which ensure professional standards are followed and adheres to the CIPFA Code of Practice and Auditing Practices Board guidelines.</p> <p>The IA Manual is drawn up in accordance with the CIPFA Standards and is available to all staff. This includes the requirement for declaration of potential conflicts of interest.</p> <p>In addition, auditors are required to sign a declaration of conflicts of interest on completion of each audit assignment as noted above.</p> <p>Codes of conduct are in place for all Council staff and form part of corporate induction.</p> <p>Training plans are in place for all staff and regular performance reviews take place.</p>

Standard	Standard met? Yes/No	Comment
<p>1300</p> <p><b>Quality Assurance &amp; Improvement Programme</b></p> <p>The Head of IA must develop and maintain a quality assurance and improvement programme that covers all aspects of the IA activity.</p>	<p>Yes</p>	<p>All audit assignments are subject to review by a supervising officer prior to the closure of the job. In addition, a further peer review is performed on all 'fundamental systems' files and for a sample of 20 other files to ensure expected standards of quality are met.</p> <p>The results of the IA quality assurance programme is communicated to senior management and the Audit Committee in the Head of IA's Annual Report.</p> <p>Performance indicators for the IA section have been set and are monitored and reported on a regular basis.</p> <p>There is currently no external assessment of IA by a qualified independent reviewer other than that performed by the Wales Audit Office. The standards require this once every five years. The Audit and Risk Manager has informed us that there are ongoing discussions through the Wales Audit Group for this to be undertaken jointly across all authorities or all South Wales authorities(see R2).</p>
<p>2000</p> <p><b>Managing the IA Activity</b></p> <p>The Head of IA must effectively manage the IA activity to ensure it adds value to the organisation.</p>	<p>Yes</p>	<p>IA produces a strategic plan – for a three-year period. Flowing from this, an annual IA Plan is produced each year. Both are produced on a risk basis and link to the IA Strategy and IA Manual and set out the resources required.</p> <p>The strategic plan for 2014-15 and the 2014-15 Annual Plan were taken to the March 2014 Audit Committee for approval.</p>

Standard	Standard met? Yes/No	Comment
<p>2100 <b>Nature of the Work</b> The IA activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and a disciplined approach.</p>	<p>Yes</p>	<p>The IA Manager and Head of Audit, Risk, Procurement &amp; IT are representatives on the Council's Corporate Governance Group which reviews the governance arrangements in place for the authority which ultimately feeds into the Annual Governance Statement (AGS).</p> <p>We reported in our 2013-14 Final Accounts Report that IA planned to review the contents of the AGS for 2013-14 later in 2014. The 2013-14 AGS was signed off with the financial statements at the end of September 2014 and so we were unclear what the IA work later in the year would add particularly if any issues were identified. We recommended that the draft AGS was audited before rather than after it had been approved by the Audit Committee. Following conversations with IA, the AGS was reviewed in July and going forward, IA have stated that as the draft is not finalised until June each year they will review the draft over the summer period prior to the final version being approved in September.</p> <p>IA periodically reviews the Council's Risk Management arrangements. It was last reviewed in 2013-14.</p> <p>IA assess the risks and controls in place to mitigate against the risks as part of each audit assignment and make recommendations for improvement where necessary. No issues were noted from the sample of files reviewed.</p>

Standard	Standard met? Yes/No	Comment
<p>2200 <b>Engagement Planning</b> Internal Auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.</p>	<p>Yes</p>	<p><b>IA Plan</b> An IA Strategy is in place which seeks to cover all higher-risk areas over a three-year period and flowing from this, an annual IA Plan is prepared. As part of the production of the Audit Strategy/Plan, a risk assessment is undertaken in consultation with departmental managers and heads of service and following our recommendation last year, following consultation with the Wales Audit Office.</p> <p><b>Engagement Planning</b> A risk-based approach is taken to plan for each assignment. Terms of Reference are drawn up for each audit assignment detailing the objective and scope, the time allocated and staff, and the process to be followed for the audit and reporting. This is agreed with management before the start of each assignment.</p> <p><b>Resourcing</b> Staffing of IA has been set at an establishment of 10.4 Full Time Equivalent (FTEs) in previous years but in 2011-12 this fell to 9.4 FTEs and has continued at this level since. Progress against the IA Plan including any resourcing issues is reported to, and monitored by, the Audit Committee.</p>

Standard	Standard met? Yes/No	Comment
<p>2300 <b>Performing the Engagement</b> Internal Auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives.</p>	<p>Yes</p>	<p>There were no significant issues arising from our sample review of individual audit assignments.</p> <p>Overall we concluded that the audit work was of a sufficient standard to meet its objectives and to support the conclusions drawn, and the standard of working papers to be satisfactory.</p> <p>With regards to the control, retention and release of engagement records, the IA Manager noted that the Council's File Plan on the shared server has an audit area and access to this is restricted to IA and all confidential information is held on there where needed. The only people that IA release information to are the Wales Audit Office or those audited, and this is sent via secure means. The IA Manual includes information re the retention and release of confidential information but this needs updating for the Council's File Plan as this is relatively new (see R1).</p> <p>Our review of a sample of IA audit work noted that some IA work particularly on the fundamental systems does not cover the full financial year as IA work covers a period of 12 months up to the date of the audit. As the Head of IA's Annual Report provides an opinion over the systems and controls for the full financial year, there is a risk particularly where IA work on a system has been completed early in a financial year that their work has not been sufficient to support that opinion. As a result, IA have agreed to undertake a follow up in April each year to check that there have been no changes to the system and controls tested for the previous financial year (see R3).</p>

Standard	Standard met? Yes/No	Comment
<p>2400 <b>Communicating Results</b> Internal Auditors must communicate the results of engagements.</p>	<p>Yes</p>	<p>IA findings, conclusions and recommendations arising from audit assignments are communicated promptly and are generally accepted by management with actions agreed. There were no significant issues arising from our sample review of individual audit assignments.</p> <p>All 3* recommendations are reported to the Audit Committee for consideration. An annual Head of IA Report is presented to the Audit Committee every June. This includes an opinion on the overall adequacy and effectiveness of the control environment for the year, a summary of the IA work and a statement on conformity with IA Standards.</p> <p>Whilst the Head of IA Annual Report includes the number of three-star and two-star recommendations it does not state what these recommendations were. It would be useful for the report to set out what the three-star recommendations were and their effect/risk so that members have sufficient information to consider this when approving the AGS. Similarly for the two-star recommendations, it would be useful to highlight some key recommendations or key themes so that this can also be considered – this could be important for the Audit Committee to consider as a significant number of two-star recommendations in one area/theme may give rise to further concerns. We appreciate that three-star recommendations are reported to Audit Committee during the year but this would be in isolation for a given review as and when they are reported and it would be useful if the Head of IA Report collated these so that the Audit Committee can consider them in totality as part of the AGS approval process (see R4).</p>

Standard	Standard met? Yes/No	Comment
2500 <b>Monitoring Activities</b> The Head of IA must establish and maintain a system to monitor the disposition of results communicated to management.	Yes	Internal Audit has arrangements in place to follow up all prior-year recommendations.
2600 <b>Communicating the Acceptance of Risks</b> If IA believe that senior management have accepted a level of residual risk that is unacceptable have they communicated this to the Audit Committee?	N/A	We are not aware of any instances of this in recent years. This was confirmed by the IA Manager who also noted that if this was the case then this would be reported to the Audit Committee.

## Recommendations

- R1 The Internal Audit Manual should be updated to ensure that it remains relevant and up to date. This update should include the new procedures for the storage of confidential information on the Council's File Plan.
- R2 Arrangements for an independent external assessment of IA every five years should be kept in view and set up as soon as possible.
- R3 To fully support the Head of IA Annual Report, IA should perform a follow up at year end to check that there have been no changes to the system and controls tested in the year particularly for fundamental systems or for other key systems that were tested early in the financial year.
- R4 To further strengthen the information provided to the Audit Committee, in particular for their approval of the AGS, the Head of IA Annual Report should include the three-star recommendations reported in the year and a summary of the common themes arising from the two-star recommendations.

# Appendix 1

## Action Plan

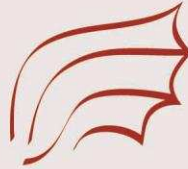
Recommendations highlighted in bold were also reported in previous years.

Recommendation	Intended outcome/benefit	Agreed	Council comments	Completion date
<b>R1 The Internal Audit Manual should be updated to ensure that it remains relevant and up to date. This update should include the new procedures for the storage of confidential information on the Council's File Plan.</b>	To ensure that guidance to staff is relevant and up to date.	Yes	The Audit Manual will be reviewed and updated where required.	March 2016
<b>R2 Arrangements for an independent external assessment of IA every five years should be kept in view and set up as soon as possible.</b>	To ensure an independent external assessment is undertaken as required by the IA Standards.	Yes	Ongoing discussions with Welsh Chief Auditors Group.	
R3 To fully support the Head of IA Annual Report, IA should perform a follow up at year end to check that there have been no changes to the system and controls tested in the year particularly for fundamental systems or for other key systems that were tested early in the financial year.	To ensure that the Head of IA Annual Report/Opinion is accurate.	Yes	A follow up of the key / fundamental systems controls has been carried out and concluded.	Completed



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Recommendation	Intended outcome/benefit	Agreed	Council comments	Completion date
R4 To further strengthen the information provided to the Audit Committee, in particular for their approval of the AGS, the Head of IA Annual Report should include the three-star recommendations reported in the year and a summary of the common themes arising from the two-star recommendations.	To strengthen the information provided to members to make a fully informed decision.	Yes	A summary of the 3* issues will be included in this year's report. We will review the 2* issues and establish if there are any themes arising.	July 2015



WALES AUDIT OFFICE  

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**Y Pwyllgor Archwilio**  
**30 Medi 2015**

<b>Safon Ryngwladol ar Archwilio (ISA) 260 – Cyngor Sir Caerfyrddin 2014/15</b>		
<b>Yr argymhellion / penderfyniadau allweddol sydd eu hangen:</b>		
Derbyn adroddiad Safon Ryngwladol ar Archwilio 260 Swyddfa Archwilio Cymru (Cyngor Sir Caerfyrddin a Chronfa Bensiwn Dyfed) ar gyfer 2014-2015.		
<b>Y Rhesymau:</b>		
Yr Archwilydd Cyffredinol sy'n gyfrifol am ddarparu sylwadau ynghylch a yw'r datganiadau ariannol yn olwg gywir a theg ar sefyllfa Cyngor Sir Caerfyrddin ar 31ain Mawrth 2015.		
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		
<b>YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:- Y Cynghorydd David Jenkins</b>		
Y Gyfarwyddiaeth: Gwasanaethau Corfforaethol	Swyddi:	Rhif Ffôn: 01267 224886
Pennaeth y Gwasanaeth: Owen Bowen	Pennaeth Dros Dro y Gwasanaethau Ariannol	Cyfeiriadau E-bost: <a href="mailto:OBowen@sirgar.gov.uk">OBowen@sirgar.gov.uk</a>
Awdur yr Adroddiad: Owen Bowen		

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**30<sup>th</sup> September 2015**

ISA 260 Carmarthenshire County Council 2014-15

The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the position of Carmarthenshire County Council at 31st March 2015

Document to follow – audit being finalised.

DETAILED REPORT ATTACHED ?

YES

## IMPLICATIONS

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

Signed: Owen Bowen

Interim Head of Financial Services

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

### 1. 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: Owen Bowen

Interim Head of Financial Services

1. Scrutiny Committee – Not applicable

2. Local Member(s) – Not applicable

3. Community / Town Council – Not applicable

4. Relevant Partners – Not applicable

5. Staff Side Representatives and other Organisations – Not applicable

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

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

THESE ARE DETAILED BELOW

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



Archwilydd Cyffredinol Cymru  
Auditor General for Wales

## Audit of Financial Statements Report and Management Letter

### **Dyfed Pension Fund**

**Audit year:** 2014-15

**Issued:** September 2015

**Document reference:** 489A2015

# Status of report

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

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

The team who delivered the work comprised Richard Harries, Helen Goddard, Jason Blewitt, Michelle Davies and Neall Hollis.



# Contents

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This document summarises the conclusions on the 2014-15 audit including our recommendations for the year. The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

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# Summary report

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## Introduction

1. The purpose of this report is twofold:
  - to set out for consideration the matters arising from the audit of the financial statements of Dyfed Pension Fund, for 2014-15, that require reporting to those charged with governance, in time to enable appropriate action; and
  - to formally communicate the completion of our audit and capture the recommendations arising from our audit work for the year.
2. The Auditor General's responsibilities were set out in our audit plan along with your responsibilities as those charged with governance; we do not repeat them in detail again here.
3. We confirm we have undertaken the audit as planned and our performance against the agreed measures is reported in [Appendix 4](#). We have no other issues to report to you other than in this report.
4. We are particularly grateful to the staff of Carmarthenshire County Council (the Council) who administer the Dyfed Pension Fund for their assistance, good quality working papers and draft accounts provided during the course of our audit.
5. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Dyfed Pension Fund at 31 March 2015 and its income and expenditure for the year then ended.
6. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
7. The quantitative level at which we judge such misstatements to be material for Dyfed Pension Fund are £19.1 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.

## Status of the audit

8. We received the draft financial statements for the year ended 31 March 2015 on 15 June 2015 which was in accordance with the date we agreed, and have now substantially completed the audit work.
9. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with Council officers.

---

## Proposed audit report

10. It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
11. The proposed audit report is set out in [Appendix 2](#) (this is the full report that will be provided on conclusion of the audit of the Council's accounts as Dyfed Pension Fund statements are included within them).

## Significant issues arising from the audit

### Uncorrected misstatements

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

### Corrected misstatements

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

### Other significant issues arising from the audit

14. In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:
  - **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
  - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work. As in previous years, we agreed an 'Audit Deliverables' document with officers to improve the working papers provided to audit. It is pleasing to note that officers agreed with and utilised this document, and the working papers provided were of a good standard.
  - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
  - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**

- 
- **We did not identify any material weaknesses in your internal controls.** We report these where you are not already aware of them or where they may be symptomatic of broader weaknesses in the overall control environment.
  - **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

## Recommendation arising from our 2014-15 audit work

15. The recommendation arising from our audit work is set out in [Appendix 5](#). Management has responded and we will follow up progress during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

## Independence and objectivity

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

# Appendix 1

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## Final Letter of Representation

[Audited body's letterhead]

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

[Date]

## Representations regarding the 2014-15 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 2015 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

## Management representations

### Responsibilities

I have fulfilled my responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the 2014-15 Code of Practice on Local Authority Accounting; 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.

