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AGENDA

Pwyllgor PWYLLGOR ARCHWILIO

Dyddiad ac amser y cyfarfod DYDD MAWRTH, 28 GORFFENNAF 2020, 2.00 PM

Lleoliad CYFARFOD O BELL

Aelodaeth Hugh Thomas (Cadeirydd)
Gavin McArthur, David Price
Y Cyngorwyr Ian Arundale, Cunnah, Howells, Lister, McKerlich,
Simmons, Singh a/ac Williams

Tua
Amser.

- | | | |
|------------|--------------------------------------------------------------------------------------------------|---------|
| 1 | Penodi Cadeirydd a Dirprwy Gadeirydd | 2.05 pm |
| | Penodi Cadeirydd ac Is-gadeirydd ar gyfer blwyddyn y Cyngor 2020/21. | |
| 2 | Ymddiheuriadau am Absenoldeb | 2.00 pm |
| | Derbyn ymddiheuriadau am absenoldeb. | |
| 3 | Datgan Buddiannau | |
| | I'w gwneud ar ddechrau'r eitem agenda dan sylw, yn unol â Chod Ymddygiad yr Aelodau. | |
| 4 | Cofnodion (<i>Tudalennau 3 - 14</i>) | |
| | Cymeradwyo cofnodion y cyfarfod a gynhaliwyd ar 21 Ionawr 2020 fel gwir gofnod. | |
| 5 | Archwiliad Mewnol | 2.10 pm |
| 5.1 | Adroddiad Archwilio Mewnol Blynyddol 2019/20 (<i>Tudalennau 15 - 56</i>) | |
| 5.2 | Siartr a Chynllun Archwilio Mewnol 2020/21 (<i>Tudalennau 57 - 108</i>) | |
| 5.3 | Y Tîm Archwilio ac Ymchwiliadau - Diweddariad ar Gynnydd 2020/21 (<i>Tudalennau 109 - 180</i>) | |

- 6 Cyllid** 2.40 pm
- 6.1 Diweddariad Ariannol (gan gynnwys Materion Gwydnwch)
- 7 Llywodraethu a Rheoli Risg** 2.50 pm
- 7.1 Adroddiad Blynyddol y Pwyllgor Archwilio 2019/20 (*Tudalennau 181 - 214*)
- EGWYL (3.00PM)**
- 7.2 Datganiad Llywodraethu Blynyddol Drafft 2019/20 (yn cynnwys datganiadau sicrwydd diwedd blwyddyn gan uwch reolwyr) (*Tudalennau 215 - 244*)
- 7.3 Rheoli Risg Corfforaethol (Diwedd y Flwyddyn) (*Tudalennau 245 - 276*)
- 8 Swyddfa Archwilio Cymru** 3.25 pm
- 8.1 Cynllun Archwilio Blynyddol (*Tudalennau 277 - 294*)
- 8.2 Cynllun Archwilio Cronfa Bensiwn Caerdydd a'r Fro (*Tudalennau 295 - 306*)
- 8.3 Gweithgarwch SAC/Diweddariad ar Gynnydd yr Adroddiad (*Tudalennau 307 - 310*)
- 9 Camau Gweithredu Heb eu Cyflawni** (*Tudalennau 311 - 312*) 3.40 pm
- 10 Diweddariad ar y Rhaglen Waith** (*Tudalennau 313 - 314*)
- 11 Materion Brys (os o gwbl)**
- 12 Dyddiad y cyfarfod nesaf.**

Davina Fiore

Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol

Dyddiad: Dydd Mercher, 22 Gorffennaf 2020

Cyswllt: Graham Porter, 02920 873401, g.porter@caerdydd.gov.uk

AUDIT COMMITTEE

21 JANUARY 2020

Present: Councillor D. Hugh Thomas (Chairperson)
Gavin McArthur and David Price
Councillors Hugh Thomas, Howells, Lister, McKerlich, Singh and
Williams

63 : APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Cunnah.

64 : DECLARATIONS OF INTEREST

The following declarations of interest were received:

Councillor Williams	Item 5.1	Owner of a property in Westgate Street which is included in air quality improvement measures
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65 : APPOINTMENT OF CHAIRPERSON AND DEPUTY

RESOLVED – That D. Hugh Thomas be appointed as Chairperson and Gavin McArthur be appointed Deputy Chairperson.

66 : MINUTES

The minutes of the meeting held on 12 November 2019 were approved by the Committee as a correct record and were signed by the Chairperson.

Operational Matters

67 : ANDREW GREGORY - UPDATE ON INTERNAL CONTROL ENVIRONMENT (& COASTAL RISK MANAGEMENT)

Councillor Williams declared an interest in this item under the Members Code of Conduct as the owner of a property in Westgate Street which is included in the air quality improvement measures.

The Director of Planning, Transport and Environment, accompanied by service area management and an officer from the Resilience Unit, presented a report on the directorate control environment and an updated briefing on coastal risk management.

The Director provided an overview of the main service delivery responsibilities and information on the most significant Corporate Risks overseen by the Directorate, which were Air Quality, Coastal Erosion and Climate Emergency. The report provided a summary of the initiatives and measure in place to mitigate each risk.

Members were provided with a summary of the most recent Senior Management Assurance Statement (SMAS) position from September 2019, in which there was an overall strong application of governance and controls across the directorate. A

number of areas of governance were reported as in need of strengthening, with 'limited or mixed' assurance / application. Members were advised that the SMAS review highlighted a number of significant issues, including the need to proactively manage and deliver savings and in terms of the delivery of major programmes.

Members were provided with an overview of Internal Audit engagements completed and their assurance ratings, and information on wider external assessments and certifications.

An overview of coastal risk management was provided with a focus on the potential impact of a flood event, details of engagement with the public in a high-risk area, and the level of incident management arrangements in place.

Members were invited to comment, seek clarification or raised questions on the information received. Those discussions are summarised as follows:

- A Member considered that, in terms of air quality, the focus was on the City Centre and it was possible that air quality problems could be dispersed into other areas. The Director was asked how confident they were that air quality in other areas would not be adversely affected. The Director stated that the Council is legally obliged to address air quality levels in Castle Street. The proposed smart corridors on the main routes will enable traffic flow to be managed. There will also be a range of other mitigations in areas such as Riverside, Grangetown and Riverside.
- The Director was asked whether roads around Castle Street would continue to have air quality monitoring. The Director confirmed that monitoring would continue. Monitoring would also continue in the existing Air Quality Monitoring Areas. Members were advised that options were being explored for more comprehensive air quality monitoring across the whole city.
- Referring to the Clean Air Plan, Members requested details of the governance arrangements in place to monitor progress against the action plan. The Director stated that political controls, directorate controls and external engagement arrangements were in place. Members were advised that there is a Programme Board at Cabinet level and a Programme Leader within the directorate. External engagement with Welsh Government would continue.
- The Director was asked whether the monitoring of particulate matter would be included. The Director advised that there would be a level of monitoring but they would need to seek guidance regarding the degree of this monitoring.
- A Member noted that in terms of the SMAS there was a 'limited' rating against Partnership Assurance. The Director accepted that this was the least successful of the assurance items. The directorate is required to work in partnership with Welsh Government, City Deal, NRW, Transport for Wales and neighbouring authorities. The Director contended that work is progressing but in terms of governance there was more work to do. It was anticipated that the Transport White Paper would form the basis for commonality of agreement.

- The Director was asked for assurance that if the Full Business Case for the Coastal Flood Management project was not approved by Welsh Government, resources would be identified to ensure that the project is delivered. Members were advised that Welsh Government have agreed to provide 75% of the funding. The project would be delivered in partnership with Welsh Government. Management were confident that Welsh Government would continue to support the application of the scheme.
- Members welcomed the progress made in terms of the complex design process for the scheme. It was noted that approximately 1000 dwellings are exposed and the Director was asked whether the current contingency arrangements had been tested. The Resilience Unit Officer advised that Exercise Megacyma tested vulnerability to coastal flooding on a national level, and national responsibilities in such a flood event were referred to in respect of Welsh Government and COBRA. Members were advised that work was ongoing with Cardiff University to better understand the risks and threats, but that any solutions were likely to be temporary, as in a severe event pockets of South East Wales people may not return, based on flood events seen elsewhere. The coastal defence scheme design had been raised 300mm in response to the climate emergency, and is designed to withstand a 1 in 200 years plus 40% event.

RESOLVED – That:

- (1) the report be noted;
- (2) Director of PTE to provide details on the monitoring of particulate matter as part of the Clean Air Strategy.

68 : CHRISTOPHER LEE - UPDATE ON INTERNAL CONTROL ENVIRONMENT (& HEALTH & SAFETY GOVERNANCE)

The Corporate Director Resources and OM, Health and Safety provided a report on the control environment within the Resources Directorate, including an update on Health and Safety Governance arrangements. The report included an overview of the structure of the directorate and a summary of the range of support services it provides.

In terms of the management and mitigation of Corporate Risks, Members were advised that relevant risks are managed alongside service area delivery plans and are reported on a quarterly basis via the Resources Management Team and appointed Risk Champions through Directorate and Corporate Risk Registers.

The Senior Management Assurance Statement mid-year position for Resources was set out in the report. The report also included a summary of the internal audits completed within the Directorate and Members were asked to note the actions taken where the audit outcome was rated 'Insufficient with Major Improvement Needed'.

The OM, Health and Safety outlined the framework for health and safety governance, and summarised relevant targets and delivery information.

Members were invited to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- A Member asked whether the Wales Audit Office (WAO) could offer any guidance on the Council's approach to the Wales Future Generation Act. The WAO representative stated that a report on clean air had been issued and another report on leisure would be published shortly. Members were advised that the reports contained some recommendations around what can be done to embed WFG Act principles. A further national report including case studies is due in April. WAO have hosted a number of seminars and it is often asking how Councils can improve in terms of their WFG Act responsibilities. Members were advised that WAO accepts that authorities face big challenges regarding shifting resources to meet those responsibilities. The Corporate Director Resources stated that the Directorate support the WFG Framework across all directorates, and colleagues are required to embed business case methodology in their processes.
- A Member noted the size of the Resources Directorate and its key roles and responsibilities and asked how, in practical terms, the Corporate Director Resources is able to manage his portfolio. The Corporate Director Resources stated that he is able to manage his portfolio due to the strength of the team supporting him. There are excellent people in that team and they are delivering real change and support. Management arrangements are in place and the Corporate Director Resources is reliant on managers escalating issues to him where necessary.
- The Committee discussed the circumstances leading to a toilet block in a primary school not being compliant with Welsh Government Health and Safety standards, with provision of communal toilet roll holders installed outside toilet cubicles. The OM, Health and Safety advised that hygiene procurements were managed and arranged by schools themselves, and that Headteachers have responsibility for day-to-day management of health and safety issues in schools. The standards which govern standards of schools toilets are well known within the education sector and the Headteacher should have been aware. Members were advised that support was offered to the Headteacher, unfortunately this offer was not taken up. A Member asked why, following Health and Safety inspections, these issues were not picked up and addressed sooner. The OM, Health and Safety stated that Health and Safety Officers would not routinely inspect toilet cubicles. However, there is a programme of hygiene inspections being undertaken across the school estate, which will provide feedback to schools and Education on any improvements required.
- A Member considered that statutory maintenance compliance of 75% was encouraging and asked whether officers were confident that the resources needed to deliver further improvement were in place. Members were advised that existing resources were being prioritised to address statutory compliance. The Capital Programme and Schools Asset Management programme would prioritise statutory compliance and related works.
- A Member asked what level of indemnity/liability insurance the Council has, and were advised that some risks are insurable but some risks cannot be insured

against. For example, the failure to act in accordance with the law is not insurable. Members asked whether insurance is provided centrally and if schools have a single point of insurance under the LEA or can school arrange their own. The Committee was advised that Community Schools have corporate cover for buildings, voluntary-aided schools arrange their own cover. Public liability and employer liability is provided corporately to Community Schools, voluntary-aided schools arrange their own cover.

RESOLVED – That the report be noted.

Finance

69 : FINANCIAL UPDATE INCLUDING RESILIENCE ISSUES - VERBAL UPDATE

The Corporate Director Resources provided a verbal update on finance matters.

Members were advised that two key reports were published recently. The Month 6 position report was received by Cabinet on 21 November 2019 and the Draft Budget report was considered by Cabinet on 19 December 2019.

In Month 6, there was an identified overall overspend of £214,000, which represented an improvement on the Month 4 report. Overspends in a number of Directorates were offset by the budgetary contingency and from savings. The Month 9 position report was being prepared and this will provide a further opportunity to inform budget decisions. There was a need to reset some budgets in order to provide resilience.

The Welsh Government revenue settlement figure had been received and was better than anticipated. The MTFP had assumed a cut in Welsh Government funding but the provisional grant figure actually represented an increase. An increase of would allow the Council to rebase its budgets and reduce the level of savings needed across service areas. Members were asked to note that there were still risks associated with the settlement and there was nothing to indicate significant increases beyond the next financial year.

The consultation process on the budget has started and will be completed by 31 January 2020. The draft budget strategy report will be considered by Scrutiny Committees in February prior to its submission to Cabinet on 20 February 2020 and Council on 27 February 2020.

Responding to a question from the Committee, the Corporate Director Resources stated that the authority is still looking to achieve £9.5 million savings, which is a significant undertaking. However, the settlement figure will allow Cabinet to prioritise resources across service areas. There has also been a change in approach to budget savings whereby unless savings are identified as deliverable they would not form part of the final budget proposals.

Members were advised that the MTFP had been modelled based on a Council Tax increase of 4.5%.

Governance and Risk Management

70 : LOCAL GOVERNMENT AND ELECTIONS (WALES) BILL - AUDIT COMMITTEE SUMMARY

The Chairperson welcomed the Head of Cabinet Office, to the meeting. He was invited to deliver a presentation on the Local Government and Election (Wales) Bill following which the Committee were invited to comment.

The Committee requested further details of the new functions set out in the Bill aimed at strengthening internal governance. The Head of Cabinet advised that the Bill is vague in this regard but there was an expectation that guidance would be forthcoming.

The Chairperson asked whether there was any assurance in the Bill regarding the potential for crossover between the Audit and Scrutiny functions. The Head of Cabinet stated that this was addressed in Cardiff Council's response to the consultation. The WLGA response sets out the need for clear demarcation between Audit and Scrutiny. An offer was made to share the response with the Committee.

A Member asked for elaboration on the 'super majority' needed to change the voting system in each Council. Members were advised that a super majority would require that a two-thirds majority is needed to introduce a change in the voting system used at local elections. The earliest such a change could come into effect would be for the 2027 local elections.

A Member questioned whether there was latitude or provision within the Bill to introduce further legislation i.e. Henry VIII clauses or the power to make powers. The Head of Cabinet stated that the WLGA view was clear – the Bill should set out what authorities are expected to do with limited powers for Ministers. Members asked whether there was provision within the Bill to ensure that guidance is provided. The Head of Cabinet stated that he would need to take a legal view with regard to the extent of that provision. The Committee will be provided with a response to this in writing.

The Committee requested further details of the Audit Committee's role in performance assessments. The Head of Cabinet indicated that there was an increased emphasis on self-assessment and it would be necessary to call upon performance reports and audit recommendations. The Audit Committee's role would be to formally receive those reports. Audit Committee Members may also have a part to play in a Peer Review Panel – which would include a senior politician, a senior director, a 3rd sector stakeholder and an Audit Committee member.

Members considered that clarity was needed in terms of the boundary lines between the Audit Committee and the role of the external audit function, for example, where does statutory responsibility reside. The Head of Cabinet stated that this point has been recognised.

A Member asked to what extent the Bill would move Audit Committees in terms of CIPFA guidance. The Audit Manager stated that CIPFA will be invited to the next Audit Chairs' Network meeting in July 2020 and officers will be communicating with CIPFA regarding the timescales for update their guidance. Members were asked to note that CIPFA guidance is not Wales-specific.

RESOLVED – That:

- (1) Audit Committee to be provided with the WLGA response to Welsh Government on the Local Government and Elections (Wales) Bill;
- (2) Audit Committee to receive information on the process and timescale for developing any guidance in relation to the Local Government and Elections (Wales) Bill, if and when they emerge;
- (3) Committee to receive a view from Legal Services on the scope for Ministers to act beyond the stated purpose of the Local Government and Elections (Wales) Act.

71 : AUDIT COMMITTEE ANNUAL REPORT DISCUSSION 2019/20

The Committee received a discussion paper on the preparation of the Audit Committee Annual Report 2019/20. Members commented that they were in agreement with the information captured in respect of their activities and focus points over the year to date.

RESOLVED – That the report be noted.

72 : SENIOR MANAGEMENT ASSURANCE STATEMENT AND AGS ACTION PLAN 2019/20 (MID-YEAR)

The Head of Finance introduced a report on the Senior Management Assurance Statement (SMAS) and Annual Governance Statement (AGS) Action Plan 2019/20 mid-year. Members received a summary of the key points in the report.

The Head of Finance advised that 23 assurance statements were summarised in 9 categories. The overall rate of strong or greater governance was 66%. The mid-year assessments reported the greatest maturity in respect of risk management with a score bordering on strong assessment. All other areas reflected a mixed assessment, with scores for Partnership and Collaboration being markedly lower than the rest. The mid-year assessment also highlighted the lower assurance level in respect of Future Generations.

Members asked for details of the outcome of the review of Future Generations at SMT. The Head of Finance advised that the bar is now set higher in terms of assessment and he was more confident that SMT are identifying exceptions.

Members asked whether it was appropriate to include progress made against WFG Action Plans within the Directorate governance updates.

RESOLVED – That

- (1) The report be noted;
- (2) The Head of Finance provide an aggregated action plan of the Future Generation significant governance issue responses from directorates

Wales Audit Office

73 : WAO ACTIVITY/REPORT PROGRESS UPDATE

Sarah-Jane Byrne presented a progress update on the WAO work programme since the last meeting.

Members were advised that the publication of the 2018/19 audit into leisure services was imminent. The draft report is going through quality assurance.

In terms of the 2019/20 Audit Programme, WAO recently met with the senior management team and key issues had been identified which would set out the programme of works for 2021. Members were advised that key issues appear on the Council's risk register e.g. financial resilience.

Treasury Management

74 : PERFORMANCE REPORT

The Operational Manager (OM), Capital, Corporate and Treasury, presented the Treasury Management Performance report. The report was presented in two parts – performance, and the management response to the Compliance, Evidence, Delivery and Review (CEDR) of the Treasury function.

A Member asked whether a 1-year cashflow forecast was the normal expectation. The OM advised that reviews of cashflow were difficult in local government. Best practice would be to undertake a detailed cash flow beyond one year, but there are insufficient resources to allow this to be undertaken and continuously monitored in detail. As part of longer balance sheet planning, estimates are made of key changes that could impact on cash flows.

Members were advised of the CEDR independent examination of the Treasury Team's skills, compliance with best practice, required regulations and professional guidance. The management response was provided against the findings and suggested areas of improvement.

A Member requested comment on the FCA recommendation. The OM stated that the recommendation related primarily to the Car Loan Scheme. The Council is reviewing whether it should be offering the service and will review whether any other areas may be captured. This is in accordance with the Management response to the CEDR review.

The OM confirmed that as soon as the fraud awareness training was released he encouraged all those involved in Treasury activities to undertake this as soon as possible. This training and any future updates will be compulsory for staff in his team.

RESOLVED – That the performance report and CEDR management response be noted.

75 : DRAFT STRATEGY 2020/21

The Committee received the draft Treasury Management Strategy for 2020/21. Members were advised the Treasury Management Strategy is required to be approved as part of the Budget Report to Council on 27 February 2020. Members also received an update on the review of the Minimum Revenue Provision Policy.

Members were advised that the draft strategy includes improvements suggested in recommendations arising from an independent review undertaken and reported to Audit Committee in November 2019.

Members were asked to note that many of the indicators in the draft Treasury Management Strategy are dependent on the final Capital Programme, which would be determined by Council on 27 February 2020. The figures in the draft strategy would be subject to change for the updated capital monitoring position at Month 9, which assumes no additional capital expenditure is approved to be paid for from borrowing as part of the updated capital programme. Members were advised that, were additional expenditure commitments deemed affordable and recommended for approval as part of the budget, the level of such expenditure would be unlikely to result in a material change to the strategy.

In respect of the review of the Minimum Revenue Provision Policy (MRP), Members were advised that the Council has a statutory duty to calculate and set aside an amount from its revenue budget for the repayment of historic capital expenditure each year. Members were advised of the work undertaken to review and test the approach taken to prudent revenue provision, particularly with respect to supported borrowing. The outcome of the review is a revision to the approach to supported borrowing from a reducing balance basis to a 45-year straight-line approach. The 45-year straight-line approach delivers savings and it is proposed that these savings be put into a contingency reserve to support financial resilience. This change to the MRP Policy will be proposed for approval by Council.

The OM confirmed that he has had support in developing and putting together the strategy. This included support from the S151 officer and the Council's external treasury management advisors.

RESOLVED – That

- (1) the Treasury Management Strategy for 2020/21 be noted;
- (2) the changes to the Minimum Revenue Provision Policy Statement for 2019/20 and future years be noted.

Internal Audit

76 : AUDIT TEAM PROGRESS UPDATE 2019/20

The Audit Manager presented a report providing an update on the work of Internal Audit as at 31 December 2019.

Members were provided with an overview of performance in relation to the Internal Audit Plan, the work performed, the priority recommendations raised the critical findings, emerging trends and relevant value for money savings.

Members asked when officers would be revisiting the recommendations of the report in fly tipping. The Audit Manager stated that the target is to follow up unsatisfactory audits six months following their conclusion. This audit would form part of the audit plan for next year.

Discussing the finding of an audit of IT Inventory and Asset Management, a Member asked whether a more substantial audit of IT assets had been considered. The Audit Manager advised that the corporate audit looked at the framework and compliance for IT asset management, and identified significant gaps in inventory records, which are necessary for proper recording, monitoring and verification. Findings have been discussed with the Chief Digital Officer, who will be communicating responsibilities to management. In addition, thematic audits of asset management are underway within directorates, which will provide further audit focus.

RESOLVED – That the report be noted.

77 : INVESTIGATION TEAM PROGRESS UPDATE 2019/20

The Audit Manager presented that Internal Audit Investigation Team Progress report. The report provided an update of the work of the Investigation Team as at 31 December 2019.

RESOLVED – That the report be noted.

78 : DRAFT AUDIT CHARTER AND DRAFT AUDIT PLAN 2020/21

The Committee received a report providing Members with the draft Internal Audit Charter for 2020/21, including the draft Terms of Reference and the Draft Summary Audit Plan for 2020/21. The Audit Manager drew attention to the proposed changes and amendments to the Charter from the current iteration.

A Member asked whether the 15 days allocated to Housing Benefit work in the draft Audit Plan was sufficient in view of the risk-based verification (RBV) changes. The Audit Manager advised that it is anticipated that a separate audit engagement focussing on RBV would be included in the detailed plan in March 2020, for which further audit time would be allocated.

The Committee congratulated the staff member who had achieved their IIA qualification.

RESOLVED – That the report be noted.

79 : SCRUTINY CORRESPONDENCE

No correspondence was received.

80 : OUTSTANDING ACTIONS

Members reviewed the Audit Committee actions, and discussed progress against the coastal risk management recommendation, raised in January 2019.

It was considered that the incident management element of the recommendation had not been addressed in order to close the recommendation at this stage.

Members undertook to revisit and potentially refine the recommendation as part of the Audit Committee workshop feedback agenda item on 24 March 2020.

In the workshop, which took place prior to the Committee meeting, the Committee raised a draft action for it to proactively review the status of recommendations and actions going forward.

RESOLVED - Audit Committee to consider progress against their coastal risk management recommendation, and their follow up / work programme requirements, as part of the self-assessment feedback and action plan agenda item in March 2020.

81 : WORK PROGRAMME UPDATE

Noted

82 : URGENT ITEMS

None

83 : DATE OF NEXT MEETING - 24 MARCH 2020

The meeting terminated at 4.30 pm

Mae'r dudalen hon yn wag yn fwriadol

AUDIT COMMITTEE: 28 JULY 2020

INTERNAL AUDIT ANNUAL REPORT 2019/20**REPORT OF THE AUDIT MANAGER****AGENDA ITEM: 5.1**

Reason for this Report

1. The Audit Committee's Terms of Reference requires that Members consider the Audit Manager's annual report including the:
 - opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control;
 - summary of the work supporting the opinion, the statement of the level of conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN), and;
 - results of the Quality Assurance and Improvement Programme (QAIP) that support the statement.

Background

2. The Audit Committee approved the Internal Audit Charter 2019/20 and the Audit Plan 2019/20, on 2 April 2019, to document matters including the purpose, authority and responsibility of the Audit Section, and the planned audit programme of work.
3. During the year, the Audit Committee has received detailed progress reports outlining the work and progress against the Audit Plan, as well as the key findings, trends and risk-based changes to planned work. The Audit Committee has also received assurance from the Audit Manager throughout 2019 on ongoing organisational independence, and continued conformance with the Public Sector Internal Audit Standards (PSIAS).
4. In line with the provisions of the PSIAS (1100), organisational independence has been achieved throughout 2019/20. The Audit Manager reports administratively to the Head of Finance (Deputy Section 151 Officer) and has direct reporting access to the Chief Executive, Section 151 Officer, the Chair of Audit Committee and all elected Members where required.
5. The Annual Report (attached at Appendix A) provides a review of internal control environment of the Council and the opinion of the Audit Manager. The report details the audit work completed to support the opinion, and assurance of ongoing conformance with the PSIAS, as reaffirmed through annual review against the CIPFA Local Government Application Note (LGAN) and the results of the Quality Assurance and Improvement Programme (QAIP).

Issues

6. The Council has a duty to maintain an adequate and effective system of internal audit of its accounting records and internal control. In addition, the Council has a duty to prepare an Annual Governance Statement (AGS). Contained within the draft AGS is the annual Audit Manager opinion, as included within the Annual Report.
7. The Annual Report sets out that, based on the programme of audit work undertaken to assess internal controls and reviews of governance and risk management arrangements, the application of the overall framework for control within the Council for 2019/20 is considered as 'effective with opportunity for improvement'. Section 2 of the report contains the opinion and sets out the rationale of how internal control has been reviewed.
8. Sections 3 and 4 summarise the work performed, provide details of audit reports issued, and the progress made against recommendations raised. During the year Internal Audit completed 113 new audit engagements to at least draft output stage, and finalised a further 21 draft outputs from the prior year. Through the reports issued, 517 recommendations were agreed of which 244 were implemented before the year-end. The level of recommendations implemented on time is reported as requiring improvement given current rates in schools (at 55%) and across other areas of the Council (at 65%). Ongoing attention is given to progress through regular following up progress with audit clients, and the practice of reporting all recommendations and management progress updates to the Audit Committee, at each Committee meeting.
9. The QAIP is, according to the PSIAS '*designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.*' The QAIP developed for Cardiff Council's Internal Audit Team is included in a compilation of good practice CIPFA case studies 'Leading internal audit in the public sector – principles into practice, 2019'.
10. The Annual Report outlines how, through application of the QAIP, assurance is provided of ongoing conformance with the PSIAS and application of the Code of Ethics. An element of the review was an Audit Manager assessment against the LGAN, which breaks down the requirements of the PSIAS into a detailed self-assessment of conformance. Through this review, the Audit Manager can report conformance with the PSIAS, supported by the LGAN through the operation of the Internal Audit Team and its work, upon which the annual opinion is provided.
11. The Internal Audit function remains committed to delivering the highest professional standards and the Annual Report details the methods and key performance measures. The report highlights that 86% of audit reports were delivered within six weeks. Audit client feedback continues to be positive overall with 85% of responses identifying that audit offered added value to managers. Sustained focus is given to maintaining and improving the diverse skills and professional qualifications of the Internal Audit Team. Auditor staff hold various qualifications appropriate to their work, including CIPFA, IIA and AAT. At the end of 2019/20, two members of staff were being supported in their studying for the CIA qualification of which one was studying towards their final exam.
12. The Annual Report includes a number of appendices. These include a full account of the audit reports issued, cancelled and deferred through the year, the QAIP

process applied, and the position against the PSIAS Action Plan, following annual Audit Manager Review.

Legal Implications

13. There are no direct legal implications arising from this report.

Financial Implications

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

RECOMMENDATIONS

15. That the Committee note and consider the Internal Audit Annual Report, including the:

- opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control
- summary of the work supporting the opinion, the statement of the level of conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN), and
- results of the Quality Assurance and Improvement Programme (QAIP) that support the statement.

CHRIS PYKE
AUDIT MANAGER

The following report is attached:

Appendix A - Internal Audit Annual Report 2019/20

Mae'r dudalen hon yn wag yn fwriadol



Internal Audit Annual Report 2019/20

Cardiff Council

MISSION STATEMENT

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight



Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together

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1. INTRODUCTION

Background

- 1.1 Management are responsible for the system of internal control and must set in place policies and procedures to ensure that the internal controls are robust and functioning correctly, to effectively address and mitigate risks to the delivery of objectives across the organisation. Internal Audit acts as an assurance function providing an independent and objective opinion on the Council's control environment by evaluating its effectiveness in achieving objectives.
- 1.2 The Internal Audit Team has an important role, as set out in the Public Sector Internal Audit Standards (PSIAS), to provide professional, independent and objective assurance advice and insight. The internal audit service is one of the key elements of good governance, and its mission is *'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'*
- 1.3 The Internal Audit Team operates in accordance with the Public Sector Internal Audit Standards (PSIAS). In order to demonstrate conformance with the PSIAS, the Audit Manager maintains a Quality Assurance and Improvement Programme (QAIP). This is summarised within Section 4 of this report, through which there is a process of ongoing monitoring, periodic review, and 5-yearly external review to accord to PSIAS Standard 1300. The QAIP is designed to provide confidence to those relying on the Internal Audit Team's work on the professional standards applied and the quality of services.
- 1.4 The Audit Committee's terms of reference includes the consideration of the Council's arrangements relating to internal audit, including the Internal Audit Annual Report and monitoring the performance of the Internal Audit section. Accordingly, performance reports are provided to the Audit Committee in each meeting throughout the year, and the annual report is presented to the Committee for consideration and comment.
- 1.5 At the financial year-end, the onset of the COVID-19 pandemic required services to invoke crisis management arrangements to respond to the social and economic priorities of the Council. Internal Audit provided initial consultancy services to support resilience and the maintenance of an effective control environment as systems were developed or adapted in response to the crisis. Given the timing of the COVID-19 pandemic, there was limited overall impact on the Council's control environment for the 2019/20 financial year. Significant audit attention will be given to providing advice and assurance on controls on core systems in respect of COVID-19 in the year ahead.

The Annual Reporting Process

- 1.6 The annual report gives an overview of audit performance during 2019/20, seeks to provide an opinion on the adequacy of the control environment in Cardiff Council, and reports the incidence of any significant control weaknesses.
- 1.7 The annual report includes:
- (a) The Audit Manager's opinion on the Council's control environment;
 - (b) A summary of the work that supports the opinion; and
 - (c) A statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme.

Requirement for Internal Audit

- 1.8 The Council has a duty to maintain an adequate and effective system of internal audit of its accounting records and system of internal control. The Council also has a duty to prepare an Annual Governance Statement. The Audit Manager's opinion on the Council's control environment from this report is included within the Annual Governance Statement, to provide independent assurance to the Council's stakeholders based on the Internal Audit's programme of work.
- 1.9 The Audit Manager (the Chief Audit Executive – CAE - for the purpose of the Standards) must provide an annual internal audit opinion and report, timed to support the Annual Governance Statement, and conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In doing so, the Audit Manager undertakes an assessment of the adequacy of the controls in place to support the achievement of management and corporate objectives.

Independence and Objectivity (PSIAS standard 1100)

- 1.10 The Audit Manager does not manage any functions other than the Internal Audit and Investigations Teams. Organisational independence has been achieved throughout 2019/20. The Corporate Director of Resources & Section 151 Officer is the Senior Manager overseeing the Internal Audit Function. The Audit Manager reports administratively to the Head of Finance (Deputy Section 151 Officer) and has direct reporting access to the Chief Executive, the Chair of Audit Committee and all elected Members where required.
- 1.11 Internal Auditors are required to undertake audits in line with the provision of the PSIAS and in accordance with the Codes of Ethics of any professional bodies of which they are members. The

importance of independence is communicated to auditors and care is taken to ensure that all audit work is undertaken in an independent and objective manner.

1.12 The PSIAS requires any conflicts of interest or impairment to independence or objectivity to be disclosed. Each year, all members of the Internal Audit section are required to complete a Staff Declaration Statement (and update it if circumstances change during the year). This identifies any potential conflict of interest that any member of the Audit team may have, which is considered when assigning audits. All declarations of interest were appropriately taken into account in allocating and conducting work, and there were no impairments to independence or objectivity in 2019/20.

2. REVIEW OF INTERNAL CONTROL AND OPINION

Opinion 2019/20 (PSIAS standard 2450)

2.1 The PSIAS state that the 'Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.' This must be based upon an objective assessment of the framework of governance, risk management and control. It must also include an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems.

2.2 This opinion has been prepared by the Audit Manager, based on the provisions of the PSIAS. In preparing and forming this opinion, assurance has been taken from a number of sources, including:

- *Assurance Audit Assignments* – work undertaken through the risk-based annual audit plan, with delivery prioritised to maximise assurance and added value. The audit plan is responsive to risk and informed by audit information and existing assurances, information from Senior Management, and monitoring of Council activity, strategy, risks, and wider assurance sources.
- *Discussion with Senior Managers* – quarterly relationship manager meetings with Directors or their representatives, Audit Manager attendance at Senior Management Team meetings where assurance items are considered, and regular meetings with the Corporate Director Resources (Section 151 Officer) and the Chief Executive.
- *Consultancy* - advice and guidance offered generally or on specific matters, including the design and development of new processes, such as risk based verification for housing benefit and council tax reduction applications, and wider process guidance, such as continuity and control in back office functions during the COVID-19 crisis which took place at the financial year-end.

- *Risk & Governance* – assurance reviews on the co-ordination of the Corporate Risk Register, the management disclosures which support the Annual Governance Statement, and wider governance reviews (including programmes and projects and financial / contract procedures).

2.3 Based on the programme of audit work undertaken to assess internal controls and reviews of governance and risk management arrangements, it is considered that the application of the overall framework for control within the Council for 2019/20 is **effective with opportunity for improvement**. This opinion is based on the delivery of a comprehensive audit plan, and an acknowledgment of the increasing pressure on resources in both demand and budgets, which has been managed through a resilient performance culture.

2.4 The control environment for core financial systems, and for the majority of audits overall (74%) was considered as adequate, and allocated an opinion of ‘effective’ or ‘effective with opportunity for improvement’. Twenty three audits have been given an audit opinion of ‘insufficient with major improvement needed’ recognising the need for attention to achieve sound controls, and four audits were given ‘unsatisfactory’ opinions in respect of a particular school, a school traded service, and in areas of waste management. A number of allegations of fraud within the Waste Management function which preceded this financial year have been investigated, the majority of associated disciplinary hearings have been completed in accordance with the Council’s disciplinary policy, and Police liaison is ongoing. The Waste Management function continues to receive a greater proportion of allegations of fraud and financial impropriety, and all allegations are robustly assessed and investigated as appropriate. Audit assurance and support targets and follows up on the highest risk areas.

How internal control is reviewed

2.5 Internal Audit uses a risk-based approach to audit planning, in accordance with Section 2010 of the PSIAS. The Council’s Corporate Risk Register was used to form the basis of the annual audit plan for 2019/20 and assurance was obtained from both within and outside the Council to ensure that suitable audit time and resources are devoted to the more significant areas. This risk-based approach to audit planning captures emerging risks and issues and results in a comprehensive range of audits that are undertaken to support the overall opinion on the control environment.

2.6 For 2019/20, the audit assurance opinion definitions were used as outlined in the table when allocating an audit opinion. These assurance levels and definitions were based on those developed by the Institute of Internal Auditors (IIA).

Assurance level	Definition
Effective	<ul style="list-style-type: none"> • The controls evaluated are adequate and appropriate • The control environment appears sound to provide reasonable assurance that all high level risks are adequately controlled • No findings noted (or a small number of low risk recommendations)
Effective with opportunity for improvement	<ul style="list-style-type: none"> • A few specific control weaknesses and/or opportunities for improvement were noted • Controls evaluated are otherwise adequate and appropriate to provide reasonable assurance that risks are adequately controlled
Insufficient with major improvement needed	<ul style="list-style-type: none"> • Some high level risks are not adequately controlled • Numerous specific control weaknesses were noted • Although immediate soundness and safety are not threatened, the control environment requires improvement as it does not provide reasonable assurance that all high level risks are adequately controlled • There may be a risk of exposure to fraud or security vulnerabilities
Unsatisfactory	<ul style="list-style-type: none"> • The control environment is not adequate and is below standard • The control environment is considered unsound • A lack of attention could lead to significant losses

2.7 The table below sets out the Red / Amber / Green (RAG) ratings given for recommendations and information on the criteria applied when allocating the risk rating.

Rating	Criteria
Red	<p>This is a high priority issue and immediate attention is required. This is a serious internal control or risk management issue that, if not mitigated, may (with a high degree of certainty) lead to:</p> <ul style="list-style-type: none"> • Substantial losses, possibly in conjunction with other weaknesses in the control framework or the organisational entity or process being audited • Serious violation of Council strategies, policies or values • Serious reputational damage • Significant adverse or regulatory impact, such as loss of operating licenses or material fines <p>Examples are:</p> <ul style="list-style-type: none"> • A policy / procedure does not exist for significant Council processes • Preventative, detective and mitigating controls do not exist • Council reputation or financial status is at risk • Fraud or theft is detected • Council is not in compliance with laws and regulations

Rating	Criteria
Red / Amber	<p>This is a medium priority issue and timely management action is warranted. This is an internal control or risk management issue that could lead to:</p> <ul style="list-style-type: none"> • Financial losses • Loss of controls within the organisational entity or process being audited • Reputation damage • Adverse regulatory impact, such as public sanctions or immaterial fines <p>Examples are:</p> <ul style="list-style-type: none"> • A policy exists but adherence is inconsistent • Preventative and detective controls do not exist, but mitigating controls do exist • The Council's compliance with laws and regulations requires additional evaluation and review • There is a possibility of inappropriate activity
Amber / Green	<p>This is a low priority issue and routine management attention is warranted. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and / or efficiency of the organisational entity or process being audited.</p> <p>Examples are:</p> <ul style="list-style-type: none"> • A policy exists, but was not adhered to on an exception basis • Preventative controls do not exist, but detective and mitigating controls exist • There is a remote possibility of inappropriate activity
Green	Best practice

2.8 Audits continue to highlight system weaknesses in some areas and / or compliance issues which identify further opportunities to enhance control. The Council has over a number of years lost a considerable number of officers with experience and knowledge, resulting in process and role changes in order to absorb the impact. The pressure to change services due to constrained financial resources being available is bringing with it new challenges and risks that need to be managed.

2.9 The Internal Audit approach is informed by this risk, and an inherent prioritisation is given to providing assurance on core financial systems and areas of governance ahead of more localised service specific audits. The actual audits allocated are based on the application of a risk-based planning process, informed by wider sources of intelligence and assurance.

2.10 The audit plan in 2019/20 continued an approach to allocating resources to audit assurance themes across the Council. The thematic work substantially concluded within the year was as follows:

- (a) Health and Safety
- (b) Asset Management
- (c) ICT Governance in Schools
- (d) Counter-Fraud in Schools.

2.11 A limited number of adverse opinions were provided in respect of the thematic audits, with the exception of the asset management audits for which fixed assets, which met the requirement to be recorded as part of the Council's Statement of Accounts, had reasonable record keeping and oversight, but a common area for attention related to the recording and oversight of equipment and devices. Whilst there were some areas of effective inventory record keeping for these assets within individual teams, a number of directorates needed to embed a system through which asset registers are fully established to contain all relevant items, and supported by a regime for periodic monitoring, review and oversight. Management has been advised to give initial priority to portable, desirable and high value items.

2.12 At the financial year-end, a substantial level of preparation and initial analysis had been completed for the thematic audits of commissioning and procurement, which has been carried forward together with a further planned thematic audit of income and debtors, for the audit plan 2020/21.

3. SUMMARY OF WORK PERFORMED

3.1 Internal Audit, as defined in the PSIAS, encompasses the whole internal control system and is not limited to financial controls. It is defined as helping '*... an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*' The nature of audit services is as outlined in the Audit Charter and the Audit Plan documents the listing of actual audit engagements, both of which were considered and approved by the Audit Committee in meetings in January and April 2019.

3.2 A listing of the audit engagements delivered in 2019/20 is attached in **Appendix A**, whereby 113 new audit engagements were completed to at least draft output stage against an original plan of 162 audits (70%), and a further 21 draft outputs from the prior year were finalised. The audit plan is responsive to risk and, accordingly, some audits were added, deferred and cancelled during the financial year, at which point details were reported to the Audit Committee. Information on audits cancelled and deferred, and those ongoing at the financial year-end are also disclosed within Appendix A.

3.3 The audits completed in 2019/20 and the assurance levels given are shown in the table below:

Status	Number of reports	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient (major improvement needed)	Unsatisfactory	No opinion given
Draft	33	5	17	11	0	0
Final	101	4	50	12	4	31
TOTAL	134	9	67	23	4	31
	113	<i>New Audit Engagements completed</i>				
	21	<i>Finalised Audit Engagements from 2018/19</i>				

3.4 Assurance audit engagements will generally result in an audit opinion, whereas audit work of a consultation or advisory nature will not typically assign an assurance rating. The listing of assurance and consultancy audit engagements completed is included in Appendix A. It should be noted that CRSA style audits are typically shown as consultancy at the point of completion by the directorate, as the audit opinion is provided upon once sufficient in-year testing has been completed which follows the original CRSA receipt, advice and guidance to management. Details of all audits and audit opinions, together with other tasks performed and key performance indicators, are reported quarterly to the Chief Executive and Section 151 Officer and at each meeting of the Audit Committee.

3.5 The table below shows the audits completed in 2019/20, analysed over the different audit areas

Audit Area	Effective	Effective with opportunity for improvement	Insufficient (major improvement needed)	Unsatisfactory	No opinion given	TOTAL
Fundamental	3	6			6	15
Corporate Governance	1	9				10
Other Assurance		10	3		7	20
Central Transport Services			1		1	2
Economic Development	1	2	4		1	8
Education and Lifelong Learning	2	21	8	2	2	35
Governance and Legal		2				2
People and Communities	1	6			1	8
Planning, Transport & Environment		3				3
Resources	1		1			2
Social Services		4	4			8
Waste Management		3	2	2	1	8
Grants / Accounts / External Bodies		1			12	13
TOTALS	9	67	23	4	31	134

- 3.6 It can be seen in Appendix A that a number of audits have been given an audit opinion of “insufficient with major improvement needed” recognising the need for attention to achieve sound controls. Four audits were given “unsatisfactory” opinions, namely St, Peter’s R.C Primary School, Contracts in Waste Management, Fly Tipping and the Music Service income follow up review. All unsatisfactory audits are subject to a follow-up audit, and audit assurance and support targets and follows up on the highest risk areas. A further follow-up audit of Music Service Income was completed prior to the year-end and recognised an improved assurance opinion, but the need for significant improvement remained in certain areas for which progress will be monitored.
- 3.7 It should be recognised that not all of the work undertaken by the Audit team results in an audit report or action plan. Work is undertaken in areas that provide assurance on risk management and internal control, including advice and guidance (both on current issues and on system development) and interpretation of Council Regulations. **Appendix B** provides a list of work areas where a standard audit output may not be the outcome.
- 3.8 A key element of the role of Internal Audit has continued to be working with clients where systems and processes are being redesigned and reconfigured to meet changing demands. Here the auditor’s role is to provide advice and guidance for management to support them to ensure risks are properly identified and mitigated, controls are adequately considered and prioritised, and projects are delivered to scope, time and budget.
- 3.9 Towards the end of the financial year, there was a particular need for audit consultancy as management responded to the COVID-19 pandemic, for which advice and guidance was provided in particular to back-office areas to support resilience and control (such as procurement, payments, and payroll), as management responded to immediate priorities and risks. The Audit Plan for 2020/21 contains a number of consultancy audit days in anticipation of the requirement for ongoing support in this area.

Reports to the Audit Committee

- 3.10 An important role of the Audit Committee is to oversee the role and performance of the Council’s Internal Audit team. In addition, Internal Audit is required to inform the Audit Committee about the adequacy of the Council’s governance and internal control systems. The table below summarises the information the Audit Committee has received from Internal Audit during 2019/20.

Report	Purpose
Internal Audit update reports	<p>Regular summaries of the performance of Internal Audit, the audit work scheduled and completed, and the critical findings and trends.</p> <p>This has supported the Audit Committee to discharge its role in 2019/20 in overseeing:</p> <ul style="list-style-type: none"> • the work and performance of audit, and • the adequacy of council governance, risk management and internal control
Annual Audit Plan 2019/20	The work programme for 2019/20 was approved at the start of the financial year. Any changes or updates were provided for comment, observation and approval where required by the Audit Committee.
Annual Report 2018/19	Provided an overview to Audit Committee in June 2019 of the work undertaken by Internal Audit and the CAE's opinion in respect of the Council's internal control environment for 2018/19.
PSIAS Updates	<p>All actions arising from the peer assessment, which was reported to Audit Committee in March 2018 are completed.</p> <p>Committee has received regular progress updates against the further annual self-assessment by the Audit Manager. All actions from the March 2019 self-assessment were reported to Audit Committee on 10 September 2019 as complete.</p>

4. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

Requirements and Assurance (PSIAS Standard 1300)

- 4.1 Internal Audit is committed to working to the highest professional standards, and to delivering quality services that add value for senior management. The Audit Manager maintains a Quality Assurance and Improvement Programme (QAIP), which is designed to achieve high professional performance operating in accordance with PSIAS and the Code of Ethics. The QAIP is summarised in **Appendix C**, and included in the Internal Audit Charter.
- 4.2 The QAIP developed for Cardiff Council's Internal Audit Team is based on a performance management approach to delivering 'output focussed – quality controlled' audit services. The approach in Cardiff has been included in a compilation of good practice CIPFA case studies 'Leading internal audit in the public sector – principles into practice, 2019'.
- 4.3 The PSIAS provides the following outline of the QAIP:

‘A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity’s conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.’

4.4 The quality assurance and improvement programme must include both internal and external assessments, the requirements, and the review process applied by the Audit Manager are documented in the table below.

