



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

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

Reference: 704A2016

Date issued: 19 December 2016

Dear Cllr Dole

Annual Audit Letter – Carmarthenshire County Council 2015-16

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

The Council complied with its responsibilities relating to financial reporting and use of resources although there remains scope for improvement in some areas

It is the Council's responsibility to:

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

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

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

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United

Kingdom. This Code is based on International Financial Reporting Standards. On 30 September 2016 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Dyfed Pension Fund's financial position and transactions. I issued a certificate confirming that the audit of the financial statements had been completed on the same date. My report and certificate are contained within the Statement of Accounts.

I reported the key matters arising from the accounts audit to members of the Audit Committee in my Audit of Financial Statements report on 30 September 2016. I reported that the Council had delivered the draft financial statements in line with the statutory deadline of 30 June and that, generally, we found the information provided to be relevant, reliable, comparable, material and easy to understand.

However, we had some concerns in relation to the Council's processes as to how it valued certain types of assets. Our concerns related to:

- rates used in valuing specific assets;
- evidencing of judgements; and
- internal quality assurance arrangements.

The Council has agreed to make improvements in all these areas for 2016-17 and we will review these revised processes as part of our 2016-17 audit.

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

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009.

My Annual Improvement Report published in March 2016 concluded that the Council demonstrating ambition in its vision, with collective leadership and more robust and transparent governance, is delivering improved outcomes for its citizens although some outdated approaches may limit the speed of progress. This conclusion was reached after considering our detailed findings on performance, use of resources and governance shown below:

- **Performance** - the Council, in collaboration with partners and despite increasing pressure on budgets, is continuing to improve performance across its priority areas and has complied with the Local Government Measure 2009.
- **Use of resources** - the Council's arrangements for managing its resources have served it well in the past, but the current approach in some areas is outdated and needs to be more explicitly linked to service plans which may help to improve outcomes for citizens in the future.
- **Governance** - the Council has made good progress in establishing improved governance arrangements which are now more robust and transparent, although there are opportunities for further improvements to enable Members to be more effective in their roles.

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

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

The main areas where improvements were needed are shown below:

- Non-compliance with the Council's own procurement rules;
- the awarding of funding to third parties and the subsequent checks that the grant funding has been spent in accordance with the scheme's terms and conditions;
- justification of internal charges and apportionments included in grant claims as eligible costs for grant funding; and
- supporting evidence to confirm eligible expenditure items in the claim (three claims).

I have begun my audit of the 2015-16 grants and I will report the outcomes of this work in early 2017, when the programme of certification work is complete.

The financial audit fee for 2015-16 is currently expected to be in line with the agreed fee set out in the Annual Audit Plan.

Yours sincerely



Richard Harries
For and on behalf of the Auditor General for Wales

cc. Mark James, Chief Executive
Chris Moore, Chief Finance Officer