### 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 Dyfed 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. Whilst we recognise the subjective nature of determining the fair value of private property investments and pooled property investments, we confirm that the valuation received by the Pension Fund in respect of these investments has been properly accounted for and disclosed.

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. There are no uncorrected misstatements.

---

## Representations by Carmarthenshire County Council as Administering Authority for the Dyfed Pension Fund

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 30 September 2015.

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:

Signed by:

Chris Moore

Head of Financial Services and S151 Officer

Date: 30 September 2015

Audit Committee Chairman

Date: 30 September 2015

# Appendix 2

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

### Auditor General for Wales' report to the Members of Carmarthenshire County Council

I have audited the accounting statements and related notes of:

- Carmarthenshire County Council; and
- Dyfed Pension Fund.

for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

Carmarthenshire County Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement.

Dyfed Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

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 2014-15 based on International Financial Reporting Standards (IFRSs).

#### **Respective responsibilities of the responsible financial officer and the Auditor General for Wales**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 6, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Dyfed Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Carmarthenshire County Council and Dyfed Pension Fund and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.



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In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes 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.

### **Opinion on the accounting statements of Carmarthenshire County Council**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Carmarthenshire County Council as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

### **Opinion on the accounting statements of Dyfed Pension Fund**

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of Dyfed Pension Fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at that date; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

### **Opinion on other matters**

In my opinion, the information contained in the Explanatory Foreword is consistent with the accounting statements and related notes.

### **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 accounting 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;
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

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**Certificate of completion of audit**

To be completed following confirmation with the auditors of Carmarthenshire County Council.

**For and on behalf of Huw Vaughan Thomas**

**Auditor General for Wales**

**Wales Audit Office**

**24 Cathedral Road**

**Cardiff**

**CF11 9LJ**

XX September 2015

## Appendix 3

### Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance

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.

Value of correction	Nature of correction	Reason for correction
Dr Investment Assets £1,695,000 Cr Unrealised Market Value of Investments £1,695,000	Investment Assets were increased by £1,695,000, with a corresponding increase in the unrealised market value of investments within the Fund Account.	To ensure that the valuation for Blackrock investments was the best estimate using a consistent approach with that used in 2013-14 for conversion from mid price to bid price.
Dr Current Assets £109,000 Cr Investment income £109,000	Investment income was increased by £109,000 within the fund account, with a corresponding increase in other receivables within current assets.	To correctly reflect the rebate of investment management expenses due from Baillie Gifford which had been netted against investment income within the final quarter investment report.
Note 8 Management Expenses	Insertion of additional narrative within Note 8 to separately disclose the audit fee.	To ensure clarity/transparency given the nature of the balance.
Various disclosure notes	A number of narrative and disclosure amendments, not identified separately in this table, as not regarded as material to the financial statements.	To ensure completeness, clarity, accuracy and consistency throughout the financial statements.

# Appendix 4

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## Wales Audit Office performance measures

We have agreed a range of targets for the delivery of our work and I have summarised our assessment of achievements against these targets below:

Planned output	Target	Outcome
<b>2015 Audit Plan</b>	March 2015	March 2015
<b>Financial accounts work:</b> <ul style="list-style-type: none"><li>• Audit of Financial Statements Report</li><li>• Opinion on Financial Statements</li></ul>	September 2015	September 2015

## Appendix 5

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### Recommendation arising from our 2014-15 audit work

We set out our recommendation arising from our audit with management's response to it. We will follow up next year and include any outstanding matters in next year's Audit Report:

#### Matter arising – High level controls over month end closedown and internal review of the draft account could be strengthened

<b>Findings</b>	We did not identify any significant deficiencies with the design, implementation and operating effectiveness of the Pension Fund's high level controls, however, we did identify one area where controls could be strengthened further:- <ul style="list-style-type: none"><li>• There is no formal month-end timetable or checklist for month-end closure to ensure that all key tasks have been prepared (eg, completion of all reconciliations, clearance of suspense accounts, receipt of information from fund managers, custodian, admitted bodes, production of budget monitoring reports, etc). We have not identified any issues re: completion of the month-end tasks in 2014-15 or previous years, but a formal timetable and checklist would strengthen the controls and provide additional assurance to management that tasks have been completed on a timely basis.</li></ul>
<b>Priority</b>	<b>Medium</b>
<b>Recommendation</b>	Dyfed Pension Fund should ensure that a formal month-end timetable/checklist is implemented to ensure that all key month-end tasks are completed and signed off.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	<i>Even though a month and year end timetable/checklist is produced we will formalise it and ensure that the checklist is either signed off by the Pension Investments Officer or the Treasury &amp; Pension Investments Manager.</i>
<b>Implementation date</b>	31 October 2015

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Textphone: 029 2032 0660

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Swyddfa Archwilio Cymru

24 Heol y Gadeirlan  
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Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

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Gwefan: [www.wao.gov.uk](http://www.wao.gov.uk)



## Certificate of Compliance

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### Audit of Carmarthenshire County Council's Combined 2015-16 Improvement Plan and Assessment of 2014-15 Performance

#### Certificate

I certify that, following publication on 24 July 2015, I have audited Carmarthenshire County Council's (the Council) Annual Report and Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under sections 15(2), (3) and (6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

#### Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

Also under the Measure, the Council is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;

- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan and an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish these documents in accordance with statutory requirements set out in section 15 and statutory guidance.

### Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the improvement plans published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's combined Annual Report and Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the Annual Report and Improvement Plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.



I make no recommendations under the Local Government (Wales)  
Measure 2009



**HUW VAUGHAN THOMAS**

**AUDITOR GENERAL FOR WALES**

CC: Leighton Andrews, Minister for Public Services  
Jeremy Evans, Performance Audit Manager

Mae'r dudalen hon yn wag yn fwriadol



WALES **AUDIT** OFFICE  
SWYDDFA **ARCHWILIO** CYMRU

# Corporate Assessment

## Project brief

**Audit year:** 2013-14

**Issued:** March 2013

**Document reference:** 156A2013

# Status of document

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

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@wao.gov.uk](mailto:infoofficer@wao.gov.uk).

This document was produced by Huw Rees.

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# Project Brief

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## Introduction

1. The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General for Wales to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with requirements to make arrangements to secure continuous improvement. The Auditor General must also carry out audits of whether the authority has discharged its duties under the Measure.
2. The requirement for the Auditor General to assess the likelihood that an authority will make arrangements to improve changed the way performance audit work had previously been carried out. The emphasis on risk that was apparent in the previous regulatory regime is replaced by a focus on improvement that is broader and more forward looking. The Measure also places a greater emphasis on accounting for performance in terms of the outcomes experienced by citizens.
3. In the first year of the Measure, 2010-11, we carried out an overview assessment of key aspects of local authorities' improvement arrangements to highlight strengths and areas where improvements could be made. This work was reported in Preliminary Corporate Assessment reports that were issued to authorities between July and September 2010. These reports were welcomed by many as painting a useful picture of capacity and capability and they formed a general overview in relation to the key aspects that support improvement in authorities. The Auditor General further published an Annual Improvement Report for each authority in January 2011 summarising his work and those of relevant regulators<sup>1</sup>. These reports provided a commentary on improvement authorities' performance as well as a commentary on the arrangements that underpin improvement.
4. In subsequent years we have built on this overview to gain a deeper understanding of some key aspects highlighted at each authority and to evaluate progress on improvements to arrangements, and on delivering improvement objectives.
5. The Auditor General has decided that, having conducted three cycles of work since the introduction of the Measure, continued annual assessment of corporate improvement arrangements is, in most cases, likely to be excessive. Therefore from 2013-14 the Wales Audit Office will deliver a rolling programme of corporate assessments, based on a four-year cycle. This means that, in addition to an annual programme of improvement studies and audits of authorities' approach to improvement planning and reporting, each authority will receive an in-depth corporate assessment once during a four year period. In the intervening years the Wales Audit Office will keep track of developments through progress updates. Although the norm will be for each authority to receive a corporate assessment once in every four years, the Auditor General reserves the flexibility to undertake work on matters of priority or concern as they arise which may, in exceptional circumstances, result in an authority receiving a corporate assessment more frequently under his Special Inspection powers.

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<sup>1</sup> Section 16 of the Measure sets out relevant regulators to be The Care and Social Services Inspectorate Wales (CSSIW), Estyn, the Welsh Language Commissioner, and Auditors appointed by the Auditor General.

- 
6. This project brief sets out our approach to corporate assessment.

## Purpose of the Corporate Assessment

7. The purpose of the corporate assessment is to provide a position statement of an improvement authority's capacity and capability to deliver continuous improvement. It will, by its nature, examine an authority's track record of performance and outcomes as well as examining the key arrangements that are necessary to underpin improvements in services and functions.
8. The Auditor General will issue a report that states whether he believes that the authority is likely to comply with the requirements of the Measure<sup>2</sup>. This judgement of 'likelihood' will be based on work carried out and previous accumulated knowledge, and therefore reflects performance at a particular point in time. It should not be seen as a four-year clean bill of health or as a definitive prediction of future success. Rather, it should be viewed as providing assurance as to whether the arrangements currently in place are reasonably sound insofar as can be ascertained from our work and the work of relevant regulators.

## Focus of the Corporate Assessment

9. Our work will focus on the extent to which arrangements are contributing to delivering improved service performance and outcomes for citizens. It will therefore not be sufficient that arrangements are merely in place, as those arrangements must be effective in enabling improvement in services and functions.
10. An authority's track record of improvement is an important consideration in the Auditor General's judgement of whether an authority is likely to meet the requirements of the Measure. Our work in relation to this will focus on an authority's priorities and its performance in meeting its improvement objectives, with a particular emphasis on the impact that an authority's improvement programme is making on outcomes for citizens. As well as our own work we will consider the findings from any work undertaken by relevant regulators; principally Estyn, the Care and Social Services Inspectorate Wales (CSSIW), the Welsh Language Commissioner and auditors appointed by the Auditor General.
11. The corporate assessment is seeking to answer the following question:  
*"Is the authority capable of delivering its priorities and improved outcomes for citizens?"*
12. Our assessment will cover the following:
  - Performance and outcomes;  
*"Is the authority making progress on achieving its planned improvements in performance and outcomes?"*

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<sup>2</sup> A general duty to make arrangements to secure continuous improvement, and specific duties to set improvement objectives and to publish improvement plans and assessments of performance.

- 
- Vision and strategic direction;  
*“Does the authority’s vision and strategic direction support improvement?”*
  - Governance and accountability;  
*“Do the authority’s governance and accountability arrangements support robust and effective decision making?”*
  - Use of resources;  
*“Is the authority managing its resources effectively to deliver its planned improvements in performance and outcomes?”*
  - Collaboration and partnerships;  
*“Are the authority’s collaboration and partnership arrangements working effectively to deliver improved performance and outcomes?”*
  - Managing improvement.  
*“Is the authority effectively managing its improvement programme?”*
- 13.** As well as being informed by the work of regulators and inspectors the assessment will also be informed by other available sources including the authority’s own mechanisms for review and evaluation. Such mechanisms may include, but are not limited to:
- the Annual Governance Statement and its review of effectiveness;
  - the activities and outputs of scrutiny committees;
  - the work of the Audit Committee;
  - the work of internal audit;
  - the authority’s own assessment of performance as required by the Local Government (Wales) Measure 2009;
  - the Director of Social Services Annual Report;
  - self-evaluations prior to Estyn inspections;
  - management information and reports;
  - complaints, correspondence, Ombudsman reviews, whistleblowing etc;
  - the authority’s assessment of progress in meeting equalities duties and objectives (from 2012); and
  - the authority’s Welsh Language Scheme self-evaluation report.
- 14.** Over time our work, and that of the relevant regulators, will allow the Auditor General to take a view as to whether he can place reliance upon these self-evaluations.

## Methodology

- 15.** A series of question hierarchies will underpin the key lines of enquiry for each of the aspects of the corporate assessment that are set out in Appendix 1. The first phase of the assessment will involve detailed local scoping as, whilst the coverage of the corporate assessment is as described in paragraph 12, the specific and relative focus on individual aspects will vary from authority to authority, based on:
- Breadth of work undertaken to date;



- Significance and priority of previous findings;
  - Progress on recommendations or proposals for improvement;
  - Planned or actual changes to arrangements.
16. An initial desktop review of documentation and previous audit work will focus in on the specific enquiries required for the fieldwork phase. Documents likely to be required at this stage are set out in Appendix 2. This is not an exhaustive list, and we will make refinements and submit a document request to the authority seven weeks prior to on-site fieldwork asking for documents to be supplied to us within two weeks. At this stage we will also notify the authority of the proposed interview schedule for the on-site phase. An example interview schedule is set out in Appendix 3. Again this is indicative and we will liaise with the authority regarding specific interviews or focus groups.
  17. During the third week prior to fieldwork we will brief the authority on the specific focus of the on-site work with a view to also finalising the interview schedule.
  18. Typically the fieldwork phase will involve us being on-site at the authority for between 5-10 days in total. It is likely that this will be broken up into two stages to allow for pause and review.
  19. We will share outline conclusions with the authority prior to drafting our report. This is likely to be two weeks after the conclusion of fieldwork. We will share our report for factual accuracy before issuing the report as final. The total elapsed time from local scoping to publication of the final full corporate assessment report is approximately 19 weeks. An example timeline with key milestones is set out below:

Week	Activity
1	Local scoping – assessment team
2	Document request and draft interview schedule sent to authority
4	Receive documents from authority
6	Brief authority and finalise interview schedule
9-11	Fieldwork (including pause and review stage)
13	Share outline conclusions with authority
15	Issue draft report to authority
17	Receive comments from authority
19	Publish final report

# Appendix 1

## Question Hierarchy

Level 1	Level 2	
Is the authority capable of delivering its priorities and improved outcomes for citizens?	Is the authority making progress on achieving its planned improvements in performance and outcomes?	How much? How well? Is anyone better off?
	Does the authority's vision and strategic direction support improvement?	Clarity, sense of purpose, needs based priorities, leadership, culture, ownership.
	Do the authority's governance and accountability arrangements support robust and effective decision making?	Roles and responsibilities, values and behaviours, scrutiny, engagement, transparency, openness.
	Is the authority managing its resources effectively to deliver its planned improvements in performance and outcomes?	Financial, human, buildings, ICT.
	Are the authority's collaboration and partnership arrangements working effectively to deliver improved performance and outcomes?	Business cases, governance, resources, management, results and outcomes.
	Is the authority effectively managing its improvement programme?	Improvement planning, performance management, risk management, reporting.