Requirements		Process of Review and Conformance
INTERNAL ASSESSMENTS	Ongoing monitoring of the performance of the internal audit activity.	<p>Each auditor has monthly monitoring, mid-audit reviews, and quality assurance reviews prior to issuing draft reports, to ensure that all audits are complete, of a high professional standard, and delivered in conformance with the PSIAS and the Code of Ethics.</p> <p>A range of performance information is reported and monitored on a balanced scorecard basis as outlined in Appendix C.</p> <p>The Audit Manager considers and reports on the performance information that makes up the QAIP in each Audit Committee Progress Report, through which any non-conformance would be disclosed.</p>
INTERNAL ASSESSMENTS	Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.	<p>At regular intervals, the Audit Manager considers and reports on the PSIAS Action Plan and progress to the Audit Committee.</p> <p>On an annual basis the Audit Manager considers the QAIP performance for the year as a whole, reflecting on the ongoing assurance framework information and outputs, and through the following annual activities:</p> <ul style="list-style-type: none"> • Completing a self-assessment against the Local Government Application Note • Reviewing performance against the CIPFA Statement on ‘The role of the Head of Internal Audit’ • Reviewing the results of the skills assessment exercise completed by all members of the Internal Audit Team, in application of the IIA Competency Framework. • Reviewing the annual Personal Reviews for all members of the Internal Audit Team. <p><i>The Audit Manager is a qualified accountant and a chartered member of the Institute of Internal Auditors.</i></p>

Requirements		Process of Review and Conformance
EXTERNAL ASSESSMENTS	Conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.	<p>The External Peer Assessment was completed by the Head of Audit from Rhondda Cynon Taf and reported to Audit Committee in March 2018.</p> <p>The Local Authority Welsh Chief Internal Auditor Group is developing a forward plan which will ensure that external assessments are delivered within the required frequency to report on ongoing conformance with the PSIAS.</p>

4.5 Through application of the QAIP, assurance can be provided of ongoing conformance with the PSIAS and application of the Code of Ethics. Following the annual review against the CIPFA Local Government Application Note, and a review of progress against the existing PSIAS Action Plan, the year-end status, is provided in **Appendix D**. The actions set in 2019/20 are considered as completed, and no further actions are considered as required.

Performance

4.6 An audit planning control database is maintained to effectively monitor work done in line with that planned. The database is used to allocate engagements, record work completed and to provide key performance information for management. Auditors are required to complete timesheets to record work undertaken, so management can continually assess productivity and progress against the Plan.

4.7 The performance for the year is reported to the Finance Management Team by the Audit Manager and discussed with the audit team. The quarterly results for 2019/20 are in the table below:

Performance Indicator	Target	Results			
		Q1	Q2	Q3	Q4
The percentage of the audit plan completed	80%*	19%	35%	49%	70%
The percentage of audit reports delivered within six weeks	85%	80%	71%	79%	86%
The average number of audit productive days per employee	170	42	86	132	169
The average number of finalised audits per FTE	12	3	6	8	11
The percentage of audit recommendations implemented within the agreed timescale	90%	52%	59%	64%	60%

- 4.8 Whilst the output and delivery for individual auditors was broadly in line with targets set, in respect of productivity and audit report delivery, the wider level of completion of the audit plan was below the target set at 70%. The largest impact on delivery of the audit plan was sickness, for which there was an increase in short term sickness cases within the team from quarter 3, and one long-term sickness case also commenced. The overall impact on allottable days for audit work was that, of the 1,990 planned allottable days to audits, 1,760 days were applied.
- 4.9 The long-term sickness case ended towards the end of January 2020. To support the auditor in their return to work, for the remainder of quarter 4 they were assigned focussed national fraud initiative (NFI) data-matching work to assist the Investigation Team to progress Council Tax Reduction cases, prior to resuming normal audit duties on 1 April 2020. The impact of the reduced resource on internal audit delivery was managed through carefully targeting the work to be delivered in quarter 4, accounting for a reduction in available audit days, and accepting managed slippage in audit delivery.
- 4.10 It should be noted that the basis for calculating the 'percentage of the Audit Plan' completed was adjusted for 2019/20. The adjustment involved excluding audit outputs which were finalised in the current year, if the original draft output was issued in the prior year. In setting the performance measure for 2019/20, it was considered that measuring performance based on draft audit outputs issued against the planned audits for the year, provided an improved separation of performance against each annual plan. Accordingly, twenty-one audits, which were finalised in 2019/20, to conclude draft outputs issued in 2018/19, were not included in current year performance indicator. The table below shows the quarterly difference in the performance outcome for 2019/20 when using the current performance indicator, compared to applying the calculation from the prior year.

Performance Indicator	2018/19 Outcome	2019/20 Target	Q1 Outcome	Q2 Outcome	Q3 Outcome	Q4 position
<u>current year calculation</u> The percentage of the Audit Plan completed	77%	80%	19%	35%	49%	70%
<u>prior year calculation basis</u> The percentage of the Audit Plan completed			27%	42%	55%	74%

- 4.11 The number of finalised audit reports per auditor was slightly below target, impacted by the availability of audit clients prior to the financial year-end as a result of the COVID-19 crisis. In respect of the wider health indicator of the percentage of audit recommendations implemented within the agreed timescale, directorate performance remains materially below the target set. One of the strengths of the recommendation tracker process, is that higher risk ('red' and 'red/amber') recommendations are

not closed down without evidence of satisfactory completion and, accordingly, a proportion of recommendations are not recognised as completed until this information has been received.

4.12 Each Directorate has their own audit link offers who have a responsibility for co-ordinating the monitoring and update of recommendations for their respective management team, and the Audit Manager has attended a Senior Management Team meeting to outline current performance and discuss reporting and update mechanisms. The full recommendation tracker is provided to the Audit Committee in each meeting, and directors are required to provide an account of their progress in addressing audit recommendations in their reports to Audit Committee on their respective internal control environments. Recommendation delivery will continue to be a prominent focus going forward.

Benchmarking

4.13 The Internal Audit team is a member of the Welsh Chief Auditors and Core Cities benchmarking groups. During the course of the year, the benchmarked performance in respect of the prior year (2018/19) was received, and reported to the Audit Committee from both groups.

4.14 The benchmarking information has provided general comfort, and is positive in respect of the overall number of audits delivered in the year, productivity, staff costs per productive day and client satisfaction, for which performance was in keeping with, or greater than, each benchmarking group. In Cardiff, the number of audits completed was higher than the Core Cities average, and considerably higher than average of the Welsh Chief Auditors, and the level of client feedback was marginally higher than the Welsh Chief Auditors, but considerably higher than the Core Cities group.

4.15 The following table provides a representation of common measures between the two groups, and Cardiff's performance compared the group average of each benchmarking group. In some instances, the basis of the benchmarking calculation was slightly different between each group, but any differences were minor and immaterial in demonstrating comparative performance.

Measures	Cardiff	Core Cities Group Average	Welsh Chief Auditors Group Average
AUDIT PLAN			
Number of Audits Planned	156	134	76
The percentage of the Audit Plan Completed	77	83	82

Measures	Cardiff	Core Cities Group Average	Welsh Chief Auditors Group Average
PRODUCTIVITY			
The percentage of Audit Productive time	80	80.2	69
CUSTOMERS			
The percentage of Client Surveys Returned	64	37	56
The percentage of returned Client Surveys rated "Satisfied" or better	98.5	99	99
COSTS			
Gross Audit Days per £1m Council Budget	3.6	2	
Productive Audit Days per £1m Council Budget	2.8	2	
Staff Costs per Productive Audit Day	£262	£290	£265

Quality Assurance Review

4.16 Each audit is subject to a qualitative review by a senior member of the team to ensure the focus on key risks was retained throughout the audit engagement, that the objectives of the audit engagement have been met in full, and that the audit has been delivered in accordance with the PSIAS and the Code of Ethics. Any report with a draft assurance rating of “unsatisfactory” or “insufficient with major improvement needed”, or any with a significant finding is referred to the Audit Manager. The Audit Manager will review all reports with the above draft assurance ratings, and will bring the report to the next Audit Management Team to gain a professional consensus on the audit opinion and priority recommendations for improvement.

4.17 Following the issue of a draft audit report, a meeting is held with the Client Manager with an opportunity for them to consider the audit findings, proposed recommended actions, the risk profile and the indicative response to be made by the service. This provides a degree of assurance that the final reported position is accurate and that any recommendations are understood.

Post Audit Assessment & Customer Feedback

4.18 A ‘Post Audit Assessment’ is carried out as part of an ongoing commitment to quality, through a reflection on the performance of the auditor at the end of each audit. The Post Audit Assessment sets out the core competencies required whilst undertaking an audit and the auditor for each assignment has to score their performance against each of these competencies. The assessment is useful in providing assurance that key competencies are evidenced throughout the audit process and as a

means of identifying training needs. Analysing the assessments helps focus individual personal reviews and provides audit management with an overview of performance at the different grades.

4.19 Following each audit, Client Managers are contacted and asked to complete a Quality Assurance Questionnaire, recognising the value placed on the feedback they provide. These questions cover four categories, and the results are used to determine areas for improvement.

4.20 During the year, 35 responses were received from the questionnaires issued. The results from the questionnaires are summarised in the table below:

	Excellent	Good	Satisfactory	Poor	TOTAL
Communication	26	8	1	0	35
Auditor Advice	16	14	5	0	35
Report	11	18	4	2	35
Performance	26	8	1	0	35
TOTALS	79	48	11	2	140

4.21 It can be seen that the feedback from the audit questionnaires is positive, which is encouraging as the nature and complexity of the assignments continues to change. The perception of the professionalism and objectivity of the Internal Audit team by audit clients continues to be high.

4.22 The questionnaires also ask Managers to indicate whether they consider that the audit process added value and 85% of respondents thought that it did. "Added value" is defined for managers as whether the audit offered ways to enhance governance, risk management and control processes, and provided relevant assurance. It can be seen that the majority of the audit clients felt that the audits undertaken were constructive and added value.

4.23 In respect of the two poor opinions, Audit Management were advised in one case that, whilst the auditor was helpful, the timing of the school audit visit was poor, being on the day of a governing body meeting, which impacted on its value for school management. In the other case, in respect of Treasury Management, the client considered that the audit focussed on compliance with regulations and guidance, and did not identify any matters not known to management. It was suggested that future audits should have a greater focus on the treasury decisions on investments and borrowing, given the assurance on strategy and policy compliance, which has been agreed with audit management.

Audit Recommendations

4.24 The extent to which audit recommendations are agreed by senior managers is used as a measure of the auditor’s performance as a high level suggests an understanding of the risks and controls within the area under review and adding value by proposing meaningful changes and cost effective changes.

4.25 The recommendations raised in audit reports are given a risk rating in line with the risk ratings in the Council’s corporate risk strategy (i.e. red, red/amber, amber/green and green) and as set out in previous paragraphs. The table below sets out the recommendations raised by the assurance level given:

Risk Rating	2019/20			2019/20	
	Recommendations made	Recommendations agreed	Recommendations being considered	Recommendations agreed & implemented in 2019/20	Recommendations implemented overall in 2019/20
Red	41	28	13	12	28
Red / amber	316	248	68	112	171
Amber / green	272	193	79	101	162
Green	59	48	11	19	26
TOTAL	688	517	171	244	387

4.26 Important as it is that audit recommendations are agreed by managers, change will only happen if the recommendations are implemented and so audit reports are monitored until all actions are closed. As in previous years, there remains a disparity between the numbers of recommendations raised to implemented over the period. The level of recommendations implemented on time is too low in schools (at 55%) and requires improvement across other areas of the Council (at 65%).

4.27 The figures show that, with audit recommendations consistently agreed, managers welcome ideas as to how governance or controls can be enhanced and it provides a degree of assurance that the auditor understands the risks for which management agree with the proposed course of action. Management need to ensure their commitment to implementing a significant proportion of recommendations on time.

4.28 The recommendations database on SharePoint is regularly analysed and details of all recommendations raised (and their status) are presented to each meeting of the Audit Committee. As at the end of March 2020, the recommendations agreed by management and actioned are shown in the table below:

Area	Recommendations Completed	Implemented in agreed timeframe	Percentage Implemented in agreed time
Schools	168	92	55%
Non-schools	219	142	65%
TOTAL	387	234	60%

Internal Audit Team Resources

4.25 As at 31st March 2019, the Internal Audit team has 12 members of staff (10.3 FTE) overseen by the Audit Manager, made up as in the table below:

Post	Number	FTE
Audit Manager	1.0	0.80 <i>(0.2 Investigations)</i>
Group Auditor	1.0	1.0
Principal Auditor	1.0	1.0
Senior Auditor	2.0	1.9
Auditor	6.0	4.4
CIPFA Trainee	1.0	1.0
Audit Assistant	1.0	1.0
TOTAL	12.0	10.3

4.26 There were no changes to staffing during the course of the year, but the availability of audit staff over the year was impacted by cases of short and long-term sickness, resulting in fewer audit days available for productive audit work than planned. From quarter three onwards, there has been an increase in the number of short-term sicknesses absences within the team, and one long-term sickness case commenced. Further information is provided in the 'performance' section of this report.

4.27 The controllable expenditure budget for the section for 2019/20 is set out in the table below:

		Budget £(000)	Actual £(000)
Employees	Employees (overall cost)	523	537
	<i>Audit Component</i>	438	435
	<i>Investigations Team Component 1. – Initial Staffing Inc. 0.2 FTE Audit Manager cost</i>	85	85
	<i>Investigation Team Component 2. - Subsequent appointment of investigator at the beginning of Q2</i>	<i>(direct budget allocated from 2020/21)</i>	17
Other	Transport	3	1
	Supplies and services	20	13
	Support Services (Controllable)	44	44
	GROSS CONTROLLABLE EXPENDITURE	590	595

Continuing Professional Development (PSIAS standard 1230)

- 4.28 Internal Audit staff have a personal responsibility to maintain and develop their competencies, so that they have the necessary skills and knowledge to undertake audits to a high standard. The audit plan for 2019/20 included a budget of 59 days for training, outside of the 60 days of study support provided to the CIPFA Trainee who is a member of the team. Staff are encouraged to update their skills, such as by attendance at relevant courses provided by the South Wales Chief Internal Auditor group, and suitable CIPFA or IIA courses when budget restrictions allow. Arrangements are also made for internal training, to update and refresh knowledge on various aspects of audit methodologies and Council procedures.
- 4.29 During 2019/20, three members of the team were being supported through a Certified Internal Auditor (CIA) qualification with the IIA. At the year-end position, one auditor has completed the qualification, one is working towards their third and final exam, and another is working towards their second exam.
- 4.30 A skills exercise is undertaken annually by each auditor as a self-assessment against the IIA Internal Audit Competency Framework, which aligns to the mandatory elements of the PSIAS, and includes a detailed assessment of a range of technical and behavioural qualities. The results informed the Personal Review process, and the year-end Audit Manager review against the Quality Assurance and Improvement Programme (Standard 1300), from which a generally strong baseline of knowledge and skills were recognised across the audit team. Areas of the IIA Professional Competencies Framework where auditors scored themselves comparatively lower, are being targeted through team training sessions to commence in quarter one 2020/21.
- 4.31 The provisions of the Council's Personal Review process are fully supported in the section, and are an integral component of the performance management process, as outlined in the section on the QAIP and information included in Appendix C.
- 4.32 As part of the 2020/21 post entry training process, expressions of interest will be sought for specialist ICT audit training within the team, which is an area where the team would benefit from a lead specialist.

Experience and qualifications

- 4.33 Members of the section hold various qualifications appropriate to their work, including CIPFA, IIA and AAT. The majority of staff in the Internal Audit team have over 10 years' experience in audit.

5. CONCLUSION

- 5.1 The Audit Team has delivered a thorough review of the Council's internal control environment. Since quarter three this year, there has been a material reduction in the available audit resource due in particular to sickness, but also due to wider factors such as union duties, and study support.
- 5.2 The Audit Management team has responded, through reprioritising audits in each quarter with close attention to audit coverage and risk. A decision was also made to support wider service delivery, and to reallocate the responsibilities of an auditor in quarter four to support important NFI work for the Investigation Team, which also assisted their return to the workplace after a period of sickness, through providing more routine and focussed initial activities.
- 5.3 The team has delivered strong performance and progress overall, showing good resilience. In a wider context, the last benchmarking exercise from the Welsh Chief Auditors and Core UK Cities has shown that audit output in Cardiff was greater than the average for each local authority group. In Cardiff, the number of audits completed in the 2018/19 (120 audits), was higher than the Core Cities average (111 audits), and considerably higher than average of the Welsh Chief Auditors (62 audits). One hundred and thirteen new audit engagements were completed in 2019/20, which will be subject to future benchmarking for ongoing assurance.
- 5.4 There is continued evidence that clients value the audit service through the feedback received. Adverse audit findings and opinions are still limited to a small number of areas, but the team will remain vigilant moving into next year in testing the design and application of the governance and controls necessary to deliver a sound control environment.
- 1.13 At the financial year-end, and the onset of the COVID-19 pandemic, Internal Audit provided initial consultancy services to support resilience and the maintenance of an effective control environment as systems were developed or adapted in response to the crisis. Given the timing of the COVID-19 pandemic, there was limited overall impact on the Council's control environment for the 2019/20 financial year overall. Significant audit attention will be given to providing advice and assurance on controls on core systems in respect of COVID-19 in the year ahead.
- 5.5 The outcome of the QAIP annual self-review by the Audit Manager is of conformance with the PSIAS. The actions set in 2019/20 following the last annual review are considered as completed, for which the current position is documented within the action plan in Appendix D.

Audit Reports Issued

1. Effective / Effective with opportunity for improvement

Opinion	Audit Area	Status of output (if not final)
<i>Fundamental / High</i>		
EFFECTIVE	Resources - Budgeting and forecasting 2019/20	
	Main Accounting – In Year Testing	
	Treasury Management – In-year testing	
	People and Communities - Health and Safety	
	Creditor Payments & Processing – In-year testing	
		Drafts Issued
EFFECTIVE OPPORTUNITY FOR IMPROVEMENT	Health and Safety Framework	
	Risk management arrangements	
	Housing Rents	
	Creditors	
	Payroll - In year testing	
	Payroll Overpayments	
	Local Housing Allowance	
	Information Governance	
	Ethics and values – Gifts and Hospitality	
	Risk Management Arrangements 2019/20	
	Asset Management – Governance & Legal Services	
	Governance & Legal Services – Health and Safety	
	Ethics and Values - Business and Personal Interests	
	NNDR in-year testing	
	Governance Arrangements	
	Economic Development – Health and Safety	
	Social Services – Health and Safety	
	PTE – Health and Safety	
<i>Medium</i>		
	Eastern High - Counter-fraud arrangements	

Opinion	Audit Area	Status of output (if not final)
EFFECTIVE	Willows High School - Counter-Fraud Arrangements	Drafts Issued
	Major Project Governance	
	Digital Services – Virtual Agent	
EFFECTIVE OPPORTUNITY FOR IMPROVEMENT	Atebion Solutions	
	Sickness absence processes	
	Willows High School	
	Youth Innovation Grant	
	Communities - Partnership and collaborative governance	
	Stocktake observation - Brindley Road	
	Stocktake observation - Lamby Way	
	Storey Arms	
	VFM – Agency workers, interims and consultants	
	Personal Review Process	
	Radyr High – ICT Governance	
	LLanishen High – ICT Governance	
	Fitzalan High – ICT Governance	
	Cardiff High – ICT Governance	
	Cathays High – ICT Governance	
	IT Governance	
	Cloud Computing	
	Joint Equipment Stores	
	Bulky Waste	
	Responsive Repairs	
	St. Teilo’s – ICT Governance	
	VFM – Enforcement	
	VFM – Overtime	
	Into Work Grant Streams	
Bishop of Llandaff – ICT Governance		
Stock systems (Vectec)		
Building Control		

Opinion	Audit Area	Status of output (if not final)
	Bilingual Cardiff	
	Education – Commissioning of Independent Investigations	
	Music Service - expenditure review	
	St. Illtyd's RC High School	
	Insurance	
	Hawthorn Primary - Counter-fraud arrangements	
	Allensbank Primary - Counter-fraud arrangements	
	The Hollies - Counter-fraud arrangements	
	Corpus Christi - Counter-fraud arrangements	
	Regional Partnership Board	
	Identification and access management	
	Radyr Comprehensive School – Counter Fraud Arrangements	
	Ysgol Plasmawr – ICT Governance	
	Audit of Scrutiny Functions	
	Learning Disabilities	
	Kitchener Primary - Counter-fraud arrangements	
	Income collection in schools – Cardiff High School	
	Pentyrch Primary School	
	Foster Carers	
	Performance Management	
Safeguarding – follow up		
Lamby Way Stores – follow up		

II. Insufficient with major improvement needed / Unsatisfactory

	Audit Area	Status of report (if not final)	
	<i>Fundamental / High</i>		
INSUFFICIENT MAJOR IMPROVEMENT NEEDED	Direct Payments	Drafts Issued	
	Waste Management – Health and Safety		
	Education – Asset Management		
	Resources – Asset Management		
	Social Services – Asset Management		
	Economic Development – Asset Management		
	<i>Medium</i>		
INSUFFICIENT MAJOR IMPROVEMENT NEEDED	County Hall Canteen		
	Ysgol Glantaf		
	Purchasing Cards (CTS)		
	Review of Gatehouse		
	Whitchurch High School		
	ICT governance in Schools – Cantonian		
	Windsor Clive Primary School		
	Stock systems (Tranman)		
	Strategic Estates – Processes		
	Deprivation of Liberty Safeguards		
	Roath Park Primary School		
	St. Francis		
	IT inventory and asset management		Drafts Issued
	Film Unit		
	Domiciliary Care		
	Fleet Management (pool cars, grey fleet, etc.)		
Music Service Income – Follow up (2)			
UNSATISFACTORY	St. Peter’s R.C. Primary School		
	Music Service – income review follow up (1)		
	Contracts in Waste Management		
	Fly Tipping		

III. Other Audits and Audits with no opinion provided

Audit Area		Nature	
Grants / Accounts / External Bodies			
Joint Committees	Glamorgan Archives	Statement of Accounts Reviews / Support <i>No opinion</i>	
	Prosiect Gwyrdd		
	Port Health		
Cardiff Further Education Trust Fund y/e 2017/18		Compliance Certification <i>No opinion</i>	
Cardiff Further Education Trust Fund y/e 2018/19			
Education Improvement Grant y/e 2017/18			
Education Improvement Grant y/e 2018/19			
Norwegian Church Trust y/e 2017/18			
Norwegian Church Trust y/e 2018/19			
St. Peter's Out of School Club and Governors' Fund			
St. Peter's Private Fund			
Rumourless Cities European Grant			
No Opinion – Audit Engagements			
National Fraud Initiative 2019/20		Data Matching	
Contract guidance for schools		Consultancy Services	
Education – income processes			
Risk Based Verification			
County Hall Canteen			
Payroll - Continuity and Control			
Procure to pay - Continuity and Control			
Weighbridge – Review and Monitoring			
Stock Check Control			
Grant Payments to Businesses			
Procurement Cards			
Fleetwheel			
Payroll – CRSA			CRSA
Treasury Management – CRSA			

Audit Area	Nature
Counter-fraud in schools – CRSA	
Main Accounting – CRSA	
NNDR – CRSA	
Creditor Payments & Processing - CRSA	
Pensions and Investments – CRSA	

Status of Other Audit Reports Planned

IV. Audits ongoing at the year-end for conclusion in 2019/20

Audits ongoing at the year-end 2019/20
Planning, Transport and Environment – Asset Management
People and Communities – Asset Management
Payroll – Recruit
Payroll – In year testing
Digital Services – Hybrid Mail
FOLLOW UP - Income Procedures in School Kitchens
City Deal 2019/20

V. Audits Planned for 2019/20 which were cancelled or deferred

Audit	Action Taken
Creditor Payments In year testing (year end 2019/20)	Carry Forward audit for 2020/21
Establishment reviews	Carry Forward audit for 2020/21
Wellbeing of Future Generations	Carry Forward audit for 2020/21
Delegation and decision making	Not in draft Audit Plan 2020/21 - audit scope to be delivered through thematic audits of 'commissioning and procurement' & 'pre-contract assurance'
Cradle to Grave review - Building Maintenance Framework	Carry Forward audit for 2020/21
Cardiff Bus - governance	Carry Forward audit for 2020/21

Education SOP - Review of Band B	Carry Forward audit for 2020/21
ICT - Change and patch management controls	Carry Forward audit for 2020/21
VFM in Digital Initiatives	Carry Forward audit for 2020/21
VFM - workforce deployment	Not in draft Audit Plan 2020/21 - It is recognised that there will need to be flexibility in deployment of the workforce in 2020/21 . Scope to be partly delivered through audit of 'Payroll - Additional Payments' which will look review overtime, enhancements and allowances.
Taxation	Carry Forward audit for 2020/21
Pensions and Investments – In year testing	Carry Forward audit for 2020/21
CTS stores	Not in draft Audit Plan 2020/21 - audit scope delivered through audits of 'Tranman' and 'fleetwheel' in 2019/20
Commissioning and Procurement - Thematic audits in each Directorate	Carry Forward audit for 2020/21
Income and Debtors - Thematic audits in each Directorate	Carry Forward audit for 2020/21
Commercial waste	Carry Forward audit for 2020/21
Bereavement Services	Carry Forward audit for 2020/21
Recycling in HWRCs	Carry Forward audit for 2020/21
Trolleys	Carry Forward audit for 2020/21
FOLLOW UP - Review of contracts in Waste Management	Carry Forward audit for 2020/21
Independent Living	Carry Forward audit for 2020/21
Lettings policy in high rise accommodation	Carry Forward audit for 2020/21
Flexibilities funding (Housing)	Carry Forward audit for 2020/21
"Get me home" service	Carry Forward audit for 2020/21
Economic Development - Income collection (fees and charges)	Not in draft Audit Plan 2020/21 - audit scope to be delivered through 'income and debtors' audit
Channel View	Not in draft Audit Plan 2020/21 - audit scope included in asset management audit and within PCI audit sample, and income and debtors audits planned for 2020/21.

Stores (leasehold properties)	Not in draft Audit Plan 2020/21 - stock check observation planned for this location following 2019/20 year end.
Education and Lifelong Learning - Health and Safety	Carry Forward audit for 2020/21
Contract procedures in schools	Not in draft Audit Plan 2020/21 - Objectives to be delivered through school wider CRSA audit planned for all schools, a planned thematic school audit of commissioning and procurement, and school specific audits in 2020/21.
FOLLOW UP - St. Peter's RC Primary School	Carry Forward audit for 2020/21
FOLLOW UP - Pontprennau Primary School	Carry Forward audit for 2020/21
Resources - Health and Safety	Carry Forward audit for 2020/21
Stock Check Observations	Stock checks were deferred due to COVID-19. Subject to capacity it is intended to observe re-arranged stock takes.
ICF schemes (incl. Families First)	Carry Forward audit for 2020/21
Early help service (impact of FPOC)	Carry Forward audit for 2020/21
Children's Placements	Carry Forward audit for 2020/21
Mental Health Day Services (CRT)	Carry Forward audit for 2020/21
Sensory Services	Not in draft Audit Plan 2020/21 - audit engagements re-prioritised in discussion with Director.
Payments to Care Leavers	Carry Forward audit for 2020/21
Child Health and Disabilities	Carry Forward audit for 2020/21
Home Care (mobile scheduling)	Not in draft Audit Plan 2020/21 - to allow capacity for work in other areas in 2020/21.

Work Areas where a Standard Action Plan / Report is not prepared

It is important to understand that much work undertaken within Audit will not have an standard action plan / report as an outcome. The following list is not exhaustive, but shows some areas where audit time and resources have been spent during the year without necessarily producing an output.

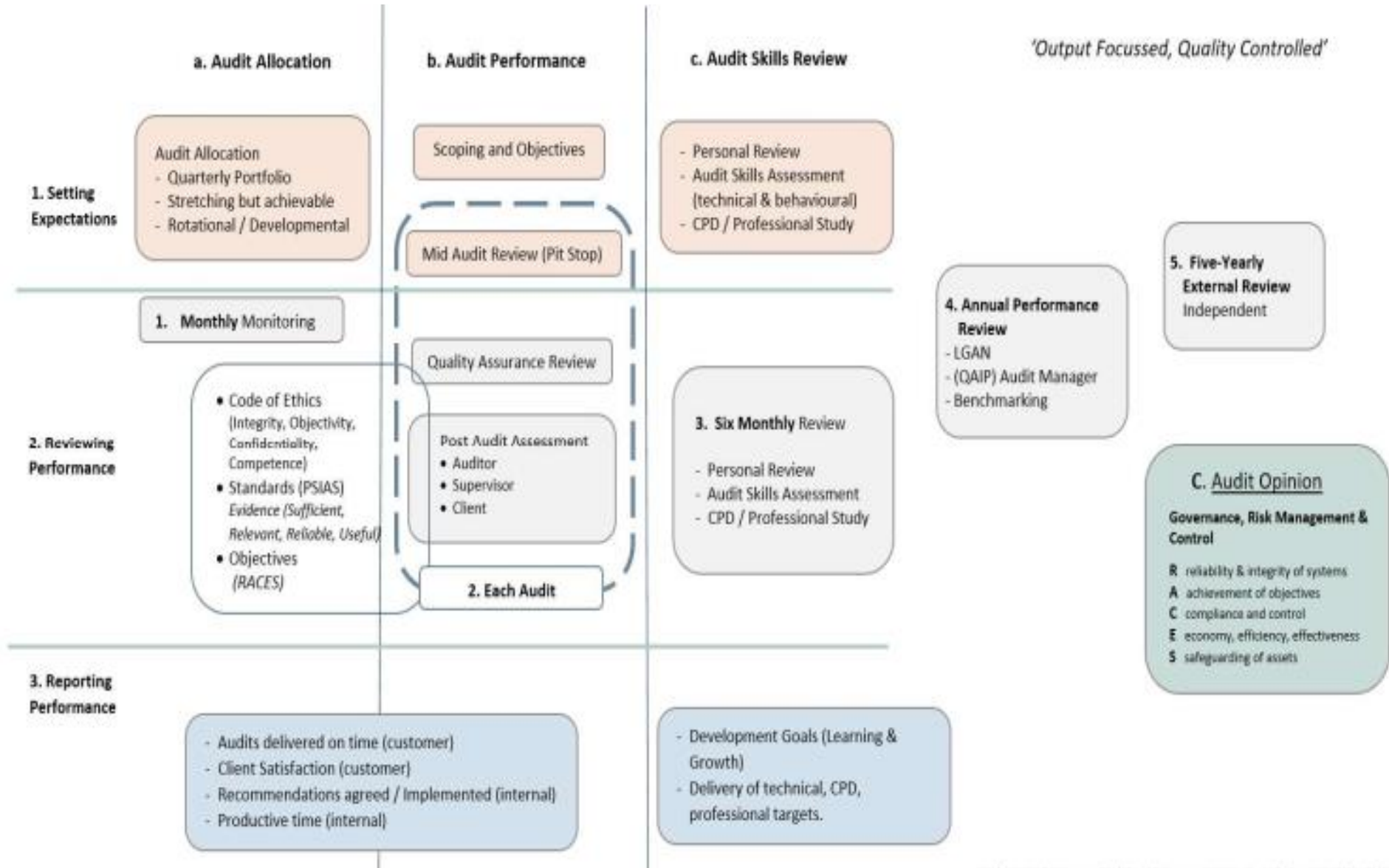
Work Area	Brief Details of Audit Involvement
Efficiency / Change and other projects	Work providing advice and guidance to a number of programmes and projects. Senior Members of the Audit Team attend meetings and working groups to input to risk assessments and system developments, especially where financial processes are involved.
Procurement and Spend	Auditors are engaged on procurement matters, attending working groups and providing input on risk management and controls. Also data gathering and challenging spend.
Grants / Account Certification	Independent certification of grant claims and accounts.
Ad hoc Requests	Enquiries and assignments.
Schools - General	Specific problems in schools have required audit attention. CRSAs have been developed to include wider areas of assurance, such as ICT governance and counter-fraud.
Directorates - general	Advice, guidance and training is provided to directorates on topics such as procurement systems and rules, DigiGOV and imprest accounts. Officers are also active members of service review groups, implementation boards, etc.
Rules and Regulations	Advice and guidance and sharing of best practice in many areas. General work around governance.
External Clients	Audit of clients' risks, systems and procedures (as per Terms of Reference). Audit of Accounts. Provision of advice due to knowledge on risk management and controls.
Imprest (Petty Cash) Accounts	Advice, guidance, training and assisting in the reconciliation process.
Audit Committee	Advice, reporting and support – including induction training, work planning.

Quality Assurance and improvement Programme – Operational Approach

The QAIP is built around a performance management approach, which involves ‘setting expectations’, ‘reviewing performance’, and ‘reporting performance’ at individual auditor and team levels. The application of these control stages are summarised as follows.

<p>1. Setting expectations - With clear expectations in place, auditors can focus on delivery.</p> <ul style="list-style-type: none"> ✓ Audit Allocation - Each auditor has a quarterly allocation of work, which is stretching but achievable. Auditors are responsible for delivering their allocation effectively and on time. ✓ Scoping and Objectives – Each auditor has clear and documented objectives for each audit engagement, that they are responsible for delivering. ✓ Audit ‘Pit Stop’ - When half of the audit time is used, a senior team member completes a short and sharp review of progress against the audit objectives. This can either result in assurance that the audit is being delivered effectively, or it leads to expectations being re-set, with actions developed for the auditor to conclude a high quality audit engagement on time. ✓ Personal Reviews – Each year delivery, training and development goals and objectives are established for each auditor, in recognition of the individual and collective skills needed to deliver the risk-based plan effectively in the current and medium term.
<p>2. Reviewing Performance - Expectations are revisited in quality assurance and control reviews.</p> <ul style="list-style-type: none"> ✓ Monitoring - Each auditor attends a monthly monitoring meeting, through which the delivery of their ‘Audit Allocation’ is reviewed, issues are identified and addressed. ✓ Quality Assurance Review - Each audit is subject to a quality assurance review by a member of the audit management team, to ensure high quality delivery in accordance with the Code of Ethics and the Standards. The review considers the quality of evidence to support the audit ‘Objectives’, and the delivery of actions resulting from the audit ‘Pit Stop’. ✓ Post Audit Assessment – Upon conclusion of each audit, the auditor, and a senior team member review the auditor’s performance against best practice technical and behavioural qualities. A client satisfaction survey is also used to identify the audit delivery and value from the client’s perspective. Any development needs are identified and progressed. ✓ Six Monthly Personal Review – Progress is measured against the objectives and targets in each Auditor’s ‘Personal Review’, taking account of the findings and outcomes from the activities in the ‘Reviewing Performance’ control stage. It can lead to new objectives, targets and support.
<p>3. Reporting Performance - A range of performance measures are used for reporting and review.</p> <ul style="list-style-type: none"> ○ Core performance measures relate to the audits delivered on time, client satisfaction, recommendations agreed / implemented, productivity and the delivery of personal objectives. ○ Performance information is regularly monitored by the Audit Manager and is considered by the Finance Management Team and the Audit Committee on a quarterly basis. ○ On an annual basis, the Audit Manager reviews and reports on the application and findings of the performance management Framework that underpins the QAIP to the Audit Committee. An external assessment of conformance with the PSIAS is completed and reported at least every five years.

Quality Assurance and Improvement Programme – Operational Approach (Diagram)



PSIAS Action Plan Position 31 March 2020

Completed and Closed Actions

Tudalen 52

REF	SELF-ASSESSMENT QUESTION	FINDINGS	ACTION	RISK RATING	POSITION	OFFICER	ACTION DATE	YEAR END POSITION
1.	<p>Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of:</p> <ul style="list-style-type: none"> • How the audit service will be delivered? • How the internal audit service will be developed in accordance with the internal audit charter? • How the internal audit service links to organisational objectives and priorities? 	<p>A strategic statement was included in the covering report to the draft audit plan for 2019/20 for Audit Committee.</p> <p>The self-assessed view is that a focussed Audit Strategy should be created to set out this information clearly, linked to the Audit Plan and Charter.</p>	<p>An Audit Strategy should be developed to set out:</p> <ul style="list-style-type: none"> • How the audit service will be delivered? • How the internal audit service will be developed in accordance with the internal audit charter? • How the internal audit service links to organisational objectives and priorities? 	Green	An Audit Strategy has been developed which will be reported to the Audit Committee in its meeting of 25 June 2019.	Audit Manager	25 June 2019	<p>Completed.</p> <p>The Audit Strategy has been adopted, and discussed with the Chief Executive and Directors.</p> <p>The Audit Strategy was presented to the Audit Committee on 25 June 2019.</p>

2.	<p>Do internal auditors consider the following in planning an engagement, and is this documented:</p> <ul style="list-style-type: none"> • The objectives of the activity being reviewed? • The means by which the activity controls its performance? • The significant risks to the activity being audited? • The activity's resources? • The activity's operations? • The means by which the potential impact of risk is kept to an acceptable level? • The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant 	<p>There are robust processes in place as part of audit planning in order to properly consider and reflect on each of the following areas as part of any audit engagement.</p> <p>Whilst this information is considered in all audits, it is considered that the team would benefit from the introduction of a pro forma document in which all of the required information is consistently documented.</p>	<p>An audit planning assessment form is to be developed and introduced to ensure consistent recording of all planning considerations and preliminary risk assessments.</p>	Green	<p>An audit planning document has been developed and communicated with the team. Application to commence towards the end of quarter 1 2019/20.</p>	<p>Audit Manager</p>	<p>1 June 2019</p>	<p>Completed.</p> <p>An Audit planning Pro forma has been developed and was introduced in July 2019 to record the preliminary risk assessment for each audit.</p>
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	<p>framework or model?</p> <ul style="list-style-type: none"> The opportunities for making significant improvements to the activity's governance, risk management and control processes? 							
3	<p>Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?</p>	<p>The audit plan does not set this out specifically, but consideration is taken of issues raised by Scrutiny Committees and any national risks that may impact upon the Council. These are reported regularly to Audit Committee for consideration either for inclusion within the current year plan or a future year's plan.</p>	<p>Although comment is already made in the progress reports to Audit Committee, Management should consider including information on consideration of local and national issues in the committee reports on the development of the audit plan for the following year.</p>	<p>Green</p>	<p>Ongoing</p> <p>Assurance Mapping has been further progressed in the development of the 2019/20 audit plan and communicated to the Audit Committee to show all the primary assessment of risks and assurances in prioritising areas for audit.</p> <p>The Audit Plan for 2019/20 includes a range of local and national issues, ranging from local safeguarding, procurement and Council Scrutiny assurances, to wider issues such as the Wellbeing of Future Generations and Welsh</p>	<p>Audit Manager</p>	<p>Refine presentation of audit plan by end of Q2 19/20</p>	<p>Completed.</p> <p>Within the Audit Plan (Appendix B to the Audit Progress Report), it is being recorded against relevant audits where the audit is considering / addressing a national issue.</p>

					Language Standards compliance.			
					This action will remain open whilst the means of capturing this context in the audit plan is further developed.			

Mae'r dudalen hon yn wag yn fwriadol



INTERNAL AUDIT CHARTER AND AUDIT PLAN 2020/21**REPORT OF AUDIT MANAGER****AGENDA ITEM: 5.2**

Reason

1. The Terms of Reference for the Audit Committee sets out its responsibility:
 - To approve the Internal Audit Charter.
 - To approve the risk-based Internal Audit Plan, containing internal audit's resource requirements, the approach to using other sources of assurances and any work required to place reliance upon those other sources.
2. The Audit Committee has a responsibility to review its Terms of Reference annually, and under the Public Sector Internal Audit Standards (PSIAS Standard 1110 – organisational independence), is required to approve the Internal Audit Charter and the risk-based Internal Audit Plan.
3. This report is provided to enable the Audit Committee to formally approve the Audit Charter, its Terms of Reference and the Audit Plan for 2020/21. This follows a consultation process, through which the documents were indicatively agreed outside of a formal Committee meeting, as set out in the following paragraphs.

Background

4. At its meeting on 21 January 2020, the Draft Internal Audit Charter and Summary Audit Plan 2020/21 were presented for Audit Committee to consider and provide comments. Accompanying the Charter is the Audit Committee Terms of Reference.
5. The Audit Plan 2020/21 was further developed until March 2020, through engagement with senior management in directorates and through applying a risk-based methodology, as outlined in the attached Audit Committee Briefing Report.
6. The Audit Committee meeting scheduled for 24 March 2020 was cancelled in consideration of business necessity and the COVID-19 risk. An arrangement was made for a full Audit Committee consultation on the Draft Internal Audit Plan and Charter for 2020/21, outside of the formal Audit Committee meeting, ahead of formal approval at its next Committee meeting.

Issues

7. The Audit Committee considered the Audit Plan and Charter 2020/21, including its Terms of Reference through a consultation process between 23 March – 3 April 2020.
8. Through the consultation process, all comments received were responded to by the Audit Manager, and the overall position was discussed and agreed with the Chair, and endorsed by the Chief Executive on behalf of the Senior Management Team.
9. The Audit Plan for 2020/21, and the Audit Committee Terms of Reference 2020/21 were considered and accepted by Audit Committee Members as proposed. The Audit Charter was also accepted following the insertion of an additional sentence in paragraph 26, as shown underlined and in bold in Annex 2, and the inclusion of the Audit Protocol in Appendix F. The Audit Protocol was formerly a separate document.
10. The Audit Committee Briefing Report which was issued to Audit Committee Members as part of the consultation process is appended to this report, as are all of the final versions of the documents for which approval is sought.
11. The Audit Plan is subject to a small number of proposed adjustments following relationship management arrangements with directors and risk register reviews during quarter 1. These changes are as follows, and are shown underlined and in bold in Annex 3
 - The scope of the audit of 'Governance Arrangements' is proposed to focus on COVID-19 related decision-making and control;
 - The 'Stores' audit is proposed to assess the temporary COVID-19 stores operating from Dominions Way, instead of reviewing parks equipment, as originally proposed;
 - An Assurance audit engagement of 'Business Grants' is proposed in order to assess compliance and control operated within the administration of business grants on behalf of Welsh Government. This audit is separate from the consultancy work that was completed by the audit team, and is for post assurance purposes.
12. The Plan as consulted on in March – April 2020, has been considered to only require a limited level of proposed update, as outlined above for the following reasons:
 - The Plan contained 100 audit consultancy days to manage the impact of COVID-19, through the provision of timely advice, guidance and support to management in implementing new systems and processes for front line delivery, and maintaining back-office resilience. The provision of these audit days has provided flexibility to respond to areas of risk and business need in respect of COVID-19 consultancy. The areas where audit consultation has been provided are included in the progress report (agenda item 5.3);
 - The Plan is mapped to business objectives, and key systems, whilst being informed by risk, governance and assurance assessments. The more immediate Council objectives and risks as a result of the crisis, are informing the prioritisation of audits, their scope and approach. Following engagement with directors and reviews of risk in quarter 1 2020/21, the Plan is considered as relevant to current priorities and risks.
13. Whilst set on an annual basis, the Audit Plan is adaptable and responsive and will be subject to ongoing risk assessment, prioritisation and review throughout the year to maximise assurance and management support. In-year changes may be introduced where appropriate, to respond to emerging risks and issues as the year progresses.

14. The proportion of the Plan which can be delivered in 2020/21 will be materially lower than in 2019/20, for which details are provided in the audit progress report as part of agenda item 5.3. Audits will be allocated on a basis that provides the greatest assurance and value, and limits any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2020/21.

Legal Implications

15. There are no legal implications arising from this proposal.

Financial Implications

16. There are no financial implications arising from this proposal.

Recommendations

17. To formalise the agreed outcomes of the consultation, Audit Committee to:

- Approve the Internal Audit Charter and Audit Committee Terms of Reference 2020/21
- Approve the Internal Audit Plan, 2020/21

CHRIS PYKE
AUDIT MANAGER

- **Audit Committee Briefing Report - 23 March 2020**

Annex 1: Audit Strategy

Annex 2: Internal Audit Charter 2020/21

Annex 3: Internal Audit Plan 2020/21

Annex 4: Summary Assurance Map

Annex 5: Cyclical Audit Planning

Annex 6: Conclusion of Audit Plan 2019/21

Mae'r dudalen hon yn wag yn fwriadol

Audit Committee Briefing Report Draft Internal Audit Plan and Charter 2020-21

1. Background

1. The Terms of Reference for the Audit Committee sets out its responsibility:
 - To approve the Internal Audit Charter
 - To approve the risk-based Internal Audit Plan, containing internal audit's resource requirements, the approach to using other sources of assurances and any work required to place reliance upon those other sources.
2. This briefing paper has been prepared to enable the Audit Committee to consider and comment on the Draft Internal Audit Plan and Charter for 2020/21, outside of the formal Audit Committee meeting scheduled for 24 March 2020, which has been cancelled in consideration of business necessity and the COVID-19 risk.
3. The Audit Committee's function is primarily of an advisory nature, but it has a responsibility to review its Terms of Reference annually and, under the PSIAS Standard 1110 (Organisational Independence), is required to approve the Internal Audit Charter and the risk-based Internal Audit Plan. Formal approval of both the Audit Charter and the Audit Plan will take place in the next Audit Committee Meeting.
4. In the meantime, the Draft Audit Plan and Charter 2020/21 are attached to this briefing. Members are asked to consider, comment, and request any further information or details from the Audit Manager as necessary, until the period ending Friday 3 April 2020. The final section of this report (Actions) outlines the approach to accounting for Audit Committee comments, and achieving endorsement from the Senior Management Team ahead of formal Audit Committee approval in due course.
5. Members considered the Draft Audit Charter, accompanied by the Audit Committee Terms of Reference in the meeting on 21 January 2020. There have been no subsequent changes to the Charter and Terms of Reference.
6. In its January meeting, Audit Committee also considered the summary Audit Plan, which has been further developed through discussions with senior management in directorates and the application of a risk-based methodology, to identify the planned activities of Internal Audit for 2020/21.
7. Also appended to this briefing is the Audit Strategy, which sets out the strategic intentions of the Internal Audit Service for planning and delivery in accordance with PSIAS Standard 2010 (Planning).

2. Issues

8. At the time of concluding preparation of the Draft Audit Plan 2020/21, it is recognised that the capacity of the audit team, and access to audit clients will be

impacted by future events. The Audit Plan has been prepared applying a standard proportion of audit resources to allotable audit days, under normal conditions.

9. Whilst the basis for preparing the Plan has remained consistent with previous years, as information becomes available on the impact on the team's capacity, a realistic target will be set for the proportion of the Audit Plan 2020/21 to be delivered. The target level of delivery of the Plan and the approach to assigning audits for delivery in 2020/21 will be communicated in the next Audit Committee meeting. Throughout the year, there will be ongoing monitoring of delivery of the Audit Plan, levels of assurance and risk by audit management. Adjustments will be made, communicated and agreed as appropriate with the Audit Committee.

