



### Welcome to our Audit Committee Newsletter

I intend to write our newsletter twice a year, to keep you up to date on the work we have delivered, the work we have planned and our outcomes. (David Hugh Thomas, Chair)



## Audit Committee Member Changes

### **New Audit Committee Chair & Deputy Chair**

I would like to introduce myself as the current Chairperson of the Audit Committee. I am a retired Solicitor, having served in Local Government for forty years, with fifteen years as Chief Executive of Mid Glamorgan County Council. I have since served as Chairperson for a number of public bodies and national voluntary organisations, and I am currently one of the fifteen Trustees of The National Library of Wales and the Chair of the Audit and Risk Committee.

I was appointed as Chairperson in our Audit Committee meeting in January 2020, with Gavin McArthur appointed as Deputy Chairperson for the remainder of this municipal year. Gavin has been a valuable Audit Committee lay Member since he joined over three years ago, with particular professional experience and expertise in internal control, risk management, governance, internal audit, business case review, and performance management. We look forward to working together in our new roles.

I have occupied the position of the Deputy Chairperson for more than five years in support of Ian Arundale, who, over this time has led the Audit Committee to deliver its role comprehensively, giving considerable time, attention and focus through his valued services.

Ian has been committed to providing public services throughout his career, and at this time Ian's skills and experience are required in the Police. The Council has approved a leave of absence for Ian Arundale from the Audit Committee for up to one year, to occupy the position of Deputy Chief Constable in Cleveland Police. Ian remains fully committed to his Audit Committee role, and plans to re-join the Committee, once this important work with the Police has been delivered.

### **New Audit Committee Member**

On behalf of the Audit Committee, I would like to welcome Councillor Elaine Simmons who has recently joined the Audit Committee and we look forward to working with.

## Audit Committee Performance Review

### **Our Self-Assessment Review**

Each year we hold a workshop to self-assess our performance against a professional best practice framework (CIPFA), which considers good practices and effectiveness.

This year's workshop on 21 January 2020 was facilitated by Officers from Internal Audit, Finance, Democratic Services and the Wales Audit Office.

Whilst we were reassured on the delivery of our role, we recognised the opportunity for us to further focus on value for money assurance, to seek further external assurance from senior Council officers, and to focus on monitoring recommendations and actions raised through our meetings, and via audit colleagues.

## Areas of Audit Committee Focus

### Risk Based Verification Policy

In November 2019, we considered a report on the proposed Risk Based Verification Policy for Housing and Council Tax Benefit Assessments.

We were provided with an overview of the changes, and information on how the new system had been developed and tested through a project-based approach.

We commented on the draft policy having considered information from the Assistant Director of Housing and Communities, and a separate consultation briefing from Internal Audit.

We were assured the Policy met DWP guidelines. Whilst the Committee also received assurance that protected characteristics are not used for RBV purposes, the Assistant Director agreed to amend the Policy to include a requirement to monitor the impact of implementation, on those with protected characteristics.

### Coastal Risk Management

In January 2020, we received our latest update on the coastal erosion risk management arrangements to mitigate the risk of flood from the coastline along Rover Way.

We have received updates from the Director of Planning Transport and Environment over the last twelve months since we registered a particular interest in the management of this risk.

Over this period, we have received information on the nature and progress of the flood defence programme. We have also received information on public engagement events held to provide information to those residents in a high-risk area.

With the above knowledge, we are seeking assurance on local incident management arrangements, through our ongoing review of this corporate risk.

### Treasury Management

The Audit Committee receive regular reports on the Council's treasury management strategy and performance. Our continued focus is the use of reserves, the levels of borrowing and investment, and the management of risk.

To support us in reviewing this technical area, we were provided with training from an external provider in January 2020, which was well received.

For our assurance needs, we recently received a report from the Council's treasury advisors, which looked independently at the corporate team's skills, compliance with best practice, required regulations and professional guidance. The report was largely complimentary, and we received a management response with target dates for the small number of actions raised.

### LG and Elections (Wales) Bill

We have taken interest in the Local Government and Elections (Wales) Bill, as it would change the name of our Audit Committee to a Governance and Audit Committee, and it would widen our role to include particular matters of performance.

In January 2020, we received an overview of the full Bill, and we raised a range of comments. We have since received details of the Welsh Local Government Association's co-ordinated response to the Bill, which reinforced a number of the points we felt required further clarity. We have also received useful information from colleagues in Legal Services to support our understanding of the Bill, and the various powers it provides.

We will keep a keen eye on the Bill, scheduled for Royal Assent this summer, the subsequent implementation timetable and associated guidance.

### Health and Safety Governance

In January 2020, we received an overview of health and safety governance from the corporate Operational Manager. Members of the Committee asked, and received information in respect of health and safety arrangements, responsibilities and levels of compliance.

The Committee noted the key areas of focus, and improvements in statutory maintenance compliance in directorates. We will continue to monitor this risk through the corporate risk register.

## Directorate Reviews

Since the last Newsletter, we have received an update from both of our Corporate Directors, and the Director of Planning, Transport and Environment on the Internal Control Environments within their respective directorates. These updates related to **risk management, internal controls and good governance**.

