



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. (Ian Arundale, Chair)



We welcome new colleagues

New Audit Committee Members

CLlr Susan Goddard and CLlr Joel Williams attended their first Audit Committee meeting in April 2019.

They are already providing good value through their active Audit Committee input.

We thank CLlr Cowan and CLlr Lay, for their valued time on the Committee.

Started
February 2019

New Section 151 Officer (Corporate Director Resources)

Christopher Lee, an experienced Section 151 Officer and Director from Rhondda Cynon Taf, has taken up this important role for the Council in providing overall management of its financial affairs.

We welcome Chris to this role with confidence in his skills and ability, and send our very best wishes to Christine Salter, who has left the Council after many years of consistent and valued Council service.

Started March 2019

New Audit Manager

Chris Pyke provides a full time resource to the Audit Team, following a period of oversight by the Head of Finance, who I thank for his time and commitment.

This dedicated resource has supported us to progress some initiatives at a greater pace.

Started
October 2018

Risk Management 'Deep Dives'

We have completed **two focussed corporate risk reviews** over the last few months...

Cyber Security Risk Management

Assurance

- Cyber Security Maturity is regularly reviewed against 10 key risk factors following the National Cyber Security Centre (NCSC) recommended approach.
- Management report that the greatest attention is required in the following areas:



Unsecure Configuration - Unauthorised access & changes, exploitation of software bugs & insecure system configuration.

Monitoring - Assessment of how & when systems are being used; detecting & reacting to attacks or accidental user activity.

Corporate Cloud Security - Need for good management of externally hosted services.

Outcomes

- We took assurance from the Chief Digital Officer on the controls outlined to manage cyber risks.
- We will keep a close eye on the corporate risk register to monitor the risk of cyber security.
- We will continue to actively monitor the assurances provided by our Internal Audit Team.

Please Note – it is important to complete the cyber e-learning modules available!

Coastal Erosion Risk Management

Assurance

- We explored the coastal Erosion Risk Management Programme to mitigate the flood risk from the coastline along Rover Way.
- We were advised of the flood risk mitigations planned, and that the full business case is expected to be completed within a year, with construction completed by 2024.
- We were advised that a flood event prior to completion of the defences is not anticipated, but that in such an event a multi-agency response could be invoked.

Outcomes

We have raised the following recommendations, and we are monitoring progress.

- Review the resilience of **local incident management plans**, and develop specific plans for a flood event arising from the coastal erosion corporate risk
- Develop an **engagement strategy** to communicate to those most at risk
- Report progress to a future Audit Committee meeting.



Collaboration and Development

We have benefitted from our focus on **collaborating and networking**.

Working with colleagues in Scrutiny

- ✓ We have benefitted from the work of Policy Review and Performance (PRAP) Scrutiny Committee in their review of an **emergency purchase of Street Scene Vehicles**. They reviewed the decision and wrote to our Committee on their findings to support us to deliver our roles comprehensively and to avoid duplication.
- ✓ We have also worked alongside PRAP in our review of the **planning and preparation for Brexit**. For our particular role, in reviewing risk management arrangements, we have communicated and received assurances from both the Leader and the Chief Executive.

Also relating to Brexit...

- We appreciate the time taken by the **Chief Executive** in early April to attend our Committee to provide an outline of the various processes and systems underway to manage Brexit related risks.
- Given the importance of this work, we brought forward our annual invite to the Chief Executive to discuss the detail around Brexit risk management. We welcome continued communications to inform those involved in delivery and oversight on this complicated and important area.

Networking and Developing

I have been exploring ways to share good practices and learn from Audit Committee Chairs in other Local Authorities. Committee Members have also attended training and development sessions.

Audit Committee Visits	<ul style="list-style-type: none"> ✓ I have visited Swansea Audit Committee, and welcomed the Chair and Vice Chair in their attendance at our Audit Committee. ✓ I have attended the Corporate Governance and Audit Committee in Leeds to discuss and observe their good practices.
Academy Wales Brexit Event	<ul style="list-style-type: none"> ✓ I attended an event with a number of Scrutiny and Audit Colleagues to support us in providing effective scrutiny of Brexit activities.
Chair's Network	<ul style="list-style-type: none"> ✓ I have written to the 22 Audit Committee Chairs of Welsh Local Authorities to set up a network. At last count, we had 14 interested, and we will press on with a shared learning and development event.
Training	<ul style="list-style-type: none"> ✓ In January, we performed an honest assessment of our core skills. ✓ Training has been developed to support us to be strong in all core areas of our role. Training has started to be delivered.

Our Internal Audit and Investigation Teams

Did you know the Council has an **Investigation Team** within Internal Audit?

The team lead on the prevention and detection of fraud, and to reinforce the importance for us all in being alert to the risk of Fraud, **a new Counter-Fraud and Corruption Strategy is being developed.**

We will all hear more in a few months!

The Internal Audit Team has also been working hard to reinforce the standards and controls we all need to follow.

The Internal Audit Plan has been delivered for the financial year 2018/19.

70% have been rated 'effective' but six audits received an unsatisfactory audit opinion.