Audit Strategy

10. The Internal Audit Strategy is designed to contain the strategic intentions and approach of the audit service (**Annex 1**). It aims to provide a focus for the Audit Management Team in planning and delivering audit engagements, for auditors when performing individual audit engagements, and to communicate the objectives of the Internal Audit service, beyond the definitions of roles, responsibilities and authority within the Audit Charter. The Audit Strategy was considered by Audit Committee in its meeting of 25 June 2019.
11. There are no proposed changes to the Audit Strategy for 2020/21.

Audit Charter 2020/21

12. The Internal Audit Charter set out in **Annex 2** is a formal document which establishes the Internal Audit Service's position within the organisation and the Audit Manager's functional reporting relationship with the Audit Committee. It also authorises audit access to records, personnel and physical properties relevant to the performance of engagements, and defines the scope of internal audit activities. Accompanying the Charter is the suggested terms of reference for Audit Committee.
13. The Audit Committee considered the Draft Audit Charter 2020/21 in its meeting on 21 January 2020, which contained minor proposed updates relative to the Audit Charter 2019/20. There are no further proposed changes following this meeting.

Audit Plan 2020/21

14. The approach to developing the Audit Plan was outlined to the Audit Committee in its report of 21 January 2020, at which time a summary plan and indicative allocation of audit time was provided. The Audit Plan included in **Annex 3** has taken into account a range of management and independent assurances to develop a plan of audits on a risk-based prioritisation for 2020/21.
15. Since the Audit Committee Meeting on 21 January 2020, work has been undertaken to further develop the Plan and identify the audits that will be undertaken, with the engagement of senior management. This has involved an assurance mapping process in respect of fundamental systems and core areas of governance, for which a summary is included in **Annex 4**. The same process

applies for operational audits, but this area needs to be more dynamic and responsive to the ongoing relationship management approach with senior officers of the Council. The dynamic nature of audit planning is summarised in **Annex 5**.

16. In respect of the dynamic nature of Internal Audit, Members will note that 100 days have been set aside for important service / process consultancy, at a time when the organisation has needed to invoke crisis management arrangements in order to continue to meet and deliver essential front line and back office services. Over the coming weeks and months, Internal Audit will be required to support management in working through process changes, as the workforce responds and adapts to critical service requirements, with capacity constraints. The time allocation enables Internal Audit to provide active advice and guidance across the Council, as and when required.

17. The overall approach to developing the audit plan is designed to be risk-based and co-ordinated in application of the “three lines of defence” model. The process involves the application of three basic review principles as follows:

(a) Informed Inherent Risk - The starting point is the development of an inherent audit need / risk score as a product of the nature of the potential audit area, and the results of Senior Management Assurance Statement (SMAS) responses from Directors. There are three broad audit categories, which are audited with an inherent frequency in the following priority order from highest to lowest (1) Fundamental systems, (2) Governance functions (e.g. Risk Management, Health and Safety, Performance Management etc.) and (3) Operational audits, such as a school or standard system audit.

(b) Coordination and Reliance - After considering the inherent need for an audit, the audit plan is refined to account for the level of further sources of assurance and indicators of risk, in considering and accounting for the:

- Information on risk registers;
- Planned and programmed projects, scrutiny and management activities;
- Existing levels of internal audit assurance; and
- Planned and actual work and findings from wider audit, regulatory and consultancy activities.

(c) Extensive and Appropriate Audit Coverage - In consideration of the above two stages, audits will be programmed and typically delivered through a combination of Control Risk Self Assessment (CRSA), thematic and full audit engagements. As the information sources are being developed through relationship management mechanisms in directorates, there will be a greater scope to progress the approach to co-ordination and reliance in accordance with PSIAS Standard 2050.

18. Members will be aware that the internal audit resources are allocated over a number of broad categories of work:

- (a) Fundamental audits
- (b) Corporate governance
- (c) Other assurance
- (d) Service specific.

19. Fundamental Audits relate to key financial systems, to provide the Section 151 Officer with assurance that appropriate controls are in place. The Audit Plan has been developed on the continued basis, as communicated with Audit Committee and the Council's external auditor that fundamental systems are to be audited generally on a biennial basis. However, if there are any major system or operational changes during the year when it is planned not to undertake a full audit, an audit of that system will be added to the audit plan for that year (and the change reported to a meeting of this Committee). Accordingly, it is proposed that central audits of NNDR, Treasury Management, Housing Rents and Main Accounting are not undertaken in 2020/21, as recent audits considered systems as well controlled. The audits of 'income and debtors' and 'asset management' have been arranged through a thematic audit approach in each directorate, of which most directorate asset management audits will conclude in 2019/20, and the income and debtors audits are planned within directorate audit days for 2020/21.
20. The section of the plan related to Corporate Governance includes a range of audits related to central governance, with Other Assurance covering wider matters of governance and assurance.
21. A large proportion of days has, as in previous years, been allocated to Service Specific audits. As in 2019/20, the plan proposes to allocate a significant number of days within the directorates to the audit of key themes. The key themes for 2020/21 reflect the areas that risk assurance planning has identified as areas for attention due to the level of risk and are:
- (a) Commissioning and Procurement *(carried forward from 2019/20)*
 - (b) Income and Debtors *(carried forward from 2019/20)*
 - (c) Performance Management
 - (d) Information Management
 - (e) Pre-contract Assurance.
22. Following on from the school thematic audits of ICT governance, income collection and counter-fraud in 2019/20, a full CRSA audit exercise is planned to be completed in all schools in 2020/21, followed by in-year testing. Given recent school closures, Internal Audit will continue to monitor the situation, and will consider whether these audits can commence later in the financial year.
23. The plan allows some flexibility to undertake unplanned work. Any such assignments will be reported to the Audit Committee as part of the regular progress updates.

Conclusion of Audit Plan 2019-20

24. To further inform the Audit Committee in considering the Audit Plan 2020/21, **Annex 6** contains the current position in delivering the Audit Plan 2019/20. Against each audit, the position as at 29 February 2020 is recorded with an outline of those audits targeted at that time for delivery by the financial year-end. Any targeted audit engagements not delivered by the year-end will conclude in 2020/21. A comment is also included, to outline how any audits not delivered in 2019/20 will be treated after the year-end.

3. Actions

25. Members are asked to consider, comment, and request any further information or details from the Audit Manager, as necessary until the period ending Friday 3 April 2020, in respect of the:

- Internal Audit Charter and Audit Committee Terms of Reference, 2020/21
- Internal Audit Plan, 2020/21

26. The Audit Manager will consider and respond to all requests and, upon request, a mechanism can be set up for Members to participate and raise comment with the Audit Manager collectively through a conference call.

27. The Audit Manager will provide Members with a final iteration of the above documents following this exercise. The Chief Executive will be asked to endorse the Internal Audit Charter and Internal Audit Plan 2020/21 on behalf of SMT, ahead of Committee approval in the next formal Audit Committee Meeting.

Chris Pyke
Audit Manager
23 March 2020

Annex 1: Audit Strategy

Annex 2: Internal Audit Charter 2020/21

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Annex 1

Internal Audit Strategy



This following strategic statement seeks to inform those relying on the work and assurances of the Internal Audit Team. It references, but avoids duplicating the content of core documents, namely the Internal Audit Charter (and its appendices) and the Audit Protocol.

Strategic Intentions

The Strategic intentions of the Internal Audit Service are:

- Enhance and protect organisation value through risk based and objective assurance, advice and insight
- Be recognised as a leading provider of audit and investigative services, based on achieving a high standard of professionalism and expertise in service delivery.
- Deliver audit services in accordance with the Public Sector Internal Audit Standards.
- Deliver a plan of assurance audit engagements, which are sufficient to publish an Audit Manager annual opinion on the Council's control environment.
- Deliver value by aligning the Audit Plan to the Council's strategies, objectives and risks, and through delivering robust audit assurance and support.
- Support managers to develop and maintain a culture in which fraud, bribery and corruption are understood across the organisation as unacceptable.
- Develop and maintain a strong knowledge, skills and expertise within Audit Teams.

Vision and Mission

Our purpose is to enhance and protect organisation value by providing risk based and objective assurance, advice and insight. We aim to be recognised as a leading provider of audit and investigative services, based on achieving a high standard of professionalism and expertise in service delivery.

Audit Charter

The Internal Audit Charter establishes the position of Internal Audit within the organisation, the Audit Manager's functional reporting relationship with the Audit Committee, rights of access, and the scope of our internal audit services.

It also states how we deliver audit services in accordance with the Public Sector Internal Audit Standards (PSIAS), encompassing the mandatory elements of the International Professional Practices Framework ('Definition of Internal Audit', 'Core Principles', 'Standards' and 'Code of Ethics').

The Internal Audit Plan

Purpose

A primary requirement of the Audit Team is to deliver a plan of assurance audit engagements, which are sufficient to publish an Audit Manager annual opinion on the Council's control environment, comprising governance, risk management and control. We also provide core assurance to the Section 151 Officer and the Audit Committee relevant to their respective responsibilities.

We also provide consulting or advisory services, generally at the request of Management for independent insight and guidance on areas of control during process development / change. We aim to deliver value by aligning the Audit Plan to the Council's strategies, objectives and risks, and through delivering robust audit assurance and support

The Investigation Team performs a range of proactive and reactive work in order to prevent and detect fraud. We support managers to develop and maintain a culture in which fraud, bribery and corruption are understood across the organisation as unacceptable, for which firm action is and will be taken to prevent and detect fraud loss, bring fraudsters to account quickly and efficiently, and to recover any losses.

The first line of defence is the internal control environment within each directorate, in which there needs to be a culture of accountability, a zero tolerance to fraud, supported by a robust application of controls.

Process

Our risk-based Internal Audit Plan is prepared annually and is subject to continual review throughout the year, and adjusted as necessary in response to changes in risks, programmes, systems and controls, and the work and findings of other assurance providers.

Our audit plan will align to the strategies, objectives and risks of the Council, with audit engagements prioritised for delivery through assurance mapping in application of the 'three lines of defence' model, and a process of co-ordination and reliance, to account for relevant wider sources of assurance in the timing and focus of planned audits.

We will obtain the information to develop our plan through:

- Regular engagement with the Chief Executive, Section 151 Officer and Directors.
- Audit Manager attendance at Assurance Senior Management Team meetings.
- Monitoring Council activity, strategy, risks, assurance / inspection / regulatory reports.
- Regular meetings with the Wales Audit Office to discuss and co-ordinate work.

We plan to undertake fundamental audits (of core financial systems) every other year. A fundamental audit may take place in an intervening year in response to audit intelligence / assurance. In order to continue to rely on the Council's assurance framework, we will plan to undertake an audit of Risk Management on an annual basis.

The investigation Team will gather best practice information and intelligence through networking, investigate referrals to an appropriate outcome, engage with the Wales Audit Office and Cabinet Office in undertaking data matching exercises to identify and review potential frauds and irregularities, and lead the Council's counter-fraud agenda. The Team

will offer support, advice and assistance on all matters of fraud risks including prevention, detection, money laundering, other criminal activity, deterrent measures, and policies and procedures.

Delivery

The Audit Plan will be delivered by the Council's Internal Audit Service. The Audit Manager will use the audit resources available to deliver the Audit Plan and buy-in additional resources as required, as outlined in the Audit Charter.

The Counter-Fraud Plan will be delivered by the Investigation Team, and resources will be monitored and managed in order to deliver the targets and objectives set.

The Audit Manager will inform the Audit Committee and Section 151 Officer if there are insufficient resources available to effectively deliver the Internal Audit Service.

We will follow up all audit recommendations, with client evidence required to the satisfaction of the lead auditor, for the closure of any 'red' or 'red/amber' rated recommendations.

Internal Audit Development

The quality assurance and improvement programme (QAIP) within the Audit Charter summarises our performance management approach, at individual auditor and team levels. This approach provides ongoing, annual review and 5-yearly external assessment for reporting ongoing conformance with the PSIAS.

The Audit Manager will continually monitor the knowledge skills and other attributes necessary to deliver the audit plan each year. All operational auditors will undertake a skills assessment annually and professional development and training will be allocated accordingly.

Oversight Reporting for Internal Audit Activity

In each Audit Committee Meeting, the Audit Manager will report on Internal Audit Service performance and PSIAS conformance, and will provide critical information on the progress against the Internal Audit and Investigation Team Plans, and the core findings.

An executive summary of any unsatisfactory audit reports will be provided to Audit Committee and the Portfolio Cabinet Member once the audit is finalised.

The Audit Manager will produce an Annual Report, which will principally include

- An annual opinion on the framework for governance, risk management and control
- A summary of the Internal Audit work completed from which the opinion is derived
- The results of an annual review of the performance of the Internal Audit Team against the QAIP and conformance with the PSIAS.

A separate Annual Report will be prepared for the Investigation Team, outlining the work completed, its impact, the progress against the work plan, and actions for the next year.

Chris Pyke - Audit Manager, Cardiff Council.

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Cardiff Council

DRAFT INTERNAL AUDIT CHARTER 2020/21

Mission Statement

To enhance and protect organisational value by providing risk based and objective assurance, advice and insight



Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together

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INTERNAL AUDIT CHARTER

Definition, Objective and Scope of Internal Audit

1. Internal Audit is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the organisation of Cardiff Council.
2. It assists Cardiff Council in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's full control environment in respect of risk management, control and governance processes.

Role and Professionalism

3. The internal audit activity is established by the Audit Committee. The internal audit activity's responsibilities are defined by the Audit Committee as part of their oversight role.
4. A professional, independent and objective Internal Audit service is one of the key elements of good governance in Local Government. Cardiff Council's Internal Audit Section seeks to be compliant with the Public Sector Internal Audit Standards and the Local Government Application Note (LGAN), which forms a foundation for an effective Internal Audit service and encompasses the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). Through compliance with these standards, all members of the section adhere to the Code of Ethics stipulated within the Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.
5. The Code of Ethics is set out in further detail in Appendix A and works in alignment with the Council's code of professional conduct. The internal audit activity will adhere to Cardiff Council's relevant policies and procedures, and the internal audit activity's protocol. The Core Principles through which the Internal Audit service is delivered are included in Appendix B which, taken as a whole, articulate internal audit effectiveness.

Authority

6. The internal audit activity with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out an engagement. All employees are required to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Audit Committee.

Organisation

7. The Audit Manager will report functionally to the Audit Committee and administratively to the Head of Finance (Deputy Section 151 Officer).
8. The Audit Committee will approve all reports regarding the performance evaluation of the Internal Audit function.
9. The Audit Committee will approve the internal Audit Charter, the risk based internal audit plan and receive communications from the Audit Manager on the internal audit activity's performance relative to its plan and other matters. The Audit Manager is delegated the authority to make in-year changes

to the internal audit plan and approve audit engagements of no more than 10 planned audit days without seeking approval from the Audit Committee. The Audit Manager will use the audit resources available to deliver the audit plan and buy-in additional resources as required.

10. Management will notify the Audit Manager immediately, in accordance with the Council's Financial Procedure Rules and related policies, of suspected breach, theft or loss of Council assets, and any suspected or detected fraud, corruption or impropriety.
11. The resources allocated to the Internal Audit activity are outlined in Appendix C, in conjunction with the reporting arrangements.

Independence and Objectivity

12. The internal audit activity will remain free from interference by any element in the organisation including matters of audit selection, scope, procedures, frequency, timing, or report content, to permit maintenance of a necessary, independent, and objective mental attitude.
13. The Audit Manager oversees the Investigation and Internal Audit teams. In any case where the Audit Manager has, or is expected to have, roles and / or responsibilities that fall outside of internal auditing, safeguards will be established to maintain independence and objectivity.
14. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair internal auditor's judgement.
15. Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.
16. Auditors will complete, on an annual basis, a Declaration of Interests form and submit it to the Audit Manager for review and authorisation. Any declarations will be used to ensure that there are no conflicts of interest in the audits allocated and to demonstrate transparency. The Group Auditor will not allocate audits to officers where potential conflicts have been identified.
17. The Audit Manager will confirm to the Audit Committee at least annually the organisational independence of the internal audit activity.

Responsibility

18. The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by internal audit include:
 - Consistency of operations or programmes with established objectives and goals and effective performance
 - Effectiveness and efficiency of operations and employment of resources
 - Compliance with significant policies, plans, procedures, laws and regulations

- Reliability and integrity of management and financial information processes including the means to identify, measure, classify and report such information
 - Safeguarding of assets.
19. Internal Audit is responsible for evaluating all processes of the Council, including governance processes and risk management processes. It also assists the Audit Committee in evaluating the quality of performance of external auditors and maintains a proper degree of coordination with external audit.
 20. Internal audit may perform consulting and advisory services related to governance, risk management and control, as appropriate for the Council. It may also evaluate specific operations at the request of Audit Committee or management as appropriate.
 21. When notified of suspected fraud, corruption or impropriety, the Audit Manager will take appropriate actions in line with the Council's Fraud, Bribery and Corruption Policy for the matter to be properly investigated.
 22. Based on its activity, Internal Audit is responsible for reporting significant risk exposures and control issues identified to the Audit Committee and senior management including fraud risks, governance issues and other matters needed or required.
 23. The Audit Committee has a Terms of Reference, which defines the area in which it operates, and this is set out in Appendix D. The Terms of Reference are reviewed on a periodic basis.

Internal Audit Plan

24. At least annually, the Audit Manager will submit to the Audit Committee an internal audit plan for review and approval including risk assessment criteria. The internal audit plan will include timing as well as budget and resource requirements for the next financial year. The Audit Manager will communicate the impact of resource limitations and significant interim changes to senior management and the Audit Committee.
25. The internal audit plan will be developed based on a prioritisation of all auditable areas using a risk-based methodology including input of senior management and Audit Committee. Prior to submission to the Audit Committee for approval, the plan may be discussed with appropriate senior management. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

Reporting and Monitoring

26. An audit output will be prepared and issued by the Audit Manager following the conclusion of each internal audit engagement and will be distributed as appropriate. **Internal audit results will be communicated to the Audit Committee in accordance with the Audit Protocol, and on a basis which reflects the significance of findings.**
27. The audit output may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit output or provided thereafter by management of the audited area will include

a timetable for anticipate completion of action to be taken and an explanation for any corrective action that will not be implemented.

28. The internal audit activity will be responsible for appropriate follow up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

Quality Assurance and Improvement Programme - QAIP

29. The internal audit activity will maintain a Quality Assurance and Improvement Programme that covers all aspects of the internal audit activity. The programme will include an evaluation of the internal audit activity's conformance with the Public Sector Internal Audit standards, encompassing all mandatory elements of the IPPF, including an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency of the internal audit activity and identifies opportunities for improvement.
30. The Audit Manager is responsible upholding the Audit Charter, for ongoing assurance to senior management and Audit Committee on conformance with the Code of Ethics and the Standards, and for reporting audit performance, critical findings and trends in respect of the audit plan.
31. The Audit Manager will communicate to senior management and Audit Committee on the internal audit activity's quality assurance and improvement programme, comprising the results of:
- ongoing internal quality assurance reviews,
 - annual assessments against the Local Government Application Note,
 - external assessments conducted at least every five years.
32. Action taken to ensure that the Quality Assurance and Improvement Programme is effective is set out in Appendix E.

CODE OF ETHICS

Public Sector Requirement

Internal Auditors in UK public sector organisations must conform to the Code of Ethics as set out below. If individual Internal Auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

The purpose of the Institute's Code of Ethics is to promote an ethical culture in the profession of Internal Auditing. A code of ethics is necessary and appropriate for the profession of Internal Auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

The Institute's Code of Ethics extends beyond the definition of Internal Auditing to include two essential components:

- 1. Principles that are relevant to the profession and practice of Internal Auditing;

and

- 2. Rules of Conduct that describe behaviour norms expected of Internal Auditors.

These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of Internal Auditors.

The Code of Ethics provides guidance to Internal Auditors serving others. 'Internal Auditors' refers to Institute members and those who provide Internal Auditing services within the definition of Internal Auditing.

Applicability and Enforcement

This Code of Ethics applies to both individuals and entities that provide Internal Auditing services. For Institute members, breaches of the Code of Ethics will be evaluated and administered according to the Institute's Disciplinary Procedures. The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable and, therefore, the member liable to disciplinary action.

Public Sector Interpretation

The 'Institute' here refers to the Institute of Internal Auditors. Disciplinary procedures of other professional bodies and employing organisations may apply to breaches of this Code of Ethics.

1. Integrity

Principle

The integrity of Internal Auditors establishes trust and thus provides the basis for reliance on their judgement.

Rules of Conduct

Internal Auditors:

- 1.1 Shall perform their work with honesty, diligence and responsibility.
- 1.2 Shall observe the law and make disclosures expected by the law and the profession.
- 1.3 Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of Internal Auditing or to the organisation.
- 1.4 Shall respect and contribute to the legitimate and ethical objectives of the organisation.

2. Objectivity

Principle

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.

Internal Auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests, or by others, in forming judgements.

Rules of Conduct

Internal Auditors:

- 2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- 2.2 Shall not accept anything that may impair or be presumed to impair their professional judgement.
- 2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality

Principle

Internal Auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority, unless there is a legal or professional obligation to do so.

Rules of Conduct

Internal Auditors:

- 3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

4. Competency

Principle

Internal Auditors apply the knowledge, skills and experience needed in the performance of Internal Auditing services.

Rules of Conduct

Internal Auditors:

- 4.1 Shall engage only in those services for which they have the necessary knowledge, skills and experience.
- 4.2 Shall perform Internal Auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- 4.3 Shall continually improve their proficiency, effectiveness and quality of their services.

DRAFT

CORE PRINCIPLES

FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

The Internal Audit service is delivered through application of ten Core Principles, which taken as a whole, articulate internal audit effectiveness.

The following Core Principles underpin the mission of the Internal Audit service.

'To enhance and protect organisational value by providing risk based and objective assurance, advice and insight'.

1. Demonstrates integrity
2. Demonstrates competence and due professional care
3. Is objective and free from undue influence (independent)
4. Aligns with the strategies, objectives, and risks of the organisation
5. Is appropriately positioned and adequately resourced
6. Demonstrates quality and continuous improvement
7. Communicates effectively
8. Provides risk-based assurance
9. Is insightful, proactive, and future-focused
10. Promotes organisational improvement

AUDIT ACTIVITY & RESOURCES

Resources

1. **Audit Manager** -1 FTE - responsible for leading and managing the audit and investigation teams in delivering their roles, as set out within the Public Sector Internal Audit Standards (PSIAS), and other professional Codes of Practice.
2. **Audit Team** - 10.28 FTE - who undertake system based audits, financial audits, provide advice and guidance to clients on a wide range of matters, and undertake work around efficiency and value for money.
3. **Investigation Team** - 2.5 FTE - dedicated to the prevention, detection and investigation of suspected fraud or financial impropriety.
4. All audit staff are required to maintain the highest standards of professional practice, and comply with professional Codes of Practice. The Public Sector Internal Audit Standards are followed in all aspects of work undertaken.
5. For the purpose of the Public Sector Internal Audit Standards, the Audit Committee acts as the “Board”, members of the Senior Management Team represent ‘Senior Management’, and the Corporate Director of Resources & Section 151 Officer is the Senior Manager overseeing the Internal Audit Function. The Audit Manager is the Chief Audit Executive.
6. All auditors and investigators are suitably qualified and collectively offer a wide range of skills, experience and knowledge. In the Audit team, there are three qualified Accountants, one Chartered Internal Auditor, one Certified Internal Auditor and most other auditors are qualified Accounting Technicians, with two studying for the Certified Internal Auditor qualification. The Investigation team is led by a Group Auditor who has the CIPFA Certificate in Investigative Practice, and investigators are professionally trained.
7. Ongoing development and training of auditors is fundamental to the delivery of an effective and professional Audit service. The Council’s Personal Review Scheme is fully adopted within Audit where all members of the team assess themselves against the skills required for their respective roles. This assists in the identification of team and individual development and training opportunities within a robust performance management framework.

AUDIT COMMITTEE**TERMS OF REFERENCE**Statement of Purpose

- Our Audit Committee is a key component of Cardiff Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- The purpose of our Audit Committee is to provide independent assurance to the members of Cardiff Council, and its wider citizens and stakeholders, on the adequacy of the risk management framework and the internal control environment. It provides an independent review of Cardiff Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk & Control

- To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and consider annual governance reports and assurances.
- To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider the Council's framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.
- To monitor the effective development and operation of risk management in the Council.
- To monitor progress in addressing risk-related issues reported to the Committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- To monitor the Counter-fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal Audit

- To approve the Internal Audit Charter.
- To review proposals in relation to the appointment of external providers of internal audit services and to make recommendations.

- To approve the risk-based internal audit plan, containing internal audit's resource requirements, the approach to using other sources of assurances and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the audit manager to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Audit Manager. To approve and periodically review safeguards to limit such impairments.
- To consider reports from the Audit Manager on Internal Audit's performance during the year including the performance of external providers of internal audit services. These will include:
 - Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - Regular reports on the results of the Quality Assurance and Improvement Programme (QAIP)
 - Reports on instances where the internal audit function does not conform to the PSIAS and Local Government Application Note (LGAN) considering whether the non- conformance is significant enough that it must be included in the Annual Governance Statement.
- To consider the Audit Manager's annual report:
 - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit
 - The opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control together with a summary of the work supporting the opinion – these will assist the Committee in reviewing the Annual Governance Statement.
- To consider summaries of specific internal audit reports as requested.
- To receive reports outlining the action taken where the Audit Manager has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To contribute to the Quality Assurance and Improvement Programme and in particular the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
- To provide free and unfettered access to the Audit Committee Chair for the Audit Manager, including the opportunity for a private meeting with the Committee.

External Audit

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditors.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To commission work from internal and external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspector agencies or relevant bodies.

Financial Reporting

- To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- To seek assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.

Accountability Arrangements

- To report to Council on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
- To report to Council on an annual basis and to publish an annual report on the Committee's work, its performance in relation to the Terms of Reference, and its effectiveness in meeting its purpose.
- To raise the profile of probity generally within the Council and to report on matters of concern to the individual Cabinet Member, relevant Scrutiny Committee, Cabinet or to Council as necessary and appropriate.
- To work in synergy with the five Scrutiny Committees of the Council and liaise with other Council Committees as and when appropriate to avoid duplication in work programmes.

Training & Development

- To attend relevant training sessions in accordance with the Member Development Programme including specialist training tailored for Members of the Audit Committee e.g. Treasury Management.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP)

A Quality Assurance and Improvement Programme (standard 1300) is designed to enable an evaluation of the Internal Audit section's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics.

The programme also assesses the efficiency and effectiveness of the internal audit activity and is used to identify and deliver opportunities for improvement.

Key principles of the QAIP:

- The Audit Manager has established a system of ongoing monitoring of conformance with the standards and the Code of Ethics as part of each audit engagement, and a system of periodic review and reporting.
- Regular periodic reports and an Annual Internal Audit Report are presented to the Section 151 Officer and to Audit Committee.
- There is a commitment to undergoing an external inspection on conformance to PSIAS every five years.

To support the delivery of an efficient and effective service:

- Each Directorate has a relationship manager with whom they hold regular meetings to discuss risks and emerging issues, progress against and development of the audit plan, and audit outcomes and feedback.
- The Audit Manager has regular contact with the Audit Committee Chair, the Wales Audit Office, Senior Managers including the Chief Executive and the Section 151 Officer, and peers within Welsh Local Authorities and the Core UK Cities.
- Benchmarking exercises are undertaken in order to assess performance against other comparable organisations and report on significant variances, with action plans developed and implemented where appropriate.
- Annual personal reviews include auditor assessments against a skills and competency framework, leading to development goals and targets.
- Quality assurance is delivered through monitoring and review processes at key stages within the audit, to ensure all relevant Codes of Practice and Standards are adhered to.
- All Auditors are required to comply with the Code of Ethics, any other professional standards for the associations to which they belong and the Council's Codes of Conduct.

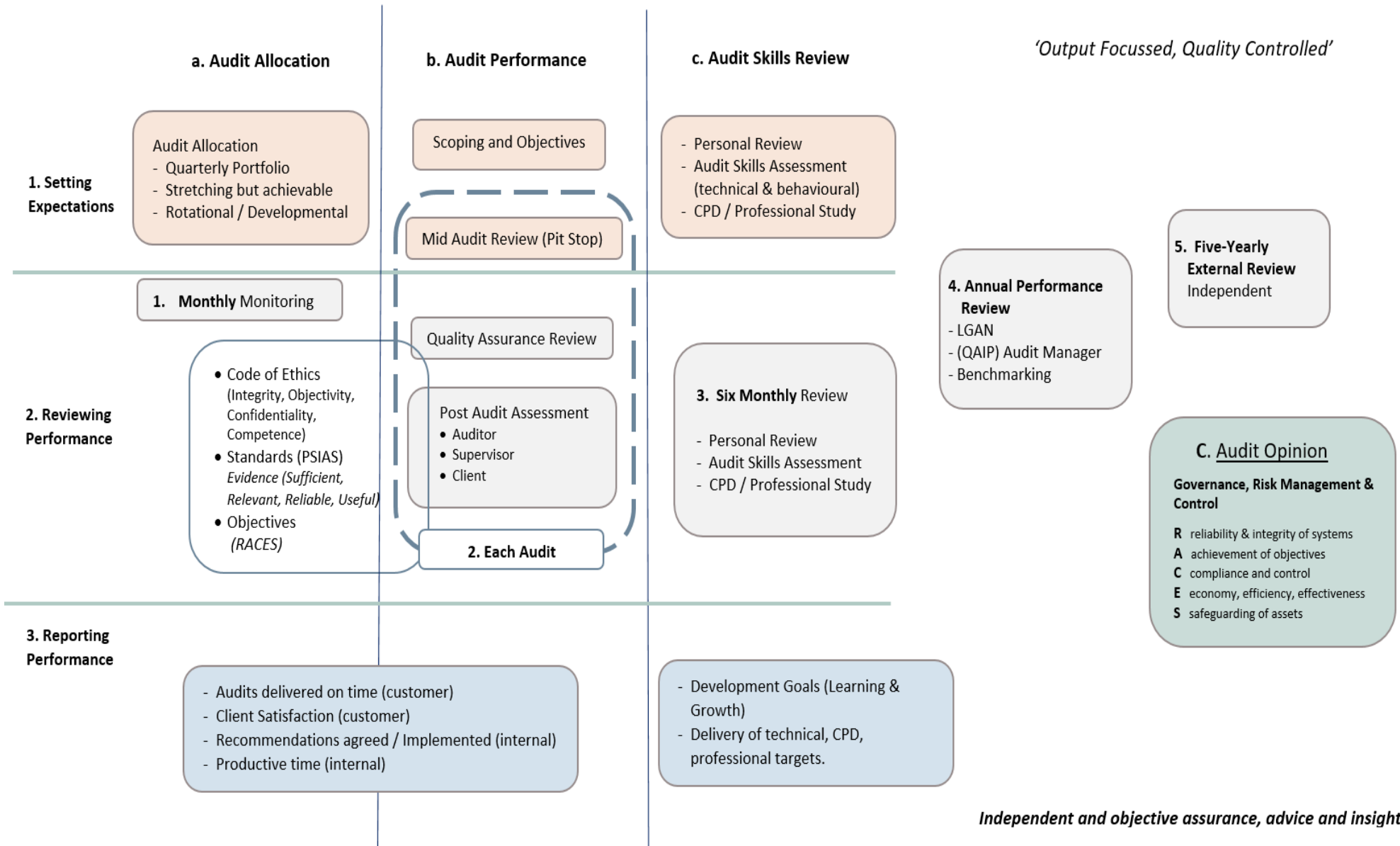
QAIP - OPERATIONAL APPROACH

The QAIP is built around a performance management approach, which involves 'setting expectations', 'reviewing performance', and 'reporting performance' at individual auditor and team levels. The application of these control stages are summarised as follows.

1. Setting expectations - With clear expectations in place, auditors can focus on delivery.
<ul style="list-style-type: none">✓ Audit Allocation - Each auditor has a quarterly allocation of work, which is stretching but achievable. Auditors are responsible for delivering their allocation effectively and on time.✓ Scoping and Objectives – Each auditor has clear and documented objectives for each audit engagement, that they are responsible for delivering.✓ Audit 'Pit Stop' - When half of the audit time is used, a senior team member completes a short and sharp review of progress against the audit objectives. This can either result in assurance that the audit is being delivered effectively, or it leads to expectations being re-set, with actions developed for the auditor to conclude a high quality audit engagement on time.✓ Personal Reviews – Each year delivery, training and development goals and objectives are established for each auditor, in recognition of the individual and collective skills needed to deliver the risk-based plan effectively in the current and medium term.
2. Reviewing Performance - Expectations are revisited in quality assurance and control reviews.
<ul style="list-style-type: none">✓ Monitoring - Each auditor attends a monthly monitoring meeting, through which the delivery of their 'Audit Allocation' is reviewed, issues are identified and addressed.✓ Quality Assurance Review - Each audit is subject to a quality assurance review by a member of the audit management team, to ensure high quality delivery in accordance with the Code of Ethics and the Standards. The review considers the quality of evidence to support the audit 'Objectives', and the delivery of actions resulting from the audit 'Pit Stop'.✓ Post Audit Assessment – Upon conclusion of each audit, the auditor, and a senior team member review the auditor's performance against best practice technical and behavioural qualities. A client satisfaction survey is also used to identify the audit delivery and value from the client's perspective. Any development needs are identified and progressed.✓ Six Monthly Personal Review – Progress is measured against the objectives and targets in each Auditor's 'Personal Review', taking account of the findings and outcomes from the activities in the 'Reviewing Performance' control stage. It can lead to new objectives, targets and support.
3. Reporting Performance - A range of performance measures are used for reporting and review.
<ul style="list-style-type: none">○ Core performance measures relate to the audits delivered on time, client satisfaction, recommendations agreed / implemented, productivity and the delivery of personal objectives.○ Performance information is regularly monitored by the Audit Manager and is considered by the Finance Management Team and the Audit Committee on a quarterly basis.○ On an annual basis, the Audit Manager reviews and reports on the application and findings of the performance management Framework that underpins the QAIP to the Audit Committee. An external assessment of conformance with the PSIAS is completed and reported at least every five years.

QAIP – OPERATIONAL APPROACH (DIAGRAM)

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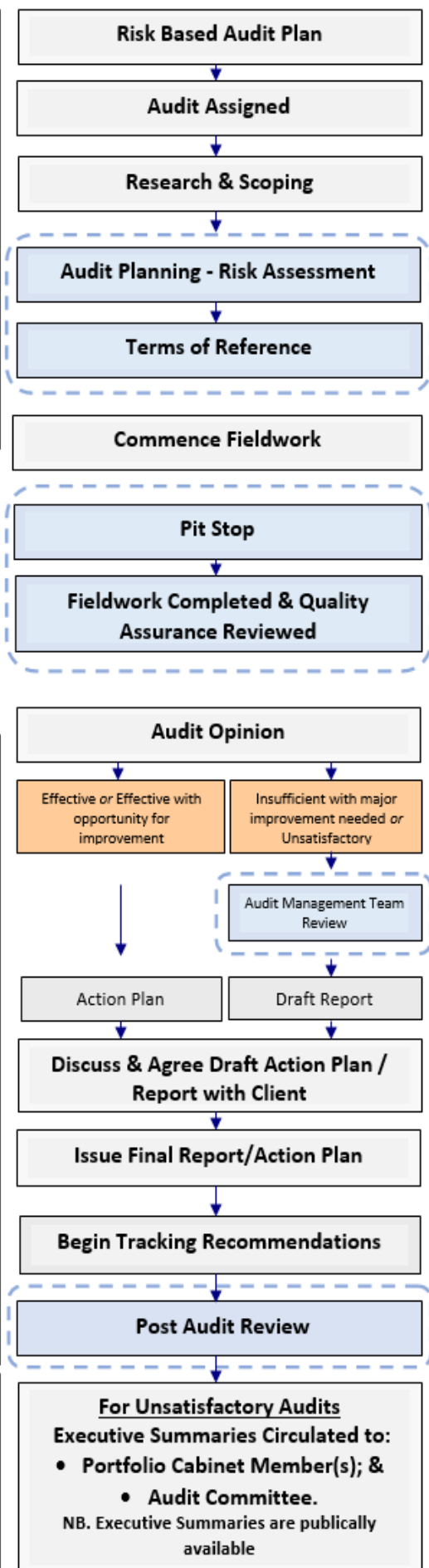
The Audit Protocol provides an outline of the audit process from planning to reporting.

PLANNING
 The Audit Plan sets the proposed audit coverage, based on a risk assessment. The plan is approved by Audit Committee and shared with Directors.
 Auditors are allocated audit engagements from the plan. They research the audit area and meet the client to understand relevant strategies, objectives and risks. A risk assessment informs the audit objectives and approach.
Control Stage 1 (Audit Planning) – The risk assessment is reviewed by a member of the audit management team, and used to develop the audit terms of reference (TOR)
 The TOR is issued: it sets out the area/s under review, the objectives, approach and records required. The TOR is sent to the relevant management (Line Management, OM (and Director, where appropriate)). The audit fieldwork will commence as set out in the TOR.
 NB – For consultancy services, the guidance / support is planned with management directly, with the objectives documented for significant engagements. There will be regular dialogue with the reviewing manager throughout the audit, but only formal control stage 4 will apply (Post Audit Review).

FIELDWORK
 Audit visits are normally pre-arranged to help minimise disruption. Any significant issues will be raised as soon as they are identified. The main findings will be discussed at the end of the visit or shortly afterwards.
Control Stage 2 (Audit Fieldwork) – An audit ‘pit-stop’ is held with the senior team member mid-way through the audit as a quality assurance and progress check. A full quality assurance review is completed once fieldwork is completed and the draft audit opinion, output and recommendations are prepared.
 Once fieldwork completed and a review undertaken, a decision will be made whether to issue a formal Report or an Action Plan depending on the overall ‘Audit Opinion’

REPORTING
 The audit output prepared depends on the audit opinion:
 o An Action Plan – For Effective or Effective with Opportunity for Improvement audit opinions (where recommendations are raised);
 o A Report and Action Plan – for Insufficient with Major Improvement or Unsatisfactory audit opinions.
Control Stage 3 (Audit Reporting) – Where the audit opinion is Insufficient with Major Improvement or Unsatisfactory, the draft report will be considered by the Audit Management Team prior to being issued.
 Draft Reports / Action Plans are discussed with Client Manager and comments considered in any Final Report / Action Plan. Management responses to audit recommendations are recorded in the Action Plan.
 Final report or Action Plan issued to the Director, OM/Line Manager and an opportunity to discuss the report or provide comments is provided. Any recommendations not agreed are referred to the Director for consideration.
Control Stage 4 (Post Audit Review) – Upon conclusion of each audit, the auditor, and a senior team member review the auditor’s performance. A client satisfaction survey is used to identify the audit delivery and value from the client’s perspective. Development needs are progressed.
 The Audit Manager reports the summary findings of Insufficient and Unsatisfactory reports to the Chief Executive and the Audit Committee. For all Unsatisfactory reports, an Executive Summary is prepared, discussed with the Chief Executive and Section 151 Officer, and reported to the relevant Portfolio Cabinet Member(s) and the Audit Committee.

RESPONSE
 Recommendations are added to the ‘Recommendation Tracker’ in SharePoint, through which management provide progress updates and, for ‘red’ or ‘red/amber’ actions, also submit evidence of delivery. The recommendation tracker is reported to each Audit Committee meeting, and discussed in Director Relationship Manager Meetings.
 All Unsatisfactory Audit Opinion Reports will be scheduled for an audit follow-up six months after the audit conclusion.



DRAFT AUDIT PLAN, 2020/21

Audit Category	Risk	Engagement Type	Original Audit Plan	Assignment	Days	Audit Scope	National Issue	
Fundamental Audits - S151 Assurance								
Purchasing and Payments	High	Assurance	55	Creditor payments - year end 2019/20	25	Purchases and Payments are compliant, authorised, accurate and timely.		
				CRSA 2020/21	5			
				In year testing (Mid Year 2020/21)	25			
Payroll			60	Establishment reviews	15	Recruitment processes are transparent and robust, only bona fide, authorised and accurate payments are made, with effective prevention, detection and recovery of errors		
				CRSA 2020/21	5			
				In year testing 2019/20	5			
				Payroll - Recruit cf	0			
				In year testing 2020/21	15			
				Additional Payments (payroll & allowances)	20	Bona fide, effective, efficient and accurate additional payments		
Council Tax			20	Council Tax	20	Compliance and control, with effective and efficient processes.		
NNDR								
HB / LHA/ CTRS	High	Assurance	20	Housing Benefit / Local Housing Allowances / Council Tax Reduction Scheme	20	Effective controls to ensure accurate processing of bona fide claims		
Treasury Management								
Main Accounting								
Income and Debtors								
Asset Management								
Housing Rents								
Total			155		155			
Corporate Governance Assurance - Audit								
			Original audit plan	Assignment	Days			
Audit of risk management arrangements	High	Assurance	20	Programme and Project Risk Management	10	Risk management arrangements are effective and operated consistently		
				Directorate Risk Management	10			
Audit of governance arrangements		Assurance	20	Governance arrangements	20	Audit of the application of good governance arrangements in COVID-19 Decision making and control		
Audit of scrutiny functions								
Audit of ethics and values	High	Assurance	20	Complaints & Compliments	10	Policy alignment to organisational values, with appropriate disclosures made.		
				Codes of Conduct	10			
Audit of Wellbeing of Future Generations		Assurance	20	Wellbeing of Future Generations	20	Effective application of Wellbeing of Future Generations requirements.		y
Audit of performance management								
Audit of Health and Safety								
Audit of Information governance								
Total			80		80			
Digital Services			0	Digital Services - Hybrid Mail cf	0	Project management arrangements are operating effectively, as per corporate requirements.		
Delegation and decision making								
Programme and Projects	Medium	Assurance	20	Programme and Project Governance	20	Effective, clear and consistent project governance arrangements.		
Total			20		20			
Other Assurance								
			Original audit plan	Assignment	Days			
Contract Audit	Medium	Assurance	40	Cradle to Grave Audit	20	Effective contract compliance, control and delivery of objectives		

				Contract Monitoring & Management	20		
Cardiff Bus - governance		Assurance	10	Cardiff Bus - governance	10	Section 151 Assurance on governance arrangements	
Education - SOP	Medium	Assurance	15	Education - SOP Review of Band B	15	Delivery of objectives, with effective compliance and control	
ICT Audit	High	Assurance	50	Change and patch management controls	15	Effective co-ordination, risk management and control.	
				Payment Card Industry (chip and pin devices)	15	Effective compliance and control.	
				IT Business Continuity	20	Effective co-ordination, risk management and control.	
Value for Money studies	Medium	Assurance	30	VFM in Digital Initiatives	15	Assurance on value for money in digital initiatives	
				VFM in use of Council vehicles	15	Value for money in use of Council vehicles	
Taxation (incl. VAT)		Assurance	20	Taxation	20	Effective compliance and control.	
System Development		TBC	30	System Development	30	Consultation or assurance services, as relevant.	
National Fraud Initiative		Assurance	0	National Fraud Initiative cf	0	Data matching counter-fraud exercise.	
Pensions and Investments	High	Assurance	0	Pensions and Investment In year testing CF	0	Effective compliance and control.	
Insurance	High	Assurance	15	Insurance	15		
Health and safety							
Mileage & subsistence	High	Assurance	15	Mileage & subsistence	15	Accurate claiming and authorisation for reasonable expenditure.	
Fleet Management (pool cars, grey fleet, etc.)							
Procurement							
Stores	Medium	Assurance	10	Parks Equipment Donimions Way Temporary Stores	10	Effective and efficient stores management, and stock / equipment control	
Business Continuity	High	Assurance	20	Business Continuity & Incident Management	20	Effective business recovery and incident management systems.	y
Members' allowances	Medium	Assurance	15	Members' Allowances	15	Effective governance and management of Members' allowances	
Business Grants - Assurance	High	Assurance	0	Business Grants - Assurance	12	Effective compliance and control in administering Business Grants	
TBA		Assurance	12	TBA	0	TBA	
Total			282		282		
Service specific audits			Original audit plan	Assignment	Days		
Service / Process Consultancy	High	Consultancy	100	Provision of Service / Process Consultancy	100	Consultancy support across the Council as services adapt and respond to the service demands of COVID-19	
Planning, Transportation and Environment	High	Assurance	80	Asset Management cf	0	Effective Directorate recording, monitoring, management and control of physical assets	
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control	
				Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.	
				Performance Management	15	Performance management arrangements are effective, and operated consistently.	
				Information Management	15	Controlled, effective and compliant information management practices.	
				Pre-Contract Assurance	10	Relevant compliance and due diligence checks are undertaken	
	Medium			Bereavement Services	10	Compliance and control in Bereavement Services	
People and Communities	High	Assurance	150	Asset Management cf	0	Effective Directorate recording, monitoring, management and control of physical assets	
				Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.	
				Performance Management	15	Performance management arrangements are effective, and operated consistently.	
				Commissioning and Procurement	15		
				Information Management	15	Controlled, effective and compliant information management practices.	