# Appendix 2

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## Sample document request

Organisation chart

Details of member affiliations, portfolio etc.

Constitution

Standing orders and scheme of delegation

Delegated decision register

Annual Governance Statement

Corporate Plan

Improvement Plan

Community Strategy / Single Integrated plan

Medium Term Financial Plan

Budget monitoring reports

Specific plans related to Improvement objectives, e.g. Community Safety; CYPP

Service Business Plans

Corporate engagement/consultation strategy and guidance

Asset Management Plan

ICT strategy

Workforce plan

Appraisal process

Training and Development strategy

Risk Register

Executive and Scrutiny work programmes

Any guidance documentation for council staff on business or service improvement plans

Performance Management Reports

Committee reports and papers (Council, Cabinet, Overview and Scrutiny, Audit, Standards, Democratic Services Committee reports) and any related sub-groups

Resident and/or stakeholder survey results

Staff survey results

Other self-evaluations and/or annual reports

# Appendix 3

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## Sample interview schedule

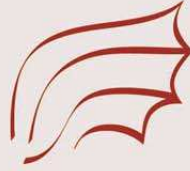
### **Interviews**

Chief Executive  
Head of Policy and Performance (or equivalent)  
Director/Head of Finance  
Head of HR  
Head of Risk Management  
Monitoring Officer  
Head of Democratic Services / Democratic Services Manager  
LSB Lead officer  
Head of ICT  
Head of Asset Management  
Lead Officer – specific service(s)/project(s)  
Leader of the Council  
Leader of the Opposition and leaders of other political groups  
Chair of Audit Committee  
Executive/Cabinet members – (e.g. Finance, performance, ICT, HR)  
Chairs of key partnership forums  
Key partners (including Police, Health, Voluntary sector, other Councils)  
Chair of Standards Committee  
Cabinet support officers  
Scrutiny support officers

### **Focus groups**

Corporate Management Team  
Heads of Service Overview and Scrutiny Chairs  
Service delivery teams (as appropriate)  
Stakeholders (as appropriate)





WALES AUDIT OFFICE  

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## Pwyllgor Archwilio

30 Medi 2015

<b>LLYTHYR YN CYFLWYNO SYLWADAU I'R SWYDDFA ARCHWILIO CYMRU – CYNGOR SIR CAERFYRDDIN</b>		
<b>Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:</b>		
Cydnabod Llythyr sy'n Cyflwyno Sylwadau o'r Swyddog s151 a Chadeirydd y Pwyllgor Archwilio i'r Swyddfa Archwilio Cymru – Cyngor Sir Caerfyrddin		
<b>Y Rhesymau:</b>		
Mae'n ofynnol gan y Swyddfa Archwilio Cymru bod y Pwyllgor yn cydnabod ymateb y Swyddog s151 yn ffurfiol – Cyngor Sir Caerfyrddin		
<b>Ymgynghorwyd â'r pwyllgor craffu perthnasol NADDO</b>		
Angen i'r Bwrdd Gweithredol wneud penderfyniad NA		
Angen i'r Cyngor wneud penderfyniad NA		
YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:- Cyng. David Jenkins		
<b>Y Gyfarwyddiaeth:</b> <b>Gwasanaethau Corfforaethol</b>	<b>Swyddi:</b>	<b>Rhif ffôn: 01267 224886</b> <b>Cyfeiriadau E-bost:</b> <a href="mailto:Obowen@sirgar.gov.uk">Obowen@sirgar.gov.uk</a>
<b>Enw Pennaeth y Gwasanaeth :</b> <b>Owen Bowen</b>	<b>Pennaeth Gwasanaethau</b> <b>Cyllidol Dros Dro</b>	
<b>Awdur yr Adroddiad:</b> <b>Owen Bowen</b>		

# EXECUTIVE SUMMARY

## Audit Committee

30<sup>th</sup> September 2015

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

In line with the Statement on Auditing Standards ( SAS440 - Management Representations), the Wales Audit Office require a "Letter of Representation" on an Annual Basis from the Section 151 Officer.

The Wales Audit Office require that the Committee responsible for approving the Accounts under Regulation 8 of the Accounts and Audit Regulations formally acknowledge the Section 151 Officer's response.

DETAILED REPORT ATTACHED ?

YES



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

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



# IMPLICATIONS

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

Signed: Owen Bowen

Interim Head of Financial Services

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

Interim Head of Financial Services

1. Scrutiny Committee – Not applicable

2. Local Member(s) – Not applicable

3. Community / Town Council – Not applicable

4. Relevant Partners – Not applicable

5. Staff Side Representatives and other Organisations – Not applicable

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

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

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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**EICH CYNGOR arleinamdani**  
[www.sirgar.llyw.cymru](http://www.sirgar.llyw.cymru)

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



CHRIS MOORE FCCA

Cyfarwyddwr y Gwasanaethau Corfforaethol  
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Eich cyf • Your ref:

Fy Nghyf • My ref: CM/cad

Dyddiad • Date: 30<sup>th</sup> September, 2015

Gofynner am • Please ask for:

Llinell Uniongyrchol • Direct Line: 01267 224121

Ebost-Email: CMoore@carmarthenshire.gov.uk

## Final Letter of Representation

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

## Representations regarding the 2014-15 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Carmarthenshire County Council (the Council) for the year ended 31 March 2015 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 2014-15; 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.

## 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 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 correctly valued and 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.

In 2012-13 and 2013-14 there was a difference of opinion between the Council and the Auditor

General about the lawfulness of two decisions made by the Council. Details are set out in Note 6.48 of the financial statements. The Council confirms that no similar payments are included in the 2014-15 financial statements.

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

## Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us. We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on 30 September 2015.

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  
(Section 151 Officer)

Date:

Signed by:

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

Date:

Mae'r dudalen hon yn wag yn fwriadol

## Y Pwyllgor Archwilio 30 Medi 2015

### Ymholiadau archwilio ar gyfer y rheiny sy'n gyfrifol am llywodraethu a rheolaeth

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

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

#### Y Rhesymau:

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

Angen ymgynghori â'r Pwyllgor Craffu perthnasol: Amh.

Angen i'r Bwrdd Gweithredol wneud penderfyniad : NAC OES

Angen i'r Cyngor wneud penderfyniad : NAC OES

(Dileer fel y bo'n briodol )

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

Y Gyfarwyddiaeth :

Gwasanaethau Corfforaethol

Enw Pennaeth y Gwasanaeth:

Mr O Bowen

Swyddi:

Pennaeth Gwasanaethau  
Cyllidol Dros Dro

Rhif ffôn: 01267 224121

Cyfeiriadau E-bost:

OBowen@sirgar.gov.uk

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**30th September 2015**

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

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

The areas of governance on which they are seeking views:

1. Management processes in relation to:

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

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

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

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

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

The information provided informs their understanding of the Council and its business processes and supports their work in providing an audit opinion on the 2014-15 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: O Bowen

Interim Head of : Financial Services

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

## CONSULTATIONS

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

Signed: O Bowen

Interim Head of : Financial Services

1. Scrutiny Committee – N/A
2. Local Member(s) – N/A
3. Community / Town Council – N/A
4. Relevant Partners – N/A
5. Staff Side Representatives and other Organisations – N/A

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

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

2014/15 accounts closure working papers

Corporate and HR Policies

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2014/15 accounts working papers		County Hall, Carmarthen

Mae'r dudalen hon yn wag yn fwriadol

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

### Background

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

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

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

### What are we required to do?

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

Enquiries of management	
Question	Response
1) What is management’s assessment of the risk that the financial statements may be materially misstated due to fraud and what are the principle reasons?	It is management’s opinion that the risk of material misstatement of the financial statements due to fraud are low due to the checks and controls that are in place. The Authority has an adequate and effective control environment in operation. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members

	<p>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 2013/14 and 2015/2016 and the data is currently being reviewed.- Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>Internal Audit plan their work using risk assessment principles and taking into account changes in services. The adoption of a three year rolling programme provides assurance of the adequacy of audit coverage and allows the flexibility to deal with changes to systems within the Authority.</p> <p>Internal Audit continues to provide training to a range of staff. Fraud awareness is a key area covered as part of the training.</p>
2) How can management assure the Audit Committee that it has not been inappropriately influenced by external pressures?	<p>There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p>
3) Are management aware of any organisational pressure to meet revenue and capital budgets or other financial constraints?	<p>Public spending in Wales has seen unprecedented reductions in government settlements that have obviously made the budget process extremely difficult. It is a key requirement of the Section 151 Officer to put forward a balanced budget for approval by County Council. Leading up to his Report to County Council, there is</p>

	<p>significant consultation with Elected Members, Officers and the public to set priorities and cost the implications of any proposals.</p> <p>Elected Members, staff and the public have been kept fully abreast of the developments on the financial position of the Authority throughout the budget setting process, and established reporting systems are in place to ensure that budgets are monitored during the year.</p> <p>Decisions have had to be made in respect of prioritisation of services and the inclusion of substantial budget reductions in order to achieve a balanced budget with an acceptable Council Tax increase.</p>
<p>4) What processes are employed to identify and respond to the risks of fraud more generally and specific risks of misstatement in the financial statements?</p>	<p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud.</p> <p>Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p>
<p>5) How has management communicated expectations of ethical governance and standards of conduct and behaviour to all relevant parties, and when?</p>	<p>The Authority's Anti Fraud and Anti Corruption Strategy was approved by Audit Committee in September 2011 and is available on the Authority's Intranet</p> <p>The Authority has an established Code of Conduct for Members and Staff, and a whistleblowing policy.</p> <p>All staff are required to make an annual declaration of personal interests and are reminded of the Officers code of Conduct.</p>
<p>6) What arrangements are in place to report</p>	<p>The Annual Report from the designated "Head of Audit" (Audit &amp; Risk Manager) to</p>

about fraud to those charged with governance?	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 the Audit Committee</b>	
1) How does the Audit Committee, in its role as those charged with governance, exercise oversight of management's processes for identifying and responding to the risks of fraud within the Council and the internal control that management has established to mitigate those risks?	Approval of the Anti Fraud and Anti Corruption Strategy 2011-2015 approved by Audit Committee in 30 <sup>th</sup> September 2011 The Strategy sets out the Framework for detecting and dealing with fraud matters within the Council. Regular Audit Plan updates to Audit Committee, and reports on control issue identified during audits.
2) Has the Audit Committee knowledge of any actual, suspected or alleged fraud since 1 April 2014?	Audit Committee is a public meeting so individual cases of "suspected fraud" cannot be discussed in such a forum. The Chair and Vice Chair of Audit Committee are provided with greater detail and day to day access to the Internal Audit Management Team. Details of suspected fraud would be shared "informally" with the Chair and Vice Chair i.e. outside of the Formal Committee Meeting. No instances of "Non Benefit Fraud" under investigation during 2014/15. Instances relating to 2015/16 and subsequent years will be discussed with the Chair and Vice Chair.  The Head of Audit, Risk and Procurement will look to include a section in future Annual Reports to the Audit Committee.
3) Has the Audit Committee any suspicion that fraud may be occurring within the	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

organisation?	<p>fraud or corruption by any officer or member must be reported to the Head of Audit, Risk and Procurement.</p> <p>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.</p> <p>Staff and the public are able to report suspected Benefit Fraud including Housing and Council Tax Benefit fraud through the dedicated “Fraud Hotline”.</p>
4) Is the Audit Committee satisfied that internal controls, including segregation of duties, exist and work effectively? If ‘yes’, please provide details. If ‘no’ what are the risk areas?	<p>Yes</p> <p>Regular Audit Plan updates to Audit Committee, and proposed coverage for coming financial years. Reports on control issue identified during audits</p>
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>
6) From a fraud and corruption perspective, what are considered by the Audit Committee 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>
7) Is the Audit Committee aware of any related party relationships or transactions that could give rise to instances of fraud and how does the Audit Committee mitigate the risks associated with fraud related to related party	<p>All Related Party Transactions are disclosed in the statement of Accounts as confirmed in the letter of representation.</p>

relationships and transactions?	
8) Is the Audit Committee 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
9) Is the Audit Committee aware of any organisational, or management pressure to meet revenue and capital budgets or other financial constraints?	All Elected Members sit on Full Council and various scrutiny committees and have been kept abreast of, and consulted upon the financial outlook and budget setting. Extensive public consultation undertaken during the budget setting and specifically on the budget Savings proposals. In addition the External Voting Member is fully aware of the need to meet revenue and capital budgets or other constraints.



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

### Background

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

### What are we required to do?

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

Enquiries of management	
Question	Response
1) How have you gained assurance that all relevant laws and regulations have been complied with?	Code of Practice on Local Authority Accounting 2014/15, LAAP Bulletins reviewed, CIPFA/IPF training Courses. WAO findings
2) Are there any potential litigations or claims that would affect the financial statements?	No – covered in the letter of representation. Enquiries are made of the Assistant Chief Executive (HR) and the monitoring officer at year end, and again pre-publication of the statement to identify any potential post balance sheet date events. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.
Enquiries of the Audit Committee	

1) How does the Audit Committee, in its role as 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
2) Is the Audit Committee aware of any non-compliance with relevant laws and regulations?	No
3) If there have been instances of non-compliance what are they, and what oversight has the Audit Committee had to ensure that action taken by management to address and gaps in control?	No.

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

### Background

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

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

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

### What are we required to do?

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

Enquiries of management	
Question	Response
1) What controls are in place to identify, authorise, approve, account for and disclose related party transactions and relationships?	Enquires made of relevant officers and members for details of any potential related party transactions. Evidence subjected to audit by WAO.

