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## PAPURAU ATODOL

<b>Pwyllgor</b>	PWYLLGOR ARCHWILIO
<b>Dyddiad ac amser y cyfarfod</b>	DYDD MAWRTH, 2 EBRILL 2019, 2.00 PM
<b>Lleoliad</b>	YSTAFELL BWYLLGORA 4 - NEUADD Y SIR
<b>Aelodaeth</b>	Cynghorydd Ian Arundale (Cadeirydd) YCynghorwyr Bale, Cunnah, Goddard, Howells, McGarry, Singh, Walker a/ac Williams

5. Materion Gweithredu - Prif Weithredwr a Chyflwyniadau Cyfarwyddwyr

### **Davina Fiore**

#### **Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol**

Dyddiadd: Dydd Mercher, 27 Mawrth 2019

Cyswllt: Graham Porter, 02920 873401, [g.porter@caerdydd.gov.uk](mailto:g.porter@caerdydd.gov.uk)

Mae'r dudalen hon yn wag yn fwriadol



# Audit Committee

2 April 2019

## Council Internal Control Environment

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Eitem Agenda 5

# Audit Committee Update



## 1. Risk Management Update

- I will reference targeted risk reductions
- [I will predominantly focus on Brexit](#)
- I have provided budget monitoring information in the covering report, as requested. *I do not intend to cover the detail (unless there is particular interest)*

## 2. Governance Update

- Committee considered the mid year SMAS responses in January 2019.
- I do not intend to cover the detail (unless there is particular interest)  
*Details included in covering report.*

## 3. Internal Audit Assurance

- Effective relationships and arrangements are in place
- I do not intend to cover the detail (unless there is particular interest)  
*Details included in covering report.*

# Target Ratings – ‘High / Red’ Corporate Risks

Tudalen 5

	A1	A2	A3	A4 (A) Very likely
	B1 City Security	B2 Welfare Reform	B3 Schools Delegated Budgets Brexit	B4 (B) Likely
	C1 Coastal Erosion Increase in Demand (Children's Services)	C2 Waste Management Financial Resilience	C3 Budget Monitoring (Control) Air Quality	C4 (C) Possible
	D1	D2	D3 Statutory Building Maintenance ICT Platforms Unsuitable / Outdated	D4 (D) Unlikely
	E1	E2	E3	E4 (E) Very Unlikely
	1. Major	2. Significant	3. Moderate	4. Minor

Likelihood

Impact

## Corporate Risk Mitigation

- Good level of risk oversight and mitigation
- Corporate grip on identified risks
- Some risks are more challenging to mitigate further

### City Security

- Current UK threat level is 'severe'
- Home Office / Police lead
- Council focus on investment in the city's infrastructure

### Welfare Reform

- DWP lead
- Universal Credit rolled out
- Council focus on managing the impact on citizens

### Increase in Demand (Children's Services)

- New strategies and projects are being rolled out
- Continued focus on recruitment and retention of children's social workers.

### Coastal Erosion

- Detailed design works underway for Rover Way to Lamby Way coastal defence scheme, ready for construction from 2020.



# Brexit Overview



- **Co-ordinated Corporate & Partnership Approach**
- **Programme of Work initiated immediately** after EU Referendum
  - PSB Brexit Sub-Group established 28 June 2016
  - ‘Implications of No Deal’ Cabinet Report Oct 2018
- **First Order Priority:** Understand risk to service delivery
- **Corporate grip of risks,** with mitigations in place
- **Operational Readiness**



# Potential Brexit Scenarios



- Short extension granted by EU until 22<sup>nd</sup> May 2019, conditional on Parliament approving Prime Minister's deal.
- If not, shorter extension until the 12<sup>th</sup> April 2019.
- A longer extension could be agreed, but will require European elections on 23<sup>rd</sup> May 2019.
- Despite Parliament agreeing a motion to reject a 'no deal' Brexit, numerous ways in which a 'no deal' outcome may still arise
- **No Deal Brexit represents the greatest disruption to the current "steady state".**

## Planning and Preparation



- Cabinet Report October 2018
  - Risks and opportunities identified
  - Planning arrangements are in place
  - Cardiff “Ahead of the Game” (WLGA)
- Extraordinary Meeting of PSB – January 2019
- Fortnightly Operational Meeting- CEX Chair with PSB Partners as appropriate
- Local Government (EU) Preparedness Advisory Panel
- Co-ordination group within the Welsh Government



# Civil Contingencies and Business Continuity



- **Escalation to contingency planning and emergency management arrangements.**
- **Identified Lead Officers** in each Directorate to coordinate Brexit Response
- Directorates have:
  - **Reviewed Brexit Risks**
  - Engaged with **Suppliers and Supply chains**
  - **Provided assurance** that all known risks have been considered / appropriate mitigation is in place
- **Operation Yellow Hammer:** Cardiff participating in the National Command, Control and Communication arrangements

# Managing & Mitigating identified Risk - Examples



- **School Meals:**
  - Supplier established reserves, Council supported additional storage space for stock and substitute goods identified (fresh fruit/tinned fruit)
- **Meals on Wheels:**
  - Primary supplier provided clients with detailed audit of business resilience with assurance document outlining disruption arrangements
- **Joint equipment service** (e.g. essential goods for vulnerable people/ medical adaptations)
  - Risk for 'consumable products' but stockpile arrangements undertaken by Health Service
  - Assured access to a number of weeks worth of additional stocks
- **Food Waste Bags:**
  - European supply chain, however assured provision from alternative contactor (UK based) within identified time period
- **Fuel:** Assurance received of sufficient reserves (UK). Council has own stockpiled reserves with good resilience planning. Risk is panic buying.
- **Daily Situation Report:** Lead officer report any issue which may impact service delivery with several levels of control (Council- Regional-Wales-UK)