People and Communities	
<b>Housing and Communities, Performance and Partnerships and Housing Development</b>	
<b>Challenges</b>	<b>Good Governance</b>
<p>Managing the impact of Welfare Reform on Cardiff citizens remains the biggest risk, in respect of housing services. Management feel they are not able to further reduce the risk in the short-term, given the external factors involved.</p> <p>The response to a corporate risk on performance management is also co-ordinated by the corporate team overseen by the Corporate Director.</p>	<p><i>The Directorate assessed its application of good governance at 87% strong or above for the above functions.</i></p>
<b>Street Scene</b>	
<b>Challenges</b>	<b>Good Governance</b>
<p>Street Scene has a risk on the Corporate Risk Register for Waste Management and the potential failure to deliver cost effective compliance with waste legislation, including statutory recycling targets. The current risk is high and the target is to reduce that through an improvement strategy.</p> <p>Internal Audits of areas within Street Scene have in, recent years, provided a lower level of assurance compared to other areas of the Council. The Corporate Director has been focussing on the need to improve internal control practices within areas of the service since taking over responsibility for Street Scene in mid-2019. We will be keeping a close eye on the audit opinions provided in future internal audit work, and the management response to recommendations raised.</p>	<p><i>The Directorate assessed its application of good governance at 13% strong or above for Street Scene functions.</i></p> <p><i>Since taking on responsibility for Street Scene, the Corporate Director has kept the assessments of good governance separate, whilst processes are aligned for targeted improvements.</i></p>
<b>Assurance</b>	
<p>When we met the Corporate Director, all internal audit recommendations were reported as on track for delivery for the Directorate.</p> <p>The three audits within Street Scene, which provided ‘unsatisfactory’ assurance this year, will be subject to a further follow up audit (Lamby Way Stores, Waste Management Contracts and Fly Tipping).</p>	

## Resources

### Challenges

Risks overseen by the directorate include those related to Finance, ICT, Health and Safety, Business Continuity, Workforce Planning, City Security (jointly owned with Planning, Transport & Environment).

We have been advised that for the corporate risks of City Security, Business Continuity, Capital Ambition and Workforce Planning, whilst planned future actions will prevent an increase in risk levels, it is not considered possible for significant risk reductions at present.

### Good Governance

*The Directorate has assessed its application of good governance at 96% strong.*

### Assurance

The Directorate has a good response to audit recommendations, with all recommendations raised reported as on track for delivery. The Corporate Director has provided us with information on the response to the small number of audits with audit opinions below effective'.

## Planning, Transport & Environment

### Challenges

The directorate oversee and manage three significant risks of an environmental nature. We consider updates against these risks in our quarterly review of corporate risk management:

The risks are summarised below...

- **Air Quality** not meeting the statutory requirements set and having a continued detrimental impact on health for residents and visitors to Cardiff. We have been advised the Council's Clean Air Strategy contains the planned measures to a mitigation.
- **Coastal Erosion** – Breach of current defences resulting in widespread flooding. We have considered this risk in more detail, as outlined within the 'areas of Audit Committee focus'.
- **Climate Emergency** – The need to both reduce our emissions and become more resilient to the likely impacts from climate change. Anticipated effects from global climate change on the city are extreme weather events such as flood / storm and heatwave. There are a number of preventative measures planned in this area. You can find full the full corporate risk register as part of our Audit Committee papers on a quarterly basis.

### Good Governance

*The Directorate has assessed its application of good governance at 74% strong.*

### Assurance

The Directorate has a good response to audit recommendations, with all recommendations raised reported as on track for delivery. Audit Committee wrote to the Director about the delivery of one recommendation for an audit of adopted land, which was overdue. We received an explanation for the delay, and a revised timescale for delivery.

## Our Internal Audit and Investigation Teams

### Internal Audit

We have continued to receive progress reports and information in each Committee meeting relating to the work and findings of our Internal Audit and Investigation Teams. **We pay particular attention to audits with adverse audit opinions, and we monitor the progress of recommendations.**

### Fraud Awareness

Cardiff Council participated in **International Fraud Awareness Week** (17-23 November 2019), supported by messages and guidance for all staff from the Head of Finance on Mandate fraud, the Head of Procurement on Procurement Fraud, and the Chief Digital Officer on Cyber Crime.

This has supported the Fraud Awareness campaign across the Council led by the Investigation Team, with **Mandatory eLearning and face-to-face sessions** rolled out across all non-pc users, and recently made available to Members. To date there has been a good level of completion of this essential learning module, and I strongly recommend that all staff prioritise completing the module, who are yet to do so. .

**The deadline for all staff to complete the Fraud Awareness eLearning is 31 March 2020.**

Audit work has taken place in schools and a number of face-to-face training has been provided to front-line Council staff, and most recently to School Governors.

**To know more** about the work and findings of the Audit and Investigations Teams...  
**View the Audit Committee Pages on the Council's Website** – We receive an update in each meeting!

## About Us & Our Work

**Governance**

**Internal Control**

**Finance**

**Risk Management**

### **We are independent**

*We are made up of four independent lay members & eight Councillors (non-Cabinet)*

- ✓ **We review governance and internal controls**
- ✓ **We review Financial reporting, control and value for money**
- ✓ **We review Risk Management**

*We receive and discuss reports and updates from a range of Managers, the Internal Audit and External Audit Teams.*