	Medium			Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken
				Flexible Funding in Housing	10	Delivery of service objectives with effective compliance and control.
				Get me home service	15	
				Independent Living	10	
				Lettings policy in high rise accommodation	10	
				ICF schemes (incl. Families First)	10	
				Risk Based Verification	10	
				Libraries	10	
People and Communities (Waste Management)	Medium	Consultancy	100	Waste Management Consultancy	15	
				Assurance	Asset Management of	0
				FOLLOW UP - Fly Tipping	15	Follow up Audit
				Gatehouse	15	Compliance and control in gatehouse / weighbridge systems.
				Commercial Waste	15	Effective systems, compliance and control
				Recycling in HWRCs	20	
				FOLLOW UP - Contracts in Waste Management	10	Follow up Audit
				Trolleys	10	Effective systems, compliance and control
Economic Development	High	Assurance	105	Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.
				Performance Management	15	Performance management arrangements are effective, and operated consistently.
				Information Management	15	Controlled, effective and compliant information management practices.
				Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control
				Corporate Landlord	15	Effective and compliant corporate landlord practices.
				Disposal of Land & Buildings	15	Delivery of objectives with effective compliance and control.
				Education and Lifelong Learning	High	Assurance
Performance Management	15	Performance management arrangements are effective, and operated consistently.				
Information Management	15	Controlled, effective and compliant information management practices.				
Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken				
Commissioning and Procurement	15	Commissioning and Procurement compliance and control				
Health and Safety	15	Directorate health and safety compliance and risk management.				
British Council Grants	20	Effective compliance and control in administering British Council Grants.				
<i>Work in individual schools:</i>	45	Audits of systems of governance and internal control within individual schools				
School 1 - Cardiff West						
School 2 - Ysgol Bro Edern						
School 3 - Llanedeyrn Primary						
School 4 - Mary Immaculate						
School 5 - Marlborough Primary						
School 6 - St. Cuthbert's						
School 7 - Cantonian						
Schools CRSA	20	Effective compliance and control				
Schools CRSA - Individual School Audits	20	Undertake CRSA exercise with all schools. CRSA audits of systems of governance and internal control within individual schools				
CRSA - School 1						
CRSA - School 2						
CRSA - School 3						
CRSA - School 4						
Catering in Opted out schools	15	Delivery of objectives, with effective compliance and control				

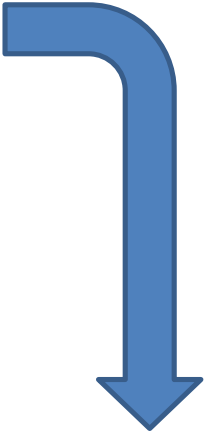
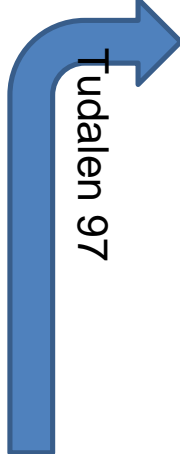
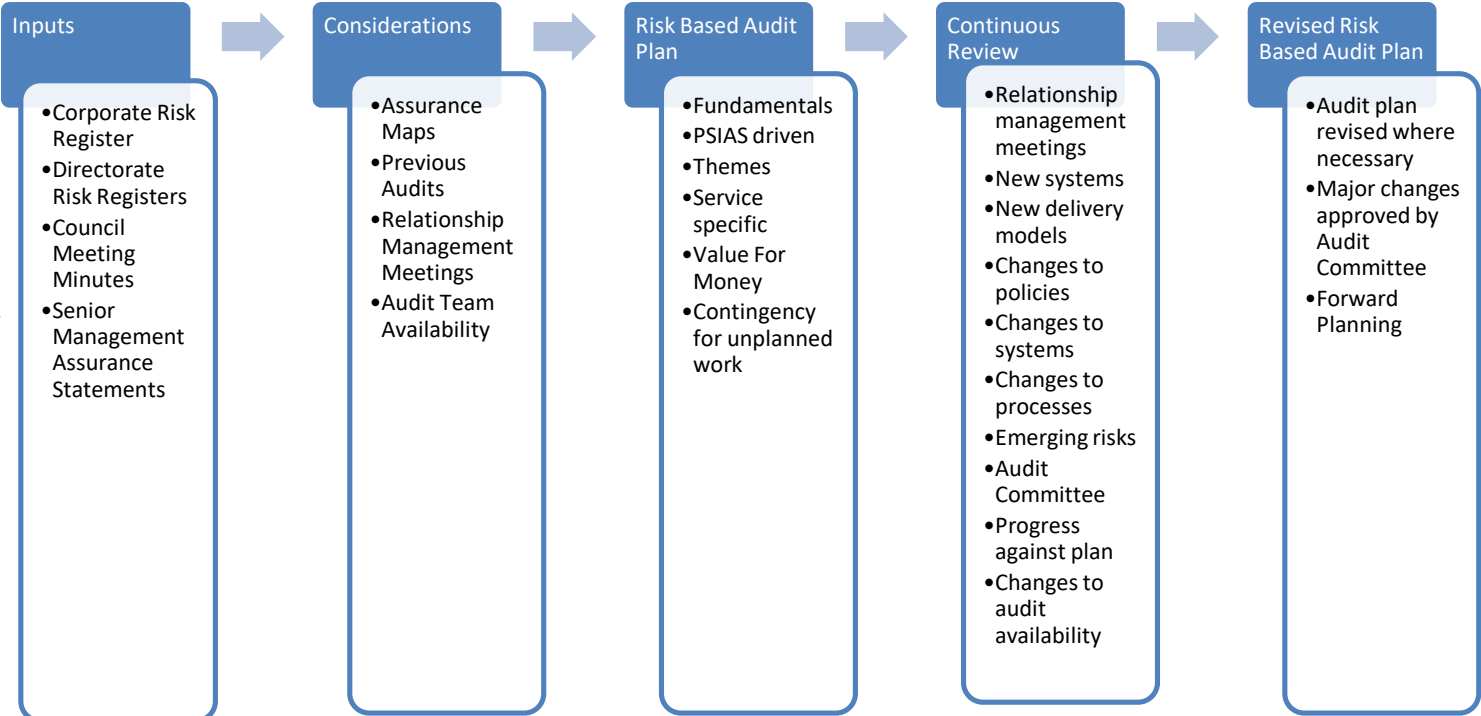
				FOLLOW UP - Pontprennau Primary	7	Follow up Audit	
				FOLLOW UP - St Peters R.C Primary	8	Follow up Audit	
				FOLLOW UP - Income Procedures in School Kitchens cf	0	Follow up Audit	
				School Admissions	15	Effective and well governed arrangements for school admissions	
				Cashless catering in secondary schools	10	Effective and controlled arrangements to receive, record and monitor income	
Governance and Legal Services	High	Assurance	60	Income and Debtors	10	Operation of appropriate arrangements to record, monitor and recover sundry debts.	
				Performance Management	15	Performance management arrangements are effective, and operated consistently.	
				Information Management	15	Controlled, effective and compliant information management practices.	
				Pre-Contract Assurance	10	Relevant compliance and due diligence checks are undertaken	
				Commissioning and Procurement	10	Commissioning and Procurement compliance and control	
Resources	High	Assurance	80	Commissioning and Procurement	10	Commissioning and Procurement compliance and control	
				Income and Debtors	10	Operation of appropriate arrangements to record, monitor and recover sundry debts.	
				Performance Management	15	Performance management arrangements are effective, and operated consistently.	
				Information Management	15	Controlled, effective and compliant information management practices.	
				Pre-Contract Assurance	10	Relevant compliance and due diligence checks are undertaken	
				Resources Health and Safety	10	Directorate health and safety compliance and risk management.	
	Medium			Alarm Receiving Centre	10	Delivery of service orjectives with effective compliance and control.	
Resources (CTS)		Assurance	10	Resources (CTS)	10		
Social Services	High	Assurance	205	Commissioning and Procurement	15	Commissioning and Procurement compliance and control	
				Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.	
				Performance Management	15	Performance management arrangements are effective, and operated consistently.	
				Information Management	15	Controlled, effective and compliant information management practices.	
				Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken	
	Medium			Early help scheme (impact of FPOC)	15	Delivery of service objective with effective compliance and control	
				Social Services - CHAD	15		
				Mental Health Day Services	15		
				Emergency Duty Team	15		
				Payments to Care Leavers	20		
				Children's Placements (including out of county)	20		
				Residential Care	15		
				Workforce Development - TBC	15		
Total			1,135		1,135		
External			Original audit plan	Assignment	Days		
External clients	High	Assurance	20	City Deal 2019/20 cf	0	Scope as per rolling SLA	y
				City Deal 2020/21	5	Scope as per rolling SLA	y
				Cardiff Further Education Trust Fund - TBC	2	Grant certification / statement of accounts work	
				Norwegian Church Preservation Trust - TBC	2		
				Joint Committees - TBC	6		
				Provision for other work	5		
Grants		Assurance	10	General Audit (provision)	10		

Total			30		30	
Contingencies			Original audit plan	Assignment	Days	
General Audit			30	General Audit (provision for carried forward audits)	30	
Total			30		30	
Management			Original audit plan	Assignment	Days	
Corporate work – Audit Committee, WAO etc.	Medium	Management	50	Corporate work – Audit Committee, WAO etc.	50	Internal Audit management, planning, guidance and support activities.
Assurance mapping		Management	10	Assurance mapping	10	
CRSA development		Management	0	CRSA development	0	
Process development		Management	20	Process development	20	
Work for Audit Manager		Management	30	Work for Audit Manager	30	
Planning, monitoring & reporting		Management	30	Planning, monitoring & reporting	30	
Review of financial rules etc.		Management	20	Review of financial rules etc.	20	
General advice and guidance		Management	20	General advice and guidance	20	
Total				180		
Total chargeable days			1,912		1,912	

Mae'r dudalen hon yn wag yn fwiadol

Maer' dudalen hon yn waq' yn Iwerddol

Cyclical Audit Planning



Mae'r dudalen hon yn wag yn fwriadol

Conclusion of Audit Plan 2019-20 (as at 29 February 2020)

Annex 6

Tudalen 99

Audit Category	Risk	Engagement Type	Original audit plan	Assignment	Days	Follow Up Days	Audit Scope	National Issue	Report Status 29.02.20	Audit Opinion	Comment, if audit engagement is not targeted / delivered in 2019/20	
Fundamental Audits - S151 Assurance	High	Assurance	60	CRSA 2019/20	5		Payments are authorised, accurate and timely for goods / services ordered and received.		Completed	No opinion given	carried forward to draft Audit Plan 2020/21	
				In year testing (mid year 2019/20)	25				TARGET - March 2020			
In year testing (year end 2019/20)	25											
To be agreed with Director	5											
Creditor Payments & Processing (including procurement)			0	Creditors in year testing 2018/19 (carried forward from 2018/19)	0				Final output issued	Effective with opportunity for improvement		
Payroll	High	Assurance	65	CRSA 2019/20	5		Recruitment processes are transparent and robust, only bona fide, authorised and accurate payments are made, with effective prevention, detection and recovery of errors.		Completed	No opinion given	carried forward to draft Audit Plan 2020/21	
				In year testing 2019/20	15				TARGET - March 2020			
				Payroll overpayments	15							
				Recruit	15				TARGET - March 2020			
				Establishment reviews	15							
0	Payroll in year testing 2018/19 (carried forward from 2018/19)	0		Final output issued	Effective with opportunity for improvement							
Council Tax			0									
NNDR	High	Assurance	20	CRSA 2019/20	5		Business Rate collection and control is working effectively and efficiently.		Completed	No opinion given		
				In year testing 2018/19 and 2019/20	15				Draft output issued	Effective with opportunity for improvement		
			10	Local Housing Allowances In-year Testing (carried forward from 2018/19)	10				Final output issued	Effective with opportunity for improvement		
			10	CRSA 2019/20	4				Effective Treasury Management Strategy, governance, risk magement and monitoring framework.	Completed		No opinion given
				In year testing 2019/20	6					Final output issued		Effective
			15	CRSA 2019/20	5				The main accounting system and processes are well controlled and operating effectively.	Completed		No opinion given
In year testing 2019/20	10	Final output issued		Effective								
Income and Debtors			0									
Asset Management			0									
Housing Rents	Medium		0	Housing Rents (carried forward from 2018/19)	0		Effective control processes are in place for managing and recovering housing rents		Final output issued	Effective with opportunity for improvement		
Total			180		180	0						
Corporate Governance Assurance - Audit			Original audit plan	Assignment	Days							
Audit of risk management arrangements	High		10	Audit of risk management arrangements	10		Risk Management arrangements are effective, and operated consistently		Final output issued	Effective with opportunity for improvement		
			0	Audit of risk management arrangements (carried forward from 2018/19)	0				Final output issued	Effective with opportunity for improvement		
Audit of governance arrangements			20	Audit of governance arrangements	20		Effective application of the Council's Code of Corporate Governance.		Draft output issued	Effective with opportunity for improvement		

Audit Category	Risk	Engagement Type	Original audit plan	Assignment	Days	Follow Up Days	Audit Scope	National Issue	Report Status 29.02.20	Audit Opinion	Comment, if audit engagement is not targeted / delivered in 2019/20
Fundamental Audits - S151 Assurance	Medium	Assurance	20	Audit of scrutiny functions	20		Effective scrutiny activities and outcomes		Draft output issued	Effective with opportunity for improvement	
Audit of ethics and values	High		0	Audit of ethics and values (carried forward from 2018/19) - business and personal interests	0		Policy alignment to organisational values, with appropriate disclosures made.		Draft output issued	Effective with opportunity for improvement	
				Audit of ethics and values (carried forward from 2018/19) - gifts and hospitality	0				Final output issued	Effective with opportunity for improvement	
Audit of Wellbeing of Future Generations			15	Wellbeing of Future Generations	15		Effective application of Wellbeing of Future Generations requirements.	y			carried forward to draft Audit Plan 2020/21
Audit of performance management			20	Audit of performance management	20		Performance management arrangements are effective, and operated consistently.		TARGET - March 2020		
Audit of Health and Safety			0	Audit of health and safety framework (carried forward from 2018/19)	0		Effective application of the Council's Health and Safety Framework.		Final output issued	Effective with opportunity for improvement	
Audit of Information governance	15		Audit of Information Governance	15	Effective mechanisms and systems for the requirement of the Data Protection Act 2018.		y	Final output issued	Effective with opportunity for improvement		
Total			100		100	0					
Digital Services	Medium	Assurance	30	IT project audits 1 - Hybrid Mail	15		Project management arrangements are operating effectively, as per		TARGET - March 2020		
				IT project audits 2 - Virtual Agent	15				TARGET - March 2020		
Delegation and decision making	High		20	Delegation and decision making	20	Effective application of delegated authority and decision making.			Not in draft Audit Plan 2020/21 - audit scope to be delivered through thematic audits of 'commissioning and procurement' & 'pre-contract assurance'		
Programme and projects (including CADT)			0								
Total			50		50	0					
Other Assurance			Original audit plan	Assignment	Days						
Contract Audit			40	Cradle to Grave review - Building Maintenance Framework	20		Effective contract compliance, control and delivery of objectives				carried forward to draft Audit Plan 2020/21
				Cradle to Grave review - TBC	20						
			0	Atebion Solutions (carried forward from 2018/19)	0		Effective performance management and charging mechanism		Final output issued	Effective with opportunity for improvement	
Cardiff Bus - governance			10	Cardiff Bus - governance	10		Section 151 Assurance on governance arrangements				carried forward to draft Audit Plan 2020/21
Education - SOP			20	Review of Band B	20		Delivery of service objectives with effective compliance and control.	y			carried forward to draft Audit Plan 2020/21
ICT Audit			50	Identification and access management	20		Effective access management controls		Draft output issued	Effective with opportunity for improvement	
				IT inventory and asset management	20		Effective IT inventory and asset management controls		Draft report issued	Insufficient with major improvement needed	
				Change and patch management controls (to be confirmed)	10		Effective co-ordination and control.				carried forward to draft Audit Plan 2020/21

Audit Category	Risk	Engagement Type	Original audit plan	Assignment	Days	Follow Up Days	Audit Scope	National Issue	Report Status 29.02.20	Audit Opinion	Comment, if audit engagement is not targeted / delivered in 2019/20
Fundamental Audits - S151 Assurance				IT Governance (Carried forward from 2018/19)	0		Effective co-ordination and control.		Final output issued	Effective with opportunity for improvement	
				Cloud Computing (Carried forward from 2018/19)	0		Effective co-ordination and control.		Final output issued	Effective with opportunity for improvement	
Value for Money studies	Medium	Assurance	30	VFM Theme - TBC	15		TBC				carried forward to draft Audit Plan 2020/21
				VFM in Digital Initiatives	15		Assurance on value for money in digital initiatives				
			0	VFM - enforcement (carried forward from 2018/19)	0		Value in use of enforcement practices		Final output issued	Effective with opportunity for improvement	Not in draft Audit Plan 2020/21 - It is recognised that there will need to be flexibility in deployment of the workforce. Scope to be partly delivered through audit of 'Payroll - Additional Payments' which will look review overtime, enhancements and allowances.
				VFM - review of overtime (carried forward from 2018/19)	0		Value in use of overtime		Final output issued	Effective with opportunity for improvement	
				VFM - agency workers, interims and consultants (carried forward from 2018/19)	0		Value in use of temporary workforce arrangements		Final output issued	Effective with opportunity for improvement	
				VFM - sickness absence review (carried forward from 2018/19)	0		Effective sickness management policy and practices		Final output issued	Effective with opportunity for improvement	
				VFM - workforce deployment (carried forward from 2018/19)	0		Value in the deployment of the workforce				
				VFM - personal review process (carried forward from 2018/19)	0		Effective personal review application and management.		Final output issued	Effective with opportunity for improvement	
Taxation (incl. VAT)		19	Taxation	19	Effective compliance and control.				carried forward to draft Audit Plan 2020/21		
System Development		TBC	10	System Development	10	Consultation or assurance services, as relevant					
National Fraud Initiative		Assurance	20	National Fraud Initiative	20	Data matching counter-fraud exercise.	TARGET - March 2020				
Pensions and Investments	15		CRSA 2019/20	5	Effective compliance and control.	Completed	No opinion given				
			In year testing 2019/20	10				work to conclude in 2020/21			
Insurance			0	In-year testing 2018/19 (carried forward from 2018/19)	0		Final output issued	Effective with opportunity for improvement			
Health and safety											
Mileage & subsistence			0								
Fleet Management (pool cars, grey fleet, etc.)	Medium	Assurance	20	Fleet Management (pool cars, grey fleet, etc.)	20	Delivery of service objectives with effective compliance and control.		Draft output issued	Insufficient with major improvement needed		
Procurement			0								
Stores	Medium		16	Review of CTS stores	10	Effective and efficient stores management, and stock control				Not in draft Audit Plan 2020/21 - audit scope delivered through audits of 'Tranman' and 'fleetwheel' in 2019/20	
				Year end stock check 1	3	Disciplined and controlled stock check processes for valuation and accountability	TARGET - March 2020				
				Year end stock check 2	3		TARGET - March 2020				

Audit Category	Risk	Engagement Type	Original audit plan	Assignment	Days	Follow Up Days	Audit Scope	National Issue	Report Status 29.02.20	Audit Opinion	Comment, if audit engagement is not targeted / delivered in 2019/20		
Fundamental Audits - S151 Assurance			0										
Business Continuity			0										
Total			250		250	0							
Service specific audits			Original audit plan	Assignment	Days								
Planning, Transportation and Environment	High	Assurance	170	Health and Safety	15		Directorate health and safety compliance and risk management.		TARGET - March 2020				
				Commissioning and Procurement	15		Commissioning and Procurement compliance and control			carried forward to draft Audit Plan 2020/21			
				Asset management	15		Effective Directorate recording, monitoring, management and control of physical assets		TARGET - March 2020				
				Income and Debtors	15		Operation of appropriate arrangements to record, monitor and recover sundry debts.			carried forward to draft Audit Plan 2020/21			
				Bulky waste collection (domestic properties)	15		Accurate charging and controlled operation of the service		Final output issued	Effective with opportunity for improvement			
				Commercial waste	0		Delivery of service objectives with effective compliance and control.				carried forward to draft Audit Plan 2020/21		
				Bereavement Services	10						work to conclude in 2020/21		
				Recycling in HWRCs	20						carried forward to draft Audit Plan 2020/21		
				Stock systems (Tranman)	20				Effective and efficient stock management and control	Final output issued	Insufficient with major improvement needed		
				Medium	Assurance		0		Stock systems (Vectec)	10		Effective and efficient stock management and control	
	Purchasing cards (CTS)	10						Final output issued	Insufficient with major improvement needed				
	Building Control	10	Delivery of service objectives with effective compliance and control.					Final output issued	Effective with opportunity for improvement				
	Fly Tipping	15						Final output issued	Unsatisfactory				
	Trolleys	15								work to conclude in 2020/21			
	FOLLOW UP - Lamby Way Stores		10			Follow up Audit		TARGET - March 2020					
	FOLLOW UP - Review of contracts in Waste Management		10			Follow up Audit				carried forward to draft Audit Plan 2020/21			
	Consultation	0	Stock take observation - Lamby Way (carried forward from 2018/19)			0			Disciplined and controlled stock check processes for valuation and accountability		Final output issued	Effective with opportunity for improvement	
			Review of Gatehouse			0			Effective system and access control		Final output issued	Insufficient with major improvement needed	
			Review of contracts in Waste Management			0			Delivery of service objectives with effective compliance and control.		Final output issued	Unsatisfactory	
			Fleetwheel			5				TARGET - March 2020			
			Weighbridge - monitoring and review			0			Consultation and guidance on effective compliance and control.	TARGET - March 2020			
	High							Health and Safety - People and Communities	15		Directorate health and safety compliance and risk management.		Draft report issued
				Health and Safety - Waste Management			Draft report issued	Insufficient with major improvement needed					
Commissioning and Procurement				15	Commissioning and Procurement compliance and control			carried forward to draft Audit Plan 2020/21					

Audit Category	Risk	Engagement Type	Original audit plan	Assignment	Days	Follow Up Days	Audit Scope	National Issue	Report Status 29.02.20	Audit Opinion	Comment, if audit engagement is not targeted / delivered in 2019/20
Fundamental Audits - S151 Assurance	High	Assurance	150	Asset management	15		Effective Directorate recording, monitoring, management and control of physical assets		TARGET - March 2020		
				Income and Debtors	15		Operation of appropriate arrangements to record, monitor and recover sundry debts.			carried forward to draft Audit Plan 2020/21	
				Independent Living	10		Delivery of service objectives with effective compliance and control.			carried forward to draft Audit Plan 2020/21	
				Lettings policy in high rise accommodation	10				carried forward to draft Audit Plan 2020/21		
				Into work grant streams	10			y	Final output issued	Effective with opportunity for improvement	
				Responsive Repairs	20		Delivery of service objectives with effective compliance and control.		Final output issued	Effective with opportunity for improvement	
				Flexibilities funding (Housing)	10			y			carried forward to draft Audit Plan 2020/21
				"Get me home" service	15						carried forward to draft Audit Plan 2020/21
				Joint Equipment Stores	12		Effective and efficient stores management, and stock control		Final output issued	Effective with opportunity for improvement	
				Bilingual Cardiff (carried forward from 2018/19)	0		Welsh Language Standards compliance and control	y	Final output issued	Effective with opportunity for improvement	
	Medium	Assurance	0	Regional Partnership Board (carried forward from 2018/19)	0		Effective governance and control in partnerships / collaborations	y	Draft output issued	Effective with opportunity for improvement	
				Partnerships and collaborative governance (carried forward from 2018/19)	0			Final output issued	Effective with opportunity for improvement		
				RBV Module	3	Consultancy on the draft policy and controls in the proposed Northgate Module.		Briefing paper Issued	No Opinion Given		
				Health and Safety	15	Directorate health and safety compliance and risk management.		Draft output issued	Effective with opportunity for improvement		
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control				carried forward to draft Audit Plan 2020/21	
				Asset management	15	Effective Directorate recording, monitoring, management and control of physical assets		TARGET - March 2020			
				Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.				carried forward to draft Audit Plan 2020/21	
				Income collection (fees and charges)	15					Not in draft Audit Plan 2020/21 - audit scope to be delivered through 'income and debtors' audit	
				Film Unit	15			Draft report issued	Insufficient with major improvement needed		
				Strategic Estates - processes	10	Delivery of service objectives with effective compliance and control		Final output issued	Insufficient with major improvement needed		

Audit Category	Risk	Engagement Type	Original audit plan	Assignment	Days	Follow Up Days	Audit Scope	National Issue	Report Status 29.02.20	Audit Opinion	Comment, if audit engagement is not targeted / delivered in 2019/20				
Fundamental Audits - S151 Assurance	Medium	Assurance		Channel View	15		Effective compliance and control.				Not in draft Audit Plan 2020/21 - audit scope included in asset management audit and within PCI audit sample, and income and debtors audits planned for 2020/21				
				Stores (leasehold properties)	15		Effective and efficient stores management, and stock control			Not in draft Audit Plan 2020/21 - stock check observation arranged for this location for 2019/20 year end.					
				Major Project governance	20		Operation of appropriate arrangements for Major Projects		TARGET - March 2020						
				Stock take observation - Brindley Road (carried forward from 2018/19)	0		Disciplined and controlled stock check processes for valuation and accountability		Final output issued	Effective with opportunity for improvement					
				County Hall canteen (carried forward from 2018/19)	0		Effective compliance and control.		Final output issued	Insufficient with major improvement needed					
Fundamental Audits - S151 Assurance	High	Assurance	300	Health and Safety	15		Directorate health and safety compliance and risk management.				carried forward to draft Audit Plan 2020/21				
				Commissioning and Procurement	15		Commissioning and Procurement compliance and control			carried forward to draft Audit Plan 2020/21					
				Asset management	15		Effective Directorate recording, monitoring, management and control of physical assets		Draft output issued	Insufficient with major improvement needed					
				Income and Debtors	15		Operation of appropriate arrangements to record, monitor and recover sundry debts.				carried forward to draft Audit Plan 2020/21				
				ICT governance - in year testing for schools	40		Effective ICT Governance mechanisms for compliance, business continuity and control		8 Final & 1 Draft outputs issued	(8) Effective with opportunity for improvement, (1) Insufficient with major improvement needed					
	Counterfraud in schools - CRSA development			10	Counter-fraud assurance in school governance, transactional, procurement and recruitment activities		Completed		No opinion given						
	Counterfraud in schools: in year testing in primary schools x 4			40			3 Final, 1 Draft outputs issued		(4) Effective with opportunity for improvement						
	Counterfraud in schools: in year testing in secondary schools x 4			40			3 Final outputs issued		(1) Effective, (2) Effective with opportunity for improvement						
	<i>Work in individual schools</i>				40				Full audits of systems of governance and internal control within individual schools						
	School 1 - St. Francis RC Primary School														
	School 2 - Windsor Clive Primary School														
	School 3 - St. Illtyd's RC High School														
	School 4 - Pentyrch Primary School														
	School 5														
	School 6														
Income collection in schools (incl. lettings, banking)				25		Effective compliance and control in school income collection.		Draft output issued	Effective with opportunity for improvement						

Audit Category	Risk	Engagement Type	Original audit plan	Assignment	Days	Follow Up Days	Audit Scope	National Issue	Report Status 29.02.20	Audit Opinion	Comment, if audit engagement is not targeted / delivered in 2019/20		
Fundamental Audits - S151 Assurance	Medium			Contract procedures in schools	25		Effective compliance and control in school procurements				Not in draft Audit Plan 2020/21 - Objectives to be delivered through school wider CRSA audit planned for all schools, a planned thematic school audit of commissioning and procurement, and school specific audits in 2020-21.		
				Storey Arms	10		Review of systems of governance and internal control	Final output issued	Effective with opportunity for improvement				
				FOLLOW UP - St. Peter's RC Primary School		8	Follow up Audit			carried forward to draft Audit Plan 2020/21			
				FOLLOW UP - Pontprennau Primary School		8	Follow up Audit			carried forward to draft Audit Plan 2020/21			
				FOLLOW UP - Music Service income		10	Follow up Audit	TARGET - March 2020					
				FOLLOW UP - Income Procedures in School Kitchens		10	Follow up Audit			work to conclude in 2020/21			
				Consultation			School guidance on contract procedures	0		The provision of documented guidance and support to schools	Completed	No opinion given	
				Assurance	0	Roath Park (carried forward from 2018/19)	0		Full audit of systems of governance and internal control.	Final output issued	Insufficient with major improvement needed		
						Commissioning of independent investigations (carried over from 2018/19)	10		Effective control in the commissioning and monitoring of independent investigations	Final output issued	Effective with opportunity for improvement		
						Youth Innovation Grant (carried forward from 2018/19)	0		Effective governance, decision making and performance management	Final output issued	Effective with opportunity for improvement		
	Music Service - expenditure (carried forward from 2018/19)	0				Compliance and control in Music Service expenditure	Final output issued	Effective with opportunity for improvement					
	Income processes (carried forward from 2018/19)	0				Compliance and control in income processes	Briefing paper issued	No opinion given					
	St. Peter's (carried forward from 2018/19)	0					Final output issued	Unsatisfactory					
	Willows (carried forward from 2018/19)	0				Full audit of systems of governance and internal control.	Final output issued	Effective with opportunity for improvement					
	Ysgol Glantaf (carried forward from 2018/19)	0					Final output issued	Insufficient with major improvement needed					
	Whitchurch High School (carried forward from 2018/19)	0					Final output issued	Insufficient with major improvement needed					
	Music Service - follow up (carried forward from 2018/19)	0				Follow up Audit	Final output issued	Unsatisfactory					
	High	Assurance	50			Health and Safety	10		Directorate health and safety compliance and risk management.	Draft output issued	Effective with opportunity for improvement		carried forward to draft Audit Plan 2020/21
						Commissioning and Procurement	10		Commissioning and Procurement compliance and control			carried forward to draft Audit Plan 2020/21	
						Income and Debtors	10		Operation of appropriate arrangements to record, monitor and recover sundry debts.				
				Asset management	10		Effective Directorate recording, monitoring, management and control of physical assets	Final output issued	Effective with opportunity for improvement				
				To be agreed with Director	10		TBC.						
	Medium			Health and Safety	10		Directorate health and safety compliance and risk management.			carried forward to draft Audit Plan 2020/21			

Audit Category	Risk	Engagement Type	Original audit plan	Assignment	Days	Follow Up Days	Audit Scope	National Issue	Report Status 29.02.20	Audit Opinion	Comment, if audit engagement is not targeted / delivered in 2019/20
Fundamental Audits - S151 Assurance	High	Assurance	50	Commissioning and Procurement	10		Commissioning and Procurement compliance and control				carried forward to draft Audit Plan 2020/21
				Income and Debtors	10		Operation of appropriate arrangements to record, monitor and recover sundry debts.			carried forward to draft Audit Plan 2020/21	
				Asset management	10		Effective Directorate recording, monitoring, management and control of physical assets		Draft output issued	Insufficient with major improvement needed	
				To be agreed with Director	10		TBC.				
	TBC	0	Budgeting and forecasting (carried forward from 2018/19)	0	Effective financial planning, budgeting and monitoring		Final output issued		Effective		
High											
Social Services	High	Assurance	300	Health and Safety	15	Directorate health and safety compliance and risk management.			Draft output issued	Effective with opportunity for improvement	
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control		carried forward to draft Audit Plan 2020/21			
				Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.		carried forward to draft Audit Plan 2020/21			
				Asset management	15	Effective Directorate recording, monitoring, management and control of physical assets	TARGET - March 2020				
				Safeguarding (follow up review)	15	Follow up Audit	TARGET - March 2020				
				Direct Payments	20	Effective control, management and monitoring of Direct Payments	Draft output issued	Insufficient with major improvement needed			
				ICF schemes (incl. Families First)	15	Delivery of service objectives with effective compliance and control.			carried forward to draft Audit Plan 2020/21		
	Early help service (impact of FPOC)	15			carried forward to draft Audit Plan 2020/21						
	Children's Placements	20			carried forward to draft Audit Plan 2020/21						
	Learning Disabilities	15	Draft output issued	Effective with opportunity for improvement							
	Mental Health Day Services (CRT)	15			carried forward to draft Audit Plan 2020/21						
	Foster carers (incl. safeguarding)	15	TARGET - March 2020								
	Deprivation of Liberty Safeguards	20	Final output issued	Insufficient with major improvement needed							
	Medium				Sensory Services	15	Delivery of service objectives with effective compliance and control.				Not in draft Audit Plan 2020/21 - audit engagements re-prioritised in discussion with Director
					Payments to Care Leavers	20				carried forward to draft Audit Plan 2020/21	
					Child Health and Disabilities	20				carried forward to draft Audit Plan 2020/21	
					Home Care (mobile scheduling)	15				Not in draft Audit Plan 2020/21 - to allow capacity for greater consultancy audit support in 2020-21.	
					Domiciliary Care (carried forward from 2018/19)	0		Draft output issued	Insufficient with major improvement needed		
	Total			1,170		1,170	56				
External			Original audit plan	Assignment	Days						
	Medium			City Deal 2019/20	5		Scope as per rolling SLA	y			work to conclude in 2020/21
				Cardiff Further Education Trust Fund	2				Closed	No opinions given	

Audit Category	Risk	Engagement Type	Original audit plan	Assignment	Days	Follow Up Days	Audit Scope	National Issue	Report Status 29.02.20	Audit Opinion	Comment, if audit engagement is not targeted / delivered in 2019/20
Fundamental Audits - S151 Assurance	Low	Assurance	20	Norwegian Church Preservation Trust	2		Grant certification / statement of accounts work		Closed	No opinions given	
				Joint Committees	6				Closed	No opinions given	
				Rumourless Cities European Grant	8				Closed	No opinions given	
				Provision for other work	3						
				St. Peter's Private Fund	2				Closed	No opinion given	
				St. Peter's Out of School Club and Governors' Fund (unplanned)	10				Closed	No opinion given	
			0	Cardiff Further Education Trust Fund 2017/18 (carried forward from 2018/19)	0				Closed	No opinion given	
				Norwegian Church Preservation Trust (carried forward from 2018/19)	0				Final output issued	Effective with opportunity for improvement	
				Provision for grant work	5						
			Grants	Assurance	10				Education Improvement Grant 18/19	5	
Education Improvement Grant 2017/18 (carried forward from 2018/19)	0						Final output issued	Effective with opportunity for improvement			
Total			30		48	0					
Contingencies			Original audit plan	Assignment	Days						
General Audit			30	General Audit (provision)	12		TBC.				
Total			30		12	0					
Management			Original audit plan	Assignment	Days						
Corporate work – Audit Committee, WAO etc.	Medium	Management	50	Corporate work – Audit Committee, WAO etc.	50		Internal Audit management, planning, guidance and support activities.				
Assurance mapping			10	Assurance mapping	10						
CRSA development			0	CRSA development	0						
Process development			20	Process development	20						
Work for Audit Manager			30	Work for Audit Manager	30						
Planning, monitoring & reporting			30	Planning, monitoring & reporting	30						
Review of financial rules etc.			20	Review of financial rules etc.	20						
General advice and guidance			20	General advice and guidance	20						
Total			180		180	0					
Total chargeable days			1,990		1,990	56					

Mae'r dudalen hon yn wag yn fwiadol

AUDIT COMMITTEE: 28 July 2020**INTERNAL AUDIT & INVESTIGATION TEAM - PROGRESS REPORT****REPORT OF THE AUDIT MANAGER****AGENDA ITEM: 5.3**

Appendices F and G of the report are not for publication as they contain 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 requires that Members:
 - Consider reports from the Audit Manager on Internal Audit's performance during the year;
 - Review the assessment of fraud risks and potential harm to the council from fraud and corruption;
 - Monitor the Counter-fraud strategy, actions and resources.
2. A progress report has been prepared to provide Audit Committee Members with an update on the work and performance of the Internal Audit and Investigation Teams as at 30 June 2020.

Background

3. The Audit Committee considered the risk-based Audit Plan 2020/21 through a consultation process between 23 March – 3 April 2020. Formal approval of the Plan is sought in agenda item 5.2. The Investigation Team's planned activity is provided for Audit Committee consideration within the appended progress report.
4. The Audit Committee meeting scheduled for 24 March 2020 was cancelled due to COVID-19. This progress report covers the period from 1 January - 30 June 2020, and follows the updates provided in the last Committee meeting held on 21 January 2020.
5. The Internal Audit Progress Report (**Annex 1**) sets out performance in relation to the Internal Audit Plan. It summarises the work performed, the priority recommendations raised, the critical findings, emerging trends, and relevant value for money findings across the Council for the assurance of the Audit Committee. It is positive to report that no 'unsatisfactory' audit opinions have been provided over the reporting period.
6. The Investigation Team Progress Reports (**Annex 2**) focuses on proactive and reactive fraud awareness, detection and investigation activities, including participation in initiatives, such as National Fraud Initiative (NFI) data matching exercises.
7. As part of progress updates, there is an opportunity to consider emerging risks, issues and sources of assurance, and to potentially refocus priorities. Prior to presenting to

Audit Committee, progress reports are discussed with the Corporate Director Resources.

8. The Internal Audit Section reports to the Audit Manager. To meet the provisions of PSIAS 1100 (Organisational Independence), the Audit Manager is not responsible for managing any functions beyond the Internal Audit and Investigation teams. The Audit Manager reports administratively to the Head of Finance and functionally to the Audit Committee for audit-related matters. There have been no impairments of independence or objectivity.

Issues

Conclusion of 2019/20

9. The appended progress reports contain sections in respect of the financial year 2019/20, which set out the work undertaken, the findings and outcomes of the Audit and Investigation Teams as at the financial year-end. A full account of the activities of the Internal Audit Team for the year is provided separately within the draft Internal Audit Annual Report 2019/20, for consideration by the Audit Committee in agenda item 5.1. The draft Counter-Fraud Annual Report 2019/20 is scheduled for reporting to Audit Committee in the September 2020 meeting, and will provide a full account of the activity of the Investigation Team during the year.
10. The pertinent year-end information in Annex 1 relating to Internal Audit activity, comprises the final position against the Audit Plan 2019/20 and the critical findings and emerging trends in quarter four 2019/20. For the year overall there were 113 new audit engagements completed to at least draft output stage against an original plan of 162 audits (70%), and a further 21 draft outputs from the prior year were finalised. Seventy-four percent of audit opinions provided were of 'effective' or 'effective with opportunity for improvement' in the year overall.
11. In quarter four 2019/20, six audit outputs were issued with draft audit opinions of 'insufficient with major improvement needed'. These audit outputs covered three areas of assurance, namely asset management, music service income, and fleet management (pool cars, public transport & grey fleet). The findings of these audits are outlined in detail within Annex 1, section 2.2 'Critical Findings or Emerging Trends (Q4 2019/20)'.
12. The Investigation Team Progress Report in Annex 2 contains the year-end position for 2019/20 in respect of the counter-fraud activity and impact. During 2019/20, three hundred and ninety seven cases were identified for investigation, and two hundred and thirty eight cases were concluded. With regards to the impact:
 - Seventy-three Council Tax liabilities investigations concluded during the year and identified £42,038 of under charged liability, to be recovered;
 - Twenty-eight Blue Badge investigations concluded. Twenty-five progressed through the courts, two received a simple caution and twenty three were fined representing total costs of £10,600;
 - Forty-seven Insurance claims were amended or withdrawn, saving £531,898;
 - Thirty-two employee investigations were concluded, resulting in 1 verbal warning, 1 written warning, 2 final written warnings and six dismissals;
 - Thirty-one Council Tax Reduction investigations were concluded resulting in overpayments of £25,911 being identified for recovery;
 - Fifteen tenancy investigations were completed, and one individual was removed from the waiting list;

- Twelve 'other' cases concluded, one related to a deceased pensioner, for which £8,540 was identified for recovery, and two cases represented historic insurance claims with the Council's previous claims handler, for which further details are being sought at the time of writing.

Delivery 2020/21 (to date)

a) Audit

13. Annex 1 outlines how the audit activities in quarter one have been adaptive and responsive to the crisis management environment in which the Council has been operating. This environment has necessitated a Council-wide focus on critical and emergency decisions, which the audit team has recognised in the support it has offered, the areas of focus, and the approach to delivering assurance and consultation activities.
14. Audit resources focussed initially on providing critical advice and support to management as the Council adapted services and established new systems in response to the crisis. Towards the end of the financial quarter, when Council services were moving to a documented and managed 'restart' across directorates, the audit team commenced more routine audit client engagement, and rolled out assurance audit engagements from the Audit Plan 2020/21.
15. The priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, the progression where possible of assurance work on a low impact basis to the capacity of client managers dealing with frontline priorities, and the development of audit work programmes and staff training. Consultancy activities have covered 'new system checks', 'resilience, continuity and control', and 'counter-fraud prevention and post-assurance' work. Details are provided of the consultancy work completed and underway within section 2.4. 'Current Activities'.
16. A number of assurance audit engagements commenced in June 2020, representing a managed return to business as usual, as services began to 'restart' through the corporate approach to crisis recovery. Audits are being delivered on a desktop basis, through a greater use of data and system interrogation and analysis where possible, coupled with remote client meetings. Draft audit outputs started to be issued at the end of quarter one, and as set out in section 2.4 'Current Activities', the level of assurance audit work will ramp up during the rest of the financial year.
17. The delay to commencing a number of assurance audit engagements, coupled with the ongoing impact of the crisis on capacity, as set out in section 2.5 'Resources', will materially impact the proportion of the Plan which can be delivered in 2020/21 compared to previous years. Proposed performance indicators are set to be realistic and stretching for the financial year within the ongoing environment, as detailed within section 3.2 'Performance'. Audits will be allocated on a basis that provides the greatest assurance and value, and limits any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2020/21.
18. In quarter one 2020/21, two audit outputs were issued with draft audit opinions of 'insufficient with major improvement' audit assurance. The audit outputs covered directorate asset management in Planning Transport and Environment and Waste Management, and the findings of these audits are outlined within Annex 1, section 2.7 'Critical Findings or Emerging Trends (Q1 2020/21)'.

19. The Audit Team relaxed the regime for chasing up management responses to draft reports in quarter one, to allow management the space they needed to respond to more immediate challenges associated with COVID-19. From quarter two, all draft reports have been followed up with management to request their formal response to the recommendations raised.
20. **Appendix A** shows a list of audits and their reporting status in the current year, as at 30 June 2020, in which twelve audits have been completed to at least draft output stage. Outputs have been issued with an opinion of effective or effective with opportunity for improvement in 71% of the audit opinions provided in 2020/21, as at 30 June 2020. The current position for the full Audit Plan 2020/21 is shown in **Appendix B**.
21. For assurance on current ways of working, audit practices have been reviewed against the latest guidance from the Internal Audit Standards Advisory Board (IASAB). There are considered to be suitable provisions and safeguards in place to continue to operate the Internal Audit Service in conformance with the PSIAS. Included within **Appendix C** is the guidance from the IASAB, accompanied by an assessment of the Audit Manager against the associated checklist in **Appendix D**.

a) Investigations

22. Annex 2 outlines the activities of the Investigation Team in quarter one. For the year as a whole there are four hundred and ninety four chargeable days available based on current resources (2.5 fte), indicatively split between strategic (80 days) and operational activities (414 days). The summary quarter one casework activities were as follows:
 - Sixty cases were identified for investigation so far this year, compared to sixty-nine for the same period last year;
 - Two hundred and sixty four investigations are ongoing, compared to three hundred and twenty two for the same period last year;
 - Seventy six investigations have concluded, compared to forty three over the same period last year;
 - £95,992 has been attributed concluded investigations, compared to £132,693 for the same period last year.
23. In addition to identifying and progressing investigations cases, the team has provided targeted counter-fraud advice, guidance and checks to support the control environment and the prevention and detection of fraud and error in the administration of grants on behalf of the Welsh Government to local businesses.
24. At the time of writing, the Investigation Team has recently received the outputs from a data matching exercise in respect of business grant applicants, to verify bank and business credentials and flag anomalies and fraud risks for review. Cases of possible fraud are being reviewed and worked through, and the outcomes will be reported to the Audit Committee as part of future progress report updates.
25. The Team has also arranged to be part of a pilot National Fraud Initiative (NFI) data matching exercise being coordinated by Audit Wales, to provide further business grant post award assurance. All fraud alerts received from NAFN, wider networks, and colleagues in other local authorities are being actively followed up for assurance that the Council and its systems remain sufficiently robust.

26. The summary report in Annex 2 provides further details in respect of the above, in addition to outlining the current position in respect of the roll out of fraud awareness training and policy review.

Audit Recommendations

27. The recommendations and progress at the reporting date are provided in the following appendices.

Appendix E	Recommendations Summary
Appendix F	Contains the red & red / amber open recommendations
Appendix G	Contains the red and red / amber recommendations completed since the last Audit Committee in January 2020.

Legal Implications

28. There are no legal implications arising from this report.

Financial Implications

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

RECOMMENDATIONS

30. That the Audit Committee note and consider the contents of the:

- Internal Audit and Investigation Team Progress Reports.

CHRIS PYKE AUDIT MANAGER

The following are attached:

Annex 1 - Internal Audit Progress - Summary Report

- Appendix A** Report Status as at 30 June 2020
- Appendix B** Audit Plan
- Appendix C** IASAB - Guidance
- Appendix D** Audit Standards Checklist – COVID-19
- Appendix E** Recommendations Summary
- Appendix F** Red & red / amber open recommendations
- Appendix G** Red & red / amber recommendations completed since last Committee

Annex 2 - Investigation Team Progress – Summary Report

Mae'r dudalen hon yn wag yn fwriadol



Resources Directorate Internal Audit Section



Internal Audit Progress Report (as at 30 June 2020)

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Appendix G	Red & red / amber recommendations completed since last Committee

Prepared by: **Chris Pyke, Audit Manager**

INTERNAL AUDIT PROGRESS REPORT

1. INTRODUCTION

1.1 Background

The Internal Audit Progress Report sets out performance in relation to the Internal Audit Plan. It summarises the work performed, the priority recommendations raised, the critical findings, emerging trends, and relevant value for money findings.

This progress report covers the period from 1 January – 30 June 2020, and follows the updates provided in the last Committee meeting held on 21 January 2020. The Audit Committee meeting scheduled for 24 March 2020 was cancelled due to COVID-19. This report is structured to provide a summary account of audit activities for quarter four 2019/20, followed by an outline of the activities and progress made against the Audit Plan 2020/21.

The Audit plan 2019/20 was approved by Audit Committee on 2 April 2019, and the Audit Plan 2020/21 was accepted by the Audit Committee through a period of consultation between 23 March – 3 April 2020, for which formal approval is sought within agenda item 5.2.

The Internal Audit Plan provides the framework for audit work each year and is aligned to the Council's corporate governance arrangements, whilst also being responsive to any changes to the risks faced by the Council during the year.

1.2 Independence and objectivity

The Internal Audit section reports to the Audit Manager. In line with the provisions of the Public Sector Internal Audit Standards (1100), organisational independence is maintained, as the Audit Manager is not responsible for managing any functions beyond the Internal Audit and Investigation teams. The Audit Manager reports administratively to the Head of Finance and functionally to the Audit Committee for audit-related matters. There have been no impairments of independence or objectivity.

1.3 Continuing Professional Development

Auditors completed their year-end personal reviews in line with corporate direction, and are formalising their objectives for 2020/21. Prior to discussing performance, auditors updated their skills assessment in application of the IIA Professional Competencies Framework.

The results of personal reviews and skills assessments informed the year-end Audit Manager’s review against the Quality Assurance and Improvement Programme (Standard 1300), from which a generally strong baseline of knowledge and skills were recognised across the audit team.

Areas of the IIA Professional Competencies Framework where auditors scored themselves comparatively lower are being targeted through in-house team training sessions, which commenced in May 2020.

2. SUMMARY OF WORK PERFORMED

The following audit summary is separated into two sections. The first section covers the conclusion of the Audit Plan 2019/20, followed by a second section which covers the work programme for 2020/21, and the associated activities, resources, findings and measures of performance in quarter one 2020/21. It is positive to report that no ‘unsatisfactory’ audit opinions have been provided over the reporting period.

Conclusion of 2019/20

2.1 Audit Plan 2019/20

In quarter four 2019/20, thirty-four audit engagements were completed to at least draft report stage, for which details are provided in the following table.