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

**Y Pwyllgor Archwilio  
30 Medi 2015**

**LLYTHYR YN CYFLWYNO SYLWADAU I'R SWYDDFA ARCHWILIO  
CYMRU – CRONFA BENSIWN DYFED**

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

Cydnabod Llythyr sy'n Cyflwyno Sylwadau o'r Cyfarwyddwr Gwasanaethau Corfforaethol a Chadeirydd y Pwyllgor Archwilio i'r Swyddfa Archwilio Cymru - Cronfa Bensiwn Dyfed

**Y Rhesymau:**

Mae'n ofynnol gan y Swyddfa Archwilio Cymru bod y Pwyllgor yn cydnabod ymateb y Cyfarwyddwr Gwasanaethau Corfforaethol yn ffurfiol - Cronfa Bensiwn Dyfed

Angen ymgynghori â'r Pwyllgor Craffu perthnasol: Amh.

Angen i'r Bwrdd Gweithredol wneud penderfyniad : NAC OES

Angen i'r Cyngor wneud penderfyniad : NAC OES

(Dileer fel y bo'n briodol )

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

Y Gyfarwyddiaeth :  
Gwasanaethau Corfforaethol

Enw Pennaeth y Gwasanaeth:

Mr O Bowen

Swyddi:

Pennaeth Gwasanaethau  
Cyllidol Dros Dro

Rhif ffôn: 01267 224121

Cyfeiriadau E-bost:

OBowen@sirgar.gov.uk

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**30th September 2015**

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

In line with the Statement on Auditing Standards ( SAS440 - Management Representations), the Wales Audit Office require a "Letter of Representation" on an Annual Basis from the Director of Corporate Services.  
The Wales Audit Office require that the Committee responsible for approving the Accounts under Regulation 8 of the Accounts and Audit Regulations formally acknowledge the Director of Corporate Resources' response.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

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

Signed: O Bowen

Interim Head of : Financial Services

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

## CONSULTATIONS

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

Signed: O Bowen

Interim Head of : Financial Services

1. Scrutiny Committee – N/A
2. Local Member(s) – N/A
3. Community / Town Council – N/A
4. Relevant Partners – N/A
5. Staff Side Representatives and other Organisations – N/A

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

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

There are none

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

Mae'r dudalen hon yn wag yn fwriadol



# Final Letter of Representation

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

30 September 2015

## Representations regarding the 2014-15 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 2015 for the purpose of expressing an opinion on their truth and fairness and their proper preparation. I confirm that to the best of my knowledge and belief, having made enquiries as I consider sufficient, I can make the following representations to you.

## Management representations

### Responsibilities

I have fulfilled my responsibilities for:

The preparation of the financial statements in accordance with legislative requirements and the 2014-15 Code of Practice on Local Authority Accounting; 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.

### 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 Dyfed 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. Whilst we recognise the subjective nature of determining the fair value of private property investments and pooled property investments, we confirm that the valuation received by the Pension Fund in respect of these investments has been properly accounted for and disclosed.

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. There are no uncorrected misstatements.

## Representations by Carmarthenshire County Council as Administering Authority for the Dyfed Pension Fund

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 30 September 2015. 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:

Signed by:

Chris Moore  
Director of Corporate Services  
Date: 30 September 2015

Audit Committee Chairman  
Date: 30 September 2015

Mae'r dudalen hon yn wag yn fwriadol

## Y Pwyllgor Archwilio 30 Medi 2015

### Ymholiadau archwilio ar gyfer y rheiny sy'n gyfrifol am llywodraethu a rheolaeth

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

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

#### Y Rhesymau:

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

Angen ymgynghori â'r Pwyllgor Craffu perthnasol: Amh.

Angen i'r Bwrdd Gweithredol wneud penderfyniad : NAC OES

Angen i'r Cyngor wneud penderfyniad : NAC OES

(Dileer fel y bo'n briodol )

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

Y Gyfarwyddiaeth :

Gwasanaethau Corfforaethol

Enw Pennaeth y Gwasanaeth:

Mr O Bowen

Swyddi:

Pennaeth Gwasanaethau  
Cyllidol Dros Dro

Rhif ffôn: 01267 224121

Cyfeiriadau E-bost:

OBowen@sirgar.gov.uk

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**30th September 2015**

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

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

The areas of governance on which they are seeking views:

1. Management processes in relation to:

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

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

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

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

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

The information provided informs their understanding of the Dyfed Pension Fund and its business processes and supports their work in providing an audit opinion on the 2014-15 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: O Bowen

Interim Head of : Financial Services

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

## CONSULTATIONS

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

Signed: O Bowen

Interim Head of : Financial Services

1. Scrutiny Committee – N/A
2. Local Member(s) – N/A
3. Community / Town Council – N/A
4. Relevant Partners – N/A
5. Staff Side Representatives and other Organisations – N/A

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

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

2014/15 accounts closure working papers

Corporate and HR Policies

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2014/15 accounts working papers		County Hall, Carmarthen

Mae'r dudalen hon yn wag yn fwriadol



## Appendix A

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

#### Background

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

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

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

#### What are we required to do?

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

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

	<p>guidance to all staff and members</p> <p>The Authority has an Internal Audit team with responsibility for providing an 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 2013/14 and 2015/2016 and the data is currently being reviewed.- Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>Internal Audit plan their work using risk assessment principles and taking into account changes in services. The adoption of a three year rolling programme provides assurance of the adequacy of audit coverage and allows the flexibility to deal with changes to systems within the Authority.</p> <p>Internal Audit continues to provide training to a range of staff. Fraud awareness is a key area covered as part of the training.</p>
2) How can management assure the Audit Committee that it has not been inappropriately influenced by external pressures?	<p>There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p>
3) Are management aware of any organisational pressure to meet revenue and capital budgets or other financial constraints?	<p>The global economy has been volatile and challenging over recent years which has impacted on the market value of the pension fund.</p> <p>Three year valuations are undertaken to ensure that the fund’s value is scrutinised and</p>

	any remedial timely action is undertaken.
4) What processes are employed to identify and respond to the risks of fraud more generally and specific risks of misstatement in the financial statements?	<p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud.</p> <p>Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p>
5) How has management communicated expectations of ethical governance and standards of conduct and behaviour to all relevant parties, and when?	<p>The Authority's Anti Fraud and Anti Corruption Strategy was approved by Audit Committee in 30<sup>th</sup> September 2011 and is available on the Authority's Intranet</p> <p>The Authority has an established Code of Conduct for Members and Staff, and a whistleblowing policy.</p> <p>All staff are required to make an annual declaration of personal interests and are reminded of the Officers code of Conduct.</p>
6) What arrangements are in place to report about fraud to those charged with governance?	<p>The Annual Report from the designated "Head of Audit" (Audit &amp; Risk Manager) 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.</p>

<b>Enquiries of the Audit Committee</b>	
1) How does the Audit Committee, in its role as those charged with governance, exercise oversight of management's processes for identifying and responding to the risks of fraud within the Council and the internal control that management has established to mitigate those risks?	Approval of the Anti Fraud and Anti Corruption Strategy 2011-2015 approved by Audit Committee in 30 <sup>th</sup> September 2011 The Strategy sets out the Framework for detecting and dealing with fraud matters within the Council. Regular Audit Plan updates to Audit Committee, and reports on control issue identified during audits.
2) Has the Audit Committee knowledge of any actual, suspected or alleged fraud since 1 April 2014?	Audit Committee is a public meeting so individual cases of "suspected fraud" cannot be discussed in such a forum. The Chair and Vice Chair of Audit Committee are provided with greater detail and day to day access to the Internal Audit Management Team. Details of suspected fraud would be shared "informally" with the Chair and Vice Chair ie outside of the Formal Committee Meeting. No instances of "Non Benefit Fraud" under investigation during 2014/15. Instances relating to 2015/16 and subsequent years will be discussed with the Chair and Vice Chair.
3) Has the Audit Committee 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".
4) Is the Audit Committee satisfied that internal controls, including segregation of duties, exist and work effectively? If 'yes', please provide	Yes  Regular Audit Plan updates to Audit Committee, and proposed coverage for coming

<p>details. If 'no' what are the risk areas?</p>	<p>financial years. Reports on control issue identified during audits</p>
<p>5) How do you encourage staff to report their concerns about fraud and what concerns about fraud are staff expected to report?</p>	<p>The Authority's Whistleblowing policy sets out a working environment where Staff can feel confident to raise any concerns about malpractice within the Council. Malpractice can include fraud, corruption, bribery, dishonesty, financial irregularities, serious maladministration because of deliberate and improper conduct, unethical activities (which may be of a criminal nature) and dangerous acts or omissions which create a risk to health, safety or the environment, criminal offences, or failure to comply with a legal or regulatory obligation.</p> <p>The Whistleblowing Procedure is regularly monitored by a Whistleblowing Group and annual reports regarding whistleblowing are submitted to Standards Committee</p>
<p>6) From a fraud and corruption perspective, what are considered by the Audit Committee to be high risk posts within the organisation and how are the risks relating to these posts identified, assessed and managed?</p>	<p>The Audit Committee rely on both Internal Audit and External Audit to undertake an ongoing comprehensive review of the Authority. Individuals controlling large amounts of money / cash or managing high value or attractive assets will naturally be seen as higher risk albeit controls should be more secure to prevent any abuse. The Internal Audit Plan is compiled using a Risk Based Approach which takes in to account issues such as value, nature of transaction, past problems etc.</p> <p>The Pensions Administration section has an audit trail of all transactions via the workflow system in addition to the daily journals which record each key suppression. Staff members are restricted on access level by the software 'check pointing' facility. The pension fund participates in the NFI and additionally undertakes monthly mortality screening of pensioners and an annual screening of deferred members. The section has annual payroll and system audits by Carmarthenshire's audit team.</p> <p>Any fraud identified would immediately be reported to Head of Financial Services and the newly established Local Pension Board.</p>
<p>7) Is the Audit Committee aware of any related party relationships or transactions that could</p>	<p>All Related Party Transactions are disclosed in the statement of Accounts as confirmed in the letter of representation.</p>

give rise to instances of fraud and how does the Audit Committee mitigate the risks associated with fraud related to related party relationships and transactions?	
8) Is the Audit Committee 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
9) Is the Audit Committee aware of any organisational, or management pressure to meet revenue and capital budgets or other financial constraints?	Three Elected Members sit on the pension panel and are kept abreast quarterly on the global financial outlook and the performance/value of the pension fund.

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

### Background

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

### What are we required to do?

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

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

**Enquiries of the Audit Committee**

1) How does the Audit Committee, in its role as 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, Letter of representation and WAO feedback
2) Is the Audit Committee aware of any non-compliance with relevant laws and regulations?	No
3) If there have been instances of non-compliance what are they, and what oversight has the Audit Committee had to ensure that action taken by management to address and gaps in control?	No.



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

### Background

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

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

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

### What are we required to do?

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

Enquiries of management	
Question	Response
1) What controls are in place to identify, authorise, approve, account for and disclose related party transactions and relationships?	Enquires made of relevant officers and members for details of any potential related party

	<p>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>2) Confirm that you have:</p> <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><b>Enquiries of the Audit Committee</b></p>	
<p>1) How does the Audit Committee in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?</p>	<p>Disclosure made in the statement of Accounts which is approved by the Audit Committee, Letter of Representations and feedback from WAO.</p>

**Pwyllgor Archwilio**  
**30 Medi 2015**

**Cyfriflen 2014-2015**

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

1. Cymeradwyo'r Datganiad Cyfrifon 2014/2015 (Cyngor Sir Caerfyrddin a Chronfa Bensiwn Dyfed) ar ôl yr archwiliad.

**Y Rhesymau:**

Mae angen i'r Cyngor gymeradwyo Cyfrifon 2014/15 erbyn 30 Medi 2015 i gydymffurfio â Rheolau Cyfrifon ac Archwilio (Cymru) 2014.

Mae gan y Pwyllgor Archwilio bwer dirprwyedig i gymeradwyo'r Cyfrifon yn unol a'r Mesuriad Llywodreath Leol.

**Ymgynghorwyd â'r pwyllgor craffu perthnasol NADDO**

Angen i'r Bwrdd Gweithredol wneud penderfyniad NAC OES

Angen i'r Cyngor wneud penderfyniad NAC OES

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

**Y Gyfarwyddiaeth:**

**Gwasanaethau Corfforaethol**

**Enw Pennaeth y Gwasanaeth :**  
Owen Bowen

**Awdur yr Adroddiad:**  
Owen Bowen

**Swyddi:**

**Pennaeth Gwasanaethau**  
Cyllidol Dros Dro

**Rhif ffôn: 01267 224886**

**Cyfeiriadau E-bost:**

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

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**30<sup>th</sup> September 2015**

**Statement of Account 2014-2015**

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

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

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

The Net Assets on the balance sheet has been re-stated to reflect the amendments to the valuations of schools and sports pitches as outlined in the WAO report.

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

Detailed report to follow due to audit being finalised.

**DETAILED REPORT ATTACHED ?**

**YES**

## IMPLICATIONS

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

Signed: Owen Bowen

Interim Head of Financial Services

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

### 1. Legal

Compliance with the Accounts and Audit Regulations 2014

### 2. Finance:

Overall the Authority's Council Fund net expenditure for the year was below the original budget, resulting in a lower than budgeted transfer of £175k from balances on the Council Fund, and a transfer of £4,448k from the Housing Revenue Account balance.

At the balance sheet date the Council Fund General Balances stood at £8.500m, the Housing Revenue Account £10.662m and the balances held by schools under LMS £3.941m

## CONSULTATIONS

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

Signed: Owen Bowen

Interim Head of Financial Services

1. Scrutiny Committee – Not applicable

2. Local Member(s) – Not applicable

3. Community / Town Council – Not applicable

4. Relevant Partners – Not applicable

5. Staff Side Representatives and other Organisations – Not applicable

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

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

THESE ARE DETAILED BELOW

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

**Pwyllgor Archwilio**  
**30 Medi 2015**

**Cyfriflen Harbwr Porth Tywyn 2014-2015**

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

1. Cymeradwyo'r Datganiad Ariannol Harbwr Porth Tywyn am y flwyddyn 2014/2015 ar ôl yr archwiliad.

**Y Rhesymau:**

Mae angen i'r Cyngor gymeradwyo Datganiad Ariannol Harbwr Porth Tywyn am y flwyddyn 2014/15 erbyn 30 Medi 2015 i gydymffurfio â Rheolau Cyfrifon ac Archwilio (Cymru) 2014.

