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Chris Moore, Director of Corporate Services,
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Jail Hill,
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Reference

Date 14th December 2016

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Dear Chris

Agreed actions arising from our 2015-16 audit

We have now completed our 2015-16 audits of the financial statements and Whole of Government Accounts (WGA) for the Council, Dyfed Pension Fund and Burry Port Harbour. I can confirm that the financial statements for the Council and Pension Fund were given an unqualified audit opinion on 29th September 2016. I can also confirm that our WGA Assurance Statement was submitted on 19th October 2016.

We reported our findings from the audit in our Audit of Financial Statements Report presented to the Audit Committee in September. I would like to thank you and your finance team for the support given during the audit process.

We have subsequently met with Owen Bowen and members of the finance team to discuss the accounts preparation and audit process for 2015-16. With the early closure regime approaching and the aim for continual improvement we have agreed a list of actions that will hopefully realise efficiencies to the accounts preparation and audit process in 2016-17. I have set out the agreed actions in [Appendix 1](#).

Yours sincerely,

Jason Garcia
Audit Manager

Appendix 1 – Agreed actions for the 2016-17 accounts preparation and audit process

Action	Responsibility for action
<p>Audit deliverables document</p> <p>A detailed review of this document will be carried out in order to remove any working papers that auditors no longer require. We will also meet with Council finance staff to discuss any areas of the document that they are unclear as to what is being requested. This will hopefully improve the finance team's understanding of what is being asked for and in turn reduce the number of audit queries.</p>	<p>Audit Team Leader and relevant finance department staff</p>
<p>Schedule of leave</p> <p>A joint schedule of audit and finance team staff leave will be prepared for 2017. This will assist both Audit and Finance staff in structuring their work. The Council will also advise auditors of any periods where due to other commitments they are unable to support the audit team.</p>	<p>Audit Team Leader and relevant finance department staff</p>
<p>Valuation of Fixed Assets</p> <p>The Audit Manager and Team Leader have already met with Property & Finance staff and have been advised of the intended revised procedures to the valuation processes for 2016-17. We have confirmed that these processes are appropriate and the valuation team has committed to follow these processes for 2016-17. We have agreed to carry out our detailed audit work on the valuations undertaken in April 2017.</p>	<p>Audit team supported by the Council Valuation team</p>
<p>Estimates</p> <p>The Finance team are to review the use of estimates for relevant disclosures in compiling the 2016-17 financial statements. It was agreed that the methodologies for any estimates to be included in the 2016-17 financial statements will be shared with the audit team at an early stage. This will allow for auditors and the finance team to agree the methodology in advance of the draft 2016-17 accounts being submitted.</p>	<p>Council Finance team</p>
<p>Welsh versions of the 2016-17 accounts</p> <p>It was agreed that the Welsh version of the 2016-17 financial statements would be submitted to the audit team by 30th June 2017 submission deadline.</p>	<p>Council Finance team</p>

Action	Responsibility for action
<p>Early Audit work</p> <p>In 2015-16 the audit team carried out audit testing on the following areas in the period February – April 2016:</p> <ul style="list-style-type: none"> • Payroll transactions • Expenditure transactions • Asset existence, ownership and additions testing • Some asset valuation work • Income transactions <p>By completing this work earlier in the year there was less work to be completed after we received the draft accounts on 30th June 2016. With the early closure regime introducing a 31st May accounts preparation deadline and a 31st July audit deadline in 2020-21 we will have to complete more work in the earlier months of the calendar year. We will continue to carry out early testing on these account areas in 2016-17 and have agreed to select our samples for transactions we need to test in January 2017. This will give the Finance team a reasonable period to obtain the information requested prior to us starting the work in February 2017. We are looking to extend the work we complete during these early months of 2017 and the Council Finance Team has agreed to review and suggest other possible areas where some early audit work could be carried out.</p>	<p>Audit Team Leader and relevant finance department staff</p>
<p>Audit testing schedules</p> <p>It was agreed that the Audit team will provide details of the audit tests they undertake on each transaction selected for testing. A meeting will be arranged between the auditor undertaking the work and the relevant finance department staff member so that there is agreement as to the exact supporting documentation needed to satisfy the specific audit test.</p>	<p>Audit team leader supported by auditors and finance department staff.</p>
<p>Agreement of audit issues</p> <p>To avoid any misunderstandings in agreeing specific audit findings, it was agreed that the Audit Manager/Team leader will meet formally with the Head of Financial Services on a regular basis throughout the audit period rather than communicating issues found on a more informal basis.</p>	<p>Audit Manager and Head of Financial Services</p>