Figure 1. Q4 audit outputs and opinions

No.	Assurance Audit Engagement	Audit Opinion
1.	Willows High School - Counter-Fraud Arrangements	Effective
2.	Major Project Governance	
3.	Digital Services – Virtual Agent	
4.	Creditor Payments – In-year testing	
5.	Social Services – Health and Safety	Effective with opportunity for improvement
6.	Economic Development – Health and Safety	
7.	Pentyrch Primary School	
8.	NNDR in-year testing	
9.	Governance Arrangements	

10.	Lamby Way Stores – follow up		
11.	Foster Carers		
12.	Performance Management		
13.	Safeguarding – follow up		
14.	PTE – Health and Safety		
15.	Risk Management Arrangements		
16.	Radyr Comprehensive School – Counter Fraud Arrangements	Insufficient with major improvement needed	
17.	Music Service Income – Follow up		
18.	Fleet Management (pool cars, public transport & grey fleet)		
19.	Education – Asset Management		
20.	Resources – Asset Management		
21.	Economic Development – Asset Management		
22.	Social Services – Asset Management	Consultancy, certification, advice and guidance	
Audit Work with ‘No Opinion’			
23.	County Hall Canteen (consultancy)		
24.	National Fraud Initiative 2019-20		
25.	Payroll - continuity and control consultancy		
26.	Procure to pay - continuity and control consultancy		
27.	Weighbridge – review and monitoring		
28.	Stock check control - consultancy		
29.	Grant Payments to Businesses - consultancy		
30.	Procurement cards - consultancy		
31.	Fleetwheel- consultancy		
32.	Norwegian Church Trust		
33.	Cardiff Further Education Trust		
34.	Rumourless Cities European Grant		

In March 2020, in response to the COVID-19 crisis, audit resources were deployed (within the Audit Manager’s delegation to agree small audit engagements of no more than 10 planned audit days each) to provide consultancy in areas such as the administration of business grants on behalf of Welsh Government, and for matters of continuity and control in payroll, procure to pay, stock check and procurement card processes. Provision was made in the audit plan for 2020/21 for further consultancy services, recognising that there would be demand from

management for advice and guidance, and a need to discuss changes in controls as processes change and adapt in response to the crisis.

The final position in respect of the Audit Plan 2019/20 and wider information and measures of the performance of the audit team are included in detail within the Internal Audit Annual Report 2019/20.

The summarised position is shown in the table below, whereby 113 new audit engagements were completed to at least draft output stage against an original plan of 162 audits (70%), and a further 21 draft outputs from the prior year were finalised. The audit plan is responsive to risk and, accordingly, some audits were added, deferred and cancelled during the financial year, at which point details were reported to the Audit Committee. The audits completed in 2019/20 and the assurance levels given are shown in the table below:

Figure 2. Audit outputs and opinions (2019/20)

Status	Number of completed audits	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient (major improvement needed)	Unsatisfactory	No opinion given
Draft	33	5	17	11	0	0
Final	101	4	50	12	4	31
TOTAL	134	9	67	23	4	31
	113	<i>New Audit Engagements completed</i>				
	21	<i>Finalised Audit Engagements from 2018/19</i>				

Within the Internal Audit Annual Report 2019/20, the Audit Manager has provided an opinion of ‘Effective with opportunity for improvement’ on the Council’s control environment. Recognising that the Internal Audit Annual Report 2019/20 provides the substantive and detailed position in respect of the activities, performance and opinions of Internal Audit for the last financial year, this section of the Progress Report is limited to providing details of the critical findings or emerging trends, and value for money findings for quarter 4 2019/20, which follows the last progress report update to Audit Committee on 21 January 2020.

2.2 Critical Findings or Emerging Trends (Q4 2019/20)

In quarter 4 2019/20, six audit outputs were issued with draft audit opinions of ‘insufficient with major improvement’ audit assurance. The audit outputs covered three areas of assurance,

namely asset management, music service income and fleet management as shown the table in figure 1, for which further details are provided below. The audit outputs referred to below are at a draft status, for which the findings will be discussed with management, and once the audits are finalised, the final opinions and recommendations will be reported to Audit Committee.

Four draft thematic audit outputs issued on directorate asset management in quarter 4 provided opinions of 'insufficient with major improvement needed'. These audits followed a corporate audit of IT Inventory and Asset Management, which also provided an opinion of 'insufficient with major improvement needed', given gaps in IT inventory records and limited evidence of periodic checks to account for IT assets allocated. An overview of the findings of the corporate audit was provided to Audit Committee in its meeting on 21 January 2020.

Following the corporate audit, the directorate asset management audits involved a more detailed review of practices, arrangements and records within directorates. The audits recognised that higher value fixed assets, such as those recorded as part of the Council's Statement of Accounts, had reasonable record keeping and oversight. The common area for attention related to equipment and devices, for which there were some good practices within particular teams, but there was a need to establish a system through which asset registers are fully established to contain all relevant items, and supported by a regime for periodic monitoring, review and oversight. Managers have been advised to give initial priority to portable, desirable and high value items. The audit team reviewed records of leavers, and required a sample of managers to account for the IT devices allocated to staff that had since left the Council. Most managers were able to account for the IT devices sampled, but there was one case in the Education directorate, which is being followed up by management as necessary, which involved the apparent sale of an IT device to a former employee for which the income had not been recovered.

A follow up audit of music service income concluded providing an improved draft audit opinion, from 'unsatisfactory' in previous reports to 'insufficient with major improvement needed'. The audit recognised positive steps taken to improve procedures and controls, reducing the risk of a further accumulation of debts, for which documented procedures should now be developed. Audit has also been advised that a decision would be made on the longstanding debt, which had been reported to Audit Committee within previous executive summary reports. In order to provide greater transparency and control, the recommendation remains for the Head of the

Music Service to close the 20 Ensemble private fund bank accounts that were set up by the previous Ensemble leader and to ensure that any private funds are run in line with the private fund guidance issued by Cardiff Council. A further recommendation remains outstanding for establishing a business plan for the Service, which the Head of Service has indicated would be informed by the findings of a Service Review, which was ongoing at the time of the audit.

An audit of Fleet Management (pool cars, public transport and grey fleet) provided a draft opinion of 'insufficient with major improvement needed'. The audit identified a greater use of taxis and grey fleet compared to prior years, and capacity for greater pool car use. It was recommended that consideration is given to preparing corporate guidance on the most appropriate travel options for staff, and to outline opportunities to reduce travel through digital solutions, to meet corporate and wider environmental objectives. In the intervening time since the draft report was issued, a number of staff have needed to work from home in response to the pandemic, and use of remote digital meetings has increased markedly. Current circumstances also require a greater focus on mitigating infection risks as part of any corporate travel guidance. Aside the above value for money matters arising from travel choices being made by officers, the audit also identified a need for improved vigilance from managers in travel authorisation and administration, as there were gaps in authorisation to drive, receipts and mileage documentation on DigiGOV, which has been an area identified for improvement in previous audit testing.

2.3 Value for Money Findings (Q4 2019/20)

The vast majority of audits undertaken by the Internal Audit Team have objectives which cover value for money assurances, from which a general satisfactory level of assurance can be provided for the reporting period. However, within the audits of a lower assurance opinion, there were control gaps which need to be addressed to provide assurance that the objectives of these services are being run with proper attention to a combination of economy, efficiency and effectiveness.

2.4 Current Activities

The audit activities in quarter one have been adaptive and responsive to the crisis management environment in which the Council has been operating. This environment has necessitated a Council-wide focus on critical and emergency decisions, which the audit team has recognised in the support it has offered, the areas of focus, and the approach to delivering assurance and consultation activities.

Audit resources focussed initially on providing critical advice and support to management as the Council adapted services and established new systems in response to the crisis. Towards the end of the financial quarter, when Council services were moving to a documented and managed 'restart' across directorates, the audit team commenced more routine audit client engagement, and assurance audit engagements were progressed from the Audit Plan 2020/21.

During quarter one 2020/21, the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high risk areas, the progression of assurance work on a low impact basis to the capacity of client managers dealing with frontline priorities, and the development of audit work programmes and staff training, as follows:

1. **Consultation and engagement on high risk areas** - Where there was a need for fundamental process change, a risk to resilience, the need to respond to a significant obligation or challenge as a result of the crisis, or a particular fraud or control risk;
2. **Progression of assurance work with a low impact on the capacity of the client** - Through an increased use of desktop testing, data and system interrogation, and a reduction in the level of management engagement during audit fieldwork where appropriate and feasible. Initial focus was on the conclusion of audits which were already underway at the 2019/20 financial year end;
3. **Development and planning for audit test programmes** - Each auditor was allocated a basket of audit areas from the Audit Plan to research, develop test programmes, and extract and analyse data where feasible to prepare for the year ahead;

4. **Development and training for audit staff** – Whereby auditors were allocated certain areas to research and develop training for in-house delivery to the wider team, under the direction of the Audit Manager. The areas for identified training were selected through a review of the results of the IIA competency framework self-assessments, which auditors complete in support of their personal reviews. The first training session was delivered in May 2020 and further training will be rolled out throughout the year.

In respect of the consultancy activities, the audit team has been working directly with management, supporting a number of areas during the COVID-19 crisis. This consultation is recognised as three separate areas of audit work for recognition within the Audit Plan 2020/21, within the 100 days of bulk audit time allocated for COVID-19 related management support. The areas, scope of work and completion status at the end of quarter one for this consultancy are shown in the table below.

Figure 3. COVID-19 consultancy Work in Q1 2020/21.

Scope	Area	Scope	Status (30/06/2020)
1. New system checks. compliance, internal controls and counter-fraud	Start-up grants	Supporting a multidisciplinary team with advice and guidance on design of the system through which grants were administered and paid.	Ongoing
	Business grant administration		Completed
	Supplier relief	Discussion and engagement with commissioning and procurement and schools	
	Coronavirus childcare assistance scheme	Advice and guidance on processes and controls in the system for processing and administering payments.	
2. Resilience, continuity & control. Consultancy	Procure to pay	Advice and guidance in procurement systems and managed use of procurement cards.	Completed
	Procurement cards		
3. Counter-fraud prevention & post assurance checks.	Business grant administration	Active company checks, and validation of eligibility and fraud vulnerabilities for fraud prevention and detection.	Ongoing

The most significant work undertaken during the financial quarter has been in respect of business grant administration on behalf of Welsh Government. The scheme ended for new applications on 30 June 2020, at which time 4,851 grant payments had been processed with an overall value of £65.572million. Whilst the scheme has closed to new applications, payments continue to be processed following necessary checks for applicants who contacted the Council to claim their grant prior to the deadline. For the process, which had to be established at pace, audit attention initially focussed on system design, and providing advice and guidance on compliance and control, risk management, and counter-fraud solutions.

Once the business grant system was established, detailed audit system interrogation and analysis commenced. A number of officers from the audit and investigation teams were deployed to test the integrity of business rates information to prevent ineligible payments, and to identify and arrange appropriate investigation and recovery for any payments which had already been made for businesses identified as ineligible through post assurance work. Further post assurance checks are in progress through data matching for grant payment bank detail and business trading status validations.

The table below shows a list of audits and their reporting status in the current year until 30 June 2020, whereby 12 new audit engagements were completed to at least draft output stage. Management were not subject to the normal follow up correspondence during quarter one in order to finalise existing draft reports, recognising that they needed space to address immediate priorities relating to the crisis. All draft reports will be followed up for management response in quarter two, at which point audit reports previously issued will begin to be finalised. A summary of the audit outputs and opinions in the year to date is shown below.

Figure 4. Audit outputs and opinions (at 30 June 2020)

Status	Number of completed audits	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient (major improvement needed)	Unsatisfactory	No opinion given
Draft	7	2	3	2	0	0
Final	5	0	0	0	0	5
TOTAL	12	2	3	2	0	5
	12	<i>New Audit Engagements completed</i>				
	0	<i>Finalised Audit Engagements from 2019/20</i>				

Since the last reporting period, two draft audit outputs have been issued with opinions of insufficient with major improvement needed. Information on the findings of these audits is provided within Section 2.7 – Critical Findings or Emerging Trends.

Figure 5. 2020/21 Audit outputs and opinions (at 30 June 2020)

No.	Assurance Audit Engagement	Audit Opinion
1.	Governance and Legal Services – Commissioning & Procurement	Effective
2.	Codes of Conduct	
3.	Digital Services - Hybrid Mail	Effective with opportunity for improvement
4.	Health and Safety - Resources	
5.	Programme and Project Risk Management	
6.	PTE - Asset Management	Insufficient with major improvement needed
7.	Street Scene (Waste Management) - Asset Management	
Audit Work with 'No Opinion'		
8.	Joint Committees - Prosiect Gwyrdd	Consultancy, certification, advice and guidance
9.	Joint Committees - Port Health Authority	
10.	Joint Committees - Glamorgan Archives	
11.	New system checks - compliance, internal controls and counter-fraud	
12.	Resilience, continuity & control - Consultancy	

Further to the table above, the outputs that were not been given an assurance opinion and the reasons for this were as follows:

Figure 6. Completed audits without an assurance opinion (at 30 June 2020)

Audit	Comments
Joint Committees - Prosiect Gwyrdd	Work to support completion of Statement of Accounts, 2019/20
Joint Committees - Port Health Authority	
Joint Committees - Glamorgan Archives	
New system checks - compliance, internal controls and counter-fraud	COVID-19 advice and guidance on establishing new systems and processes.
Resilience, continuity & control - Consultancy	COVID-19 advice and guidance in procurement systems and managed use of procurement cards.

The report status for the year to date is shown in **Appendix A**.

2.5 Resources

During quarter one, the COVID-19 crisis has significantly affected the activities and capacity of audit clients, and it has also had a material impact on the capacity of the audit team and the audit resources.

The audit team has followed corporate guidance, whereby officers have received special leave for periods that they have needed to care for dependants and have been unable to work. The team has shown significant personal flexibility in their commitment to limiting the use of special leave as far as possible. This is commended by audit management given responsibilities within the team which include providing childcare and home schooling, and meeting the care needs for vulnerable family members. Available staff resources have also been impacted by an increased level of sickness and bereavement leave in quarter one, and cases are being managed in accordance with corporate policy. There is one case of long-term sickness within the team at the end of the financial quarter. One member of the team was temporarily deployed for a number of weeks to support their personal development and assist the finance team in preparation of the Statement of Accounts 2019/20, which also affected the staff resource.

As all operational auditors and the audit assistant record all actual time worked, there is useful management information available for planning, monitoring and reporting purposes. Timesheet data contained 343 chargeable days in quarter one, against a pro-rata plan of 478 days, showing that the team has been operating at a chargeable capacity of circa 72% of planned. Using this knowledge, and in consideration of the reasonable capacity of audit staff and clients for the remainder of the year, performance targets have been aligned to resources for 2020/21, for which details are included within section 3.2 'Performance'.

Two members of the team continue to be supported through a CIA qualification with the IIA. One auditor is working towards their third and final exam, and one auditor is working towards their second exam. Both auditors had intended to take exams over the reporting period, but this has not been possible due to current COVID-19 related restrictions by the IIA. The auditors have continued with their studies and will take their next exams in due course. The audit team also contains a CIPFA trainee placement who recently achieved part-qualified CIPFA accountant status, following successful summer exams. CIPFA placements operate on a annual rotation across finance teams. We anticipate the next CIPFA placement to commence in September 2020, at which time the current placement will move on with the best wishes from the team.

2.6 Annual plan

The Audit Committee considered the draft Audit Plan 2020/21 through a consultation process (between 23 March – 3 April 2020), outside of the formal Audit Committee meeting. The consultation process was arranged as the Audit Committee meeting scheduled for 24 March 2020 was cancelled in consideration of business necessity and the COVID-19 risk.

Through the consultation process, all comments received were responded to by the Audit Manager, and the overall position was discussed and agreed with the Chair and endorsed by the Chief Executive on behalf of the Senior Management Team at the beginning of April 2020.

At the end of quarter one, the Audit Plan is subject to a small number of proposed adjustments following audit relationship management arrangements with directors and risk reviews. These changes are detailed within agenda item 5.2, where formal approval is sought from the Audit Committee for the Audit Plan 2020/21.

Whilst set on an annual basis, the Audit Plan is adaptable and responsive and will be subject to ongoing risk assessment, prioritisation and review throughout the year to maximise assurance and management support. In-year changes may be introduced where appropriate, to respond to emerging risks and issues as the year progresses.

The proportion of the Plan which can be delivered in 2020/21 will be materially lower than in 2019/20, for which details are provided in section 3.2. 'Performance'. Whilst significant attention has needed to be provided to management in the form of consultancy during quarter one, as set out in section 2.4 'Current Activities', the level of assurance audit work will ramp up during the rest of the financial year, as services 'restart' as part of the corporate approach to a managed recovery from the crisis.

Audits will be allocated on a basis that provides the greatest assurance and value, and limits any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2020/21.

2.7 Critical findings or emerging trends (Q1 2020/21)

A smaller number of audit reports were issued over the reporting period than usual given the current environmental context, and two audit reports were issued with adverse audit opinions

for which further details are provided in the paragraph below. The audits referred to below are at a draft status, for which the findings will be discussed with management, and once the audits are finalised, the final opinion and recommendations will be reported to Audit Committee.

The two draft thematic audit outputs issued with opinions of insufficient with major improvement needed were in respect of directorate asset management in 'Planning Transport and Environment' and 'Waste Management'. The findings of these audits, and the areas for improvement, were consistent with the other directorate asset management audits. Whilst there was evidence of a system for reasonable management of larger assets e.g. vehicles, skips etc., in respect of portable equipment and devices, there were gaps in record keeping and a regime for periodic monitoring, review and oversight. Through testing of a small sample of leavers, management were able to account for the return of relevant equipment that had been allocated to individuals.

2.8 Value for Money findings (Q1 2020/21)

There were no value for money themed audits undertaken within the reporting period.

The vast majority of audits undertaken by the Internal Audit Team have objectives which cover value for money assurances, from which a general satisfactory level of assurance can be provided for the reporting period. However, within the audits of a lower assurance opinion, there were control gaps, which need to be addressed to provide assurance that the objectives of these services are being run with proper attention to a combination of economy, efficiency and effectiveness.

3. AUDIT PERFORMANCE AND ADDED VALUE

3.1 Added value

Relationship Manager meetings were held with Directors and their representatives during the development of the audit plan in quarter four 2019/20. Further Relationship Management meetings were then held in quarter one 2020/21, with particular focus given to understanding the priorities and risks within each management team, and the changes to systems or processes planned or underway, in order to direct audit advice and inform the planning of audit engagements.

Feedback from audit clients were positive overall in 2019/20, with satisfaction rates at 99% and 85% of clients advising that their audit ‘added value’. Further details are provided within the Internal Audit Annual Report 2019/20, which is being considered by Audit Committee in agenda item 5.1.

There has been very limited audit feedback in quarter one as, whilst draft audit reports have been issued, the usual timescale for management response has been relaxed to allow management the space to prioritise immediate risks and issues as appropriate. Management have been advised that responses will be requested for all outstanding draft reports at the commencement of quarter two. Once audits are finalised, management will be asked to respond to client questionnaires.

In the audit outputs issued to date (as at 30 June 2020), there have been 19 recommendations made, all of which are presently being considered by audit clients through draft audit outputs. These are summarised below:

Figure 7. Recommendations raised and agreed

Rating	Recommendations made	Recommendations agreed	Recommendations being considered
Red	2	0	2
Red / amber	5	0	5
Amber / green	10	0	10
Green	2	0	2
TOTAL	19	0	19

3.2 Performance

As outlined in section 2.4 (‘Current Activities’), the focus of audit work in quarter one has been adaptive and responsive to current environment. Initial priority was given to providing audit consultancy and support to areas where Council services needed to change and adapt to the crisis. This was followed by a more formal commencement of the assurance audit engagements towards the end of the financial quarter once services commenced a formal ‘restart’ phase.

In respect of the consultancy work, whilst significant resources were deployed to support managers, this work has been grouped and accounted for within three areas of attention, of which work has been concluded in two areas (indicated in figure 3). A number of assurance audit engagements commenced in June 2020, representing a managed return to business as usual, for

which draft audit outputs have started to be issued and activity will ramp up for the remainder of the financial year.

It is considered that the audit performance indicators utilised in 2019/20 continue to provide an effective measure of the core components of delivering an effective audit service, and it is proposed that these measures are retained for 2020/21. Whilst the indicators are considered to be effective, it is proposed that the audit targets are adjusted in order to reflect a stretching but achievable level of performance within the context of the current environment.

As outlined in 2.5 ('Resources') there are various reasons why the audit service is operating at a lower capacity than usual, and it is recognised that there will be an ongoing constraint on the operating capacity of auditors for the remainder of the year, albeit to a lesser degree as lockdown and social distancing measures are gradually eased.

In consideration of the quarter one resource constraints, which resulted in the team operating at 72% of anticipated chargeable capacity, it is proposed to set the target percentage of the audit plan completion at 60% for 2020/21. In applying this target, audits would be allocated on a basis that provides the greatest assurance and value, and limits any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2020/21. The proposed targets of audit productive days and audits per FTE are in alignment with the proposed audit plan target percentage.

The average number of finalised audits per FTE is significantly below target in quarter one. This performance is symptomatic of the fact that auditors have issued draft reports for management awareness, but stood down from their normal follow up regime in order to seek management responses and to finalise audits in quarter one. Auditors were asked to cease from pursuing management responses to recommendations during quarter one, in order to give them space to address crisis management matters. The position will improve as management responses are actively sought from quarter two, in respect of both the reports issued so far in 2020/21, and those issued in 2019/20 which are also at draft status, and require management response to finalise.

In respect of schools, given closures during quarter one, and the need for school management to focus on pupils safely returning in the Autumn term, the target dates for all 'open' school

recommendations due / shortly due, have been extended until 31 October 2020. This will allow schools to reset their position and attention to responding to audit recommendations midway through the Autumn term.

Audit Committee Members have taken particular interest in performance against the percentage of audit recommendations implemented within the agreed timescale, which has been below target for a number of years. A target is proposed of 80% for 2020/21, which represents an ongoing expectation of the high delivery of agreed management actions, and an expected improvement of directorate performance from 2019/20. The Audit Manager wrote to each Director in June 2020, requesting that target recommendation dates are reviewed and updated in recognition that targets will have been impacted by the necessary priorities given to crisis management matters in quarter one 2020/21. Targets are being updated upon receipt of Director responses, which it is hoped will enable a resetting of realistic timeframes for directorates to work towards.

Figure 8. Performance against targets for 2020-2021 (to date)

Performance Indicator	2019/20 Outcome	2020/21 Target	Q1 Outcome
The percentage of the Audit Plan completed	70%	60%	9%
The average number of audit productive days per FTE	169	130	33
The average number of finalised audits per FTE	11	9	*0.54
The percentage of draft audit outputs delivered within six weeks	86%	85%	100%
The percentage of audit recommendations implemented within the agreed timescale	60%	80%	**0%

* Draft reports not chased up to be finalised in Q1, to allow for attention on COVID-19 priorities.

** Implementation of recommendations not chased up in Q1, to allow for attention on COVID-19 priorities.

3.3 Audit Plan Delivery

In addition to monitoring and managing the numbers of audits delivered, audit engagements are allocated in order to ensure that there is a breadth of assurance by the financial year-end, upon which to provide a complete Audit Manager annual opinion.

As outlined in section 2.4 – Current Activities, there were twelve audit engagements completed in quarter one 2020/21. The level of delivery of the Audit Plan is substantially lower than is usual at this point in the financial year, primarily impacted the extensive focus on consultancy services, before services began to restart, and assurance audit engagement could more formally progress. The current position for the full Audit Plan 2020/21 is shown in **Appendix B** – Audit Plan.

3.4 PSIAS Compliance

The Internal Audit Standards Advisory Board (IASAB) has provided guidance for Heads of Audit and Audit Committees on remaining compliant with Relevant Internal Audit Standard Setters (RIASS), which in respect of the Council is the Public Sector Internal Audit Standards (PSIAS). The guidance is designed to set out the steps that can be taken to safeguard the long-term position of internal audit, and to provide reassurance that diversion from planned audit work will not automatically mean non-conformance with the Standards.

Included within **Appendix C** is the guidance from the IASAB, accompanied by an assessment of the Audit Manager against the associated checklist in **Appendix D**. There are considered to be suitable provisions and safeguards in place to continue to operate the Internal Audit Service in conformance with the PSIAS. Steps have been taken to ensure that audit priorities and activities are appropriately communicated, and align to the Mission of Internal Audit ‘to enhance and protect organisational value by providing risk based and objective assurance, advice and insight’. Safeguards to independence and objectivity are embedded through existing processes and regimes, and audit activities are being delivered in accordance with Government and Council guidelines to meet all necessary health and safety requirements.

3.5 Recommendations

In accordance with an action from the Audit Committee Annual Workshop on 21 January, a Summary of the open audit actions has been introduced, and is included within **Appendix E**, to support the Audit Committee to monitor and review the management response to recommendations raised.

Included within **Appendix F** are the red and red/amber open recommendations including the current management response for the information and monitoring of the Audit Committee. **Appendix G** contains the red and red/amber recommendations, which have been completed

since the last Audit Committee Meeting. Amber / green and green recommendations are provided to Committee via a separate route.

The table below shows the instances where implementation dates have been revised, typically by audit clients on SharePoint (as at 30.06.20). As referred to within section 3.2. 'Performance', the target dates for all 'open' school recommendations due / shortly due, have been extended until 31 October 2020. The position against recommendations is reported, to monitor progress and target discussions on the effective management of risk management, in relationship management meetings each quarter.

Figure 9. Revised recommendation implementation dates and status

Directorate / Audit Category	Number of recommendations with revised dates	Actions now implemented	Actions still open
Education and Lifelong Learning	38	10	28
Social Services	14	10	4
Resources	5	4	1
Housing and Communities	2	2	0
Planning Transport and Environment	4	3	1
Waste Management	35	23	12
Central Transport Services	9	0	9
Economic Development	18	10	8
External and grants	0	0	0
Fundamental	8	5	3
Corporate Governance	4	1	3
Governance and Legal Services	1	0	1
Other assurance	10	2	8
	148	70	78
Schools	184	68	86
TOTAL	332	138	194

4. CONCLUSION

4.1 Summary

Quarter one has seen a need to deploy audit resources in order to provide advice, guidance and support services to management as they have adapted systems, and set up new processes to meet Council priorities and respond to the current COVID-19 crisis. Whilst a level of consultancy work will need to continue, following the 'restart' of Council services towards the end of quarter one 2020/21, assurance audit engagements have been able to progress, and will be a focus of priority for the remainder of the year.

The Audit Team relaxed the regime for chasing up management responses to draft reports in quarter one to allow management the space they needed to respond to more immediate challenges associated with COVID-19. From quarter two, all draft reports will be followed up with management to request their formal response to the recommendations raised.

The Audit Management Team has reviewed the ongoing impact of the crisis on resources, and proposed performance indicators for 2020/21 are set at levels which are stretching but realistic for individuals and the team overall. The targeted delivery of the Audit Plan will ramp up in the remaining quarters of the financial year, with audits selected with a view to minimise any impairment to the overall opinion of the Audit Manager on Council's control environment for 2020/21.

Audit practices have been reviewed against the latest guidance from the Internal Audit Standards Advisory Board. There are considered to be suitable provisions and safeguards in place to continue to operate the Internal Audit Service in conformance with the PSIAS.

Report Status (as at 30 June 2020)

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
<i>Fundamental / High</i>				
Effective	People and Communities - Health and Safety			Draft Issued
	Creditor Payments – in-year testing 2019/20			
	Codes of Conduct			
	Governance and Legal Services – Commissioning & Procurement			
Effective with opportunity for improvement	Governance & Legal Services – Health and Safety			Drafts Issued
	Ethics and Values - Business and Personal Interests			
	NNDR in-year testing			
	Governance Arrangements			
	Economic Development – Health and Safety			
	Social Services – Health and Safety			
	PTE - Health and Safety			
	Health and Safety – Resources			
	Programme and Project Risk Management			
Insufficient with major improvement needed	Direct Payments	2		Drafts Issued
	Waste Management – Health and Safety	1		
	Education – Asset Management	1		
	Resources – Asset Management	1		
	Econ Dev - Asset Management	1		
	Social Services - Asset Management	1		
	PTE - Asset Management	1		
	Street Scene (Waste Management) - Asset Management	1		
<i>Medium</i>				
Effective	Counter-fraud arrangements - Willows			Draft Issued
	Major Projects Governance			
	Digital Services - Virtual Agent			
	Digital Services - Hybrid Mail			

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Effective with opportunity for improvement	Ysgol Plasmawr – ICT Governance			
	Audit of Scrutiny Functions			
	Learning Disabilities			
	Kitchener Primary - Counter-fraud arrangements			
	Radyr Comprehensive School – Counter Fraud Arrangements			
	Income collection in schools			
	Pentyrch Primary School			
	Lamby Way stores - follow up			
	Safeguarding - follow up			
	Performance management			
	Foster Carers			
Insufficient with major improvement needed	IT inventory and asset management	1		Draft Issued
	Film Unit	1		
	Domiciliary Care	1		
	Fleet Management (pool cars, grey fleet, etc.)	1		
	Music Service - follow up	2		
Grants / Accounts / External Bodies				
No assurance opinion given	Norwegian Church	Statement of Accounts Reviews / Certification / Support		Draft Issued
	Education Improvement Grant			
	Rumourless Cities			
	Education - Income Processes			
	Joint Committees - Prosiect Gwyrdd			
	Joint Committees - Port Health Authority			
	Joint Committees - Glamorgan Archives			
Other assignments				
No assurance opinion given	New system checks - compliance, internal controls and counter-fraud	COVID-19 Consultancy		
	Resilience, continuity & control- Consultancy			

DRAFT AUDIT PLAN, 2020/21

Appendix B

Audit Category	Risk	Engagement Type	Original Audit Plan	Assignment	Days	Audit Scope	National Issue
Fundamental Audits - S151 Assurance							
Purchasing and Payments	High	Assurance	55	Creditor payments - year end 2019/20	25	Purchases and Payments are compliant, authorised, accurate and timely.	
CRSA 2020/21				5			
In year testing (Mid Year 2020/21)				25			
Creditor Payments – in-year testing 2019/20 (carried forward from 2019/20)			0				
Establishment reviews			60	15			
CRSA 2020/21				5	Recruitment processes are transparent and robust, only bona fide, authorised and accurate payments are made, with effective prevention, detection and recovery of errors		
In year testing 2019/20				5			
Payroll - Recruit cf	0						
In year testing 2020/21	15						
Additional Payments (payroll & allowances)	20		Bona fide, effective, efficient and accurate additional payments				
Council Tax	20		Compliance and control, with effective and efficient processes.				
NNDR							
HB / LHA/ CTRS	High	Assurance	20	NNDR in-year testing (carried forward from 2019/20)	0	Business Rate collection and control is working effectively and efficiently.	
Housing Benefit / Local Housing Allowances / Council Tax Reduction Scheme					20	Effective controls to ensure accurate processing of bona fide claims	
Treasury Management							
Main Accounting							
Income and Debtors							
Asset Management							
Housing Rents							
Total			155		155		
Corporate Governance Assurance - Audit							
			Original audit plan	Assignment	Days		
Audit of risk management arrangements	High	Assurance	20	Programme and Project Risk Management	10	Risk management arrangements are effective and operated consistently	
Directorate Risk Management				10			
Audit of governance arrangements	Medium	Assurance	20	Governance arrangements	20	Audit of the application of good governance arrangements in COVID-19 Decision making and control	
Governance arrangements (carried forward from 2019/20)				0			
Audit of scrutiny functions	High	Assurance	20	Complaints & Compliments	10	Policy alignment to organisational values, with appropriate disclosures made.	
Codes of Conduct				10			
Audit of ethics and values	High	Assurance	20	Business and Personal Interests (carried forward from 2019/20)	0		
Wellbeing of Future Generations				20			
Audit of Wellbeing of Future Generations	High	Assurance	20	Wellbeing of Future Generations	20	Effective application of Wellbeing of Future Generations requirements.	y
Audit of performance management	High	Assurance	0	Performance Management (carried forward from 2019/20)	0	Performance management arrangements are effective, and operated consistently.	
Audit of Health and Safety							
Audit of Information governance							
Total			80		80		
Digital Services	Medium	Assurance	0	Digital Services - Hybrid Mail cf	0	Project management arrangements are operating effectively, as per corporate requirements.	
Digital Services - Virtual Agent (carried forward from 2019/20)				0			
Delegation and decision making							
Programme and Projects	Medium	Assurance	20	Programme and Project Governance	20	Effective, clear and consistent project governance arrangements.	
Total			20		20		
Other Assurance							
			Original audit plan	Assignment	Days		
Contract Audit	Medium	Assurance	40	Cradle to Grave Audit	20	Effective contract compliance, control and delivery of objectives	
Contract Monitoring & Management				20			
Cardiff Bus - governance	Medium	Assurance	10	Cardiff Bus - governance	10	Section 151 Assurance on governance arrangements	
Education - SOP	Medium	Assurance	15	Education - SOP Review of Band B	15	Delivery of objectives, with effective compliance and control	
ICT Audit	High	Assurance	50	Change and patch management controls	15	Effective co-ordination, risk management and control.	
Payment Card Industry (chip and pin devices)				15			
IT Business Continuity				20			
IT inventory and asset management (carried forward from 2019/20)				0			
Value for Money studies	Medium	Assurance	30	VFM in Digital Initiatives	15	Assurance on value for money in digital initiatives	
VFM in use of Council vehicles				15			
Taxation (incl. VAT)	Medium	Assurance	20	Taxation	20	Value for money in use of Council vehicles	
System Development	High	TBC	30	System Development	30	Effective compliance and control.	
National Fraud Initiative	High	Assurance	0	National Fraud Initiative cf	0	Consultation or assurance services, as relevant.	
Pensions and Investments	High	Assurance	0	Pensions and Investment In year testing CF	0	Data matching counter-fraud exercise.	
Insurance	High	Assurance	15	Insurance	15	Effective compliance and control.	
Health and safety							
Mileage & subsistence	High	Assurance	15	Mileage & subsistence	15	Accurate claiming and authorisation for reasonable expenditure.	
Fleet Management (pool cars, grey fleet, etc.)				Fleet Management (pool cars, grey fleet, etc.) (carried forward from 2019/20)	0	Delivery of service objectives with effective compliance and control.	
Procurement							
Stores	Medium	Assurance	10	Parks Equipment Donimions Way Temporary Stores	10	Effective and efficient stores management, and stock / equipment control	
Business Continuity	High	Assurance	20	Business Continuity & Incident Management	20	Effective business recovery and incident management systems.	y
Members' allowances	Medium	Assurance	15	Members' Allowances	15	Effective governance and management of Members' allowances	
Business Grants - Assurance	High	Assurance	0	Business Grants - Assurance	12	Effective compliance and control in administering Business Grants	
TBA		Assurance	12	TBA	0	TBA	
Total			282		282		
Service specific audits							
			Original audit plan	Assignment	Days		
Service / Process Consultancy	High	Consultancy	100	Provision of Service / Process Consultancy	100	Consultancy support across the Council as services adapt and respond to the service demands of COVID-19	
Planning, Transportation and Environment	High	Assurance	80	Asset Management cf	0	Effective Directorate recording, monitoring, management and control of physical assets	
Commissioning and Procurement				15			
Income and Debtors				15			
Performance Management				15			
Information Management				15			
Pre-Contract Assurance				10			
Health and Safety (carried forward from 2019/20)				0			
Lamby Way Stores - Follow Up (carried forward from 2019/20)				0			
Bereavement Services				10			
Compliance and control in Bereavement Services							
People and Communities	High	Assurance	150	Asset Management cf	0	Effective Directorate recording, monitoring, management and control of physical assets	
Income and Debtors				15			
Performance Management				15			
Commissioning and Procurement				15			
Information Management				15			
Pre-Contract Assurance				15			
Health and Safety (carried forward from 2019/20)				0			
Directorate health and safety compliance and risk management.							
Directorate health and safety compliance and risk management.							
Directorate health and safety compliance and risk management.							

Audit Output Status 30.06.20	Audit Opinion
Draft Issued	Effective
Draft Issued	Effective with opportunity for improvement
Draft Issued	Effective with opportunity for improvement
Draft Issued	Effective with opportunity for improvement
Draft Issued	Effective
Draft Issued	Effective with opportunity for improvement
Draft Issued	Effective with opportunity for improvement
Draft Issued	Effective with opportunity for improvement
Draft Issued	Effective with opportunity for improvement
Draft Issued	Effective with opportunity for improvement
Draft Issued	Effective with opportunity for improvement
Draft Issued	Insufficient with major improvement needed
Draft Issued	Insufficient with major improvement needed
Completed Work in Two Thematic Areas - Work Ongoing	No Opinion Provided
Draft Issued	Insufficient with major improvement needed
Draft Issued	Effective
Draft Issued	Effective with opportunity for improvement
Draft Issued	Effective

	Medium			Flexible Funding in Housing Get me home service Independent Living Lettings policy in high rise accommodation ICF schemes (incl. Families First) Risk Based Verification Libraries	10 15 10 10 10 10	Delivery of service objectives with effective compliance and control.			
People and Communities (Waste Management)	High	Assurance	100	Asset Management cf	0	Effective Directorate recording, monitoring, management and control of physical assets	Draft Issued	Insufficient with major improvement needed	
	Medium	Consultancy		Health and Safety (carried forward from 2019/20)	0	Directorate health and safety compliance and risk management.	Draft Issued	Insufficient with major improvement needed	
				Waste Management Consultancy	15	Advice, guidance and support			
				FOLLOW UP - Fly Tipping	15	Follow up Audit			
				Gatehouse	15	Compliance and control in gatehouse / weighbridge systems.			
				Commercial Waste	15	Effective systems, compliance and control			
				Recycling in HWRCs	20				
				FOLLOW UP - Contracts in Waste Management	10	Follow up Audit			
				Trolleys	10	Effective systems, compliance and control			
Economic Development	High	Medium	105	Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
				Performance Management	15	Performance management arrangements are effective, and operated consistently.			
				Information Management	15	Controlled, effective and compliant information management practices.			
				Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken			
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control			
				Corporate Landlord	15	Effective and compliant corporate landlord practices.			
				Disposal of Land & Buildings	15	Delivery of objectives with effective compliance and control.			
				Asset Management (carried forward from 2019/20)	0	Effective Directorate recording, monitoring, management and control of physical assets	Draft Issued	Insufficient with major improvement needed	
				Health and Safety (carried forward from 2019/20)	0	Directorate health and safety compliance and risk management.	Draft Issued	Effective with opportunity for improvement	
				Major Projects Governance (carried forward from 2019/20)	0	Operation of appropriate arrangements for Major Projects	Draft Issued	Effective	
	Medium							Draft Issued	Insufficient with major improvement needed
Education and Lifelong Learning	High			Income and Debtors	10	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
				Performance Management	15	Performance management arrangements are effective, and operated consistently.			
				Information Management	15	Controlled, effective and compliant information management practices.			
				Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken			
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control			
				Health and Safety	15	Directorate health and safety compliance and risk management.			
				Asset Management (carried forward from 2019/20)	0	Effective Directorate recording, monitoring, management and control of physical assets	Draft Issued	Insufficient with major improvement needed	
				British Council Grants	20	Effective compliance and control in administering British Council Grants.			
				Work in individual schools:					
				School 1 - Cardiff West					
	School 2 - Ysgol Bro Edern								
	School 3 - Llangedeyrn Primary								
	School 4 - Mary Immaculate								
	School 5 - Marlborough Primary								
	School 6 - St. Cuthbert's								
	School 7 - Cantorian								
	Schools CRSA	20	Effective compliance and control						
	Schools CRSA - Individual School Audits		Undertake CRSA exercise with all schools.						
	CRSA - School 1								
	CRSA - School 2								
	CRSA - School 3								
	CRSA - School 4								
	Catering in Opted out schools	15	Delivery of objectives, with effective compliance and control						
	FOLLOW UP - Pontprennau Primary	7	Follow up Audit						
	FOLLOW UP - St Peters R.C Primary	8	Follow up Audit						
FOLLOW UP - Income Procedures in School Kitchens cf	0	Follow up Audit							
School Admissions	15	Effective and well governed arrangements for school admissions							
Counter-fraud arrangements - Willows High School (carried forward from 2019/20)	0	Counter-fraud assurance in school governance, transactional, procurement and recruitment activities	Draft Issued	Effective					
Counter-fraud arrangements - Kitchener Primary School (carried forward from 2019/20)	0		Draft Issued	Effective with opportunity for improvement					
Cashless catering in secondary schools	10	Effective and controlled arrangements to receive, record and monitor income							
ICT governance for schools - Ysgol Plasmawr (carried forward from 2019/20)	0	Effective ICT Governance mechanisms for compliance, business continuity and control	Draft Issued	Effective with opportunity for improvement					
Education - Income Processes (carried forward from 2019/20)	0	Effective compliance and control in school income collection.	Draft Issued	No Opinion Provided					
Pentyrch Primary School (carried forward from 2019/20)	0	Full audits of systems of governance and internal control	Draft Issued	Effective with opportunity for improvement					
Music Service - Follow up (carried forward from 2019/20)	0	Follow up Audit	Draft Issued	Insufficient with major improvement needed					
Governance and Legal Services	High	Assurance	60	Income and Debtors	10	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
				Performance Management	15	Performance management arrangements are effective, and operated consistently.			
				Information Management	15	Controlled, effective and compliant information management practices.			
				Pre-Contract Assurance	10	Relevant compliance and due diligence checks are undertaken			
				Commissioning and Procurement	10	Commissioning and Procurement compliance and control	Draft Issued	Effective	
								Draft Issued	Effective with opportunity for improvement
Resources	High	Assurance	80	Commissioning and Procurement	10	Commissioning and Procurement compliance and control			
				Income and Debtors	10	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
				Performance Management	15	Performance management arrangements are effective, and operated consistently.			
				Information Management	15	Controlled, effective and compliant information management practices.			
				Pre-Contract Assurance	10	Relevant compliance and due diligence checks are undertaken			
				Resources Health and Safety	10	Directorate health and safety compliance and risk management.			
				Asset Management (carried forward from 2019/20)	0	Effective Directorate recording, monitoring, management and control of physical assets	Draft Issued	Effective with opportunity for improvement	
				Alarm Receiving Centre	10	Delivery of service objectives with effective compliance and control.	Draft Issued	Insufficient with major improvement needed	
				Resources (CTS)	10				
					Medium	Assurance	10		
Social Services	High	Assurance	205	Commissioning and Procurement	15	Commissioning and Procurement compliance and control			
				Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
				Performance Management	15	Performance management arrangements are effective, and operated consistently.			
				Information Management	15	Controlled, effective and compliant information management practices.			
				Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken			
				Health and Safety (carried forward from 2019/20)	0	Directorate health and safety compliance and risk management.	Draft Issued	Effective with opportunity for improvement	
				Direct Payments (carried forward from 2019/20)	0	Effective control, management and monitoring of Direct Payments	Draft Issued	Effective with opportunity for improvement	
				Asset Management (carried forward from 2019/20)	0	Effective Directorate recording, monitoring, management and control of physical assets	Draft Issued	Insufficient with major improvement needed	
				Safeguarding - Follow up (carried forward from 2019/20)	0	Follow up Audit	Draft Issued	Effective with opportunity for improvement	
				Early help scheme (impact of FPOC)	15				
	Social Services - CHAD	15							
	Mental Health Day Services	15							
	Emergency Duty Team	15							
	Payments to Care Leavers	20							
	Children's Placements (including out of county)	20	Delivery of service objective with effective compliance and control						
Residential Care	15								
Workforce Development - TBC	15								
Learning Disabilities (carried forward from 2019/20)	0								
	Medium							Draft Issued	Effective with opportunity for improvement

Mae'r dudalen hon yn wag yn fwiadol

APPENDIX C

Conformance with the PSIAS during the coronavirus pandemic

The IASAB has developed this guidance to support heads of internal audit and individual internal auditors in the UK public sector. It has the backing of all of the UK Relevant Internal Audit Standard Setters (RIASS)¹.

All internal auditors of any organisation in countries significantly affected by COVID-19 will be reassessing their work plans and staff priorities. For public sector internal auditors there is an additional responsibility. All staff in a public service body have a responsibility to work in the public interest. At a time of national crisis there is a need to act in the best interests of the health, safety and livelihoods of the public as well as supporting the operational needs of the organisation.

As a result very few internal auditors will be operating under 'business as usual' conditions. At the very least they will be doing the majority of work remotely, and staff in many teams are likely to be taking on different roles to support their organisation and the public interest.

The primary concern of heads of internal audit will be to support their organisation and its functions together with concern for the wellbeing of their staff. They may also be worried that the decisions they take could lead to non-conformance with UK Public Sector Internal Audit Standards (PSIAS²).

This guidance should reassure heads of internal audit and the audit committee that diversion from planned audit work will not automatically mean that they do not conform. There are however some basic steps to take to safeguard the longer-term position of internal audit.

Note that useful additional material is provided in an Information Paper *Doing things differently during the coronavirus pandemic – adjusting to the new normal* which is available on the IASAB website at www.iasab.org. This also links to other useful online resources developed in response to the current crisis.

¹ The Relevant Internal Audit Standard Setters (RIASS) are:

- HM Treasury in respect of central government;
- the Scottish Government, the Department of Finance Northern Ireland and the Welsh Government in respect of central government and the health sector in their territories;
- the Department of Health in respect of the health sector in England (excluding Foundation Trusts); and the Chartered Institute of Public Finance and Accountancy in respect of local government across the UK.

² PSIAS are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) and include additional UK public sector requirements and interpretations.

Mission of Internal Audit

The Mission of Internal Audit is 'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.' In the current circumstances internal auditors will be fulfilling their Mission in different ways than usual. However the critical point is that they should still fulfil that Mission. Ideally, this will provide enough assurance to support audit opinions, and for the Governance Statement, although it will certainly be appropriate to draw attention to the context within which this assurance was gained and potential limitations. If it is not possible to achieve sufficient depth or coverage it will be necessary to caveat opinions and/or the Governance Statement, and explain the impact of this and what will be done to retrieve the position in future. However, the key point is to protect organisational value.

Examples of ways that internal audit can protect organisational value are:

- Helping **protect** the organisation's operations by helping management to find new ways of working
- Providing real-time **advice** and **insight** in the development of new systems and controls. For example where the organisation has to implement a new and urgent government policy.
- Ensuring that internal audit's work remains **risk-based**, but continuously reassessed to reflect the significant changes and escalation of risk levels being experienced.
- Providing real-time **assurance** to the board and audit committee on the actions and decisions being made.
- Helping the organisation to understand and plan for longer term risks resulting from the current crisis to **protect** the organisation and its services going forward.