Mae gan y Pwyllgor Archwilio bwr dirprwyedig i gymeradwyo'r Cyfrifon yn unol a'r Mesuriad Llywodreath Leol.

**Ymgynghorwyd â'r pwyllgor craffu perthnasol NADDO**

Angen i'r Bwrdd Gweithredol wneud penderfyniad NAC OES

Angen i'r Cyngor wneud penderfyniad NAC OES

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

Cyng. David Jenkins

**Y Gyfarwyddiaeth:**

**Gwasanaethau Corfforaethol**

**Enw Pennaeth y Gwasanaeth :**  
**Owen Bowen**

**Awdur yr Adroddiad:**  
**Owen Bowen**

**Swyddi:**

**Pennaeth Gwasanaethau**  
**Cyllidol Dros Dro**

**Rhif ffôn: 01267 224886**

**Cyfeiriadau E-bost:**

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

**EXECUTIVE SUMMARY**  
**Audit Committee**  
**30<sup>th</sup> September 2015**

**Burry Port Harbour Financial Statement 2014-2015**

In line with the Accounts and Audit (Wales) Regulations 2014, the post audit Financial Statement for Burry Port Harbour Authority is now presented to Audit Committee for approval.

Carmarthenshire County Council has been given a range of statutory powers and duties for the purpose of improving, maintaining and managing the Burry Port Harbour through the Burry Port Harbour Revision Order 2000.

In accordance with the Harbours Act 1964, statutory harbour authorities are required to prepare annual statement of accounts relating to the harbour activities. Currently, the harbour activities are included in the Authority's statement of accounts, however a separate annual income and expenditure account and statement of balances has been prepared for Burry Port Harbour as required under the 'smaller body' threshold as defined by the Accounts and Audit (Wales) Regulations 2014.

The net cost of the Harbour activities in 2014-15 was £214k, and all activities are fully funded by Carmarthenshire County Council. Fixed assets held at 31<sup>st</sup> March 2015 total £4,130k.

Minor changes have been made to the disclosure of the accounts and total debtors outstanding relating to the Harbour at year- end has been included.

**DETAILED REPORT ATTACHED ?**

**YES**



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# IMPLICATIONS

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

Signed: Owen Bowen

Interim Head of Financial Services

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

**1. Legal**

Compliance with the Accounts and Audit Regulations 2014

**2. Finance:**

The net cost of the Harbour activities in 2014-15 was £214k which has been fully funded by Carmarthenshire County Council. Fixed assets held at 31<sup>st</sup> March 2015 total £4,130k.

Minor changes have been made to the disclosure of the accounts and total debtors outstanding relating to the Harbour at year- end has been included.



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## CONSULTATIONS

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

Signed: Owen Bowen

Interim Head of Financial Services

1.Scrutiny Committee – Not applicable

2.Local Member(s) – Not applicable

3.Community / Town Council – Not applicable

4.Relevant Partners – Not applicable

5.Staff Side Representatives and other Organisations – Not applicable

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

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

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Accounts and Audit (Wales) Regulations 2014		Resources Department, County Hall, Carmarthen



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## Small local government bodies in Wales Annual Return for the Year Ended 31 March 2015

Section 12 of the Public Audit (Wales) Act 2004 requires local government bodies in Wales to make up their accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies i.e. those with annual income and expenditure below £2.5 million must prepare their accounts in accordance with proper practices.

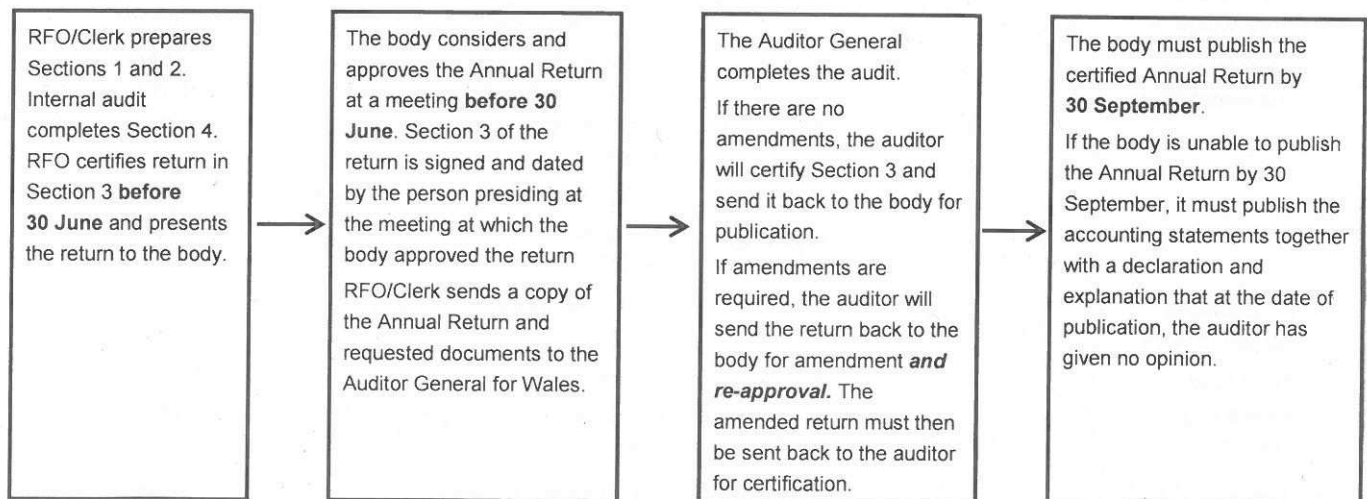
The following legislation defines proper practices as the One Voice Wales/SLCC Guidance publication *Governance and accountability for local councils in Wales – A Practitioners' Guide (2011)* (the Practitioners' Guide):

- Port health authorities: Accounts and Audit (Wales) Regulations 2014, Regulation 4(b)
- Small joint committees: Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, Regulation 25(1)

The Practitioners' Guide requires that smaller bodies prepare their accounts in the form of an annual return. This annual return meets the requirements of the Practitioners' Guide

**Please complete all sections highlighted in pink.** Incomplete or incorrect returns may require additional external audit work and incur additional costs. Further guidance is included in Section 5 and in Section 2 includes references to where the guide has further information.

Under the Accounts and Audit (Wales) Regulations 2014, the body must formally approve the return and certify Section 3 before the return is sent to the auditor. The body must approve the Annual Return by 30 June. Unless the Annual Return needs to be amended, the auditor will certify the return and send it back to the Body for publication with no further approval by the body required. The accounts approval and audit arrangements follow the process as set out below.



Your external audit team will advise you what additional information is needed for the audit.

Please send the original Annual Return (ie, not a photocopy), together with any additional information requested, to your external auditor by the date specified by the auditor. Unless requested, please **do not** send any original financial records to the external auditor.

Audited and certified returns are sent back to the body for publication or display of Sections 1, 2 and 3.

Section 1 – Accounting statements for:

BURRY PORT HARBOUR AUTHORITY

	Year ending		Notes and guidance for compilers				
	31 March 2014 (£)	31 March 2015 (£)					
			<b>Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the Body's underlying financial records for the relevant year.</b>				
1. Balances brought forward	NIL	NIL	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to Line 7 of the previous year.				
2. (+)Income from local taxation and/or levy	814,205	214,301	Total amount of local taxation, rates and/or levy received or receivable in the year including funding from a sponsoring body.				
3. (+) Total other receipts	147,305	140,462	Total income or receipts as recorded in the cashbook less income from local taxation and/or levy (line 2). Include any grants received here.				
4. (-) Staff costs	72,029	65,624	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses.				
5. (-) Loan interest/capital repayments	786,707	176,085	Total expenditure or payments of capital and interest made during the year on the Body's borrowing (if any).				
6. (-) Total other payments	102,774	113,054	Total expenditure or payments as recorded in the cashbook minus staff costs (Line 4) and loan interest/capital repayments (Line 5).				
7. (=) Balances carried forward	NIL	NIL	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).				
8. (+) Debtors and stock balances	57,359	57,576	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to and stock balances held at the year-end.				
9. (+) Total cash and investments	-52,900	-51,476	<b>All accounts:</b> The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.				
10. (-) Creditors	4,459	6,100	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the Body (except borrowing) at the year-end.				
11. (=) Balances carried forward	NIL	NIL	<b>Total balances should equal Line 7 above:</b> Enter the total of (8+9-10).				
12. Total fixed assets and long-term assets	4,305,844	4,129,759	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the body as at 31 March				
13. Total borrowing	NIL	NIL	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).				
14. Trust funds disclosure note	Yes	No	N/A	Yes	No	N/A	The Body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).
			✓			✓	

### Comprehensive Income and Expenditure Statement

	2013-14	2014-15
	£	£
<b>Income</b>		
Fees and costs recoverable	-145,865	-124,692
Received from Local Authority	-814,205	-230,071
Other income	-1,440	-15,770
<b>Total income</b>	<b>-961,510</b>	<b>-354,763</b>
<b>Expenditure</b>		
Employee costs	72,029	65,624
Premises related costs	21,415	25,136
Transport related costs	702	105
Supplies and services	46,480	44,605
Capital costs	786,707	176,085
Central recharges	24,189	32,694
Divisional and departmental recharges	9,988	10,514
<b>Total expenditure</b>	<b>961,510</b>	<b>354,763</b>
<b>Net cost</b>	<b>0</b>	<b>0</b>

### Balance Sheet

	2013-14	2014-15
	£	£
<b>Fixed assets</b>		
Infrastructure, land & buildings	3,429,213	3,326,181
Plant, vehicles and equipment	876,631	803,578
<b>Total fixed assets</b>	<b>4,305,844</b>	<b>4,129,759</b>
<b>Current assets</b>		
Debtors	57,359	57,576
Cash	-52,900	-51,476
<b>Total current assets</b>	<b>4,459</b>	<b>6,100</b>
<b>Total assets</b>	<b>4,310,303</b>	<b>4,135,859</b>
<b>Creditors</b>		
Amounts falling due within one year	-4,459	-6,100
<b>Net current assets</b>	<b>4,305,844</b>	<b>4,129,759</b>
<b>Capital and reserves</b>		
Contribution from CCC	0	0
Useable reserves	0	0
Profit and loss account	0	0
Revaluation reserve	0	0
Capital adjustment account	4,305,844	4,129,759
<b>Total capital and reserves</b>	<b>4,305,844</b>	<b>4,129,759</b>



## Section 2 – Annual Governance Statement

We acknowledge as the members of the Body our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the Body's accounting statements for the year ended 31 March 2015, that:

	Agreed?			'YES' means that the Body:	PG Chap.
	Yes	No*	N/A		
1. We have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and proper practices.	✓			Prepared its accounting statements in the way prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	✓			Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Body to conduct its business or on its finances.	✓			Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	✓			Has given all persons interested the opportunity to inspect and ask questions about the Body's accounts.	6, 23
5. We have carried out an assessment of the risks facing the Body and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓			Considered the financial and other risks it faces in the operation of the Body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the Body's accounting records and control systems throughout the year and have received a report from the internal auditor.	✓			Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the Body.	6, 8
7. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	✓			Has responded to matters brought to its attention by internal and external audit.	6, 8, 23
8. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Body and, where appropriate, have included them on the accounting statements.	✓			Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
9. Trust funds – in our capacity as trustee we have: <ul style="list-style-type: none"> <li>Discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit.</li> </ul>			✓	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.	3, 6

\* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

### Section 3 – Certification and approval

#### Approval and certification of the accounts and annual governance statement

The Body is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of an Annual Return which:

- summarises the Body’s accounting records for the year ended 31 March 2015; and
- confirms and provides assurance on those matters that are important to the external auditor’s responsibilities.

<p><b>Certification by the RFO</b></p> <p><b>Certificate under Regulation 15(1) Accounts and Audit (Wales) Regulations 2014</b></p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Body, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2015.</p>	<p><b>Approval by the Body</b></p> <p><b>Approval of accounting statements under Regulation 15(2) Accounts and Audit (Wales) Regulations 2014 and the Annual Governance Statement</b></p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Body under body minute reference:</p>
<p>RFO signature: </p>	<p>Chair signature:</p>
<p>Name: <u>C. MOORE</u></p>	<p>Name:</p>
<p>Date: <u>21/9/2015</u></p>	<p>Date:</p>

#### External Audit Certificate

The external auditor conducts the audit in accordance with guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met. We certify that we have completed the audit of the Annual Return for the year ended 31 March 2015 of:

#### External auditor’s report

[Except for the matters reported below]\* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[[These matters along with]\* Other matters not affecting our opinion which we draw to the attention of the Body/meeting are included in our report to the Body dated \_\_\_\_\_.]

(\* Delete as appropriate)

<p>External auditor’s signature:</p>	<p>For and on behalf of the Auditor General for Wales</p>
<p>External auditor’s name:</p>	<p>Date:</p>



**Section 4 – Annual internal audit report to:**

*Bury Port Harbour*

The Body's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2015.

The internal audit has been carried out in accordance with the Body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Body.

	Agreed?			
	Yes	No*	N/A	Not covered**
1. Appropriate books of account have been properly kept throughout the year.	✓			
2. The Body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	✓			
3. The Body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓			
4. The annual precept requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	✓			
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	✓	Ⓟ ✓		
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.			✓	
7. Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	✓			
8. Asset and investment registers were complete and accurate, and properly maintained.	✓			
9. Periodic and year-end bank account reconciliations were properly carried out.	✓			
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	✓			
11. Trust funds (including charitable trusts). The Body has met its responsibilities as a trustee.			✓	

For any risk areas identified by the Body (list any other risk areas below or on separate sheets if needed) adequate controls existed:	Agreed?			
	Yes	No*	N/A	Not covered**
13.				
14.				

\* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\* If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

Name of person who carried out the internal audit: *H. L. Pugh*

Signature of person who carried out the internal audit: *[Signature]*

Date: *21/9/2015*

Ⓟ - Income - incorrect charges used in 2014/15 for mooring fees. The fees approved in Dec 2013 have not been applied to 2014/15. This quantified means an undercharge of  $\approx$  £3,800  $\equiv$  2.4%

## Section 5 – Guidance notes on completing the 2015 Annual Return

1. Please note the changes to the accounts approval and audit process for this year. These are described on the front cover of this Annual Return.
2. For guidance please read the Practitioners' Guide (*Governance and accountability for local councils: A Practitioners' Guide 2011 (Wales)*) – available from One Voice Wales and SLCC. It contains everything you need for the financial year-end and the statutory audit.
3. The Wales Audit Office Good Practice Exchange ([www.wao.gov.uk/good-practice/finance/community-ouncil-money](http://www.wao.gov.uk/good-practice/finance/community-ouncil-money)) provides further information on the accounts and audit process along with guidance on governance matters.
4. Please make sure that all sections are completed (ie, no empty pink boxes) by the appropriate person and the certificates in Section 3 are properly signed and dated. Avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are properly initialled and an explanation for them is provided to the auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited.
5. Use the checklist provided below. Use a second pair of eyes, perhaps your internal auditor or the Chair, to review your Annual Return for completeness before sending a copy to the auditor.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the copy Annual Return covers all your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your body holds any investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to Line 9 in Section 1. More help on bank reconciliation is available in the Practitioners' Guide\*.
7. Please **explain fully** any significant variances in the accounting statements. The auditor wants to know that **you** understand the reasons for the change. Please include a relevant and quantified analysis as shown in the Practitioners' Guide examples and not just a copy of your detailed accounts.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful. Please ensure that you enclose all the information that the auditor has asked for. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances this may incur additional costs for which the auditor is entitled to charge additional fees.
9. Please make sure that Section 1 adds up! Also please ensure that the balance carried forward from the previous year (Line 7 of 2014) equals the balance brought forward in the current year (Line 1 of 2015).
10. **Do not complete the External Audit Certificate in Section 3.** The external auditor completes this after the external audit work has been completed.
11. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit to the Body.

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
On submission to the external auditor		Yes	No
<b>Accounts</b>	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?	✓	
	Does the bank reconciliation as at 31 March 2015 agree to Line 9?		✓
<b>Approval</b>	Has the RFO certified Section 3 (Regulation 15 (1)) no later than 30 June 2015?		✓
	Has the Body approved the accounting statements before 30 June 2015 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?		✓
<b>All sections</b>	Have all pink boxes in Sections 1 and 2 been completed and explanations provided where needed?	✓	
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.	✓	
If accounts are amended after receipt of external auditor's report on matters arising		Yes	No
<b>Accounts</b>	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Body's approval of the amendments before re-submission to the auditor?	✓	

## Minutes of the Corporate Governance Group

1<sup>st</sup> May 2015 @ 10am

Democratic Services Committee Room, County Hall

<b>Present:</b>	
Cllr Pam Palmer (PP)	Executive Board Member (Community & Rural Affairs)
Cllr Jeff Edmunds (JE)	Executive Board Member (Resources)
Cllr David Jenkins (DJ)	Chair of Audit Committee (Observer)
Paul Thomas (PT)	Assistant Chief Executive
Chris Moore (CM)	s151 officer
Linda Rees Jones (LRJ)	Head of Administration and Law
Phil Sexton (PS)	Head of Audit, Procurement & ICT
Noelwyn Daniel (ND)	Performance & Information Manager
Helen Pugh (HP)	Audit & Risk Manager

<b>Apologies:</b>	
Wendy Walters (WW)	Assistant Chief Executive
Alison Wood (AW)	HR Manager

<b>Item No</b>	<b>Discussion / Action</b>	<b>Responsible Officer</b>
1	<b>Apologies</b> As noted above	
2	<p><b>Minutes of Last Meeting / Matters Arising</b> The Minutes of the last Meeting held on 30<sup>th</sup> March 2015 were approved as correct.</p> <p><b>Matters arising:</b></p> <p><b>WAO Safeguarding report –</b> Action: LRJ reaffirmed that a formal record is maintained of all Whistleblower activity. The records are accessible to the Monitoring Officer and the Deputy Monitoring Officer.</p> <p><b>Grants Panel –</b> Follow up on DJ's suggestion at Audit Committee that Chair of Audit should attend the Grants Panel as an Observer. The Audit Committee were supportive of this proposal. The request stemmed from the ongoing concerns about the grants issues reported by WAO.</p> <p>The Grants Panel is an Officer Group. Current established arrangements are that Minutes from the Panel meetings are presented to the Audit Committee. For the Audit Committee Chair to attend this Group, any proposal needs to be considered and authorised by Council.</p>	<b>PS / LRJ</b>

	<p>Action:</p> <ul style="list-style-type: none"> <li>• CM to consult with LRJ to consider a referral of this issue to Members for determination / potential amendment to the Constitution ie should the Chair of the Audit Committee attend the Officer Grants Panel (or a part of the Officer Grant Panel meeting) in an “Observer Capacity” ?</li> </ul> <p>Action outstanding:</p> <ul style="list-style-type: none"> <li>• To respond to WAO report a detailed analysis / comparison on grant certification issues to be produced</li> </ul> <p><b>Full Modular Constitution</b> – LRJ reiterated that hardly any of the other Welsh Authorities are fully adopting the Modular Constitution. The majority of Authorities are applying a similar approach as us ie reviewing as and when required and focusing on specific areas requiring review.</p> <p><b>Schools DBS</b> – HR team have now visited the schools that were not up to date with DBS. On line system being introduced to check DBS more efficiently which means there will only be a 12 hour turnaround time in processing the DBS. Some Headteachers are not compliant and these issues have been raised with the Director of Education &amp; Children’s Services and the Director of Community Services.</p> <p>Action:</p> <ul style="list-style-type: none"> <li>• Agreed that PT speak directly to the responsible Headteachers. If the DBS information is then not forthcoming PT to draft a letter (copied to members of this Group) to the Headteachers of the schools that are not fully compliant with DBS.</li> </ul> <p>Discussion around the general Governance and appointing of Governors to schools followed. The Group felt they wanted a better understanding of Governance arrangements in Schools.</p> <p>Action:</p> <ul style="list-style-type: none"> <li>• Gareth Morgans – Chief Education Officer be invited along to the next meeting to discuss the Governors arrangements and responsibilities in Schools</li> </ul>	<p><b>CM / LRJ</b></p> <p><b>CM</b></p> <p><b>PT</b></p> <p><b>HP</b></p>
3	<p><b>WLGA Review of Governance</b></p> <p>Extraordinary meeting for Council to be held on 17<sup>th</sup> June 2015, where Members of the working group will present and speak about progress to date</p> <p>Progress so far, Action Plans being followed up, shaping things to go forward and Members will have ownership of Constitution. It was felt that good work was being achieved and that the changes are ensuring that the Authority is moving in the right direction.</p> <p>Action:</p> <ul style="list-style-type: none"> <li>• It was agreed that LRJ continues keeps the Governance</li> </ul>	<p><b>LRJ</b></p>

	Group informed of the progress being made.	
4	<p><b>Corporate Assessment</b></p> <p>4<sup>th</sup> report has been presented to CMT providing monthly updates, progress and recommendations of how taking things forward. ND gave a summary of what has been reported to date:</p> <ul style="list-style-type: none"> <li>- Corporate Management Team – HoS business plans positions looked at, quality etc looked at, best practice identified and feedback to HoS</li> <li>- Strategic Groups taken on responsibility for their own areas</li> <li>- HoS challenge meetings with Executive Board Members due in July 2015</li> <li>- Cover sheets to Executive Board – includes Equality Impact Assessment</li> </ul> <p>Document request list received from WAO for the Corporate Assessment Review due to start on 12 October 2015 for two weeks</p> <p>Review on HR due in June, as well as Performance, IT and Asset Management.</p> <p>ND meeting in June 2015 with Executive Board Members and the opposition lead to outline and inform them of the Corporate Assessment.</p> <p>Code of Governance discussed and the need for its review.</p> <p>Action:</p> <ul style="list-style-type: none"> <li>• Update at next meeting on the Annual Improvement Report from WAO that was expected by 8 April 2015</li> <li>• Code of Governance – request made that this be placed on the Agenda for the next meeting for the Group to view</li> </ul>	ND
5	<p><b>WAO Further Assurance</b></p> <p>CM brought to the Group's attention letters received from WAO '<i>Audit Enquires to those charged with Governance and management</i>' relating to Carmarthenshire CC and Dyfed Pension Fund. WAO ask a number of Management and Governance questions, for which we need to respond. WAO are formally seeking our documented consideration and understanding on a number of governance areas that impact on their audit of our financial statements. These considerations are relevant to both the Council's management and those charged with governance (the Audit Committee).</p> <p>The information provided will inform WAO's understanding of the Council and its business processes and support their work in providing an audit opinion on our 2014/15 financial statements. It is the intention to take the response to the Audit Committee for approval. It was agreed the response should also be brought to this group to consider.</p>	

	<p>Action:</p> <ul style="list-style-type: none"> <li>the responses to WAO's letters '<i>Audit Enquires to those charged with Governance and management</i>' be brought to this Group prior to being taken to Audit Committee</li> </ul>	<b>CM</b>
6	<p><b>Annual Governance Statement (AGS)</b>  The 2013/14 AGS Action Plan was reviewed and an update given on each action item.  2014/15 AGS needs to be produced and approved by the Group to be incorporated into the draft Statement of Accounts to presented to Audit Committee in July 2015</p> <p>Action:</p> <ul style="list-style-type: none"> <li>Each Head of Service to review the AGS and provide updated paragraphs for the sections relevant to their services for 2014/15 – updated paragraphs to be sent through to HP to enable her to pull together 2014/15 AGS and Action plan</li> </ul>	<b>All</b>
7	<p><b>Any Other Business</b></p> <p><b>Ceredigion visit</b> – Cllr Pam Palmer and Noelwyn Daniel updated the Group on their visit to Ceredigion CC to understand their approach to governance. Where it was noted that</p> <ul style="list-style-type: none"> <li>HoD challenge HoS,</li> <li>Performance challenge and indicators used</li> <li>Standards review</li> <li>Executive Board Members meet with HoS every 3 months</li> </ul> <p>No other issues  Meeting closed @ 11:30am</p>	
	<p><i>Date of next meeting and future meetings:</i></p> <p><i>7th September 2015 10am</i>  <i>24th November 2015 10am</i></p> <p><i>All Meetings in the Democratic Services Committee Room, County Hall</i></p>	

**RISK MANAGEMENT STEERING GROUP****Minutes of Meeting held at****Conservatory East, Building 8, Parc Dewi Sant****Thursday, 2nd July 2015.**

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

<b>Item No</b>	<b>Subject</b>	<b>Action</b>
<b>1.</b>	<b>Apologies</b> None	
<b>2.</b>	<b>Minutes of Last Meeting</b> The Minutes of the Risk Management Steering Group Meeting held at Parc Dewi Sant on Thursday, 26 <sup>th</sup> March 2015, were confirmed as a true record.	
<b>3.</b>	<b>Matters arising from Risk Management Steering Group Minutes.</b> None	
<b>4.</b>	<b>Minutes of Property &amp; Liability Risks Working Group Meeting – 17<sup>th</sup> June 2015</b> The minutes were noted.	
<b>4.1</b>	<b>Matters arising from Property &amp; Liability Risks Working Group Minutes</b>	
<b>4.1.1</b>	<b>E&amp;CS – Supply &amp; Installation of Thermostatic Mixing Valves at Schools</b> JF confirmed that the works would be completed during the 2015/16 financial year.	
<b>4.1.2</b>	<b>R&amp;L – County Archive Service</b> JF advised that Corporate Management Team is developing long term plans for the provision of the Carmarthenshire Archive Service.	

4.1.3	<p><b>Security &amp; Fire Alarms</b>  JF advised that a schedule of the current provision of security and fire alarms at Council properties is now available. Report to be provided at next Property &amp; Liability Risks Working Group meeting, prioritising works required and progress submission of a Risk Management Bid.</p>	
4.1.4	<p><b>Minimum Standards for School Fencing</b>  JF advised that a specific bid form has been introduced for completion by schools seeking financial assistance for fencing works.  All bids must include :-</p> <ul style="list-style-type: none"> <li>• Formal Risk Assessment for safeguarding and security to be completed by the Council’s Health &amp; Safety Advisor.</li> <li>• Written quotations detailing the proposed works to be endorsed by the Council’s Property Services Division.</li> <li>• A plan showing the areas of fencing required.</li> </ul> <p>Bids for fencing above 1.8m will only be considered where this is supported by the Safeguarding and Security Risk Assessment.</p>	
5.	<p><b>Minutes of Transport Risks Working Group Meeting – 16<sup>th</sup> June 2015</b>  The minutes were noted.</p>	
5.1	<p><b>Matters arising from Transport Risks Working Group Minutes</b></p>	
5.1.1	<p><b>Driver Licence Checking</b>  SP provided the following update :-</p> <ul style="list-style-type: none"> <li>• From 8<sup>th</sup> June 2015 the paper counterpart to the photocard driving licence was replaced by an online service. The online service allows drivers to share their information with employers.</li> <li>• A model for batch processing of driving licence checks is being developed by the National Procurement Service.</li> </ul>	
5.1.2	<p><b>Statistics</b>  As at 31<sup>st</sup> March 2015 the annualised accident rate was 28%. This compares favourably with an annualised accident rate of 43% at Local Government Reorganisation in 1996.  To ensure continuous improvement, claims statistics will be monitored for the impact of initiatives, such as :-</p> <ul style="list-style-type: none"> <li>• Driver Assessment Training</li> <li>• Refresh of “Banksman” training</li> <li>• Poster campaign</li> <li>• Introduction of the Driver Handbook</li> <li>• “Drive Alive” Newsletter</li> </ul>	