## Community Cohesion



- Council released a **cross-party statement** following Referendum restating values
- Leader released **statements assuring all EU citizens** that Cardiff remains open, outward looking city.
- **No significant Brexit-related tensions / changes to hate crime levels .**
- **Tension Monitoring:** Cardiff's Community Cohesion Co-ordinator & All-Wales Hate Crime and Criminal Justice Board
- Council and South Wales Police regularly **share intelligence** through the tension monitoring protocol- **Best Practice Approach**

# Citizen Settlement Scheme



- **Information Hub on Settlement Scheme** on Council's website
- Briefings provided to front line staff
- Digital facilities available in Libraries
- Member Briefing Session & Regular Updates

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## Business Support



- Preparation for post-Brexit trade and investment landscape
- Economic Development engaged with Business Wales and Welsh Government
- **Brexit portal and a business diagnostic tool** available.
- **Brexit Resilience Fund** promoted to businesses
- Work with Business Wales to **promote and convene series of seminars and briefings:**
  - Recent events at Cardiff Airport on 4<sup>th</sup> March 2019
  - Seminar due to be held in Cardiff city centre to provide updated information on Brexit to local businesses.

# Member Engagement and Support



- **EU Settlement Scheme Briefing-** 20<sup>th</sup> February 2019
- **All Members Session** on the EU Settlement Scheme- 4<sup>th</sup> March 2019.
- Leader **written update to Audit Committee and PRAP-** 5th March 2019
- **Further immigration advice** to all Members-19<sup>th</sup> March 2019
- **Detailed update on Brexit Planning and Preparations-** 22 March 2019

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## Summary



- Risk and Opportunities Identified
- Local and National Response Infrastructure in Place
- Recognition of “Unknown Unknowns”
  - Over 45 years of Legislation and Regulations *in play*
  - Implications for every aspect of Service Delivery / Economy
- Cardiff’s local analysis indicate **Continuity of Core Business** and no local Brexit-related tensions.
- Cardiff has received **no correspondence from Government to indicate cause for alarm**
- **Post Brexit Landscape will inevitably require change and adaption**



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# Waste Management Update

Report of Director Planning, Transport & Environment

Audit Committee: 2<sup>nd</sup> April 2019

Agenda Item: 5.2



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# Contents

- Key issues / Challenges
- Waste internal review
  - i. Risk Management
  - ii. Assurance
  - iii. Control Environment
- Working with Corporate Resources
- Key Actions



# Key issues / Challenges

## 1. Highly complex range of services / processes

- Management of waste flow from source to end – complex
- Impact from markets – selling /disposing waste
- Requirement for Agency to cover sickness and annual leave in collections, material recycling facility and recycling centres.

## 2. High proportion of PTE revenue budget

- Net Revenue budget of £18.165M or 42% of total Directorate budget of £43.444M

## 3. Fraud investigation

## 4. Evidenced deficit in control and assurance

- Limited historical evidence of audit / management actions or working with Corporate Resources



# Current Directorate planning & review process

- Directorate Delivery Plan
- Risk Registers and risk review meetings
- Quarterly Performance Reports
- Directorate Management Team & other supporting meetings
- Aligned project database (Capital Ambition Delivery Team)
- Internal audits and external Quality Assurance audits



# Waste Internal Review

## Risk Management

- Crucial to create strong and proactive risk management process
- Identified lead Officer(s) to own and manage the risk on behalf of the Directorate
- Strengthen Officer - Corporate engagement on risks to support discussions and controls
- Engagement with audit on areas of concern
- Regular monitoring, assessment and closing of risks



# Waste Internal Review

## Service Assurance – business as usual

- Service efficiency and effectiveness
  - Commence Fundamental Service Reviews on key areas
  - Development of Data Sets on service quality and performance
- Data confidence (Stores / Gatehouse / Bartec)
- Processes designed to support service delivery whilst ensuring adequate control
- Investment in change projects including updating and delivery of new digital systems
- Physical security
- Health and Safety improvement programme



# Waste Internal Review

## Control Environment

- Cleansing of financial budgets / data
- Improving financial monitoring and responsibility for controlling budgets
- Control of assets
- External accreditations – BSI ISO 9001:2015 working towards PAS 402:2013 (specification for increasing recycling)
- Management, monitoring and closing of actions relating to audits



# Working with Corporate Resources Audit

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Consultation Engagements	Assurance Engagements
Commercial Waste Recycling Centre	Lamby Way Stores
Weighbridge system	Income and banking control procedures (Lamby Way)
	Acting up payments and overtime in Lamby Way



# Working with Corporate Resources

## Finance & Procurement

- Aligned work with finance on:
  - Setting budgets – services, waste disposal, resourcing
  - Finance Officers included in all change projects
  - Restructures – financial reviews of any changes
- Aligned work with procurement on:
  - Review of all contracts in waste: Waste procurement tracker
  - Delivery of new Capital projects / digital systems



# Key Actions

- Continue and complete actions on risk, assurance and controls – Improving Governance
- Waste Management Contracts (expenditure and income)
- Monitoring and closing of management actions from audit working with auditors
- Continue with the delivery digital systems improve effective and efficient working by removing waste.



# Questions / Discussion



Mae'r dudalen hon yn wag yn fwriadol