Applying the Standards

Whatever internal audit work is undertaken, it should be in accordance with PSIAS. In practice the operational situation is likely to make this more challenging. Challenges might include:

- **Diversion of internal audit staff to other work:** this may reduce capacity to carry out audit work, capacity to monitor the quality of that work, and may make it harder to manage threats to independence
- **Diversion of operational staff to other duties:** this may make it difficult to access information or obtain responses to audit queries.
- **Home-working of the majority of staff:** depending on the effectiveness of business continuity arrangements in a home-working environment, both internal audit and operational staff may have reduced access to systems and resources. This may be a particular issue for smaller public sector organisations.
- **Increased levels of sickness absence/sick leave:** these may exacerbate the above issues

However each internal auditor retains their personal responsibility for operating in accordance with PSIAS and should aim to act professionally. The Core Principles in the International Professional Practices Framework articulate internal audit effectiveness, and are short and focused reminders of the professionalism of an internal auditor. There will clearly be strains on resources, and this will make it more difficult to maintain quality and adherence with professional standards. There will often be pressures to contribute to the first and second lines of defence rather than providing assurance, and this may in turn create threats to independence which need to be managed.

Key Steps to Take

1. Advise the audit committee and other key stakeholders¹ in the governance process of the changes to the audit plan and operations of the internal audit team. A lengthy report is not required but the committee should be made aware. Brief but regular updates should be provided as the situation develops.
2. Maintain regular and constructive communications with external audit. This will help external audit understand how delivery of assurance is being progressed and provide information on changes in the organisation's system of governance and control
3. Where internal audit staff are reassigned to undertake advisory or consultancy work rather than assurance engagements then they should be made aware of the standards relating to consulting activities, if they are not already familiar with them.
4. Where internal audit staff are diverted into operational roles it should be made clear that for the duration that the staff are not operating as internal auditors. When staff return to their internal audit role, a review can be undertaken to see if any steps are necessary to address impairment to independence and objectivity (standard 1130).
5. Keep clear records of the changes to roles and plans. These will help key stakeholders understand the revised arrangements and will help resolve any conflicts of interest later.
6. Remember the Mission of Internal Audit and act in accordance with it. When the immediate crisis is over the head of internal audit should be able to demonstrate how the operation of internal audit has helped fulfilment of the Mission.
7. At all times Internal Auditors should comply with Government advice, and that of their organisation, regarding health and safety during the coronavirus pandemic.

External Quality Assessment

Heads of internal audit may find themselves in a position where an external quality assessment would not demonstrate the expected level of conformance with the PSIAS. While this may be reasonable in the face of the challenges noted above, they should nevertheless plan to recover the conformance position over time. Such plans will need to take a realistic view of continuing disruption to working practices in the light of developing information: it may be appropriate to begin recovery in advance of a return to fully normal working.

Assessors undertaking a PSIAS review in the next year should take into account the significant interruption to business as usual experienced by internal audit teams in the public sector. Assessors may also need to be flexible in order to schedule and conduct their work in a manner which does not interfere with response to the crisis. The IASAB would encourage assessors to have regard to this guidance note.

¹ For example, in central government, the Accounting Officer will need to be kept informed of changes to the normal operation of internal audit.

Mae'r dudalen hon yn wag yn fwriadol

Audit Standards Checklist – COVID-19

Recommended IASAB Step		Internal Audit Response
1	Advise the audit committee and other key stakeholders in the governance process of the changes to the audit plan and operations of the internal audit team. A lengthy report is not required but the committee should be made aware. Brief but regular updates should be provided as the situation develops.	<p>The Internal Audit Progress Report sets out:</p> <ul style="list-style-type: none"> • How 100 audit consultancy days will be used for COVID-19 related advice, guidance and support, within three broad and defined areas of work • Further changes to the Audit Plan for Audit Committee awareness and consideration.
2	Maintain regular and constructive communications with external audit. This will help external audit understand how delivery of assurance is being progressed and provide information on changes in the organisation's system of governance and control.	The Audit Manager has regular meetings with the Wales Audit Office (WAO). Discussions have been held around the priority areas of work in quarter one, and key findings.
3	Where internal audit staff are reassigned to undertake advisory or consultancy work rather than assurance engagements then they should be made aware of the standards relating to consulting activities, if they are not already familiar with them.	<p>There are provisions in place for auditors to be suitably aware of the Standards, and their responsibilities.</p> <p>On at least an annual basis, each auditor completes a self-assessment against the IIA Internal Audit Professional Competency Framework. The framework covers technical and behavioural requirements.</p> <p>To further reinforce requirements; in May 2020, all auditors received in-house training on the International Professional Practices Framework (IPPF), and all requirements of the Public Sector Internal Audit Standards (PSIAS).</p>
4	Where internal audit staff are diverted into operational roles it should be made clear that for the duration that the staff are not operating as internal auditors. When staff return to their internal audit role, a review can be undertaken to see if any steps are necessary to address impairment to independence and objectivity (standard 1130).	<p>There has been limited reassignment of auditors into operational roles. A CIPFA trainee provided some support in the preparation of the Pension Fund Statement of Accounts.</p> <ul style="list-style-type: none"> • Each auditor provides a declaration of interest return on a regular basis; • The independence and objectivity of each auditor is assessed prior to assigning each audit engagement, and; • There is an ongoing consideration and management of risks to independence during the course of audit engagements to uphold all necessary requirements of the PSIAS.

5	<p>Keep clear records of the changes to roles and plans. These will help key stakeholders understand the revised arrangements and will help resolve any conflicts of interest later.</p>	<p>Any changes to the Audit Plan are communicated as part of Audit Committee progress reports. The high-level scope of each audit engagement is documented within the audit plan.</p> <p>A terms of reference is issued at the outset of each audit engagement, to set out the audit objectives. The audit objectives are aligned to the overall audit scope, but are prepared following a preliminary assessment of risks and issues in planning the audit.</p> <p>Any extension, adjustment or impairment of scope would be reported to the client with details provided to the Audit Committee as appropriate.</p>
6	<p>Remember the Mission of Internal Audit and act in accordance with it. When the immediate crisis is over the head of internal audit should be able to demonstrate how the operation of internal audit has helped fulfilment of the Mission.</p>	<p>In place. The audit progress report in July 2020, sets out how the Internal Audit Team has worked towards achieving its mission through aligning audit priorities and activities to the environment within which management have been operating.</p> <p>The approach has involved an initial prioritisation of COVID-19 related consultation audit engagements, for critical advice, guidance and support, as managers have needed to adapt and respond to the crisis.</p> <p>The assurance audit engagements from the Audit Plan were then rolled out towards the end of quarter one, as services began to 'restart', to provide assurance on the operation of systems and controls in operation.</p>
7	<p>At all times Internal Auditors should comply with Government advice, and that of their organisation, regarding health and safety during the coronavirus pandemic.</p>	<p>Internal Auditors have worked on a desktop basis, home working has become the default position, and face-to-face meetings have ceased. Practices are designed to follow government and corporate requirements and guidance.</p>

Directorate / Area	No. of Audits	No. of Red Recs	No. of Red/ Amber Recs	'open recommendations' - by audit assurance rating					'open recommendation' by status		
				No. of Recs Effective	No. of Recs Effective with Opportunity for Improvement	No. of Recs Insufficient with major improvement needed	No. of Recs Unsatisfactory	No. of Recs Limited	No. of Recs with Amended Action Date	No. of Recs where action date has passed	Current target date not yet due
City Operations	1	0	1					1	1	1	
Corporate Governance	2	0	2		2				1	1	1
Economic Development	2	1	4		1	4			5	5	
Education & Lifelong Learning - Schools	21	10	88		30	49	19		92	0	6
Education & Lifelong Learning	5	4	14		6		12		15	18	0
Governance & Legal Services	1		1		1				0	1	0
Planning, Transport & Environment	1		2		2					2	0
Fundamental	1	1				1			1	1	0
Other Assurance	4		5		5				1	2	3
People and Communities (Waste Management)	5	5	15			3	17		9	12	8
Housing and Communities	1		1		1				0	0	1
Resources	2		2		2				1	2	0
Resources (CTS)	1	1	7			8			8	8	0
Social Services	1		3			3			3		3
TOTALS	48	22	145	0	50	68	48	1	137	53	22

Judaien 147

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol



Resources Directorate Internal Audit Section



Investigation Team Progress Report

(as at 30 June 2020)

2020/21

Planning & Resources



For the year as a whole there are four hundred and ninety four chargeable days available based on current resources (2.5 fte), indicatively split between strategic (80 days) and operational activities (414 days), as summarised within the table below:

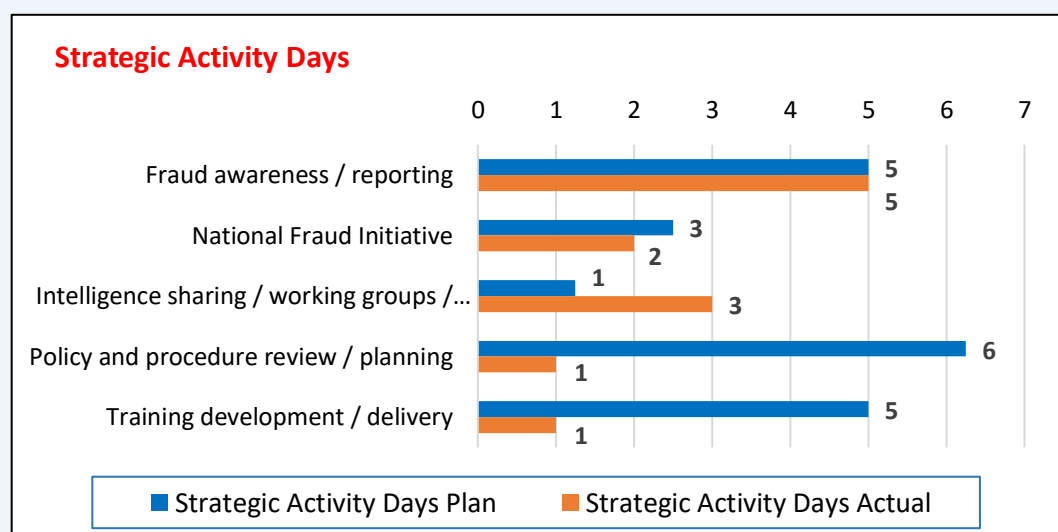
Strategic	Policy and procedure review / planning	25	Days
	Fraud awareness / reporting	20	
	Training development / delivery	20	
	National Fraud Initiative	10	
	Intelligence sharing / working groups / police liaison	5	

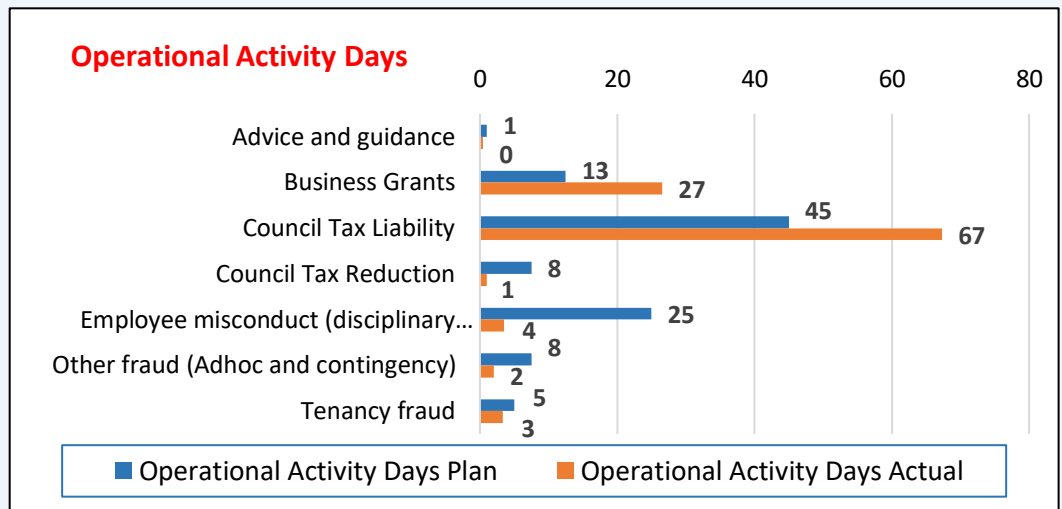
Operational	Council Tax Liability (CTL)	180	Days
	Employee misconduct (disciplinary investigations)	100	
	Business Grants	50	
	Council Tax Reduction (CTR)	30	
	Other fraud (Adhoc and contingency)	30	
	Tenancy fraud	20	
	Advice and guidance	4	

NB – Audit Manager time is not included within the above apportionment.

Activities

In the financial year to 30 June 2020, the team have applied 116 days as follows:





Business Grants Counter-Fraud work

The Audit and Investigation Teams, as directed by the Audit Manager, have provided targeted counter-fraud advice, guidance and checks to support the control environment and the prevention and detection of fraud and error in the administration of grants on behalf of the Welsh Government to local businesses. The scheme involved the award of grants to:

- **up to £10,000 grant** – For eligible charities and not for profit organisations in the retail, leisure or hospitality sectors with a rateable value of £12,000 or less;
- **£10,000 grant** - for eligible small business with a rateable value of £12,000 or less;
- **£25,000 grant** – For eligible retail, leisure and hospitality businesses with a rateable value of between £12,001 and £51,000.

The scheme ended for new applications on 30 June 2020, at which time 4,851 grant payments had been processed with an overall value of £65.572million. Whilst the scheme has closed to new applications, payments continue to be processed following necessary checks for applicants who contacted the Council to claim their grant prior to the deadline.

Administering the scheme at pace, in order to deliver emergency funds to businesses whilst meeting Welsh Governments administration requirements, required a multidisciplinary team of colleagues from Business Rates, Audit, Accounts Payment, IT and Information Governance.

Consultation and guidance was also obtained from a range of groups, networks and peers, including the CIFAS fraud prevention service, the National Anti-Fraud Network (NAFN), the Head of Counter-Fraud at Welsh Government, the Cabinet Office, WLGA, and Treasurer, Heads of Audit and Counter-Fraud Officer Networks.

To mitigate the risk of fraud, from an internal perspective, processes are in place to restrict access to data and systems, and to maintain control records, segregation of duties, authorisation and management controls. To mitigate the risk of external fraud there are a combination of manual and automated checks on applications received, including the use of data matching technology to verify and validate business, applicant and bank credentials.

The guidance from Welsh Government for local authorities administering grants for businesses, was to implement low friction up front controls where possible, supplemented by post assurance checks. Further enquiries were made with the Head of Counter-Fraud to understand the expectations further, and a risk assessment and process was developed and utilised to appropriately manage risk.

The Welsh Government has recognised the grant scheme will be subject to abuse, with a proportion of fraudulent applications received and payments made. Given the value of the scheme, even a small percentage of fraudulent applications would represent a high monetary value. However, the obligations of the Council are in place to mitigate internal fraud and to have systems in place to prevent application fraud where possible, followed up with mechanisms to detect fraudulent payments.

At the time of writing, the Investigation Team has recently received the outputs from a data matching exercise, to verify bank and business credentials and flag anomalies and fraud risks for review. Cases of possible fraud are being reviewed and worked through, and the outcomes will be reported to the Audit Committee as part of future progress report updates. The Team has also agreed to be part of a pilot National Fraud Initiative (NFI) data matching exercise being coordinated by Audit Wales, to provide further post award assurance. All fraud alerts received from NAFN, wider networks, and colleagues in other local authorities are being actively followed up for assurance that the Council and its systems remain sufficiently robust.

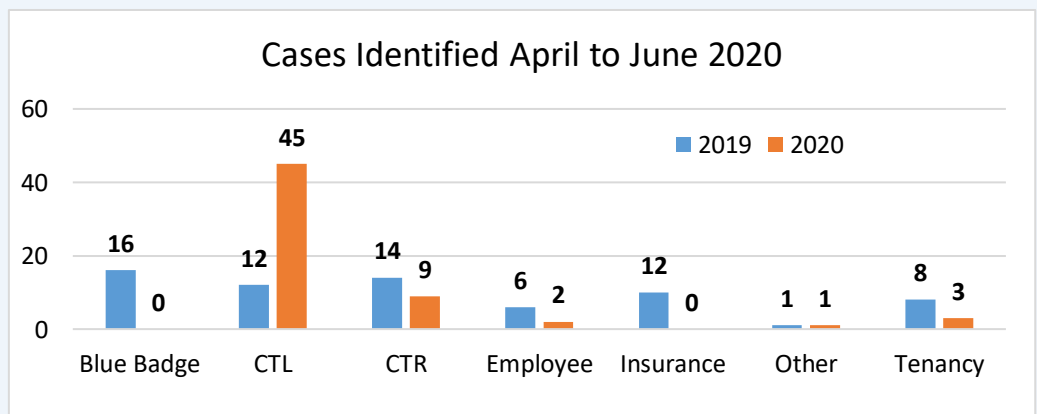
Training & Awareness

As reported previously, following Audit Committee review and Cabinet approval of the Counter-Fraud and Corruption Strategy, mandatory Fraud Awareness Training has been rolled out to all staff.

- More than three thousand, seven hundred employees have completed the eLearning module or attended one of the thirty-seven face-to-face sessions delivered
- More than seventy Headteachers have received Fraud Awareness Training during their conferences
- Two face-to-face sessions have been delivered to School Governors, with thirty-five attendees.

Cases Identified for Investigation

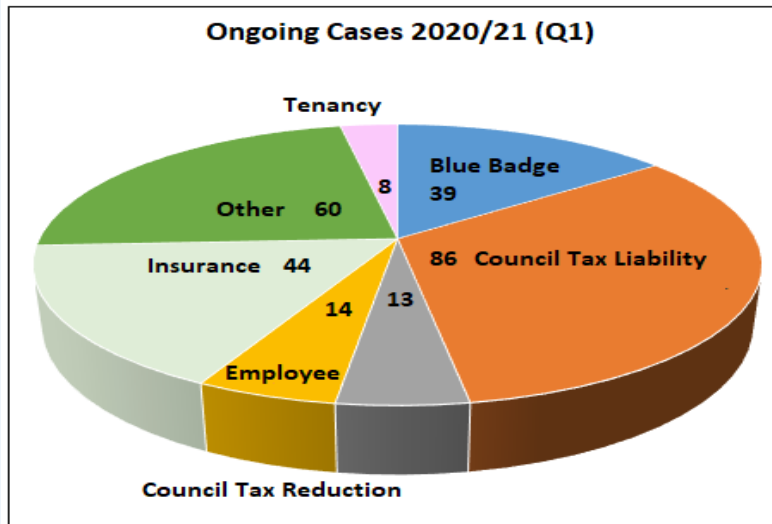
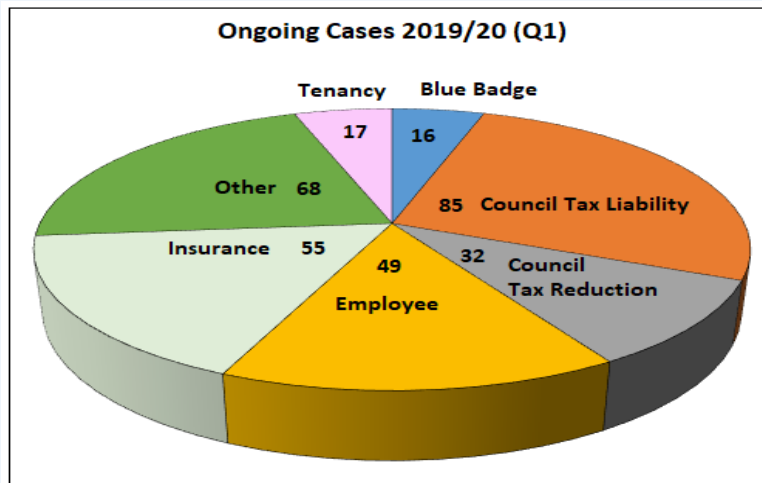
Sixty cases were identified for investigation so far this year, compared to sixty nine for the same period last year:



The case designated as Other in 2020 related to Special Education Needs. Proactive cases in the year to date have represented 65% of all cases identified for investigation, compared to 74% for the same period last year.

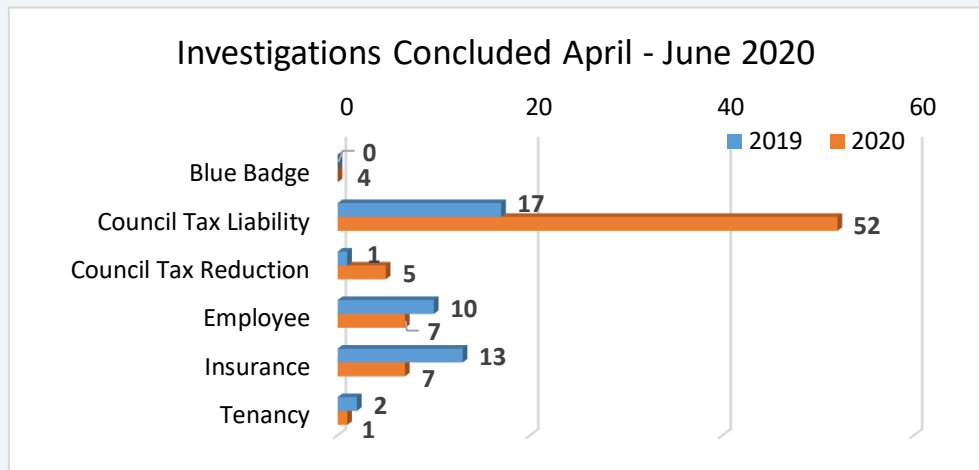
Ongoing Cases

There are currently two hundred and sixty four investigations ongoing, compared to three hundred and twenty two, for the same period last year:



Concluded Cases

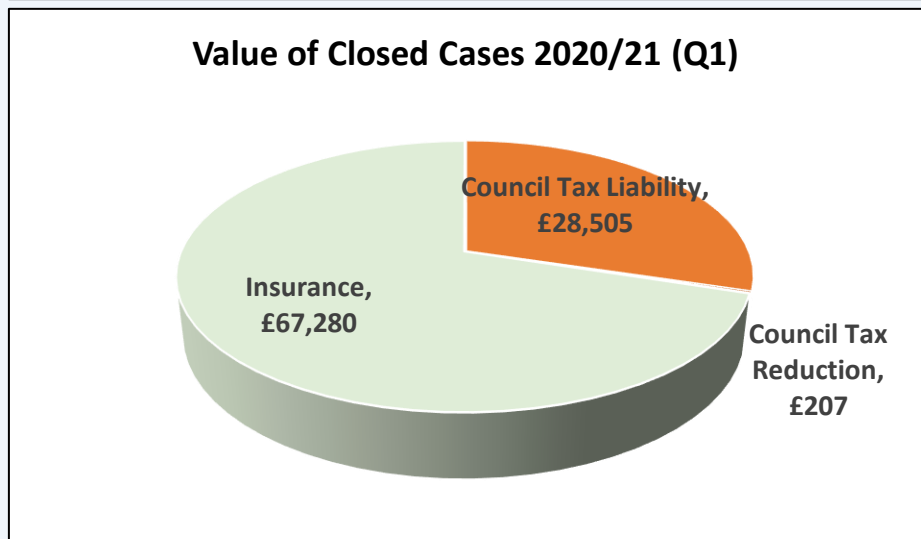
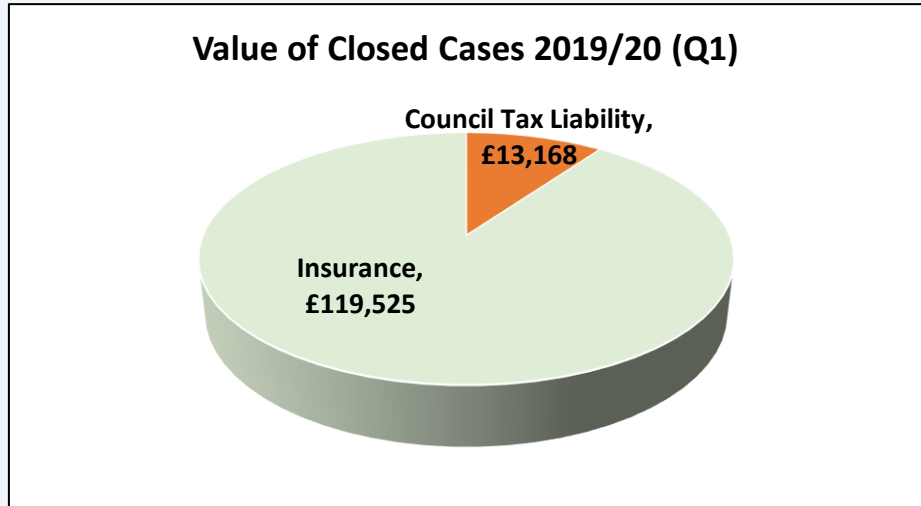
Seventy six investigations were concluded between April and the end of June 2020, this compares to forty three over the same period last year:



Insurance cases relate to contrived, exaggerated, fictitious misrepresented, and staged claims. Council Tax Liability investigations predominantly relate to false information provided in order to receive a discount, or failing to declare the occupation of a second adult, when in receipt of a single person discount.

Financial Value

In respect of the investigations concluded, £95,992 has been attributed to these cases in the 2020/21 year to date, compared to £132,693 for the same period last year:



** Court imposed Blue Badge fines and costs, and any notional values are excluded from the above.*

Policy Review

As Audit Committee was advised on 21 January 2020, a review has been undertaken of the current Money Laundering Policy and Procedure. This takes into account the Money Laundering and Terrorist Financing (Amendment) Regulations 2019, which came into force on 10th January 2020.

The timescale for SMT consideration is to be determined once more immediate COVID-19 priorities are addressed. Once internal reviews and consultation are complete, the Audit Committee will receive an opportunity to consider the revised policy in a future meeting, in advance of consideration by Cabinet.

Blue Badge Update



Blue Badge cases have been progressing, through the collaborative arrangement between Planning Transport and Environment and their external service provider, but no further badges were seized during quarter as working practices needed to temporarily adjust due to COVID-19.

2019/20 – Year-end position

As the Audit Committee meeting scheduled for 24 March 2020 was cancelled due to the COVID-19 crisis, the progress report planned at this time was not provided. In advance of the Counter-Fraud Annual Report 2019/20, to be provided to the Audit Committee in due course, the activity and outcomes for 2019/20 are shown below.

Activity

2019/20 - Activity

The substantive position of investigation cases identified and concluded in 2019/20 and compared to the prior year, are shown below:

Cases	2018/19		2019/20	
	Identified	Concluded	Identified	Concluded
Council Tax Liability	122	117	145	73
Blue Badge	2	3	71	28
Insurance	36	36	42	47
Employee Misconduct	47	24	18	32
Council Tax Reduction	9	8	36	31
Tenancy	7	7	19	15
Other Cases	3	2	66	12
Number of Cases	226	197	397	238

Three hundred and ninety seven cases were identified in 2019/20, compared to two hundred and twenty six the previous year. Two hundred and thirty eight investigations were concluded during the year, compared to one hundred and ninety seven last year. The pertinent reasons of the differences in activity were as follows:

- The number of cases identified for investigation represents as a positive outcome from the extensive Council-wide fraud training and awareness campaign this year;
- A proactive Blue Badge pilot exercise was also established this year with the Planning Transport and Environment directorate and a third party provider, increasing activity;
- In the final months of 2019/20 an auditor was assigned to complete some focussed NFI work, which generated a number of Council Tax Liability cases for which investigation commenced at the year end and will conclude in 2020/21;
- Whilst the appointment of an Investigator at the end of September 2020 enabled the progression of a number of council tax liability and tenancy fraud cases, the investigator had a high active case load of investigations which will conclude in 2020/21;
- With the new investigative resource from the mid-year, Council Tax Reduction referrals steadily increased, a number of referrals were also generated by the team as a result of National Fraud Initiative (NFI) matches, in respect of Council tax liability queries;
- NFI work also generated fifty-seven cases of the cases categorised as “other”, these related to Pensions and Personal Budgets.

2019/20 – ImpactCouncil Tax Liability

Council Tax Liability	2018/19	2019/20
Investigations concluded	117	73
Overpayment Identified	£63,500	£42,038

Council Tax Liability investigations concluded during the year identified £42,038 of under charged liability, to be recovered.

The National Fraud Initiative data match investigations concluded resulted in thirty-seven Council Tax liabilities being amended and the Council Tax department issuing revised bills, increasing liabilities by £15,939.

Blue Badges

Twenty five Blue Badge cases have progressed through the courts, two received a simple caution and twenty three were fined:

	Fine	Costs	Surcharge	Total
Total:	£3,682	£6,200	£718	£10,600

Insurance

The Insurance Team has worked with their claims handler to quantify the value of prevented insurance claims due to fraud or error.

Insurance	2018/19	2019/20
Investigations concluded	36	47
Prevented payments	£473,678	£531,898

In the majority of cases, the prevented payments are represented by claims which were either withdrawn by claimants, or were considered as exaggerated claims which were subsequently paid at a reduced rate.

Employee Investigations

Thirty-two employee investigations were concluded; this resulted in 1 verbal warning, 1 written warning, 2 final written warnings and six dismissals. Additional, corrective action, and a number of management recommendations were made, in order to improve systems and controls.

Council Tax Reduction

Council Tax Reduction investigations resulted in overpayments of £25,911, to be recovered.

Council Tax Reduction	2018/19	2019/20
Investigations concluded	8	31
Overpayment Identified	£11,909	£25,911

Tenancy

In addition, fifteen tenancy investigations were completed, compared to seven last year. As a result, one individual was removed from the waiting list.

Other

Of the twelve 'other' cases concluded, 1 related to a deceased pensioner, for which £8,540 was identified for recovery, and 2 cases represented the conclusion of historic insurance claims with the Council's previous claims handler, for which further details are being sought at the time of writing.

Mae'r dudalen hon yn wag yn fwriadol



Audit Committee Annual Report 2019/20

Cardiff Council



Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together

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1. Foreword by David Hugh Thomas (Chairperson of the Committee)

Writing in such unprecedented times, my immediate thoughts are of the human impact of the current pandemic, which has had so significantly affected every one of us. COVID-19 provides substantial challenges to all parts of the Council, and the communities it serves, and we as an Audit Committee will be seeking assurance on the Council's management of the range of financial, economic and social risks as we move in the 2020/21 municipal year.

This report provides an overview of the Audit Committee's work in the municipal year 2019/20, in which we observed business as usual activities for much of the year, prior to the government lockdown arrangements, and the instigation of emergency operational measures and focus. Whilst our final meeting on 24 March 2020 was cancelled, it was ensured that we communicated on time sensitive matters outside of our formal meeting. As a Committee, we will need to continue to be adaptable and resilient in the way that we operate, as will the rest of the Council for the year ahead.

I wish to record my thanks to all Elected Members and the Independent Lay Members who have served on the Committee this year. Members from across the political groups have come together in an effective way in our four meetings this year with a strong sense of teamwork. It is encouraging to report that meetings have been generally well attended, as have many wider training and information events, given how busy Members are in fulfilling other roles and responsibilities.

I am the current Chairperson of the Audit Committee, having been appointed to this role 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, and I look forward to working with him in our new roles.

I have occupied the position of the Deputy Chairperson for five years in support of Ian Arundale, who, over this time has led the Audit Committee to deliver its role, 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. Ian with the Council and Committee's blessing has a leave of absence from the Audit Committee for up to one year commencing 28 November 2019, 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.

We have seen some membership changes during the course of the year, and at the time of writing, the Audit Committee has one vacant Labour seat. Councillor Phil Bale and Councillor Susan Goddard stood down as Members of the Audit Committee in September and October 2019 respectively. I must express my gratitude to our departing Members for their commitment and the value they brought to the Committee during their periods of membership. We have also welcomed Councillor Ashley Lister and Councillor Rod McKerlich, who each attended their first Audit Committee meeting in September 2019. We have already felt the benefits of their contributions and active participation in Committee meetings. Most recently, Councillor Elaine Simmons has joined the Audit Committee, who we look forward to working with in the forthcoming municipal year.

Member profiles are contained within an Annex to this report, which provides background information on the particular responsibilities of our non-executive Councillors, and the skills and experience of the Independent Lay Members serving on the Audit Committee.

Throughout the year, the Audit Committee has continued to receive highly valued professional support from Accountancy, External Audit (Audit Wales), Internal Audit, Risk Management and Treasury Management. In respect of Treasury Management, this year we have been comforted through receiving a complimentary independent assurance report from the Council's treasury management advisors, which considered the corporate team's skills, compliance with best practice, required regulations and professional guidance. An extract from the overall conclusion of the report and the management actions being taken forward are provided within Section 3.3.

We invited officers to attend Committee to respond to concerns raised by Members or identified through various Committee reports, such as those from internal and external audit. To support any new Members of the Audit Committee, Induction training is provided prior to their first attendance at Audit Committee, and as a group, we have received a programme of training to support us to develop and effectively deliver our role.

The Committee has continued to receive systematic reports from members of the Senior Management Team (SMT), on their directorate control environments, comprising governance, risk management and internal control / assurance arrangements. This approach has provided a good opportunity for us to engage with members of SMT individually, and to seek relevant assurances in these areas. In addition to our standard areas of work, the Audit Committee has considered certain risks, matters of policy and governance this year as part of particular agenda items to provide a more focussed review. Through this work we have provided challenge, sought assurance and raised recommendations in areas where we considered it appropriate.

We have reviewed our work programme at each Committee meeting, taking account of changing risks and priorities through the reports and information we receive from Members, Officers, external stakeholders and other Committees of the Council. We recognise the importance of our role to a range of stakeholders, and we have reflected on the effectiveness of governance, risk management and control in providing an overall assurance opinion and informing the Council's Annual Governance Statement 2019/20. We continue to promote awareness of our work through the publication of our Audit Committee Newsletter twice, and have done so since October 2018. We are committed to continuing to promote our message and communicate our work and, in so doing, supporting the Council's culture of accountability and assurance.

We have also taken the time to review our performance to give confidence to those relying on our work. In January 2020, we held a self-assessment workshop against the best practice CIPFA framework. The assessment was supplemented with use of individual assessments against the core areas of the CIPFA knowledge and skills framework, and reflection on the feedback we receive from those attending Committee meetings. All elements of our review and our action plan for improvement are appended to this report.

We established an all Wales Audit Committee Chairpersons' Network this year and held our inaugural event in October 2019, as part of an initiative to progress opportunities for shared learning and development with other Welsh local authorities. The event was sponsored by the WLGA, Audit Wales, and the Chartered Institute of Public Finance and Accountancy (CIPFA) all of whom delivered agenda items; further contributions were received from Welsh local authority Chairs and Heads of Audit. The event was well received, and whilst a second event was planned for the summer of 2020, this was delayed due to current restrictions on non-essential travel. The timescale for future networking will be determined in due course.

I refer to the Local Government and Elections (Wales) Bill within this annual report, which proposes to change the name of the Audit Committee to a Governance and Audit Committee, to widen our role to include particular matters of performance. During this year, the Audit Committee, having received reports from the Head of the Cabinet Office and from the Legal Services on the Bill's components and powers, also considered the WLGA consultation response, which had been agreed with local authorities. We will keep a keen eye on the Bill, scheduled for Royal Assent this summer, the subsequent implementation timetable and associated guidance. It will determine the timescale and approach to making future adjustments to our terms of reference.

Looking forward to 2020/21, the financial, economic and social challenges facing the Council and public services will undoubtedly be significant. In the context of a COVID-19 pandemic, a challenging financial environment is inevitable coupled with increasing demand for services and ever improving performance. Within this context, the importance of an effective Audit Committee remains critical.



2. The Role of the Audit Committee

The Audit Committee's role is to increase public confidence in the objectivity and fairness of financial and other reporting and provide independent assurance over governance, risk management and control processes.

The Local Government (Wales) Measure 2011 requires a Local Authority to have a Committee to:

- review and scrutinise the authority's financial affairs
- make reports and recommendations in relation to the authority's financial affairs
- review and assess the risk management, internal control and corporate governance arrangements of the authority
- make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements
- oversee the authority's internal and external audit arrangements, and
- review the financial statements prepared by the authority.

The Measure also requires Councils to have Lay Members in their Audit Committees. The Council has determined that the membership of its Audit Committee would be twelve Members (eight Elected Members and four Independent Lay Members), which meets the requirement of the Measure and the proposals in the Local Government and Elections (Wales) Bill.

The Terms of Reference of the Committee for 2019/20 was as follows:

Statement of Purpose

- Our Audit Committee is a key component of Cardiff Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- The purpose of our Audit Committee is to provide independent assurance to the members of Cardiff Council of the adequacy of the risk management framework and the internal control environment. It provides an independent review of Cardiff Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk & Control

- To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and consider annual governance reports and assurances.
- To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider the Council's framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.
- To monitor the effective development and operation of risk management in the Council.

- To monitor progress in addressing risk-related issues reported to the Committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- To monitor the Counter-fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal Audit

- To approve the Internal Audit Charter.
- To review proposals in relation to the appointment of external providers of internal audit services and to make recommendations.
- To approve the risk-based internal audit plan, containing internal audit's resource requirements, the approach to using other sources of assurances and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the audit manager to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Audit Manager. To approve and periodically review safeguards to limit such impairments.
- To consider reports from the Audit Manager on Internal Audit's performance during the year including the performance of external providers of internal audit services. These will include:
 - Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - Regular reports on the results of the Quality Assurance and Improvement Programme (QAIP)
 - Reports on instances where the internal audit function does not conform to the PSIAS and Local Government Application Note (LGAN) considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
- To consider the Audit Manager's annual report:
 - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit
 - The opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control together with a summary of the work supporting the opinion – these will assist the Committee in reviewing the Annual Governance Statement.
- To consider summaries of specific internal audit reports as requested.

- To receive reports outlining the action taken where the Audit Manager has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To contribute to the Quality Assurance and Improvement Programme and in particular the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
- To provide free and unfettered access to the Audit Committee Chair for the Audit Manager, including the opportunity for a private meeting with the Committee.

External Audit

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditors.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To commission work from internal and external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspector agencies or relevant bodies.

Financial Reporting

- To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- To seek assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.

Accountability Arrangements

- To report to Council on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
- To report to Council on an annual basis and to publish an annual report on the Committee's work, its performance in relation to the Terms of Reference, and its effectiveness in meeting its purpose.
- To raise the profile of probity generally within the Council and to report on matters of concern to the individual Cabinet Member, relevant Scrutiny Committee, Cabinet or to Council as necessary and appropriate.
- To work in synergy with the five Scrutiny Committees of the Council and liaise with other Council Committees as and when appropriate to avoid duplication in work programmes.

Training & Development

- To attend relevant training sessions in accordance with the Member Development Programme including specialist training tailored for Members of the Audit Committee e.g. Treasury Management.

3. Our Work in 2019/20

The Audit Committee receives regular reports in relation to standard agenda themes and receives reports of interest based on risk, governance and internal control matters. Each aspect is reported on below.

Standard Items

3.1 Finance

Chris Lee (Corporate Director Resources (Section 151 Officer)) has provided financial updates at every meeting to provide Committee Members with an overview of the financial standing of the Council during a period of ongoing unprecedented financial pressure. Members have also received training on financial management and accounting to support our focus on the controls and processes in place to support effective budget management.

The Audit Committee has noted the challenges facing the Council in respect to its budget strategy for both the year hence and the medium term.

The Committee has received, reviewed and had the opportunity to comment on key finance reports in 2019/20, including:

- Draft Statement of Accounts 2018/19 and Audit Report
- Draft Annual Governance Statement 2018/19
- Cardiff & Vale of Glamorgan Pension Fund Statement of Accounts 2018/19 and Audit Report
- Treasury Management reports, independent review, and updates
- Financial Resilience updates

As reported in previous years, the Audit Committee has continued to express concern about significant overspends and unrealised savings targets in the Social Services Directorate. The Director of Social Services attended Committee in January 2019, to provide an update on the challenges facing the directorate as well as providing a full overview of the assurance control environment.

The Committee was advised that the Directorate is taking action to manage its overreliance on agency workers, and implementing strategies to meet an increased demand for Children's Services through the most cost-effective means. Senior managers have subsequently provided for the information of the Committee, a breakdown of Social Services overspends for the last three years and their reasons.

3.2 Governance and Risk Management

The Audit Committee has formed a view on the Council's governance, risk management and internal control arrangements taking into account the information presented by the Corporate Director Resources (Section 151 Officer), Audit Wales, the Audit Manager, Risk Management Team and other officers of the Council.

The Audit Committee plays a key role in contributing to and challenging the contents to be included in the Annual Governance Statement (AGS). The AGS is an important governance disclosure document and accompanies the Statement of Accounts.

The Audit Committee reviewed the AGS 2018/19 in June 2019 and September 2019. The Audit Committee will review the AGS 2019/20 following the financial year-end, in which the 'Opinion of the Audit Committee' (section 8) will be disclosed.

The Committee has received and had the opportunity to comment on the following governance and risk management disclosures:

Committee Meeting Date	Item Reviewed
June 2019	<ul style="list-style-type: none">▪ Corporate Risk Management (Q4 Update) 2018/19▪ Senior Management Statement Review Year End 2018/19
September 2019	<ul style="list-style-type: none">▪ Corporate Risk Management (Q1 Update) 2019/20
November 2019	<ul style="list-style-type: none">▪ Corporate Risk Management (Q2 Update) 2019/20
January 2020	<ul style="list-style-type: none">▪ Senior Management Assurance Statement Mid-Year Responses 2019/20

We considered the Draft Code of Corporate Governance Code prior to its approval and incorporation into the Council's Constitution in March 2019. Within the Code, the Senior Management Assurance Statement (SMAS) process is a core mechanism for senior management self-review and open disclosure. We welcome the ongoing development of the SMAS process in line with the Code to provide a wider level of independent challenge from various Council disciplines, and strengthen the assurance provided.

We have continued to review the Senior Management Assurance Statements from the Senior Management Team twice a year and we have also probed members of SMT and sought further assurance through the reports we have received from them individually on their directorate control environments throughout the year.

We originally considered and informed the development of the Council's Risk Management Strategy and Policy, prior to Cabinet approval in July 2018, and we have received quarterly risk management updates from lead officers throughout the year. We have also invited risk and process owners to attend Committee meetings, to complete more focussed reviews on areas of risk and governance, with a focus on the controls in place and planned management actions. Further information on our risk reviews is included in section 3.7 'areas of particular focus'.

3.3 Treasury Management

The Audit Committee seeks assurance that the Council has complied with the Treasury Management Strategy and Practices, and has demonstrated effective risk and performance management.

Over the past twelve months, the Committee has received reports on the Treasury Management Annual Report, Mid-Year Report 2019/20 and the Treasury Management Strategy 2020/21.

Through the treasury management reports and updates in each Committee meeting, Members have taken the opportunity to scrutinise and challenge the approach adopted and decisions taken. This is a complex area, through which the Committee has delivered its role through probing and scrutinising strategies, reports and data provided.

Members have continued to focus attention on the use of reserves, the levels of borrowing and investment, and the management of risk. To support the Audit Committee in its role, Members of the Audit Committee were provided with treasury management training in January 2020 from the Council's external treasury advisors.

The Committee has received a briefing paper, which detailed the focus of the work and assurances provided by our Internal and External Audit Teams. We have also received a further report of an external review carried out by the Council's treasury management advisors, which considered the corporate team's skills, compliance with best practice, required regulations and professional guidance. The report was complimentary, and we received a management response with target dates for the small number of actions raised. An extract from the report's conclusion is as follows.

*"The overall conclusion from the examination of how treasury management is done in Cardiff Council, is that it is being done to **a high standard within the limitations of the current level of resourcing of the treasury management team**. Indeed, it was found that in some areas, the performance was outstanding and could serve as a best practice model for other local authorities to replicate. My personal reflection on treasury management at Cardiff Council is that the standard of treasury management in Cardiff is definitively in the upper quartile of CEDR reviews I have carried out previously on other local authorities" (Link Asset Services, 2019)*

An associated action plan contained management commitments to consider the option of a 10-year Capital Strategy that would support the Treasury Management Strategy, to review the activities that might fall under consumer credit in respect of FCA Regulations on consumer credit, and to conclude an ongoing review and update of the Council's policy on anti-money laundering.

3.4 External Audit (Audit Wales)

The Committee places reliance on the work of Audit Wales as the Council's external auditors. The Committee has received key documents throughout the year:

- Audit Activity / Progress Updates
- Audit of Financial Statements Report – Cardiff & Vale of Glamorgan Pension Fund 2018/19.
- Annual Improvement Report

The Audit Committee has received regular updates from Audit Wales, led by Ann-Marie Harkin (Engagement / Financial Audit Director), Phil Pugh (Financial Audit Manager) and Sara-Jane Byrne (Performance Audit Manager). In addition to Cardiff specific studies, Audit Committee Members receive a number of other national and regional study updates from Audit Wales in each meeting, with the key findings and messages communicated.

In November 2019, Audit Wales provided an outline of the findings of its report, Well-Being of Future Generations: An Examination of 'Develop and Launch a New Transport and Clean Air Vision for the City'. This was the first publication during the year of a series of Wellbeing of Future

Generations studies. The report recognised that the Council incorporated the sustainable development principle in its approach, and advised that the Council now needs to embed a consistent understanding and application of the principle and five ways of working in its endeavours to improve outcomes for its citizens. Members were advised that the expectations for maturity would increase in future audits. The Audit Committee considers Future Generations assurance as part of Senior Management Assurance Statement agenda items.

The Audit Manager receives notifications of relevant Audit Wales publications, which are discussed where relevant to the Audit Committee's terms of reference with the Audit Committee Chairperson, and circulated as appropriate to the wider Committee.

3.5 Internal Audit

The Committee continues to place reliance on the work of the Council's in-house Internal Audit Team. It receives a progress report from the Audit Manager in each Committee meeting, which includes audit opinions, critical findings and progress against the audit plan, together with wider performance measures and audit recommendation tracking information. Members have also received training on internal audit this year, aligned to the CIPFA knowledge and skills framework for Audit Committees.

The Audit Manager provides a functional reporting role to the Audit Committee and an administrative reporting role to the Head of Finance (Deputy Section 151 Officer). The Committee has been assured that throughout the year that there have been no impairments to Internal Audit independence or objectivity in accordance with the Public Sector Internal Audit Standards (PSIAS).

The Audit Committee approved the Internal Audit Charter and the Internal Audit Plan in April 2019, and monitored progress and considered any risk-based changes to the plan throughout the year. In January 2020, the Committee considered the Summary Audit Plan and Charter for 2020/21, which was scheduled for approval on 24 March 2020. However, the March Committee meeting was subsequently cancelled due to the COVID-19 crisis.

A two-week Audit Committee consultation process on the final draft Charter and Plan 2020/21 was held outside of the usual meeting environment, in the absence of a Committee meeting in March 2020. At the conclusion of the consultation process, once all comments had been considered, responded to and accounted for, the final iterations of both the Audit Charter and Audit Plan 2020/21 were discussed with, and accepted by, the Audit Committee Chairperson. The final documents were shared with all Audit Committee Members, and endorsed by the Chief Executive on behalf of SMT, ahead of formal approval, to take place in the first Audit Committee meeting of 2020/21.

