

**CARDIFF COUNCIL
CYNGOR CAERDYDD**

AUDIT COMMITTEE:

2 APRIL 2019

**PROPOSED TREASURY MANAGEMENT PRACTICES - APRIL
2019 ONWARDS**

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM 10.2

Appendix 1 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972

Reason for this Report

1. The Audit Committee Terms of Reference sets out their responsibility for undertaking scrutiny of the accounting, audit and commercial issues in relation to the Council's Treasury Management Strategy and Practices.
2. This report has been prepared to provide Audit Committee Members with the proposed Treasury Management Practices (TMP's) to apply from April 2019.

Background

3. The Council carries out its treasury management activities in accordance with a Treasury Management Code of Practice for public services, updated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2017. This requires the preparation of what are termed 'Treasury Management Practices' and the areas which these must cover are specified.
4. The purpose of TMP's are to demonstrate that the Council's Treasury Management activities are carried out in an open and transparent framework. These are reviewed periodically under delegation FS5 to the Corporate Director Resources. These Treasury Management practices will continue to be revised during 2019/20 in line with technical or other updates.

Issues

5. The Council's proposed Treasury Management Practices are based on the requirements of the CIPFA Code and where relevant includes content as suggested by the Council's Treasury Management advisors in respect to Treasury investments. The document covers controls, processes and practices in the following twelve areas:-
 - Treasury risk management.
 - Credit and counterparty risk management.
 - Liquidity risk management.
 - Interest rate risk management.
 - Exchange rate risk management.
 - Refinancing risk management.
 - Legal and regulatory risk management.
 - Fraud, error and corruption, and contingency management.
 - Market risk management.
 - Performance management.
 - Decision-making and analysis.
 - Approved instruments, methods and techniques.
 - Organisation, clarity and segregation of responsibilities, and dealing arrangements.
 - Reporting requirements and management information arrangements.
 - Budgeting, accounting and audit arrangements.
 - Cash and cash flow management.
 - Money laundering.
 - Training and qualifications.
 - Use of external service providers.
 - Corporate governance.

6. The Audit Committee previously received the Treasury Management Practices in March 2018. In this latest version, the main changes are to update wording and dates where relevant; amendment for staffing changes; and updates for the revised Treasury Management Strategy approved by Council in February 2019. The practices have also been updated to include the approach to Non Treasury investments such as commercial property. It should be noted that such investments would be managed outside of normal treasury activity e.g. by the Councils Strategic Estates function in accordance with a strategy approved by Cabinet in November 2016.

Reason for Recommendations

7. To note and provide comments on the proposed treasury management practices to apply from April 2019 which assists in the review and

assessment of the risk management, internal control and corporate governance arrangements of the authority in relation to treasury activities.

Legal Implications

8. No direct legal implications arise from this report.

Financial Implications

9. There are no direct financial implications arising from this report.

RECOMMENDATIONS

10. Audit Committee to note the Treasury Management Practices to be implemented from April 2019.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES
25 March 2019

The following appendix is attached

Appendix 1 – Treasury Management Practices and Annexes – Valid from April 2019