<b>6.</b>	<b>Bids for Financial Assistance</b>	
<b>6.1</b>	<p><b>ENV – HAVS Measuring / Monitoring Equipment</b>  This bid related to the purchase of new equipment to enable the Council to meet the requirements of new legislation introduced in relation to the Control of Noise and Vibration at Work Regulations.  It was agreed that the Corporate Bid for the estimated cost of £86,772 be approved.  <b>NB : There will be no further financial assistance from the Risk Management Steering Group in relation to HAVS Measuring / Monitoring Equipment.</b></p>	
<b>6.2</b>	<p><b>COMM – Security Improvements at Carmarthen Leisure Centre</b>  This bid related to the provision of security improvements at Carmarthen Leisure Centre. It was agreed that the Departmental Bid for £15,217 (50% of the estimated gross cost of £30,434) be approved, subject to clarification in relation to any financial contribution due from Queen Elizabeth High School.</p>	<b>RS</b>
<b>6.3</b>	<p><b>ENV – Cillefwr Workshop Vehicle Inspection Pits – Health and Safety Improvements</b>  This bid related to the completion of health and safety improvement works to the vehicle inspection pits at Cillefwr Workshop. It was agreed that the Departmental Bid for £11,500 (50% of the estimated gross cost of £23,000) be approved.</p>	
<b>6.4</b>	<p><b>COMM – Improved Disabled Access at Llanelli Leisure Centre</b>  This bid related to the provision of improved disabled access at Llanelli Leisure Centre. It was agreed that as the proposed works related to disabled access the costs should be referred to the Corporate Maintenance Budget in the first instance. If this approach is unsuccessful the bid can be referred back to Risk Management Steering Group for further consideration.</p>	<b>RS</b>
<b>7.</b>	<b>Any Other Business</b>	
<b>7.1</b>	<p><b>Risk Management &amp; Business Continuity Strategy 2012-2015</b>  PS advised that the current Risk Management &amp; Business Continuity Strategy extends to the end of 2015. A new strategy will be developed for the period 2016-2019.</p>	
<b>7.2</b>	<p><b>Risk Management Bid Review</b>  DJ requested that a review of approved bids be included as an Agenda item for the next Risk Management Steering Group.</p>	<b>EJS</b>
<b>8.</b>	<p><b>Next Meeting</b>  To be advised.</p>	

Mae'r dudalen hon yn wag yn fwriadol

<b>MINUTES OF THE GRANTS PANEL MEETING HELD ON 3<sup>rd</sup> SEPTEMBER 2015 IN THE RESOURCES CONFERENCE ROOM, COUNTY HALL</b>		
<b>DATE: 4<sup>th</sup> September 2015</b>		
<b>PRESENT:</b>	<p>Helen Morgan, Interim Economic Development Manager  Emma Powell, Technical Accountant  Alexa Thomas, Senior Auditor, Internal Audit  Delyth Thomas, Grants Compliance Officer (GCO)  Stuart Walters, Interim Economic Development Manager  Jason Blewitt, Financial Audit Team Leader, Wales Audit Office (WAO)  Alan Howells, Chair of the Project Working Group, Environment Services</p>	
<b>APOLOGIES:</b>	<p>Chris Moore, Director of Corporate Services  Wendy Walters, Assistant Chief Executive  Owen Bowen, Chief Accountant  Helen Pugh, Audit &amp; Risk Manager  Geraint Norman, Audit Manager, Wales Audit Office (WAO)</p>	
	<b>SUBJECT</b>	<b>ACTION</b>
1.0	<p><b><u>Minutes of the last meeting</u></b></p> <ul style="list-style-type: none"> <li>• The minutes were agreed.</li> </ul>	
2.0	<p><b><u>Matters Arising</u></b></p> <ul style="list-style-type: none"> <li>• A review has been undertaken and a Grant Matrix will be retained by WVEC for grant development and approval for projects under European Funding, RDP &amp; HLF. A separate Grants Register will be maintained by GCO to record all grants received within the authority.</li> <li>• Draft final report for Grants Management 2012/13 has been received by WAO. The Action Plan to be completed and returned to WAO as soon as possible so that final report can be closed.</li> <li>• The audit certificate for Supporting People for 2013/14 has been finalised.</li> <li>• The draft report regarding the lessons learnt exercise on Carmarthenshire Local Service Board (LSB) projects is due to be circulated shortly and the final report will be presented in the next Grants Panel meeting.</li> <li>• Discussions are ongoing between WEFO, WAO &amp; officers of the authority regarding the issues raised in the Accountants Report for Property Development Fund.</li> </ul>	<p>OB/WAO</p> <p>HM</p>

	<b>SUBJECT</b>	<b>ACTION</b>
3.0	<p><b><u>Project Working Group</u></b></p> <ul style="list-style-type: none"> <li>• Minutes from the following Project Working Groups were received: <ul style="list-style-type: none"> <li>○ Education &amp; Children Services (Cap) 21/7/15</li> <li>○ Social Care, Health &amp; Housing 20/7/15</li> <li>○ Regeneration &amp; Leisure 20/7/15</li> <li>○ Technical Services 25/3/15</li> </ul> </li> <li>• The Chair of Technical Services Project Working Group (now Environment Services) attended the meeting and provided a brief overview on the role of the PWG. The group review and discuss both revenue funded and capital funded projects. Any updates from SASG and GCO are also discussed. Reports are also discussed at the Departmental Management Teams.</li> </ul>	
4.0	<p><b><u>Convergence</u></b></p> <ul style="list-style-type: none"> <li>• There are currently 2 Convergence projects that are still live and an update was provided for each of the projects: <ul style="list-style-type: none"> <li>○ Spatial European Team (SETS) - end date 30/9/15</li> <li>○ Carmarthenshire Physical Regeneration Package (ADREF) - end date 30/11/15</li> </ul> </li> <li>• A total of 34 Convergence projects have now ended. WWEC and Finance have undertaken a review and identified any outstanding actions that need to be completed before a project can be fully closed and archived. Copies of the review has been sent to the chairperson of the Project Working Groups for them to monitor and follow up on the outstanding actions.</li> <li>• An update on the PIV (Project Inspection &amp; Verification) and EFAT audits (European Funds Audit Team) was presented to Grants Panel. <ul style="list-style-type: none"> <li>○ The final PIV report has yet to be received for Collaborative Communities</li> <li>○ An EFAT audit is due to be undertaken BWCABUS</li> <li>○ We are awaiting any feedback from the EFAT audits on Castles &amp; Princes &amp; Workways</li> </ul> </li> </ul>	
5.0	<p><b><u>Post 2013-Funding/New Funding Initiatives</u></b></p> <ul style="list-style-type: none"> <li>• The authority is due to be a partner in a ESI funded</li> </ul>	

	SUBJECT	ACTION
	<p>project named Workways +. The project is to be led by Neath/Port Talbot. Approval by WEFO expected in October 2015. The project will then go into the mobilisation phase.</p> <ul style="list-style-type: none"> <li>• The capital pot for European funding is far smaller than in previous programmes and it is expected that the majority of the pot will be utilised by Welsh Government. The Authority will know by the end of September what monies are left available for local authorities to apply for.</li> <li>• GCO attended the WEFO Workshop for the Claims Process for the next round of European Funding. Key changes include: <ul style="list-style-type: none"> <li>○ Use of electronic standardised transaction listing on the WEFO on line system. The claim will be populated via the uploaded transaction listing</li> <li>○ All procurement exercises in excess of £25k will need to be signed off by WEFO before any costs can be claimed</li> <li>○ No audit required by External Auditors</li> <li>○ All claims are subject to verification checks by WEFO before any grant payments are made by WEFO</li> </ul> </li> <li>• The team for RDP Leader is now in place and work has started on facilitating projects.</li> <li>• 3 schemes are currently going to the Outlined Logic Tables stage for the Ireland &amp; Wales Co-operation Programme: <ul style="list-style-type: none"> <li>○ Tourism Scheme</li> <li>○ Social Enterprise Scheme</li> <li>○ Community Benefit (Energy) Scheme</li> </ul> </li> <li>• The Authority has been successful in receiving an Award of Repayable Funding for a Fund to support town centre regeneration in Llanelli. A report is due to go to the Executive Board meeting next month.</li> </ul>	
6.0	<p><b><u>Wales Audit Office</u></b></p> <ul style="list-style-type: none"> <li>• Audit work is currently being undertaken on the Authority's Final Accounts. Once this work has been completed then WAO can concentrate on the grant audits. Issues identified in the audits are going to be sent to project managers on an ongoing basis rather than at the end of the audits in order to speed</li> </ul>	

	SUBJECT	ACTION
Tudalen 150	<p>up the audit process.</p> <ul style="list-style-type: none"> <li>• Draft Accountants Report for Collaborative Communities has been sent to the project manager. Deadline for comments by 10/9/2015.</li> <li>• LIF – final claim submitted to WAO. Information for audit sample has been provided to WAO. Expected date for the completion of the audit is mid October.</li> <li>• Crosshands East – final claim submitted to WAO. Audit work not started. Expected date for the completion of the audit is end of October. A request has been made to WAO to send a sample of transactions to the project manager so that work can be started to retrieve information.</li> <li>• The January 2015 annual audit for Carmarthenshire Physical Regeneration Package (ADREF) has yet to be finalised. A report is currently under review within Resources Department.</li> <li>• The final claim for Property Development Fund has not yet been submitted. Ongoing discussions with WEFO and WAO and a possible reprofile are delaying the submission of the claim.</li> <li>• Concerns have been raised to WAO on the invoicing of WAO audit fees for the final claims for Convergence. As any delays in the audit of the final claims could result in the authority being unable to claim the fees if defrayment hasn't occurred before 31/12/15.</li> <li>• There is no longer a zero tolerance for reporting issues to Welsh Government for grants funded by them. The new materiality threshold for reporting is £10k. Issues under this threshold will still be reported internally to the authority.</li> <li>• The Pupil Deprivation Grant 2014/15 originally on the list for audit by WAO has now been removed. No information has been received via the ERW lead of the change or any revised arrangements.</li> <li>• Indications from WAO in Cardiff that grants are being reviewed by senior managers in Welsh Government and they are now taking a much closer look at which grants they will want the auditors to cover in the future as the size of the audit work programme decreases.</li> </ul>	

	<b>SUBJECT</b>	<b>ACTION</b>
7.0	<p><b><u>Internal Audit – Update</u></b></p> <ul style="list-style-type: none"> <li>• Audit work is due to commence on Supporting People for 2014/15. The deadline for the audit is end of September 2015. Information is due to be received from the department in order for audit work to start.</li> <li>• The audit on the Foundation Phase grant has been completed.</li> <li>• A request has been made by the ERW Lead to provide an audit certificate for the following grants for 2014/15: <ul style="list-style-type: none"> <li>○ SEG</li> <li>○ WEG</li> <li>○ 14-19 Learning Pathways</li> </ul> <p>The request was made on the 23<sup>rd</sup> July with a submission date of 24<sup>th</sup> August. The lead has been contacted stating that the timeline does not provide sufficient time to conduct the audit. However, the audit work on 14-19 Learning Pathways has been completed, WEG is work in progress and information is still to be received to commence the SEG audit.</p> </li> <li>• Discussions are ongoing with the ERW lead regarding the audit work that is expected to be undertaken by Internal Audit for the new Education Improvement Grant for 2015/16. Concerns have also been raised by other local authorities within the region.</li> </ul>	<p>HP</p> <p>HP</p> <p>HP</p>
8.0	<p><b><u>AOB</u></b></p> <ul style="list-style-type: none"> <li>• An up to date schedule of grant income outstanding to the Authority was distributed to members of Grants Panel: <ul style="list-style-type: none"> <li>○ Convergence projects where the authority is lead - approximately £6.9m is outstanding</li> <li>○ Convergence projects where the authority is a partner – approximately £699k outstanding</li> <li>○ RDP - approximately £1.1m outstanding</li> </ul> <p>Regular updates are to be provided to Grants Panel members to monitor to situation. A request has also been made to forward a copy of the schedule to the Chairperson of the PWG.</p> </li> <li>• A meeting to be set up to the review the current Third Party Grants process and to implement</li> </ul>	<p>DT</p> <p>OB</p>

	<b>SUBJECT</b>	<b>ACTION</b>
	<ul style="list-style-type: none"> <li>• improvements where needed.</li> <li>• A report is due to be received by Grants Panel regarding the document retention arrangements for the procurement frameworks within the authority. A request has been made to invite the Procurement Manager to the next meeting.</li> <li>• A newsletter regarding changes to State Aids was distributed to member of Grants Panel. A request has been made to forward newsletter to the PWG.</li> <li>• A request has been made to discuss the remit and membership of Grants Panel in the next meeting.</li> </ul>	 DT  DT  All
9.0	<ul style="list-style-type: none"> <li>• Date of next meeting – 16<sup>th</sup> November 2015 at 2pm</li> </ul>	



## AUDIT COMMITTEE

10<sup>TH</sup> JULY 2015

(NOTE: THESE MINUTES ARE SUBJECT TO CONFIRMATION BY THE  
AUDIT COMMITTEE AT ITS NEXT MEETING)

**PRESENT:** Councillor C.P. Higgins [Chair]

**Councillors:** H.A.L. Evans, J.D. James, E.G. Thomas G.B. Thomas and  
W.G. Thomas.

**Sir David Lewis – External Voting Member**

In attendance to present the Wales Audit Office reports:-

Mr G. Norman and Mr J. Evans.

Also Present:-

Councillor D.M. Jenkins – Deputy Leader (Resources)

**The following officers were also in attendance:-**

<b>Mr P. Sexton</b>	<b>Head of Audit, Risk &amp; Procurement</b>
<b>Mr C. Moore</b>	<b>Head of Financial Services</b>
<b>Mr. R. Staines</b>	<b>Head of Public Protection and Housing</b>
<b>Miss H. Pugh</b>	<b>Audit &amp; Risk Manager</b>
<b>Mr O. Bowen</b>	<b>Chief Accountant</b>
<b>Mr K. Thomas</b>	<b>Democratic Services Officer</b>

(Chamber, County Hall, Carmarthen: 10.00 a.m. – 12.47 p.m.)

**1. APOLOGIES**

Apologies for absence were received from Councillors A.G. Morgan and D.E. Williams.

**2. APPOINTMENT OF CHAIR 2015/16**

**UNANIMOUSLY RESOLVED** that Councillor C.P. Higgins be appointed Chair of the Committee for the 2015/16 Municipal Year

**3. APPOINTMENT OF VICE-CHAIR 2015/16**

**UNANIMOUSLY RESOLVED** that Councillor A.G. Morgan be appointed Vice-Chair of the Committee for the 2015/16 Municipal Year.