The Committee received the following key documents during the year:

- Internal Audit and Investigation Team Progress Reports
- Internal Audit Recommendation Tracker
- Internal Audit and Investigation Team Annual Reports
- Changes to key documents and Internal Audit and Investigation Team action plan updates.

The Audit Plan 2019/20 included audits of a thematic nature to gain assurance in each directorate across the Council. The themed audits substantially completed during the year were Health and Safety and Asset Management, in addition to a suite of value for money audits. Two further thematic audits were completed across schools, in respect of ICT Governance and Counter-Fraud.

An overview of all issued audit reports has been provided to the Audit Committee, with emphasis given to recommendations allocated a priority rating of Red or Red / Amber. The Audit Committee receives and has an opportunity to monitor all audit recommendations and the associated management response and updates to the point of implementation.

The number of audit recommendations implemented within agreed timescales requires improvement, with performance at 60% against a target of 90%. It is essential that audit clients prioritise delivering audit recommendations within the timescales they agree to, and to support this sentiment, we wrote to a small number of directors who had particularly overdue recommendations in their portfolio during the year. At the year-end position, we recognise that management will have to attend to immediate priorities, which is expected to have a further impact on the delivery of audit recommendations. However, it is important that the control environment is maintained, and we will continue to consider performance in this area in 2020/21.

Internal Audit is subject to an external review every five years in order to report conformance with the Public Sector Internal Audit Standards (PSIAS). The Audit Manager of Rhondda Cynon Taf Council carried out this review during 2017/18, and provided assurance that the Internal Audit function conformed to the standards. The Audit Committee has received ongoing internal assurance through performance reports in each Committee meeting this year from the Audit Manager that the Internal Audit Service is operating in conformance with the PSIAS.

The Committee will receive a full year overview of audit work completed, and key messages, when the Internal Audit Annual Report is presented in the first Audit Committee Meeting of 2020/21. This report will provide the Audit Manager's opinion on the Council's overall position in relation to risk, governance and internal control and an annual review and assurance statement on conformance with the PSIAS.

One-off Items

The Audit Committee has routinely engaged with senior officers through its programme of work this year for assurance on the control environment for their respective areas of oversight. We have also considered certain risks, matters of policy and governance this year as part of particular agenda items to provide a more focussed review.

3.6 Control Environment Reviews

The Chief Executive attended an Audit Committee meeting in April 2019, to provide an outline of, and assurance on, the Council's overall governance, risk management and internal control. The Committee has continued to recognise the challenging financial environment facing the authority, and he has emphasised the importance of the role of the Section 151 Officer, and the SMT in making the interventions necessary to effectively manage Council finances. The Chief Executive has provided the Committee with assurance over the frameworks for measuring and managing governance and risk in the Council. We needed to postpone our intended meeting with the Chief Executive in March 2020, and we will consider the most appropriate means to engage with and receive Chief Executive assurance in 2020/21.

Both Corporate Directors and two further Directors attended Audit Committee in 2019/20 to provide an overview of their directorate control environments. We were provided with details of directorate governance, risk management and internal control, and the prominent matters discussed and actions agreed were as follows:

Directorate Control Environment Reviews 2019/20

1. Economic Development

A Statutory Building Equipment Maintenance risk is monitored through the corporate risk register, and the director provided an account of the mitigating actions in place.

During the Committee meeting, a number of Members raised health and safety matters upon which further discussions were subsequently held with lead officers for the necessary assurance. A more detailed presentation on health and safety governance was provided in a further Committee meeting as outlined in Section 3.7.

The Directorate reported a good response to audit recommendations, with all recommendations raised reported as on track for delivery.

2. Resources

Risks overseen by the directorate include those related to Finance, ICT, Health and Safety, Business Continuity, Workforce Planning and City Security (jointly owned with Planning, Transport & Environment). We were been appraised on the mitigations for each risk.

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.

The Directorate reported a good response to audit recommendations, with all recommendations raised reported as on track for delivery.

3. Planning, Transport and Environment

Three significant risks overseen by the directorate are:

- Air Quality - Not meeting the statutory requirements set and having a continued detrimental impact on health for residents and visitors to Cardiff.
- Coastal Erosion - Breach of current defences resulting in widespread flooding.
- Climate Emergency - The need to both reduce our emissions and become more resilient to the likely impacts from climate change.

We have been advised of the mitigating actions for each risk, and have explored the coastal risk in greater detail, as outlined in section 3.7 of this report.

With the exception of one long-standing recommendation, the Directorate reported a good response to audit recommendations, with all recommendations raised reported as on track for delivery.

4. People and Communities (Excluding Social Services)

Housing and Communities, Performance and Partnerships and Housing Development

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.

The response to a corporate risk on performance management is also co-ordinated by the corporate team overseen by the Corporate Director.

When we met the Corporate Director, all internal audit recommendations were reported as on track for delivery for the Directorate.

Street Scene

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.

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 2019/20. We will be keeping a close eye on the audit opinions provided in future internal audit work, and the management response to recommendations raised.

3.7 Areas of Particular Focus

In addition to our standard areas of work, the Audit Committee has considered certain risks, matters of policy and governance this year as part of particular agenda items to provide a more focussed review. A brief account of our reviews of these areas is included below.

Education and Lifelong Learning Assurance

The Director of Education attended Audit Committee in September 2019 to report on School Governance and Financial Deficits. Members were advised that there were 44 schools with balances in excess of the Welsh Government's recommended threshold, for which the respective Chair of Governors would be asked to provide justification and a description of the planned use for the balance in 2019/20. Members were also advised that there were 12 schools carrying forward a deficit balance into 2019/20, for which each school has a medium term financial plan in place showing how it will reduce its deficit, and a monitoring officer to support the governing body.

The Director advised Members that too many schools are being assessed as less than satisfactory through internal audit reports, and the powers of intervention will be applied when warranted for schools with poor financial management and poor governance. Members were also advised that guidance for Governing Body clerks would be strengthened to support compliance in areas of governance.

The Audit Committee has continued to raise concerns about governance and compliance matters in schools, which are regularly responsible for a greater proportion of audit reports giving concern. Whilst at the time of writing we are in the midst of school closures, going forward we will continue to require regular updates from the Director of Education and Lifelong Learning on school governance, their respective financial positions, and the control environment of the wider directorate.

Waste Management Assurance

There have been concerns about the robustness of controls in relation to the Waste Management function. A series of investigations into allegations of fraud, have been investigated, the majority of associated disciplinary hearings have been completed in accordance with the Council's disciplinary policy, and Police liaison is ongoing. Once matters have concluded within the Waste Management Service, Audit Committee has requested to consider the terms of reference for post investigation reviews to ensure lessons are learned.

The Audit Committee has met with the Corporate Director, People and Communities this year, who has taken responsibility for the Street Scene portfolio (inclusive of Waste Management). We were provided with a Senior Management Assurance Statement, which recognised a number of areas of targeted focus, to improve matters of performance, governance and control.

This year, there has been a continued audit focus on Waste Management, through which two unsatisfactory audit opinions have been provided. We have been advised that management has continued to be open with the Internal Audit Team on the areas where they have the greatest need for assurance, advice and support. Whilst the Committee welcomes this open exchange of information, the Committee will continue to maintain a close eye on the delivery of improvements required.

Coastal Flood Risk Management

This year the Audit Committee has continued to review the management of the coastal erosion risk management programme to mitigate the flood risk from the coastline along Rover Way, as currently defended through a combination of materials and techniques and included on the corporate risk register.

In January 2019, the Director of Planning, Transport and Environment attended an Audit Committee meeting to provide information on this flood defence scheme, to be delivered in partnership with the Welsh Government for planned construction by 2024. The Committee was assured 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.

In this meeting, the Committee recommended that management:

- 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.

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, and the Director attended a further Committee meeting in January 2020. 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.

In the January 2020 meeting, Members noted that management retained the approach to make use of national incident management arrangements, rather than the development of local incident management plans. Audit Committee will continue to consider and review the management of this risk in 2020/21.

Health and Safety Governance

The Audit Committee has a particular interest in health and safety governance, recognising that a general risk of Health and Safety and a more focussed risk of Statutory Building Equipment Maintenance are included on the corporate risk register.

In January 2020, we received an overview of health and safety governance from the corporate Operational Manager. Ahead of the meeting, a number of Committee members took the opportunity to discuss particular health and safety matters in certain schools, at which time they were provided with details of corporate and school responsibilities, and the regime for reviewing arrangements in place. During the Committee meeting, Members of the Committee raised questions and received information in respect of health and safety arrangements, responsibilities and levels of compliance. We will continue to monitor this risk through the corporate risk register.

Risk Based Verification Policy – Housing and Council Tax Benefit Assessment

In November 2019, Audit Committee considered a report on the proposed Risk Based Verification (RBV) Policy for Housing and Council Tax Benefit Assessments. Risk Based Verification is a method of

applying different levels of verification checks to claims according to the predicted risk associated with those claims. 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.

Local Government and Elections (Wales) Bill

We have an 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.

4. Audit Committee Self-Assessment

Context and approach

In January 2020, the Audit Committee held a Self-Assessment Workshop, to review its performance against a best practice CIPFA framework. Following the process introduced in last years' assessment, Audit Committee Members were asked to undertake an Individual Assessment against the CIPFA core knowledge and skills areas in advance of the collective workshop. This enabled the results to be reflected upon when considering the overall assessment.

Since the previous self-assessment process in January 2019, training has been provided to Audit Committee Members in areas which were scored lower at that point in time, namely Treasury Management, Internal Audit and Financial Management and Accounting. The training was delivered largely via in-house lead officers for the various disciplines, with the exception of Treasury Management, for which training was delivered by the Council's external treasury advisors. A commitment has also been made to provide training on Counter-Fraud.

The Committee reflected on the following further sources of information, to inform and supplement the self-assessment workshop.

- Feedback from those attending Audit Committee meetings on the performance and the value they gained from their attendance. This insight informs our development of targeted actions and focus going forward.
- Anonymised responses to nine quantifiable risk management questions from the Heads of Audit in the 22 Welsh Local Authorities, for comparative information. In considering this information, Audit Committee was assured of the comparative maturity of the approach in Cardiff to receiving risk management assurance.
- Outputs from an 'Influential Audit Committee' peer-to-peer exercise at the All Wales Audit Committee Chairs' Network (from October 2019). The outputs comprised an identification by Local Authority Chairs and Heads of Audit, of the priority areas of focus to improve performance against the nine areas of influence contained within CIPFA best practice guidance.

Self-Assessment

Individual Assessments were completed by seven of the nine Audit Committee Members in active service at the time.

From the Individual Assessments completed, whilst there was strong self-assessed performance in each core area, Counter-Fraud and Treasury Management represented the lowest self-assessed areas overall. The areas involving disciplines of a more technical continue to be scored comparatively lower for the Committee as a whole, although a proportion of individual Committee Members have self-assessed as at least strong for knowledge and application in each of the ten core areas.

In respect of the collective Self-Assessment Workshop held in January 2020, the results were as follows.

Through our review of good practice, Audit Committee self-assessed:

- Twenty two areas were assessed as 'fully in place'
- Three areas were assessed as 'partly in place'
- No areas, were assessed as 'not in place'

For the areas reported as 'partly in place', the Committee considered:

- We have reasonable awareness of our training needs, through Individual Assessments against the CIPFA Knowledge and Skills Framework, but acknowledge that with a partial completion rate (78%) the action should not be considered complete;
- Whilst actions / recommendations are raised as part of Committee meetings, and subsequently monitored, the Committee could more proactively review their status and consider follow on actions within Committee meetings;
- We have partly evaluated how we are adding value to the organisation. Whilst we receive feedback from senior officers following their meeting attendance, which includes a question on added value, this mechanism is relatively new, and the responses were considered for the first time in more detail in the January 2020 workshop.

For our review of Audit Committee effectiveness, we used a 5-point rating scale, ranging from 'no evidence' (point 1), to 'clear evidence' (point 5) of the work and support of Audit Committee to delivering improvement in a range of areas.

Of the nine areas reviewed:

- Two were assessed at point 5, with clear evidence from a number of sources that the Committee is actively supporting improvements;
- Six areas were assessed at point 4, with clear evidence from some sources of the effective support for improvements;
- One area was assessed at point 3, as having mixed experience and evidence of Audit Committee support.

The area scored as 'mixed' was in respect of support for robust arrangements for value for money. Members considered that we have probed for value for money assurance during certain Committee items, but this is an area for continued focus, which can be further supported by setting a clearer expectation for value for money details to be included in senior officer reports on their internal control environment. This will be communicated via the Audit Manager.

The components of the overall self-review were as follows. The outputs are included in **Annex 3**.

- a. Individual Assessments
- b. Collective workshop Results
- c. Feedback from those attending audit committee
- d. Action plan.

5. Key Observations 2019/20

The Audit Committee Work Programme has been developed and discharged with the support of Audit Wales, Internal Audit and other Council Officers, to deliver the Audit Committee terms of reference with a focus on the significant risks and challenges facing the Council.

The Committee has achieved an overview of the Council's priorities, risks and controls through the many items received through its Work Programme. The Committee has focussed on achieving assurance on the consistent approach across directorates to respond to the challenges of maintaining controls, displaying good governance and managing risks. Through engagement with senior officers, and receiving a range of management and independent assurances the Committee has gained a good understanding of the services provided and the challenges faced. We have responded proportionately with assurance and challenge, as appropriate, and documented within section 3 of this report, 'Our Work'.

In addition, the Committee has had the opportunity to challenge and discuss actions taken in response to External and Internal Audit Reports, and we have undertaken focussed reviews of particular risks, matters of policy and governance, through inviting senior officers to Committee meetings to provide detailed information and assurance. Through this information and engagement, we have identified the assurance and coverage required to deliver our role, from which our Annual Opinion for 2019/20 and areas of particular interest going forward are documented in the following section

6. Opinion of the Audit Committee for 2019/20

Based on the evidence presented to the Audit Committee during 2019/20, it is the considered view of the Committee that the Council does have, for the most part, sound internal controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are well captured and reviewed on a regular basis. Examples of where the Committee continues to have concerns, which will be incorporated into the Committee's Work Programme for 2020/21, include:

6.1 Budget Management

The Audit Committee recognises the sustained financial pressure that the Council is under and notes that whilst the overall financial position was balanced, some particular directorates had significant overspends, for which controls have been in need of improvement.

The Audit Committee continues to raise concerns about the controls in place within directorates to achieve budget savings proposals put forward, and will continue to reinforce expectations for delivery in the year to come.

Budget management is particularly pertinent at this time given the pressures facing local authorities as they respond to support the economic and social needs presented by the COVID-19 crisis. This unprecedented environment follows a number of years in which the financial parameters within which the Council operates have been constrained. The Committee will be interested in the management of the budget over the year to come through appropriate management controls and interventions, where required, and will continue to reinforce expectations for delivery given the significant financial pressures facing the Council.

6.2 Internal Control

The continuing reduction in resources, together with a growing population and greater demand for public services, mean that the Council is facing significant challenges in how it delivers services. At a time when many decisions have to be finance driven, it is essential that internal controls are not neglected or impaired, and that strong controls operate throughout reformed processes and systems.

The Audit Committee has invited senior officers to attend each Committee meeting this year, to account for their delivery of good governance, risk management and internal control. In addition, the Audit Committee has continued to receive the details of all Internal Audits completed, and the respective assurance ratings. This year we have observed isolated internal control gaps, and unsatisfactory audit opinions in respect of a particular school, a school traded service, and in areas of waste management. Whilst the number of unsatisfactory Internal Audit opinions remain low, management must maintain sound systems of internal control and promptly address identified weaknesses.

The Audit Committee is aware that allegations of fraud isolated within the Waste Management function have been investigated, the majority of associated disciplinary hearings have been completed in accordance with the Council's disciplinary policy, and Police liaison is ongoing. Once these matters have concluded, Audit Committee will seek assurance on the robustness of post investigation review.

The Committee receives a list of all Internal Audit recommendations raised and agreed, and visibility of updated management comments until the point of implementation. Whilst the Audit Committee has an overall assurance of internal control, we continue to require officers to account for services or functions where internal control weaknesses have been identified. We continue to challenge any impairment in stewardship and control of public funds and assets, seeking prompt and proportionate management actions. The Audit Committee has considered the Internal Audit Plan for 2020/21, and will closely monitor its progress and findings over the year ahead.

6.3 Financial Resilience (including Treasury Management)

In a position of constrained finances, the Audit Committee will continue its consideration of the framework for financial decisions. The Audit Committee has received updates on financial resilience as part of the finance updates and has welcomed the independent assurance of the Council Treasury Management activities, by the Council's Treasury Management advisors.

The Audit Committee will continue to look to gain assurance of sound treasury management practices and strategy. This is vital work, which will both safeguard and deliver best value from the Council's borrowing and investments. The Audit Committee has and will continue to satisfy itself that the levels and profiles of investments and borrowing throughout the year are appropriate and in line with the Treasury Management Practices, Strategy and Reports presented.

6.4 Schools Governance & Compliance

Audit Committee has raised concerns about governance and compliance matters in schools for some time, which are regularly responsible for a greater proportion of audit reports giving concern. This year, through overseeing the work of internal audit, we have continued to observe that certain schools have not achieved a satisfactory level of stewardship and internal control.

In view of an ongoing need for regular school governance assurance, Audit Committee has arranged to receive regular updates from the Director of Education and Lifelong Learning on the monitoring, controls and progress of governance improvements in Schools. This is with the understanding that Audit Committee can request the attendance of those directly responsible for governance at an individual school level, to a Committee meeting, in the event that assurances are not considered as acceptable.

The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. This area of interest remains a priority of the Audit Committee. The Audit Committee continues to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.

7. Looking ahead to 2020/21

During the forthcoming municipal year, the Committee will continue to be guided by the Corporate Director Resources, the Audit Manager and the Internal and External Audit teams.

The Audit Committee's programme of work will continue to be aligned to delivering its terms of reference effectively. This will include monitoring the management of the existing matters highlighted in section 6 of this report (the 'Opinion of the Audit Committee 2019/20') as well any new issues, which require our attention.

At the time of writing, we are living and working in an unprecedented environment, which will have an impact on the way in which we can meet and communicate as a Committee. In this context, we will do all we can to deliver a programme of work that continues to ensure our effective contribution to assurance on governance, risk management and control.

8. Audit Committee Membership 2019/20

The Committee consists of four Independent Lay Members and eight Non-Executive Councillors, elected by Council (detailed in Annex 3). Independent members are appointed for no more than two administrative terms with Council Members reappointed annually. At the municipal year-end, one Independent Lay Member is on a period of agreed leave of absence, and there is one Non-Executive Councillor vacancy.

The Committee is serviced by Council Officers, principally the Corporate Director Resources (Section 151 Officer), and the Audit Manager. Representatives from Audit Wales also attend Audit Committee meetings.

The Audit Committee was scheduled to meet on 5 occasions throughout the municipal period 2019/20 on the following dates: 25 June 2019; 10 September 2019; 12 November 2019; 21 January 2020 and 24 March 2020. Due to Covid-19 restrictions, the meeting planned for 24 March 2020 was cancelled.

9. Attendance in 2019/20

9.1 Committee Meeting Attendance

Attendance 2019/20	Possible	Actual
Independent Lay Members		
Hugh Thomas (Chairperson)	4	3
Gavin McArthur (Deputy Chairperson)	4	4
David Price	4	4
Ian Arundale (<i>Chairperson until 28.11.19</i> <i>(period of agreed leave of absence commenced 28.11.19)</i>)	3	1
Non-Executive Councillors		
Councillor Phil Bale (stood down on 03.09.19)	1	1
Councillor Stephen Cunnah	4	3
Councillor Susan Goddard (stood down on 24.10.19)	2	2
Councillor Nigel Howells	4	3
Councillor Ashley Lister (appointed 23.05.19)	4	3
Councillor McKerlich (appointed 18.07.19)	3	3
Councillor Elaine Simmons (appointed 30.01.20)	0	0
Councillor Kanaya Singh	4	3
Councillor Joel Williams	4	3

All Committee Members received induction training prior to attending Audit Committee.

9.2 Training Attended

Area of Training	No. of Possible Attendance	No. of Actual Attendance
Financial Management & Accounting	11	9
Internal Audit	11	8
Treasury Management	10	5

10. Audit Committee Contacts

David Hugh Thomas Chairperson of Audit Committee	<i>Please contact via the Audit Manager</i>
Christopher Lee Corporate Director Resources	029 2087 2300 Christopher.lee@cardiff.gov.uk
Chris Pyke Audit Manager	029 2087 3455 cpyke@cardiff.gov.uk
Ann-Marie Harkin Engagement Director/Engagement Lead - Financial Audit, Audit Wales	029 2032 0562 ann-marie.harkin@audit.wales
Phil Pugh Audit Manager (Financial Audit), Audit Wales	07964 118615 phil.pugh@audit.wales
Sara-Jane Byrne Audit Manager (Performance Audit), Audit Wales	07786 111385 sara-jane.byrne@audit.wales

Audit Committee Self-Assessment Action Plan**January 2020**

Action	Status / Target
<p>1. All Audit Committee Members to ensure they have completed an Individual Assessment (against the CIPFA knowledge and skills framework).</p>	<p>Ongoing Activity</p> <p><i>Targeted completion February. 2020</i></p>
<p>2. Audit Committee to review proactively the status of Audit Committee actions and recommendations as part of the 'outstanding items' agenda item, considering follow on actions as necessary.</p>	<p>Ongoing Activity</p> <p><i>Commencing first Committee meeting in 2020-21</i></p>
<p>3. Audit Manager to provide an audit recommendation summary for monitoring and review purposes, in addition to the full recommendation tracker, for each Audit Committee progress update.</p>	<p>Ongoing Activity</p> <p><i>Commencing first Committee meeting in 2020-21</i></p>
<p>4. Audit Committee to communicate via the Audit Manager, the requirement for Directors to address the following areas in their internal control environment reports, whilst providing any specific further information, as requested:</p> <ul style="list-style-type: none"> • A greater focus on directorate-level risks and governance • Evidence or further detail of external assurance reports and findings • Measures of directorate value for money 	<p><i>To be in place as appropriate for any future senior officer Audit Committee attendance.</i></p>

Audit Committee Assessments

I. Collective Self-Assessment - Workshop

A) Self-Assessment of 'Effectiveness'

Assessment key	
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.

Areas the Audit Committee can add value by supporting improvement		Overall Assessment
1.	Promoting the principles of good governance and their application to decision making.	4
2.	Contributing to the development of an effective control environment.	5
3.	Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	4
4.	Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	4
5.	Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	5
6.	Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	4
7.	Supporting the development of robust arrangements for ensuring value for money.	3
8.	Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	4
9.	Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	4

B) Self-assessment of 'Good Practice'

Good practice questions		Yes	Partly	No
Audit committee purpose and governance				
1	Does the authority have a dedicated audit committee?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Does the audit committee report directly to full council? (applicable to local government only.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Is the role and purpose of the audit committee understood and accepted across the authority?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Are there arrangements to hold the committee to account for its performance operating satisfactorily?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Functions of the committee				
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?			
	• good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• assurance framework, including partnerships and collaboration arrangements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• internal audit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• external audit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• financial reporting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• value for money or best value	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• counter-fraud and corruption.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• Supporting the ethical Framework	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Good practice questions		Yes	Partly	No
Membership and support				
12	Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> • separation from the executive • an appropriate mix of knowledge and skills among the membership • a size of committee that is not unwieldy • consideration has been given to the inclusion of at least one independent member (where it is not a mandatory requirement) 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by full council?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Does the chair of the committee have appropriate knowledge and skills?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Are arrangements in place to support the committee with briefings and training?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Is adequate secretariat and administrative support to the committee provided?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effectiveness of the committee				
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Are meetings effective with a good level of discussion and engagement from all members?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23	Has the committee evaluated whether and how it is adding value to the organisation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
24	Does the committee have an action plan to improve any areas of weakness?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25	Does the committee publish an annual report to account for its performance and explain its work?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

II. Individual Audit Committee Member Self-Assessments

Knowledge

Knowledge Areas	Level of Knowledge					Strong +
	1. No	2. Limited	3. Mixed	4. Strong	5. Full/Complete	
1. Organisational knowledge	0%	0%	14%	86%	0%	86%
2. Audit committee role and functions	0%	0%	14%	72%	14%	86%
3. Governance	0%	0%	14%	72%	14%	86%
4. Internal audit	0%	14%	0%	72%	14%	86%
5. Financial management and accounting	0%	0%	43%	43%	14%	57%
6. External audit	0%	0%	14%	86%	0%	86%
7. Risk management	0%	0%	29%	57%	14%	71%
8. Counter fraud	0%	29%	29%	43%	0%	43%
9. Values of good governance	0%	0%	14%	57%	29%	86%
10. Treasury management	0%	0%	57%	43%	0%	43%

Application

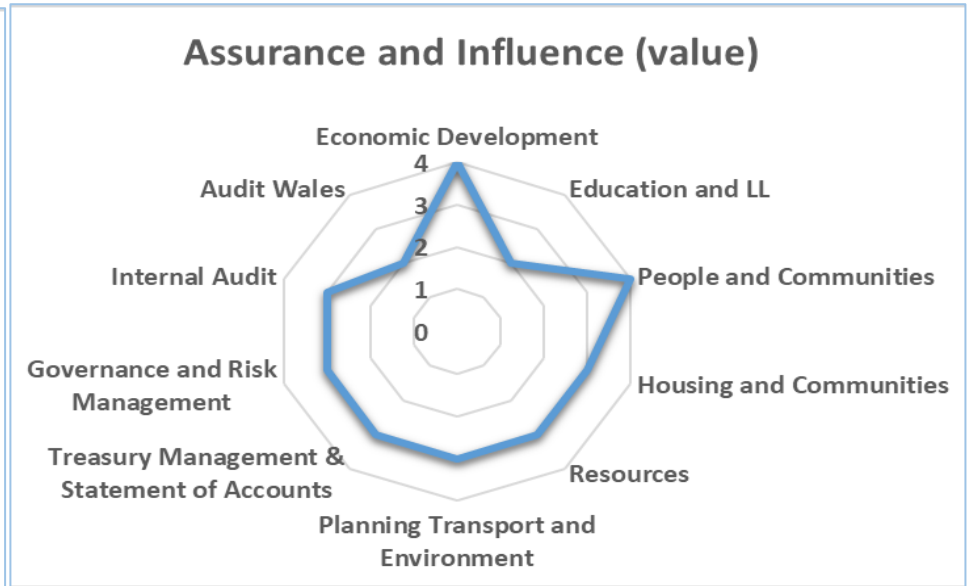
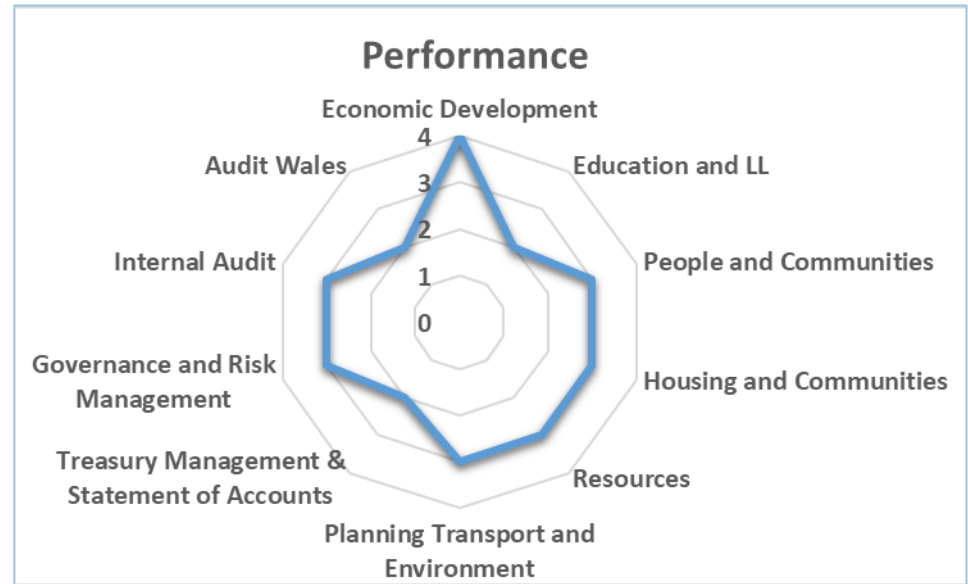
Application	Level of Application					Strong +
	1. No	2. Limited	3. Mixed	4. Strong	5. Full/Complete	
1. Organisational knowledge	0%	0%	14%	86%	0%	86%
2. Audit committee role and functions	0%	0%	29%	57%	14%	71%
3. Governance	0%	0%	29%	71%	0%	71%
4. Internal audit	0%	14%	29%	43%	14%	57%
5. Financial management and accounting	0%	0%	43%	43%	14%	57%
6. External audit	0%	0%	29%	71%	0%	71%
7. Risk management	0%	0%	43%	43%	14%	57%
8. Counter fraud	0%	57%	0%	43%	0%	43%
9. Values of good governance	0%	0%	14%	86%	0%	86%
10. Treasury management	0%	0%	57%	43%	0%	43%

III. Audit Committee Attendee Feedback

The Audit Committee has requested feedback from those it engages with in Committee meetings in respect of 'performance', 'assurance and influence' and 'discussion and engagement'.





The results for 2019/20 were as follows




Key	Score
1	Poor
2	Satisfactory
3	Good
4	Excellent




Current Membership

	<p>Hugh Thomas, a retired Solicitor, pursued a Local Government career for forty years culminating in his being Chief Executive of Mid Glamorgan County Council (the largest local authority in Wales) for fifteen years. During this time, he served as Clerk to the South Wales Police Authority and Honorary Secretary of the Assembly of Welsh Counties. He retired in 1995.</p> <p>He has since chaired a number of public bodies and national voluntary organisations including those in the health and higher education sectors. He was Vice Chairman and Chair of the Audit Committee of the Wales Centre for Health.</p> <p>He was also a non-Executive Director of Welsh Water. He served as Chairman of The Regulatory Board for Wales 2010 – 2016.</p> <p>Currently, he is serving a second term as one of the fifteen Trustees of The National Library of Wales. For more than 5 year’s he occupied the position of the Deputy Chairperson of the Audit Committee of Cardiff Council, and was appointed as Chairperson in January 2020.</p>
	<p>Gavin McArthur is an experienced internal audit and governance professional and qualified accountant. He was Head of Governance and Assurance for the Ministry of Justice Estates Directorate. He has also held senior management roles in internal audit functions in the private sector, local and central government.</p> <p>His professional experience and expertise lie in the fields of internal control, risk management, governance, internal audit, business case review, and performance management. He was appointed as Vice Chair of the Audit Committee of Cardiff Council in January 2020, and is Vice Chair of the Warwickshire Police Joint Audit Committee.</p> <p>Following a degree in Geological Sciences from Birmingham University, Gavin qualified as a CIPFA accountant with Coventry City Council where he undertook a range of financial management and accounting roles, including audit.</p> <p>A keen sportsman, who played semi-professional football, Gavin has coaching qualifications in rugby, goalkeeping and strength & conditioning. He currently coaches goalkeeping for a university football team and for many years coached at a local rugby club, he is also an experienced Tai chi practitioner.</p>
	<p>David Price is a self-employed Higher Education Consultant who provides bespoke services for UK, EU and North African clients. He formerly spent 25 years working for a number of UK universities and non-governmental departmental bodies in strategic planning and policy roles and served as a Pro Vice-Chancellor for a prominent Welsh university.</p> <p>Educated at the universities of Sheffield and Newcastle-Upon-Tyne and at schools in the UK and abroad, David is a graduate of the Leadership Foundation for Higher Education’s Top Management Programme.</p> <p>David’s professional interests focus on the development and application of performance systems, business intelligence, risk management, regulation and governance.</p>

 <p>Cllr Stephen Cunnah (Welsh Labour)</p>	<p>Serving the Canton Ward</p> <p>Terms of Office: 04/05/2017 -</p> <p>Serving on the following Committees: Audit Committee Children and Young People Scrutiny Committee Council Glamorgan Archives Joint Committee Cardiff Council Standards & Ethics Committee</p> <p>Outside Bodies: Chapter (Cardiff) Limited</p>
 <p>Cllr Nigel Howells (Welsh Liberal Democrats)</p>	<p>Serving the Adamsdown Ward</p> <p>Terms of Office: 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p>Serving on the following Committees: Audit Committee Council Council Appeals Committee Economy & Culture Scrutiny Committee (Chair) Pensions Committee</p>
 <p>Cllr Ashley Lister (Welsh Labour) (joined Audit Committee 23.05.19)</p>	<p>Serving the Grangetown Ward</p> <p>Terms of Office: 04/05/2017 –</p> <p>Serving on the following Committees: Appointments Committee - Assistant Director, Children's Services Appointments Committee - Assistant Director, Education & Lifelong Learning Audit Committee Community & Adult Services Scrutiny Committee Constitution Committee Corporate Parenting Advisory Committee Council Local Authority Governor Panel Policy Review and Performance Scrutiny Committee</p> <p>Outside Bodies: South Wales Fire & Rescue Authority</p>
 <p>Cllr Rod McKerlich (Welsh Conservatives) (joined Audit Committee 18.07.19)</p>	<p>Serving the Radyr & Morganstown Ward</p> <p>Terms of Office: 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p>Serving on the following Committees: Appointments Committee - Assistant Director, Adult Services Audit Committee Constitution Committee Council Democratic Services Committee Policy Review and Performance Scrutiny Committee</p>

 <p>Cllr Elaine Simmons (Welsh Labour) (joined Audit Committee 30.01.20)</p>	<p>Serving the Caerau Ward</p> <p>Terms of Office: 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p>Serving on the following Committees: Audit Committee Council</p>
 <p>Cllr Kanaya Singh (Welsh Labour)</p>	<p>Serving the Riverside Ward</p> <p>Terms of Office: 04/05/2017 -</p> <p>Serving on the following Committees: Audit Committee Children and Young People Scrutiny Committee Council</p> <p>Outside Bodies: Cardiff Bus</p>
 <p>Cllr Joel Williams (Welsh Conservatives)</p>	<p>Serving the Pontprenau & Old St Mellons Ward</p> <p>Terms of Office: 04/05/2017 -</p> <p>Serving on the following Committees: Appointments Committee - Assistant Director, Adult Services Appointments Committee - Assistant Director, Children's Services Appointments Committee - Assistant Director, Education & Lifelong Learning Appointments Committee - Director Education & Lifelong Learning Appointments Committee - Principal Lawyer Litigation Appointments Committee - Programme Director, Schools Organisational Planning Audit Committee Council Council Appeals Committee Standards & Ethics Committee</p> <p>Outside Bodies: Cardiff University Court South Wales Fire & Rescue Authority</p>

Member on approved leave of Absence

 <p>Ian Arundale (Chair) (Independent Lay Member)</p> <p><i>Approved leave of absence for up to one year commencing 28/11/19</i></p>	<p>Ian Arundale is a self-employed Law Enforcement and Security Consultant. He is currently working for Cleveland Police on a short-term contract addressing a range of development areas. He was a police officer for 32 years serving in South Wales, West Mercia and Dyfed-Powys Police Forces rising to the rank of Chief Constable at Dyfed Powys.</p> <p>Ian was the UK lead on behalf of the Association of Chief Police Officers (ACPO) for 'Armed Policing' policy and practice and chaired the UK 'Conflict Management' portfolio. He acts as an advisor and expert witness in high profile cases such as fatal police shootings, inquests and public inquiries.</p> <p>He works internationally and has recently assisted police forces and organisations in the far east, USA and New Zealand.</p> <p>Ian holds a diploma in Applied Criminology from Cambridge University, an MSc (Econ) degree in Criminology and Criminal Justice from Cardiff University and a BA (Hons) degree in Police Studies. He is a Fulbright Fellow and a graduate of the Prime Ministers 'Top Management' programme.</p> <p>In addition to his role with work with Cardiff Council, he is also the Chairman of the Discipline Committee of the Royal College of Veterinary Surgeons and a board member of the International Law Enforcement Forum (ILEF). He was awarded the Queens Police Medal (QPM) in 2011.</p>
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Members who left In-Year

 <p>Cllr Phil Bale (Welsh Labour) <i>Stood down on 03.09.19</i></p>	<p>Serving the Llanishen Ward</p> <p>Terms of Office: 03/05/2012 - 04/05/2017 04/05/2017 – 09/10/2019</p> <p>Serving on the following Committees: Audit Committee Council</p>
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Cllr Susan Goddard
(Welsh Labour)
Stood down on 24.10.19

Serving the **Ely Ward**

Terms of Office: 03/05/2012 - 04/05/2017
04/05/2017 -

Serving on the following Committees:

[Appointment Committee - Programme Director, Schools Organisational Planning](#)

[Audit Committee](#)

[Community & Adult Services Scrutiny Committee](#)

[Constitution Committee](#)

[Council](#)

[Council Appeals Committee](#)

[Democratic Services Committee](#)

[Licensing Committee](#)

[Licensing Sub Committee](#)

[Public Protection Committee](#)

[Public Protection Sub Committee](#)

Outside Bodies:

[Cardiff Fostering Panel](#)

AUDIT COMMITTEE: 25 JUNE 2019

DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20
REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 7.2

Reason for Report

1. The Audit Committee's Terms of Reference requires Members to review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk and internal control.
2. Specific components of the AGS reported individually to the Audit Committee are the biannual Senior Management Assurance Statements (SMAS) and the AGS Action Plan of significant governance issues, following approval by the Senior Management Team. This report provides members of the Audit Committee with the full AGS for 2019/20 that will sit alongside the Council's Statement of Accounts.

Background

3. Senior Management Assurance Statements (SMAS) are used to assess governance maturity in application of the 'Delivering Good Governance in Local Government' framework, developed by CIPFA / SOLACE.
4. Through the SMAS, each Director responds to 23 good governance statements using a 5-point maturity scale for their areas of responsibility ranging from 'not in place', 'limited application', 'mixed application', 'strong application' to 'embedded'. Prior to submitting their returns, each Director is required to obtain underlying assurances from their management teams to support a directorate-wide response to each statement.
5. The Audit Committee reviewed the mid-year SMAS position and Action Plan on 23 January 2020. The draft AGS for the financial year 2019/20 is attached to this report.

Issues

Senior Management Assurance Statements

6. The 2019/20 process built on the previous year's by requiring a more comprehensive evidence base to support the assessment of the assurance level. Since March 2020, the attention of Senior Officers has been firmly focussed on the Council's response to the crisis and upholding effective communication, decision making and control. There is an acknowledgment that the assurance process for the end of the year and looking forward to 2020/21 has not been as laid down by the Senior Management Assurance process previously agreed. However, the Senior Management Team is clear that this deviation from normal practice was temporary, and that there will be a move to re-engage with the previous senior management assurance process in full for future years.

7. In order to provide the Senior Management assessment of good governance for 2019/20 as a whole, once services were moving to a managed 'restart' towards the end of quarter one 2020/21, the Senior Management Team took the opportunity to review the 2019/20 half yearly returns, and considered the body of work delivered over the last six months, including a reflection on the response of the Council to Covid 19.
8. As reported in January, the mid-year 2019/20 self-assessment level for each Directorate and Assurance category is set out in the following two tables;

Directorate / Service	Self-Assurance Level	Change since end of 2018/19
Economic Development	Mixed (bordering on strong assessment)	None
Education	Mixed (middle range of assessment)	None
Governance and Legal Services	Mixed (middle range of assessment)	None
People and Communities	Strong (lower range of assessment)	None
Planning, Transport and Environment	Mixed (middle range of assessment)	None
Resources	Mixed (bordering on strong Assessment)	None
Social Services	Mixed (middle range of assessment)	None
Street Scene	Limited	N/A

Category	Assessments challenged
Risk Management	Mixed (bordering on strong)
Partnership and Collaboration	Mixed (middle range of assessment)
Compliance	Mixed (middle range of assessment)
Programme and Project Assurance	Mixed (middle range of assessment)
Budget Monitoring	Mixed (middle range of assessment)
Planning and Decision Making	Mixed (middle range of assessment)
Internal Control Environment	Mixed (middle range of assessment)
Fraud & Financial Impropriety	Mixed (middle range of assessment)
Performance Measurement & Management	Mixed (middle range of assessment)

9. The AGS Statement includes Statements from the Audit Manager, Audit Committee and Senior Management respectively. In addition, the two significant issues for 2019/20 have been taken forward alongside the corresponding actions in order to ensure that these are fully addressed prior to closure. Progress on the Action Plan and Assurance Statements will be reported to the Audit Committee later in the Calendar year.

Reasons for Recommendation

10. To enable the Audit Committee to review and comment upon the self-assessed elements of the AGS.

Legal Implications

11. There are no direct legal implications arising from this report.

Financial Implications

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

Recommendation

13. The Audit Committee to review and comment upon the Annual Governance Statement, namely, the resulting overall 'Senior Management Statement' and 'Action Plan of Significant Governance Issues'.

Christopher Lee
Corporate Director Resources
June 2020

The following Appendices are attached:

Appendix A - Annual Governance Statement 2019/20

Mae'r dudalen hon yn wag yn fwriadol

Cardiff Council Annual Governance Statement 2019/20



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Scope of Responsibility

1. Cardiff Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.
2. The Council is responsible for the Cardiff Harbour Authority. The Council is also the Administering Authority for the Cardiff and Vale of Glamorgan Pension Fund (the Pension Fund) and Cardiff Port Health Authority (CPHA), and is the Accountable Body for the Cardiff Capital Region (CCR) City Deal. The governance arrangements detailed in this Annual Governance Statement (AGS) are documented in consideration of the Council's areas of responsibility, and the extent to which the Council is charged with governance.
3. The Council has adopted the 'Delivering Good Governance in Local Government' framework, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). This statement explains how the Council has complied with the Governance Framework and meets the requirements of the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.
4. Cardiff Council has three wholly owned subsidiary companies which traded in 2019/20, one of which Cardiff City Transport Services Ltd. (Cardiff Bus) underwent changes in governance arrangements which are set out in paragraph 74. The Council also has an interest in a special purpose vehicle (CSC Foundry Limited) which is governed by a Joint Committee for the CCR City Deal.

The Purpose of the Governance Framework

5. The Governance Framework comprises the systems, processes, culture and values by which the Council is directed, controlled, and the means through which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The Council's Constitution sets out how decisions are made and the procedures which are followed through rules, codes of practice and protocols.
6. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives but is based on an ongoing process to identify, prioritise and appropriately manage risk.
7. The Code of Corporate Governance documents how we apply the principles of good governance (as summarised in Section 4 of the AGS – Assessment

Process and Summary). This Code was approved at the Constitution Committee on 11th February 2019 and is included in the Council's Constitution.

The Governance Framework

8. The Framework comprises two core principles and five supporting principles. Principles A and B run through principles C to G but good governance is dynamic, and the Council as a whole is committed to improving governance on a continuing basis through a process of evaluation and review.

Core principles:

- a. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - b. Ensuring openness and comprehensive stakeholder engagement
- Supporting Principles:

Supporting principles

- c. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- d. Determining the interventions necessary to optimise the achievement of the intended outcomes
- e. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- f. Managing risks and performance through robust internal control and strong public financial management
- g. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Assessment Process and Summary

9. The AGS summarises the assessment of governance against the governance framework and comprises three elements:
 - 1) Statements from Senior Management, the Audit Manager and the Audit Committee
 - 2) Supporting analysis mapped to the core and supporting good governance principles that provides a judgement that is based on supporting information and evidence
 - 3) A Senior Management judgement of the Council's significant governance issues
10. These three elements when taken together represent the assessment of governance, through the perspectives of the Senior Management Team (SMT) and the independent opinions of the Internal Audit Manager and Audit Committee based on their respective programmes of work and an assessment of the system of internal control.
11. For further information and detail, supporting information is mapped to the governance framework principles (a-g) within the AGS, and followed by an open

disclosure from the SMT of the significant governance issues affecting the organisation as summary actions to take forward and address.

12. The diagram in fig. 1 sets out the components of this assessment.

Fig.1



Assurance Statements

13. The following statements are made at the year-end, upon consideration of the performance information, governance disclosures and audit and regulatory report findings from assessors both internal and external to the Council.

Senior Management Statement

14. As a Senior Management Team we have continued to apply a self-assessment exercise as a primary means of measuring our delivery of good governance, and identifying issues for improvement. We have needed to adapt the usual process, whereby our self-assessment is informed by a mid-year and subsequent year-end Senior Management Assurance Statement (SMAS) assessment. This year to enable management to focus on the Council's response to the Covid 19 crisis, we did not complete the year-end SMAS review, scheduled for April 2020. At the onset of the Covid 19 pandemic in March 2020, following a period of heightened planning and coordination, the Council invoked its incident management regime and the Senior Management Team met on a daily basis for the first eight weeks, gradually moving to a schedule of meeting three times a week. The focus of these meetings was to consider the Council's response to the crisis, ensure coherency and to ensure there was a matter of record and clear governance of decisions taken.

15. Since March 2020, the attention of Senior Officers has been firmly focussed on the Council's response to the crisis and upholding effective communication, decision making and control. There is an acknowledgment that the assurance process for the end of the year and looking forward to 2020/21 has not been as laid down by the Senior Management Assurance process previously agreed. However, the Senior Management Team is clear that this deviation from normal practice was temporary, and that there will be a move to re-engage with the previous senior management assurance process in full for future years. In order to provide the Senior Management assessment of good governance for 2019/20 as a whole, once services were moving to a managed 'restart' towards the end of quarter one 2020/21, the Senior Management Team took the opportunity to review the 2019/20 half yearly returns, and considered the body of work delivered over the last six months, including a reflection on the response of the Council to Covid 19.
16. The Senior Management Team considers that the most recent Senior Management Assurance Statement exercise from the mid-year 2019/20 position, offers a true and fair reflection of the governance maturity of the Council for the year overall. This mid-year assessment was based on the governance maturity which we could evidence within each Directorate against a series of assurance statements. Accordingly, the Senior Management Team considers that the Council is approaching strong application of good governance across the assurance areas, with some examples of embedded and limited in some assurance areas in some directorates. This assessment was based on a self-assessment using a 5-point rating system ranging from 'not in place', 'limited application', 'mixed application', 'strong application' to 'embedded'. The maturity assessment highlighted opportunities to further enhance the disciplines of partnership and collaborative governance and compliance the detail of which is presented in the Annual Governance Statement Action Plan. It is recognised that where there are weaknesses identified then robust recovery procedures need to be put in place. The Senior Management Team recognises the need to prioritise actions for enhancement to enable strong evidence of application across all areas going forward.
17. In relation to the work of the Senior Management Team in 2019/20 we continued to collectively own the Corporate Risk Register, we reviewed all corporate risks quarterly, and monitored progress against the action plan of significant governance issues.
18. The Chief Executive continues to emphasise that areas of weakness need to be addressed in these challenging and changing times and there remains the importance of achieving consistent standards of governance and control across all directorates, and has reinforced these expectations to be monitored and managed through the senior management assurance statement process as we enter 2020/21

Head of Audit Opinion Statement

19. "The PSIAS state that the 'Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its

governance statement.’ This must be based upon an objective assessment of the framework of governance, risk management and control. It must also include an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems.