Whilst unsatisfactory audit opinions remain the exception, we pay particular attention to monitoring improvement for these audits.

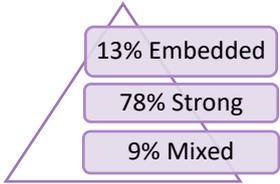
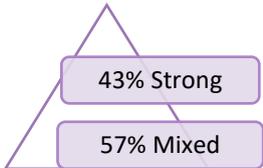
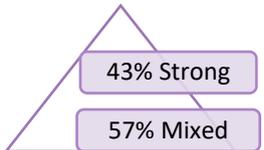
Internal Audit Assurance in 2018/19

Audit Opinions		%	<i>Unsatisfactory Audits</i>	
Effective	19%		Income Procedures in School Kitchens	
Effective with opportunities for improvement	51%		Music Service	
Insufficient with major improvement needed	23%		Pontprennau Primary	
Unsatisfactory	7%		Contracts in Waste Management	
Total	100%		St Peter's R/C Primary	
			Lamby Way Stores	

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!

Director 'Control Environment' Updates

We have received three Director updates on their Internal Control Environment in the last 6 months. These updates relate to **risk management, internal controls and good governance**.

Communities and Housing	
<p style="text-align: center;">Challenges</p> <p>Welfare Reform and Fire Safety are the greatest challenges, for which we have been assured significant attention is given.</p> <p>Other prominent risks relate to the need to meet the increased demand for services from an increasing population with less resource.</p>	<p style="text-align: center;">Good Governance</p> <p><i>The Directorate has assessed its application of good governance at 91% strong and embedded</i></p> <div style="text-align: right;">  </div>
<p>Assurance</p> <p>The Directorate has a good response to audit recommendations, with all recommendations raised reported as on track for delivery. All recent audit reports have also provided an effective level of assurance.</p>	
Governance and Legal Services	
<p style="text-align: center;">Good Governance</p> <div style="display: flex; align-items: center;">  <p><i>The Directorate has assessed its application of good governance at 57% mixed and 43% strong.</i></p> </div>	<p style="text-align: center;">Challenges</p> <p>Safeguarding continues to be a significant corporate risk, and the Director has highlighted that the complexity of safeguarding cases being dealt with by Legal Services is growing.</p> <p>The Director continues to report on the Legal Compliance corporate risk, with an ongoing need to retain knowledge and skills to deliver compliant services, and to effectively respond to challenges.</p>
<p style="text-align: center;">Assurance</p> <p>A key priority for Democratic Services is to respond to the Wales Audit Office (WAO) Report 'Overview and Scrutiny – fit for the future?' An action plan is in place to address five Proposals for Improvement.</p>	
Social Services	
<p style="text-align: center;">Challenges</p> <p>Managing the Safeguarding corporate risk is a key priority for the Directorate.</p> <p>An ongoing challenge is the need to effectively manage demand in Childrens' Services, mindful of the financial pressure of increases in number of looked after children.</p> <p>We have been advised that strategies are being implemented to meet the increased demand of Childrens' services and to manage budget overspends.</p> <p><i>We have requested further information on budget variances and their reasons to explore this important area.</i></p>	<p style="text-align: center;">Good Governance</p> <p><i>The Directorate has assessed its application of good governance at 57% mixed and 43% strong.</i></p> <div style="text-align: right;">  </div>
	<p style="text-align: center;">Assurance</p> <p>We have seen a renewed focus in responding to Internal Audit recommendations, which is positive, as there had been some historic slippage in this area.</p> <p>A recent CIW report on Crosslands Children's Home found that "young people are well cared for by consistent staff and management team. Young people are supported by a well trained staff team who use the "Signs of Safety "as the underpinning model"</p>

Waste Management Controls

Waste Management

There have been some well-publicised concerns about the robustness of controls in relation to the Waste Management function. There have been a series of investigations into allegations of fraud, and once matters have concluded within the Waste Management Service, **Audit Committee will consider the terms of reference for Post Investigation Reviews** to ensure lessons are learned.

In the meantime, we have increased the frequency of our meeting invites to Senior Officers in Waste Management, as we have a greater need for information and assurance. The Audit Manager has also responded with an increased level of Internal Audits taking place throughout 2018/19, which have focussed on the effective operation of key systems, processes and practices to safeguard assets and deliver compliant operations.

We recognise that there is a lot of work to do, as two internal audits have recently provided an unsatisfactory audit opinion and others have recognised a need for major improvement, but Senior Management have engaged well with us and with our Internal Audit Team. They have been open with the Internal Audit Team on the areas where they have the greatest need for assurance, advice and support, and we will keep a continued close eye on the delivery of improvements required.

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.

If you **want to know more** about our role and work, please view the Council's website

<http://cardiff.moderngov.co.uk/mgCommitteeDetails.aspx?ID=137&LLL=0>

In June, **we are looking forward to....**

- Meeting the Director of Economic Development
- Reviewing the Draft Statement of Accounts
- Reviewing the Council's Annual Governance Statement