**4. DECLARATIONS OF PERSONAL INTERESTS**

Councillor	Minute Number	Nature of Interest
H.A.L. Evans	8 – Statement Of Treasurer of Menter Accounts 2014/15 (Page 164)	Gorllewin Sir Gar



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## 5. INTERNAL AUDIT PLAN UPDATE 2014/15 AND 2015/16

The Committee considered a report providing an update on progress made on the implementation of the Internal Audit Plan 2014/15 and 2015/16. Part A of the report provided a progress report on the Audit Plan for 2014/15 and 2015/16 together with a schedule of final reports from the 2014/15 Audit Plan. Part B provided a summary of completed final reports for 2014/15 relating to key financial systems (April 2014 to date). Part C referred to reviews where the Chair of Audit and the Audit and Risk Manager agreed that they should be referred to the Audit Committee.

The Audit and Risk Manager advised that in relation to report B, reviews had been undertaken on both the Council's systems for managing VAT and Creditor payments whereby it was found that:-

- With regard to VAT, the review had identified that key controls on its management and administration were operating to acceptable standards with only minor issues having been identified, and that the procedures adopted met statutory, best practice and the Authority's Financial Procedure Rules. Minor improvements had also been made to enable Internal Audit to place an assurance that the systems were operating to a high standard.
- With regard to the Creditor Payments system, the expected key controls in respect of the processing and control of creditor payments were operating to an acceptable standard with only minor issues having been identified including housekeeping issues and certification of payments.

With regard to Part C, that Section focussed on reviews completed since 2014 where systems had one or more fundamental control weakness or, where the Chair of the Audit Committee and the Audit and Risk Manager had agreed an issue needed to be brought to the attention of the Committee. The review in question related to the operation and administration of grants associated with the Welsh Government's Supporting People Programme which commenced in 2003. The report outlined the recent history of the grant programme and to the Audit undertaken on the 2013/14 programme that had identified the following 3 fundamental weaknesses:-

- Non-compliance with the Authority's Financial Procedure Rules;
- Non-compliance with the Authority's Contract procedure Rules and;
- Insufficient monitoring arrangements of the grant.

As a result of the above weaknesses, Internal Audit had been unable to give an assurance that the grant terms and conditions, the Project Grants Manual and the Authority's Financial Procedure Rules had been fully complied with.

Subsequent to the Audit, grant awareness training had been provided to the department on areas that included the grants manual, Financial Procedure Rules and budget accounting of expenditure and income, with further training to be provided which would include procurement. An action plan and timetable was also being formulated to address the areas of concern.

The following issues were raised on the report:-

- Reference was made to the Council's policy of transferring responsibility of



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its sports facilities to sports organisations and to whether the Council provided those organisations with advice on VAT and, if not, would it be possible to signpost them to issues they would need to address with regard thereto e.g registering for VAT. The Head of Financial Services advised that whilst the Council would not be able to provide any direct formal advice, with the onus being on those organisations to seek their own counsel, it may be possible to provide limited informal guidance on the issues they would need to address. The Committee was also advised that Her Majesty's Revenue and Customs operated a VAT helpline which could be contacted direct for advice.

- In response to a question on the minor issues arising from the VAT review, the Audit and Risk Manager advised that the first related to the fact no clear documentation on procedures or guidance notes had been issued to staff, which had now been addressed. The second related to the Council opting not to tax certain categories of properties, and an updated list of those had been forwarded to HMRC, as requested. The third referred to partial exemption calculations not being signed off by a senior officer, those were now being signed off by the Senior Accountant.
- Reference was made to the Supporting People Programme and, in particular, the timescale over which the issues had been on-going. Whilst the development of the Action Plan was welcomed, an assurance was sought that the proper procedures would be put in place to address those issues.

The Head of Public Protection and Housing advised that a number of arrangements had been introduced to address the issues identified by Internal Audit and included the merging of the grants team into the Commissioning and Contract team within the Communities Department, a new senior management team had been put in place, the team was fully resourced and more internal contracts were being issued. The management of the team was being overseen by the Head of Service with the Director of Communities taking an active overview of its operation. Those arrangements, coupled with the robust action plan agreed with Internal Audit, were beginning to realise improvements and he assured the Committee that the conditions were now in place to address the past difficulties and that the Action Plan would be closely monitored.

The Head of Financial Services advised that whilst the Action Plan was now in place, the Committee should be aware that the programme involved contracts with third party providers and the issues would not be resolved in the immediate short term.

In response to the above, views were expressed that the Committee should receive regular compliance reports on the Action plan to monitor progress.

## UNANIMOUSLY RESOLVED

- 5.1. **that, for monitoring purposes, the 2014/15 and 2015/16 Internal Audit Plan update be received.**



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- 5.2. That an Action Plan monitoring report on the operation of the Supporting People Programme be submitted to the next meeting of the Committee.

### 6. ANNUAL REPORT FROM THE AUDIT AND RISK MANAGER 2014/15

The Committee received the Audit and Risk Manager's Annual report outlining the overall performance of the Internal Audit Section during 2014/15. The Committee noted that the report had been produced in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), which were established in 2013 and were the agreed professional standards for Internal Audit in Local Government. The PSIAS replaced the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (2006).

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

The report provided an opinion by the Head of Internal Audit of the adequacy and effectiveness of the Council's control environment for the year April 2014 to March 2015, based on the work undertaken in the 2014/15 Internal Audit Plan as approved by the Audit Committee.

It was the overall opinion of the Audit and Risk Manager that the Authority had an adequate and effective control environment in operation. There were clear governance arrangements in place with defined management responsibilities and committee structures in place. Risk Management and the Control Framework were generally sound and operated reasonably consistently. The Authority had an established Constitution, had developed policies and approved Financial Procedure Rules that provided advice and guidance to all staff and members. The opinion was based on delivery of planned Internal Audit work undertaken during 2014/15.

The following issues were raised on the report:-

- In response to a question, the Audit and Risk Manager confirmed that the staffing complement of 9.4 FTE was sufficient to enable the unit to undertake its role. The Head of Financial Services advised that consideration was currently being given to a new Corporate Graduate Trainee Scheme which could possibly result in 2 Trainee Accountants being placed within the Resources Department. If that were to be realised, the Trainee Accountants would spend a proportion of their time with Internal Audit.
- In response to a question on point 8 of the report relating to the undertaking of quality assurance/peer reviews, the Audit and Risk Manager advised that the specification for those reviews was incorporated within the Public Sector Internal Audit Standards.
- In response to a question on Section 9 of the report appertaining to Fraud, the Head of Audit, Risk and Procurement advised that any incidents of



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fraud identified by the Council, including any received as a result of whistle blowing, had to be reported to internal audit.

**UNANIMOUSLY RESOLVED that, in line with statutory requirements, the report be received.**

## 7. WALES AUDIT OFFICE REPORTS

The Chair welcomed to the meeting Mr Geraint Norman and Mr Jeremy Evans of the Wales Audit Office.

### 7.1. AUDIT COMMITTEE UPDATE– JULY 2015

The Committee considered a report providing an update on the audit work undertaken/to be undertaken on the Authority by the Wales Audit Office since the last meeting.

**UNANIMOUSLY RESOLVED, that the report be received.**

### 7.2. HOUSING – GOVERNANCE AND PERFORMANCE REVIEW

The Committee considered a report prepared by the WAO on the governance and performance review of the Authority's Housing Services. The report included review findings, conclusions and three proposals for improvement.

The review found that the Service was supported by appropriate governance that was helping to provide quality, affordable housing, improvements in the service were evidenced by an established performance management framework but that performance data could be used more actively to drive improvement.

The following issues were raised on the report:-

- Reference was made to paragraph 17 of the report and to contractors reviewing work undertaken by other contractors. A view was expressed that the approach could result in a risk of contractors providing favourable reviews on each other where such assessments could not be justified. It was suggested that consideration could be given to appointing an independent agent to undertake those reviews.

The Head of Public Protection and Housing advised that the department had accepted the Wales Audit Offices' findings and that a review would now be undertaken of the process. Whilst the scheme had delivered, tenants had advised that it did not always work properly and, as a result of their views, additional Clerks of Works had been employed.

- Reference was made to paragraph 23 of the report and the department was congratulated on its work in returning 115 privately owned properties back to habitable use. Clarification was sought on whether funding for the scheme would continue.



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The Head of Public Protection and Housing advised that at the present time there was no information available on whether the scheme, which was funded by the Welsh Government and administered regionally by Carmarthenshire, would continue beyond the current second funding tranche. Currently, whilst there was only revenue funding available for one officer to administer the programme, the Department was examining various options to fund another officer to assist in reducing the current estimated 2000 privately owned empty residential properties within the County.

**UNANIMOUSLY RESOLVED, that the report be received.**

### **7.3. ASSESSMENT OF THE TRANSFORM, INNOVATE AND CHANGE PROGRAMME**

The Committee considered a report prepared by the WAO on the operation of the Council's Transform, Innovate and Change (TIC) programme detailing the review findings, conclusions and three proposals for improvement.

The review found that whilst the programme had robust governance, clear objectives and was contributing to better outcomes and financial savings there was scope to strengthen business cases, risk management, use of performance information and financial analysis.

The following issues were raised on the report:-

- In response to a question on implementation of the Wales Audit Office's findings, the Committee was advised that those had been accepted by the TIC project Board, chaired by the Chief executive, which would ensure the recommendations were taken forward and reflected in the team's work. The proposals were also logged centrally and regular meetings to discuss progress were held with the Audit Office

**UNANIMOUSLY RESOLVED, that the report be received.**

### **8. STATEMENT OF ACCOUNTS 2014-2015**

(NOTE: Councillor H.A.L. Evans declared an interest in page 164 of the report as she was Treasurer of Menter Gorllewin Sir Gar)

The Committee, in accordance with the Accounts and Audit (Wales) Regulations 2010 received the Authority's Statement of Accounts for 2014/15, incorporating the Dyfed Pension Fund, other trust funds and the Burry port Harbour Account. The Statement brought together all the financial transactions of the Authority and the Pension Fund for the year, and also detailed both the Authority's and its Pension Fund's assets and liabilities as at 31<sup>st</sup> March, 2015.

It was reported that the Authority had maintained the overall Council Fund net expenditure within budget during 2014/15 and the following results were reported within the Movement in Reserves Statement:-



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- Council Fund (generally available for new expenditure) – Transfer from balance £175k;
- Balances held by schools under local management schemes – Transfer from balances £244k;
- Housing Revenue Account – Decrease in balance £4,448m

Whilst a number of service areas across the Authority had experienced demand led pressures during the year, those had been offset by under-spends in other service areas, specifically on capital financing costs and a higher than estimated collection level on Council Tax. The resultant outturn meant that the Authority transferred a total of £175k from its general reserves, being less than the budgeted figure for the year of £801k.

The Committee's attention was drawn to the following movements to and from earmarked reserves and it was requested to retrospectively approve those movements-

*The Major Development Fund* – Transfer of £1.317m to support major developments in the future;

*Fleet Management* – Transfer of £876k to meet fleet replacement costs;

*MEP Capital Funding* - £3.430m set aside in the 2014-2015 budget to meet the cost of prudential borrowing to finance the Modernising Education Provision programme which would now be utilised in 2014-2015;

It was noted that the Committee had attended a briefing session on the Statement of Accounts during the week which had provided them with the opportunity of seeking clarification etc. on all aspects of the Statement of Accounts.

The following issue was raised on the report:-

- Page 24 reported on the completion of the WLGA led Peer Review of the Council's decision making arrangements. Clarification was sought on whether the Wales Audit Office would be examining the outcome of that review. The Committee was advised that the Audit Office had reserved the right to look at the Council's findings and it was anticipated they would be reviewed in October, following the Council's September meeting.

## UNANIMOUSLY RESOLVED

- 8.1. that the Statement of Accounts for 2014/15 (Carmarthenshire County Council and the Dyfed Pension Fund) be received;**
- 8.2. that retrospective approval be granted for the movements to and from the Earmarked Reserves, in particular transfers to:-**
  - **The Major Development Fund;**
  - **Fleet Management Fund;**
  - **MEP Capital Fund;**



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### 9. BURRY PORT HARBOUR FINANCIAL STATEMENT

The Committee was advised that in accordance with the Harbours Act 1964 statutory harbour authorities were required to prepare an annual statement of accounts relating to the harbour activities. Carmarthenshire County Council was the Harbour Authority in respect of Burry Port Harbour and whilst the harbour activities had been included within its Statement of Accounts (minute 8 above refers) a separate annual income and expenditure account had been prepared as required under the 'smaller body' threshold defined by the Accounts and Audit (Wales) Regulations 2014.

It was noted that the net cost of the Harbour Activities in 2014-15 was £214k and all activities were fully funded by the Council. Fixed assets held at 31<sup>st</sup> March 2015 totalled £4,130m

**UNANIMOUSLY RESOLVED that the Accounting Statement for Burry Port harbour for 2014-15 be received.**

### 10. MINUTES OF THE CORPORATE GOVERNANCE GROUP

The Committee received the minutes of the Corporate Governance Group held on the 30<sup>th</sup> March 2015.

Reference was made to Minute 2 and to the issue of whether the Chair of the Audit Committee should attend meetings of the Grants Panel as an observer. Views were expressed supporting the suggestion which could address culture issues within the authority and lead to members and officers working together in gaining trust and inclusivity.

The Committee was advised that, as indicated in the Group's minutes, the matter had been referred to the Council's Monitoring Officer to assess the constitutional aspect of the request. If appropriate, the request could then be referred to Council for its consideration.

**UNANIMOUSLY RESOLVED that the minutes of the meeting of the Corporate Governance Group held on the 30<sup>th</sup> March, 2015 be received.**

### 11. MINUTES OF THE RISK MANAGEMENT STEERING GROUP

**UNANIMOUSLY RESOLVED that the minutes of the meeting of the Risk Management Steering Group held on the 26<sup>th</sup> March, 2015 be received.**

### 12. MINUTES OF THE GRANTS PANEL

**UNANIMOUSLY RESOLVED that the minutes of the Grants Panel held on 22<sup>nd</sup> April and 10<sup>th</sup> June, 2015 be received.**

### 13. MINUTES

**UNANIMOUSLY RESOLVED that the minutes of the meeting of the Audit Committee held on the 27<sup>th</sup> March, 2015 be signed as a correct record.**





**AUDIT COMMITTEE**

**10<sup>TH</sup> JULY 2015**

**SIGNED:** .....

**DATE:** .....



Mae'r dudalen hon yn wag yn fwriadol