20. This opinion has been prepared by the Audit Manager, based on the provisions of the PSIAS. In preparing and forming this opinion, assurance has been taken from a number of sources, including:
21. **Assurance Audit Assignments** – work undertaken through the risk-based annual audit plan, with delivery prioritised to maximise assurance and added value. The audit plan is responsive to risk and informed by audit information and existing assurances, information from Senior Management, and monitoring of Council activity, strategy, risks, and wider assurance sources.
22. **Discussion with Senior Managers** – quarterly relationship manager meetings with Directors or their representatives, Audit Manager attendance at Senior Management Team meetings where assurance items are considered, and regular meetings with the Corporate Director Resources (Section 151 Officer) and the Chief Executive.
23. **Consultancy** - advice and guidance offered generally or on specific matters, including the design and development of new processes, such as risk based verification for housing benefit and council tax reduction applications, and wider process guidance, such as continuity and control in back office functions during the COVID-19 crisis which took place at the financial year-end.
24. **Risk & Governance** – assurance reviews on the co-ordination of the Corporate Risk Register, the management disclosures which support the Annual Governance Statement, and wider governance reviews (including programmes and projects and financial / contract procedures).
25. Based on the programme of audit work undertaken to assess internal controls and reviews of governance and risk management arrangements, it is considered that the application of the overall framework for control within the Council for 2019/20 is **effective with opportunity for improvement**. This opinion is based on the delivery of a comprehensive audit plan, and an acknowledgment of the increasing pressure on resources in both demand and budgets, which has been managed through a resilient performance culture.
26. The control environment for core financial systems, and for the majority of audits overall (74%) was considered as adequate, and allocated an opinion of ‘effective’ or ‘effective with opportunity for improvement’. Twenty three audits have been given an audit opinion of ‘insufficient with major improvement needed’ recognising the need for attention to achieve sound controls, and four audits were given ‘unsatisfactory’ opinions in respect of a particular school, a school traded service, and in areas of waste management. A number of allegations of fraud within the Waste Management function which preceded this financial year have been investigated, the majority of associated disciplinary

hearings have been completed in accordance with the Council's disciplinary policy, and Police liaison is ongoing. The Waste Management function continues to receive a greater proportion of allegations of fraud and financial impropriety, and all allegations are robustly assessed and investigated as appropriate. Audit assurance and support targets and follows up on the highest risk areas.”

Audit Committee Opinion Statement 2019/20

27. “Based on the evidence presented to the Audit Committee during 2019/20, it is the considered view of the Committee that the Council does have, for the most part, sound internal controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are well captured and reviewed on a regular basis. Examples of where the Committee continues to have concerns, which will be incorporated into the Committee's Work Programme for 2020/21, include:

Budget Management

28. The Audit Committee recognises the sustained financial pressure that the Council is under and notes that whilst the overall financial position was balanced, some particular directorates had significant overspends, for which controls have been in need of improvement.
29. The Audit Committee continues to raise concerns about the controls in place within directorates to achieve budget savings proposals put forward, and will continue to reinforce expectations for delivery in the year to come.
30. Budget management is particularly pertinent at this time given the pressures facing local authorities as they respond to support the economic and social needs presented by the COVID-19 crisis. This unprecedented environment follows a number of years in which the financial parameters within which the Council operates have been constrained. The Committee will be interested in the management of the budget over the year to come through appropriate management controls and interventions, where required, and will continue to reinforce expectations for delivery given the significant financial pressures facing the Council.

Internal Control

31. The continuing reduction in resources, together with a growing population and greater demand for public services, mean that the Council is facing significant challenges in how it delivers services. At a time when many decisions have to be finance driven, it is essential that internal controls are not neglected or impaired, and that strong controls operate throughout reformed processes and systems.

32. The Audit Committee has invited senior officers to attend each Committee meeting this year, to account for their delivery of good governance, risk management and internal control. In addition, the Audit Committee has continued to receive the details of all Internal Audits completed, and the respective assurance ratings. This year we have observed isolated internal control gaps, and unsatisfactory audit opinions in respect of a particular school, a school traded service, and in areas of waste management. Whilst the number of unsatisfactory Internal Audit opinions remain low, management must maintain sound systems of internal control and promptly address identified weaknesses.
33. The Audit Committee is aware that allegations of fraud isolated within the Waste Management function have been investigated, the majority of associated disciplinary hearings have been completed in accordance with the Council's disciplinary policy, and Police liaison is ongoing. Once these matters have concluded, Audit Committee will seek assurance on the robustness of post investigation review.
34. The Committee receives a list of all Internal Audit recommendations raised and agreed, and visibility of updated management comments until the point of implementation. Whilst the Audit Committee has an overall assurance of internal control, we continue to require officers to account for services or functions where internal control weaknesses have been identified. We continue to challenge any impairment in stewardship and control of public funds and assets, seeking prompt and proportionate management actions. The Audit Committee has considered the Internal Audit Plan for 2020/21, and will closely monitor its progress and findings over the year ahead.

Financial Resilience (including Treasury Management)

35. In a position of constrained finances, the Audit Committee will continue its consideration of the framework for financial decisions. The Audit Committee has received updates on financial resilience as part of the finance updates and has welcomed the independent assurance of the Council Treasury Management activities, by the Council's Treasury Management advisors.
36. The Audit Committee will continue to look to gain assurance of sound treasury management practices and strategy. This is vital work, which will both safeguard and deliver best value from the Council's borrowing and investments. The Audit Committee has and will continue to satisfy itself that the levels and profiles of investments and borrowing throughout the year are appropriate and in line with the Treasury Management Practices, Strategy and Reports presented.

Schools Governance & Compliance

37. Audit Committee has raised concerns about governance and compliance matters in schools for some time, which are regularly responsible for a greater proportion of audit reports giving concern. This year, through

overseeing the work of internal audit, we have continued to observe that certain schools have not achieved a satisfactory level of stewardship and internal control.

38. In view of an ongoing need for regular school governance assurance, Audit Committee has arranged to receive regular updates from the Director of Education and Lifelong Learning on the monitoring, controls and progress of governance improvements in Schools. This is with the understanding that Audit Committee can request the attendance of those directly responsible for governance at an individual school level, to a Committee meeting, in the event that assurances are not considered as acceptable.
39. The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. This area of interest remains a priority of the Audit Committee. The Audit Committee continues to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.”

ii) Governance Framework - Supporting Information

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

40. All Members and Officers in the Council are required to comply fully with Codes of Conduct as set out in the Constitution, which sets out the particular roles and responsibilities of Officers and Members and provides clarity on the interfaces between these roles. These include:
- Functions and subsections delegated to Officers
 - Members’ Code of Conduct
 - Employees’ Code of Conduct
 - Protocol on Member / Officer Relations
 - Cardiff Undertaking – signed by all Members upon election and underlines their duties to the City and its citizens
41. The Director of Governance and Legal Services is the Monitoring Officer, and has the specific duty to ensure that the Council, its Officers, and its Elected Councillors, maintain the highest standards of conduct in all they do based on Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000.
42. The Standards and Ethics Committee has a responsibility to monitor and scrutinise the ethical standards of the Authority, its Members, employees and any associated providers of the Authority’s services, and to report to the Council on any matters of concern. The Committee is chaired by an independent person and its role includes determining the outcome of complaints against Councillors and Co-opted Members and monitoring the Council’s whistleblowing procedures.

43. In 2019/20, the Monitoring Officer was notified of a total of ten complaints relating to Member conduct. The Monitoring Officer has not referred any of these complaints to the Public Services Ombudsman, however, three complaints were made directly by the complainants to the Ombudsman. Of the three complaints submitted to the Ombudsman, in each case the Ombudsman decided there was no evidence of a breach of the Code, so there would be no further investigation. Three complaints were dealt with under the Local Resolution Protocol, and of these, one was resolved informally by the Monitoring Officer and two have been referred to the Hearings Panel (hearings to be arranged). In three cases, the Monitoring Officer decided there was no evidence of a breach of the Code, so no further action was appropriate. One complainant was advised of the remits of various other relevant regulatory bodies, and advised to refer the complaints to those bodies, as appropriate.
44. The Chair of the Standards and Ethics Committee presented the Committee's Annual Report 2018/19 to full Council in February 2020 and outlined the work of the Committee. The Chair made specific reference to the Members Survey findings and reminded Members of the guidance on social media. The Committee has agreed that presentation of its Annual Report to Council serves to promote Members' understanding of the important role of the Committee and its work; and that further Member briefings would be issued as and when required.
45. Members and Co-opted Members are required to register their personal interests in any business of the authority, and to comply with the rules on personal interests set out in the Members Code of Conduct. All personal interests disclosed by Members are published on the Council's website within the Member's profile information. The Council's Policy on Officers' Personal Interests & Secondary Employment requires all staff to disclose any personal interest which actually or potentially conflicts with their duties to the Council and all secondary employment. The policy sets out how all Council employees are obliged, under the Employees' Code of Conduct, to ensure that their private interests do not conflict with their public duties, and to comply with the Council's rules on the registration and declaration of financial and non-financial interests. The Standards and Ethics Committee has reviewed the Council's arrangements for managing officers' personal interests and recommended that a register of Senior Officers' outside business interests should be published on the Council's website with effect from 01/04/2019, which has been implemented. The Committee agreed that no further changes should be made to the Council's arrangements for managing officer's personal interests.
46. The Council's Corporate Values focus on fairness, openness and working together. The Council supports a culture of behaviour based on these values which guide how the long term vision of the Council is put into effect, as well as how Members and Officers deliver their day to day roles. Corporate and directorate planning and personal performance and development arrangements are aligned to delivering corporate values and priorities.

47. The Workforce Strategy and Employee Charter continues to ensure that there is alignment between the Council's vision and values and the Corporate Plan:
- The Employee Charter sets out the expectations of all staff (employees, managers and senior managers) and has formed part of the objective setting process for personal reviews
 - The Workforce Strategy seeks to deliver outcomes for and with employees, within a culture that supports a flexible, skilled, engaged and diverse workforce
48. The Council takes fraud, corruption and maladministration very seriously supported by the following strategy and policies to prevent, and manage such occurrences
- Counter-Fraud and Corruption Strategy
 - Financial Procedure Rules
 - Contract Standing Order and Procurement Rules
 - Whistleblowing Policy
 - Fraud, Bribery and Corruption Policy
 - Money Laundering Policy and Procedure
 - ICT Security Policy
 - Data Protection Policy & Procedure
 - HR policies regarding investigation and discipline of staff
49. The Counter-Fraud and Corruption Strategy was introduced in July 2019 through a range of delivery methods such as e learning and location based workshops. In excess of 3,500 employees have undertaken the course, and training sessions have been attended by over 70 Head Teachers and 35 Chairs of / School Governors. The Council is also supported by a range of policies, procedures and regulations, including those relating to Financial Control, Data Protection, Health & Safety, Equalities and IT Security.
50. The Council has a Whistleblowing Policy in place through which staff and contractors are encouraged to speak out on misconduct or illegal behaviour within the organisation, which affects the public or other people (making a disclosure in the public interest). In 2019/20 a total of six whistleblowing cases have been reported to the Monitoring Officer.
51. The Corporate Director Resources has both overall responsibility for the financial administration (S151 Officer) and the information governance arrangements of the Council (SIRO). The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The Information Governance arrangements with respect to Senior Management Board required strengthening and the Information Security & Governance Oversight Group has been formed and held its first meeting on the 11 May 2020. The Group consists of the SIRO, the Corporate Director for People & Communities, Monitoring Officer, Director of Social Services, Chief Digital Officer and the Head of Finance. Plans are in place to put in place a more effective Directorate Representative Group in order to ensure that there

is effective consultation and communication on Information Security and Governance matters.

B. Ensuring openness and comprehensive stakeholder engagement.

52. Through its Corporate Values, the Council outlines a commitment to being “open and honest about the difficult choices we face, and allowing people to have their say on what’s important to them and their communities.” Consultation, engagement and joint working with citizens are central to delivering this value and are outlined as follows.
53. To support openness, the Council is focusing on proactively publishing data through the Open Data Strategy as part of the Council’s Publication Scheme. It has adopted the UK government’s approach to publishing data to a minimum of 3 stars out of a 5 star scale. This means data should be easily accessible and available to re-use as required (subject to terms outlined in the Open Government Licence). Data sets continue to be identified for publication.
54. There is open debate and challenge on performance and risk management with quarterly reporting and review in Senior Management Team (SMT) and further challenge and oversight in Cabinet, Scrutiny and Audit Committee meetings. A Risk Management Steering Group is in place to develop and review risk management policy and accountability frameworks and to support SMT in identifying new and emerging corporate risks. An Assurance role has been developed within the SMT environment where the Chief Executive, and Directors discuss aspects of the assurance, for example risk management, performance management, outcomes and progress on audit recommendations made by the internal and external bodies and regulators. This has increased the visibility and the connections between these assurance pieces. The meetings between the Chief Executive, Directors and Cabinet Members to agree actions arising from an open debate of performance and service delivery challenges have continued for the majority of 2019/20.
55. Meetings of the Council, Cabinet and Committees are generally open to the public to attend except where confidential or exempt information is being discussed, as defined by the law. Full Council meetings include a facility for public questions, and the Council’s Scrutiny Committees invite stakeholder contributions to their scrutiny programme, both through research and consultation exercises and through direct access to Committees. During 2019/20 the number and types of Council and Committee meetings increased compared to 2018/19. Scrutiny and other meetings were allocated webcasting time based on public interest and prioritisation of specific items including the development and implementation of dual language webcast for Council meetings.

Webcasting Data		
Year	2018-19	2019-20
Number of Meetings webcast	37	54
Number of Committees (Types) webcast	8	10
Total Hours Webcast	95:15:44	126:50:24
Live views	1674	1960
Archive Views	3376	6909
Total Views	5050	8869

56. The public and other stakeholders are given the opportunity to tell the Council what they think about the services provided through the Council's Comments, Complaints and Compliments Policy. It reflects guidance given in the Welsh Government Model Policy and Guidance Paper for Handling Complaints, as well as guidance received from the Public Service Ombudsman for Wales and places a greater emphasis on a prompt resolution of complaints. Cabinet is informed annually of the number of complaints received.
57. Citizens, communities and partners continue to be engaged through a programme of citizen engagement, budget consultation, Ask Cardiff surveys that seek opinions of a range of Quality of Life and Quality of Services statements. The output of these are used to inform proposals and decisions of priorities and planning for the provision of services. The participation levels for these engagement sessions do leave room for improvement and the Council will continue to build on participation numbers.
58. Regular meetings are held with institutional stakeholders to whom the Council is accountable, which include the Welsh Government and the Council's External Auditors (Wales Audit Office). Efforts have also been made to foster open and effective relationships between the County Council and the six Community Councils in Cardiff through a Community Councils Charter ("the Charter"). It reflects the model Charter issued by the Welsh Government in the Local Government (Wales) Measure 2011 and is based on equality of partnership between the two tiers of local government.
59. The Cardiff Public Services Board (PSB) represents a statutory partnership of public and voluntary sector organisations, chaired by the Leader of the Council to deliver the city's Wellbeing Plan. The Wellbeing Plan, which responds to the evidence from the Wellbeing Assessment, focusses on the areas of public service delivery which fundamentally require partnership working between public and community services, and the citizens of Cardiff. The Plan was

adopted by Full Council and statutory member organisations by the statutory deadline of May 3rd 2018. The Cardiff PSB is supported by partnership governance and delivery arrangements, reporting by exception into the PSB on a quarterly basis. Over the course of the Covid-19 crisis the Cardiff PSB has met on a more regular basis in order to lead a co-ordinated strategic response to critical issues across the city's public services. The annual report on the Wellbeing Plan has been delayed as a result of the covid-19 crisis, and will be considered by the Cardiff PSB in September.

60. Multi-Agency area based responses have extended into areas of Butetown and Splott, with a range of partners who identify, discuss and jointly plan priorities to address. In Butetown, there is a focus on young people's aspirations, the impact on the community as a result of drugs, county lines and the disruption of ASB. In Splott, there is a focus on county lines, off road motorcycle annoyance and diversionary activity for young people. At present there is no dedicated resource aimed principally at Area Based Working and work carried out to date has been undertaken as a trial and proof of concept. Further work will be required to ensure an Area Based Working approach in Splott and Tremorfa is to the same level as Butetown, partners have also suggested the inclusion of Adamsdown. The reporting mechanisms highlight main achievements and results based accountability but the caveats of resource and time being seen as constraints. This is an area which has been impacted by Covid 19 and has led to a stalling of activity due to lockdown and social distancing constraints.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.

61. To outline its ambitions for the city, the Council's Administration set out a policy programme for the five years from 2017 to 2022, entitled 'Capital Ambition'. These policy commitments were updated in January 2020. At the heart of Capital Ambition is the goal to create a greener, fairer and stronger capital city, tackling poverty and inequality in all its forms.

62. Capital Ambition identifies four priorities:

- **Working for Cardiff:** Making sure that all our citizens can contribute to, and benefit from, the city's success.
- **Working for Wales:** A successful Wales needs a successful capital city.
- **Working for the Future:** Managing the city's growth in a sustainable way.
- **Working for Public Services:** Making sure our public services are delivered efficiently, effectively and sustainably in the face of the rising demand and reducing budgets.

63. The Corporate Plan sets out how the Administration's priorities for Cardiff will be achieved, providing clarity on what will be delivered, and by when. In accordance with the requirements of the Well-being of Future Generations (Wales) Act 2015, the Corporate Plan sets out Cardiff's Well-being Objectives,

the steps we will take to achieve them and how we will measure progress. The seven Well-being Objectives are:

- Cardiff is a great place to grow up
 - Cardiff is a great place to grow older
 - Supporting people out of poverty
 - Safe, confident and empowered communities
 - A capital city that works for Wales
 - Cardiff grows in a resilient way
 - Modernising and integrating our public services
64. The Council and Cardiff Public Services Board agreed the same Well-being Objectives, creating a clear link between the Corporate Plan and the Public Services Board's 'Well-being Plan 2018-23'. The 'Area Plan for Care and Support Needs 2018-23' produced by Cardiff & Vale Integrated Health & Social Care Partnership in accordance with the Social Services and Well-being (Wales) Act 2014 also provides a more consistent approach to planning across a range of partners.
65. The Corporate Plan is a rolling three-year plan which is refreshed annually. The latest refresh was approved by Council in February 2020 for the period 2020 – 2023, informed by the consultation on budget proposals for 2020/21.
66. The delivery of the Corporate Plan is monitored through the Council's Performance Management Framework, which also allows for the Council's policy agenda to be refreshed and updated as necessary. This includes:
- Quarterly performance monitoring by Cabinet and Senior Management Team as part of its Assurance Board role. Progress is reported to Members alongside the Budget Monitoring.
 - Half-year and end-of-year strategic assessments of performance which include the Annual Well-Being Report to meet statutory performance reporting requirements. This includes all relevant performance data, as is informed by the Council's risk register and finance monitoring. The half-year assessment is considered by the Policy Review and Performance (PRAP) Scrutiny Committee before being received by Cabinet. The end-of-year assessment is considered by PRAP and Cabinet before being approved at a meeting of full Council.
 - An early draft of the Corporate Plan is considered by the PRAP Scrutiny Committee to help shape corporate policy.
 - Targets for the Key Performance Indicators are considered by the Performance Panel, which includes members of the Policy Review and Performance Scrutiny Committee as well as the Chairs of all scrutiny committees.
67. Challenge sessions convened by the Leader, Chief Executive, relevant Cabinet Member(s) and Director(s) to sign-off Steps, Key Performance Indicators and Targets by Well-being Objective.

68. Consultation on the Council's 2019/20 budget proposals "Changes for Cardiff" ran from 16th November 2018 – 2nd January 2019. As outlined under principle B of this AGS, ensuring openness and comprehensive engagement, a number of mechanisms were used to ensure the consultation was as accessible as possible. The consultation enabled members of the public to communicate their views on the budget proposals. It informed the final decisions on service changes, which focussed on delivering valued public services in the face of ongoing austerity.

69. Building on the approach to the Council's Budget Strategy over the last few years is key to planning for future years. The Council identified a budget gap of £105 million for the period 2020/21 to 2023/24 with a £73 million gap for the period 2021/22 to 2024/25. The outlook over the medium term remains a matter of concern and the Budget Report 2020/21 detailed the challenges in respect of continued financial pressures and the difficulty of setting and realising year on year budget savings. In a normal year, a deliverable Budget Strategy will continue to be a key document to review but with the impact of Covid19 this will require even closer monitoring and a potential reshaping of the strategy as services evolve into their future shape and size.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

70. All Cabinet and Council decisions taken by Members are supported by written reports from Officers on the legal, HR, property and financial implications arising from the decision. These reports are also required to outline the economic, social and environmental outcomes, the key risks and alternative courses of action which are available.

71. To meet requirements of the Well-being of Future Generations (Wales) Act 2015, the Council has published well-being objectives and a well-being statement as part of the development of the Corporate Plan. To ensure that the sustainable development principle the focus has been on considering the 5 ways of working at the earliest stage of policy development. Policy development, across the organisation, is encouraged to consider:

- **Long term:** Defined as the trends that affect Cardiff both today and in the future.
- **Prevention:** Intervening earlier to prevent problems affecting citizens from occurring or worsening.
- **Involvement:** Engaging with citizens, particularly the most vulnerable in society.
- **Integration:** Working across boundaries to deliver Capital Ambition, the administration's policy agenda for the city.
- **Collaboration:** Working with others to have a greater impact.

72. The Council uses a number of sources of information to assess progress against Well-Being Objectives, including:

- **Progress against the Council’s Key Performance Measures** – A number of performance measures are identified within the Council’s Corporate Plan which help show the progress made in delivering the Well-Being Objectives. Where applicable, targets are set against these performance measures to demonstrate the desired level of achievement. Performance measures are assigned a RAG status: **GREEN** where the measure is on or above target, **AMBER** where the result is within 10% of the target and **RED** where the result is greater than 10% from the target.
- **Progress against the Steps in each Well-being Objective** – The Council included a number of Steps in the Corporate Plan to help achieve the Well-Being Objectives. Monitoring the progress of these Steps provides an understanding of what has been achieved and where further work is required.
- **Inspection Reports** – The Council is subject to a number of inspections from regulatory bodies including the Wales Audit Office, Estyn (Education) and the Care and Social Services Inspectorate Wales (CSSIW). Their findings help the Council to assess areas of strong performance, as well as identifying areas that require improvement.
- **Surveys and Citizen Feedback** – The annual Ask Cardiff survey, as well as more specific consultation and engagement work, provide residents an opportunity to share their views on a wide range of the Council’s services. From this, areas of strong performance can be identified, along with those areas where Cardiff’s citizens feel the Council needs to improve. Similarly, complaints and compliments provide a valuable source of information on performance, and the Annual Wellbeing Report is considered by Cabinet alongside the Annual Complaints Report.
- **Finance Monitoring** – The Council’s Outturn Report and Budget Monitoring
- **Feedback from Scrutiny Committee and Audit Committee** – The Council responds to the issues raised and recommendations made by the Scrutiny Committees, which help inform performance improvement.
- **Risk** – The Council’s Corporate and Directorate Risks are considered as part of a rounded view of performance, and the Annual Well-being Report is prepared and considered by Cabinet alongside the Council’s Annual Corporate Risk Report. Reviewing this information assists the Council to develop a balanced picture of the Council’s improvement journey over the year.

73. By utilising this information, the Council can identify areas of improvement and celebrate success, and also identify areas where performance may not have been as good, and therefore the areas that may require further attention.

74. To ensure staff are consulted, and involved in decision making, various channels of communication are used including the Chief Executive’s Update, Core Brief, Staff Information messages, the Staff App, and DigiGov (the Council’s HR system). The revision to the Employee Engagement Strategy will be brought forward in the autumn 2020.

75. Consultation on draft decisions resulting from budget proposals is robust and the impact on citizens and service users is an important consideration. The engagement of citizens has continued to be an important means of identifying and designing services to meet the needs and expectations of service users and citizens in Cardiff in the context of budgetary constraints. To support robust project based decision making, the Council has developed a Business Case template using the Office of Government Commerce (OGC) “Five Case Model”, as recommended by HM Treasury for use by Public Sector bodies.
76. The Council’s Budget Strategy is based on an incremental budgeting approach where budgets are informed to a greater extent by corporate priorities and the required future shape of the organisation. The themes for savings in the Budget Strategy for 2020/21 were categorised as Efficiencies, Income Generation and Service Change. This change was a response in order to generate a greater level of confidence in the delivery of savings with a focus on efficiency savings being primarily in place in advance of the beginning of the Financial Year 2020/21. The onset of the Covid 19 crisis has impacted on the success of any income generation proposals and work will be undertaken to implement alternative strategies.
77. Cardiff City Transport Services Ltd. (Cardiff Bus), one of the Council’s wholly owned subsidiary companies determined to co-opt two independent non-executive directors with proven skills in governance and transport services. In January 2020, the Council agreed to re-appoint both nonexecutive directors for a further 12 months in order to ensure that there was continuity as the Company faced a challenging period ahead of it. In addition, a new Management Director was appointed in January 2020 in order to work with the Board and the Council in navigating the Company through this period.
78. The Council has worked with the Company and its turnaround Committee in order to provide resolutions to the challenges facing the company (i.e. Pension Scheme, long term business sustainability, Covid 19) The Budget report in February 2020, included a package of financial support, subject to a future report to Full Council.
- E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.**
79. Decision making responsibilities and authority are clearly set out in the Council’s Constitution. It documents the roles and relationships for decision making, between the Full Council, the Cabinet, Scrutiny and other Non-Executive Committees. It also details decisions delegated to senior officers through the different management tiers.
80. The Cabinet is the part of the Council which is responsible for most major decisions. The Cabinet is made up of the Leader elected by the Council, and up to nine other councillors whom he/she nominates for approval by the Council. The Cabinet has to make decisions which are in line with the Council’s

overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.

81. The senior management structure of the Council was unchanged for 2019/20. The Council aims to ensure that Members and Officers have the skills, knowledge and capacity to discharge their responsibilities effectively and recognises the importance of well trained, competent people. New Members attend an induction programme to introduce them to the Council and its values, objectives, policies and procedures. All new officers undertake the appropriate level of induction which includes a suite of mandatory e-learning training modules. Each mandatory training module has its own target date for full compliance. An in-house Cardiff Manager Programme represents a commitment to increasing the learning and development of staff with line management responsibilities. The programme continues to be offered more widely across the officer body without the requirement to sit a formal ILM level 3 qualification.
82. Performance is primarily evaluated through the Council's Personal Review process, which provides a framework for employees and managers to discuss work performance and behaviour as well as to identify learning and development needs. It enables employees to be clear about their roles, responsibilities and the behaviours expected of them whilst giving a clear understanding of how their job and efforts contribute to the Council's objectives. Member Personal Reviews are also in place to help them update their knowledge and learn new skills, where required, to be more effective in supporting their communities. The Cardiff Council Academy provides a number of learning and development programmes and courses.
83. The Council's Workforce Strategy has employee health and wellbeing as a priority. The Council continues to support the 'Time to Change' Pledge, has been recognised as a Disability Confident Employer, signed the Dying to Work Charter and achieved the Corporate Health Standard Silver Award. During 2018/19 the Council has continued to work towards being recognised as a Dementia Friendly organisation and achieving the Corporate Health Standard Gold Award by March 2020. The Council continued during 2018/19 to deliver the Employee Health and Wellbeing Strategy 2016-19 which provides a broad framework to address barriers to wellbeing and identify ways to improve employee wellbeing.
84. During 2019/20 the Council published an Annual Wellbeing Report, following full Council approval, in accordance with the requirements of the Wellbeing of Future Generations (Wales) Act. This provides a retrospective summary evaluation of performance for 2018/19 and identifies areas of focus moving forward. This also discharges the responsibilities as set out by the Local Government Measure. The Annual Wellbeing report for the Financial Year 2019/20 will be published in September 2020.
85. Following its publication, the WAO audited Cardiff Council's Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009

and the WAO Code of Audit Practice. The Audit Certificate stated that “the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.” Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

F. Managing risks and performance through robust internal control and strong public financial management.

86. Risk management is an integral part of strategic decision making, forming a key element of business planning, budget proposals, budget strategy, and programme and project considerations. A Corporate Risk Register (CRR) is maintained and reviewed by SMT each quarter to ensure it includes key risks to the corporate vision, objectives and priorities. A Corporate Risk Map has also been used throughout 2019/20 to provide a transparent representation of the status of corporate risks and to support a proportionate management response.
87. The Risk Management Strategy and Policy continued to be supported by a nominated Member Risk Champion, Senior Officer Risk Champion and a network of Directorate Risk Champions. This process is designed to ensure clear ownership of risks which are identified, reviewed and escalated systematically each financial quarter. There has been a significant number of new risks due to the changing environment, Brexit, Climate Change, Covid 19 that have led to a need to reconsider all risks as a result of these environmental factors. In addition, the number of risks that are accompanied by risk indicators has increased by xx%.
88. The Council’s five standing Scrutiny Committees are designed to support the Cabinet in providing accessible, efficient and effective services for citizens. They meet on a monthly basis to undertake pre-decision scrutiny, policy monitoring and review and launch in-depth inquiries to help the Cabinet develop and review policies and services. The majority of recommendations raised to Cabinet following Scrutiny Inquiries are fully accepted. A number of the Council’s collaborative activities are governed by Joint Committees which can be identified on the Council’s website.
89. The Council has robust arrangements for internal control which are set out within the three statements contained within this report from the Audit manager, Audit Committee and Senior Management respectively.
90. The Council’s Health and Safety Forum, comprises of appointed Elected Members, Union Representatives and relevant Council Officers, which meets

quarterly. During 2019/20 the Forum reviewed a number of health and safety related policy and guidance documents in relation to Asbestos Management, Violence at Work and Risk Assessments

91. The Forum, also continued to monitor statutory maintenance compliance (continuing to focus on high risk disciplines), Legionella Management, Fire Safety, Electrical Safety and Gas Safety. The Forum also started to review violent incidents to employees of the Council as well as the action taken to reduce the risk to employees including the access to the Council's 'ALERT' Data base. The Forum continued to review RIDDOR reportable accident/incidents, with more detailed information provided on accidents/incidents in schools. In 19/20 members also reviewed the performance of construction work undertaken on school sites in relation to health and safety compliance highlighting areas of improvement for future monitoring.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

92. The Council aims for all reports for the public and other stakeholders to be written in a fair, balanced and understandable way. This is to achieve a balance between providing full and complete information to demonstrate clear transparency without being onerous or overly complex.
93. The Council also aims for information to be easy for the Council and the public to find and use. It has adopted the Information Commissioner's model publication scheme, which sets out the classes of information that should be routinely available.
94. The Council's Annual Wellbeing Report (formerly the Statutory Improvement Report) evaluates performance, summarising the findings of a number of reports on performance, including corporate measures and evaluations of delivery against the Capital Ambition, Wellbeing Plan and the objectives and activities that the Council is delivering as part of the Partnership arrangements (PSB).
95. The AGS is an assessment of the governance of the Council applied to the 'Delivering Good Governance in Local Government' CIPFA / SOLACE framework, as outlined in the Assessment Process and Summary.
96. As a result of reacting to the Covid 19 crisis the focus of the Council was assurance on the response and the impact on service delivery. This has meant that the year-end Senior Management Assurance Statements (SMAS) were not completed with Management placing reliance on the half year assessments and the governance put in place in response to the crisis. Collectively, SMT hold an action plan of significant governance issues, representing an open disclosure of the most prominent issues of governance which require attention following the SMAS review. The AGS Action Plan is included in the following section.

97. Council meet in May of each year to establish Committees: their size, terms of reference and allocation of seats. The Council's Constitution sets out the terms of reference for each of its Committees and the decisions that can be taken by each of those Committees, and is reviewed regularly by the Constitution Committee. A number of Committees have been appointed by Council to discharge regulatory and scrutiny services and they deliver annual reports on their performance and findings.
98. Prior to services being delivered through third parties or via joint working arrangements, the Legal Services Team assist directorates to ensure responsibilities and accountabilities for governance and risk management are adequately documented. The risk management strategy and policy requires clear risk management arrangements in whichever model of service delivery is used.
99. Peer challenges, reviews, and inspections from regulatory bodies are welcomed by Cardiff Council as a means to provide assurance over service delivery, or identify opportunities for improvement.

iii) AGS Action Plan – Significant Governance Issues

100. An Action Plan of Significant Governance Issues is owned by the SMT, and formally reviewed and updated on a bi-annual basis. SMT considered the two broad governance issues for the prior year and determined that they needed to be retained for 2019/20 in order to ensure embedding of the intended actions.
101. The actions related to 1) evidenced based decision making' including aspects of Future Generations and further assurance work in relation to partnership and collaborative governance, 2) Compliance, specifically around understanding the gaps in the compliance (conformance) with the corporate process to provide a more focussed assessment.
102. The Two issues and the corresponding proposed actions are set out below;

Significant Issue

Informed, evidenced based decision making' including aspects of Future Generations and further assurance work in relation to partnership and collaborative governance

Actions

- Review the decision making processes to ensure that all aspects connected with legal and regulatory compliance are embedded into the processes to support the management of risk.
- Further strengthen and develop compliance information provided through the Assurance SMT as part of the decision making process and identify where improvements are needed as appropriate.

- Implement the Partnership and Collaborative Governance Framework to improve the assurance around the governance of these models of service delivery.
- Embed a consistent understanding and application of the Future Generations principle and five ways of working in its endeavours to improve outcomes for its citizens.

Significant Issue

Compliance, specifically around understanding the gaps in the compliance (conformance) with the corporate process to provide a more focussed assessment.

Actions

- Review the compliance framework to ensure that all aspects are reflected in the 'Compliance Category' of the Senior management Assurance Statement
- Implement the process of triangulation of Assurance Statements in line with the Council's Code of Corporate Governance and provide feedback through the Relationship Management Process to ensure that all aspects of compliance are representative

103. Having taken the three opinions into account then we can provide reasonable assurance that Cardiff Council's governance arrangements remain fit for purpose. The steps identified under significant issues will further enhance our governance arrangements.

Significant Issues – The Cardiff and Vale of Glamorgan Pension Fund (The Pension Fund).

104. During 2019/20 the Pension Fund transferred assets of £218m into the Wales Pension Partnership (WPP) UK Equity Opportunities Fund. This fund is an Authorised Contractual Scheme (ACS) which enables the eight LGPS administering authorities in Wales to pool their investments in compliance with the requirements of the UK Government. The governance arrangement for the ACS remain unchanged, it is operated by Link Fund Solutions with oversight by the eight authorities is through the WPP Joint Governance Committee (JGC) comprising one elected member from each authority. The JGC is supported by an Officer Working Group (OWG) made up of the eight Funds Treasurers and Investment Officers.

105. 2019/20 also saw the Pension Fund transfer £235m into a specific Global Equity Low Carbon Tracker with a corresponding reduction in UK and US Equity holdings. Moving forward the impact of Environmental, Social and Governance (ESG) issues will be an increasingly significant influence on the Pension Fund investment decisions.

106. It is considered the following may have potential implications on future financial periods and are worthy of note in this statement.

Significant Issue	Year End Position 2019/20	Responsible Officer
<p>Wales Pension Partnership – Wales Investment Pool.</p> <p><i>Further pooled funds will be created during 2020/21 in particular for Fixed Income and Emerging Market Assets.</i></p> <p><i>Proposals for each fund will be approved by the WPP JGC prior to submission to the FCA.</i></p>	<p><i>The Cardiff and Vale of Glamorgan Pension Fund to continue to participate in the development of investment pooling arrangements through the WPP Joint Governance Committee and the Officer Working Group.</i></p> <p><i>Developments are reported regularly to the Cardiff and Vale of Glamorgan’s Pensions Committee, the Investment Advisory Panel and the Local Pension Board</i></p>	<p><i>Corporate Director Resources</i></p>

Certification by the Leader of the Council and the Chief Executive

Councillor Huw Thomas, Leader of Cardiff Council

Date:

Paul Orders, Chief Executive

Date:

Mae'r dudalen hon yn wag yn fwriadol

AUDIT COMMITTEE: 28 JULY 2020

CORPORATE RISK MANAGEMENT - QUARTER FOUR 2019/20

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 7.3

Reason for this Report

1. To update Audit Committee on the risk management position at quarter four 2019/20 and to highlight any changes from the quarter three report.
2. The Audit Committee's Terms of Reference sets out their responsibility:
 - To monitor and scrutinise the effective development and operation of the risk management arrangements within the Council, and;
 - To oversee progress in addressing risk-related issues reported to the Committee, such as the Corporate Risk Register (CRR).

Background

3. Audit Committee receives a risk management update each financial quarter with the opportunity to make comments.
4. Each Directorate holds a Directorate Risk Register (DRR) and the Senior Management Team (SMT) collectively own a Corporate Risk Register (CRR). The CRR records the main risks to the delivery of corporate objectives and priorities, whilst the DRRs record the key risks to the delivery of Directorate functions and priorities.
5. A risk escalation process is in place, whereby each Director is required to take ownership of all residual (current) risks rated as 'red/amber' and above on their DRR and, at a minimum, to escalate all 'red' residual risks to SMT for collective ownership and review.
6. This reporting process allows SMT to determine if any changes are required to the CRR each quarter. The remaining escalated risks continue to be held on DRRs and are reviewed by SMT each quarter until it is agreed that mitigation is sufficient for risk ownership to transfer back to the Directorate.

Issues

7. Each Director has worked with their Risk Champion(s) to undertake their quarter four risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter four risk assessments are presented on the Corporate Risk Register Summary Snapshot (Appendix A) and the Detailed Corporate Risk Register (Appendix B).

8. The Risk Management Review process has two tiers (Directorate and Corporate) and the actions at each for quarter four are detailed as follows.

Directorate Risks

9. At the quarter four position, 216 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on 15 July 2020.
10. It was agreed that eight directorate risks would be carried forward as SMT escalated risks at quarter four.

Directorate	Directorate Risks	Risks at SMT Escalation Point
Economic Development	20	1
Education	14	0
Governance & Legal Services	9	1 (Shared)
Housing & Communities	36	2
Performance & Partnerships	2	0
Planning, Transport & Environment	29	1
Recycling & Waste	1	0
Resources	81	1
Social Services	24	3 (1 Shared)
Total	216	8

Corporate Risks

11. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter four. In consideration of the nature of each risk, the potential impact on the organisation and its corporate objectives and the supporting mitigations, the following material changes were made to the CRR.
12. **Non-completion of Statutory Building Equipment Maintenance**
Target Reduction Date extended further to Q3 2020/21 (from Quarter 4 2019/20)
Residual Risk rating amended from B3 (Red-Amber) to C2 (Red-Amber)
 Target reduction date has been extended due to further delays in the ongoing work in respect of Landlord/Occupancy Agreements, as a result of Covid-19. The Residual Risk Rating has been revised from B3 to C2 (remaining Red-Amber).
13. **Education Consortium & Attainment**
Residual Risk increased from B4 (Green) to B3 (Red-Amber).
 The previous quarter's reduction in Residual Risk Rating has been reversed in light of the impact of Covid-19 on schools and the potentially detrimental effect on pupils' attainment. Target Risk remains at C4 (Green).
14. **ICT**
ICT Platforms Unsuitable/Outdated
Residual Risk rating decreased from B2 (Red) to C2 (Red-Amber)
Cyber Security
Target Risk rating increased from E1 (Amber-Green) to D1 (Red-Amber)

15. **Climate Risks (excluding Coastal Erosion)**

Work has been undertaken in quarter four to consider structure and presentation of the CRR in respect of those risks with links to Climate Change and the environment. These include:

- Flooding
- Extreme Weather
- Energy & Decarbonisation
- Biodiversity

This suite of risks is now presented in the CRR in summary format with a weighted rating, with the working papers behind each risk informing that summary.

Coronavirus (COVID-19)

16. The lattermost part of quarter four and all of quarter one 2020/21, have of course, been dominated by the Covid-19 pandemic which has impacted populations globally. Cardiff Council reacted to this unprecedented situation by establishing clear management arrangements and undertaking robust planning exercises in response to the escalation of the virus. At the present time the Council is transitioning from a reactive to a reflective phase, with work ongoing to plan for, and allow, the resumption of services where practicable. The Council's resilience to any second spike later in the year, and any longer-term changes to services and working practices is being considered and proactively planned.

17. The impact of Covid-19 on existing risks has been considered as part of quarter four reporting arrangements. Directorates have also considered Covid-specific risks. Further work will be undertaken in quarter one 2020/21 to identify those that remain ongoing and the future presentation of these either within, or alongside, the existing "Business As Usual" risk registers.

UK's Exit of the European Union

18. The UK left the European Union on 31st January 2020. It remains in the single market and customs union until the end of the year as part of transition arrangements. Negotiations continue to take place in order to secure the future relationship between the UK and the EU. The UK government's position remains not to extend the transition period beyond 31st December 2020.

Reason for Recommendation

19. To enable the Audit Committee to monitor risk management activity, and consider the Risk Management Review – quarter four 2019/20.

Legal Implications

20. There are no direct legal implications arising from this report. However, one of the benefits of identifying risk is that mitigation measures may be taken, if appropriate, and consequently successful claims against the Council may be avoided altogether, or reduced.

Financial Implications

21. There are no direct financial implications arising from this report. The Corporate Risk register will be used to guide the Internal Audit Plan and the Council's resource planning processes and forms an important part of the governance arrangements for the Council.

RECOMMENDATIONS

22. Audit Committee to note and comment upon the risk management activity and the contents of the Corporate Risk Register, and to consider the information given, in the programming of its work.

Chris Lee
Corporate Director Resources

The following Appendices are attached:

Appendix A - Corporate Risk Register Summary Snapshot – Q4 2019/20

Appendix B - Detailed Corporate Risk Register – Q4 2019/20

Corporate Risk Register Summary Snapshot Quarter 4 2019/20

Number of Risks by Inherent Risk Rating

Likelihood	A	A1 11	A2 2	A3	A4
	B	B1 7	B2 5	B3	B4
	C	C1	C2	C3	C4
	D	D1	D2	D3	D4
	E	E1	E2	E3	E4
		1	2	3	4
		Impact			

Number of Risks by Residual Risk Rating

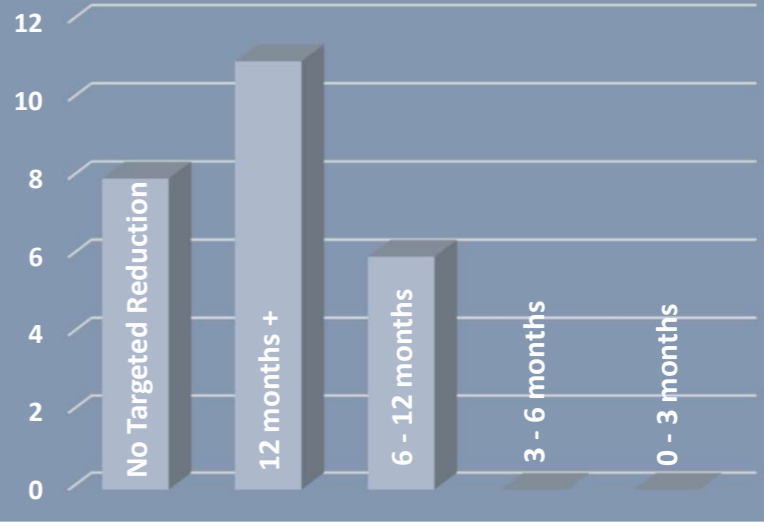
Likelihood	A	A1 1	A2	A3	A4
	B	B1 2	B2 5	B3 1	B4
	C	C1 2	C2 7	C3 1	C4
	D	D1 3	D2 3	D3	D4
	E	E1	E2	E3	E4
		1	2	3	4
		Impact			

Number of Risks by Target Risk Rating

Likelihood	A	A1	A2	A3	A4
	B	B1 1	B2 2	B3 1	B4
	C	C1	C2 4	C3 3	C4 1
	D	D1 4	D2 5	D3 4	D4
	E	E1	E2	E3	E4
		1	2	3	4
		Impact			

Inherent Risk Rating	Corporate Risk Title	Residual Risk		Target Risk	
		Rating	Movement from Q3	Rating	Movement from Q3
A1	Climate Change	A1	↔	B2	↔
	City Security	B1	↔	B1	↔
	Air Quality & Clean Air Strategy	B1	↔	C3	↔
	Brexit	B2	↔	B3	↔
	Financial Resilience	B2	↔	C2	↔
	Cyber Security	C1	↔	D1	↑
	Budget Monitoring (Control)	C2	↔	D2	↔
	Schools Organisation Programme (Band B)		↔	C3	↔
	Health and Safety		↔	D3	↔
	Non-completion of Stat Building Eqpt Maintenance		↓		↔
Information Governance	D1	↔	D2	↔	
A2	Welfare reform	B2	↔	B2	↔
	ICT Platforms Unsuitable/ Outdated	C2	↓	D3	↔
B1	Coastal Erosion	B2	↔	C2	↔
	Waste Management	B2	↔	C2	↔
	Increase in Demand (Children's Services)	C1	↔	D1	↔
	Education – Schools Delegated Budgets	C2	↔	D2	↔
	Business Continuity	D1	↔	D1	↔
	Safeguarding	D1	↔	D1	↔
B2	Delivering Capital Ambition Programme	D2	↔	D2	↔
	Education Consortium & Attainment	B3	↑	C4	↔
	Legal Compliance	C2	↔	C2	↔
	Performance Management	D2	↔	D2	↔
	Fraud, Bribery and Corruption	D2	↔	D3	↔
	Workforce Planning	C3	↔	C3	↔

Corporate Risks - Target Reduction Date



Key

High (Red)	Medium (Red-Amber)
Medium (Amber-Green)	Low (Green)
↓ Decrease from previous quarter	
↔ No change from previous quarter	
↑ Increase from previous quarter	

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Climate Change & Energy Security

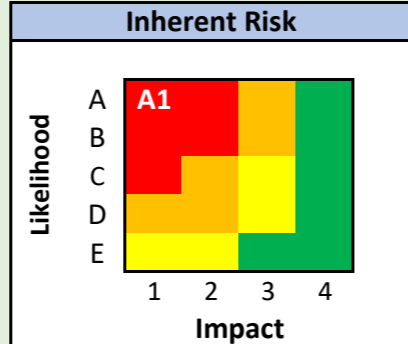
Description
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.

Potential Impact(s)

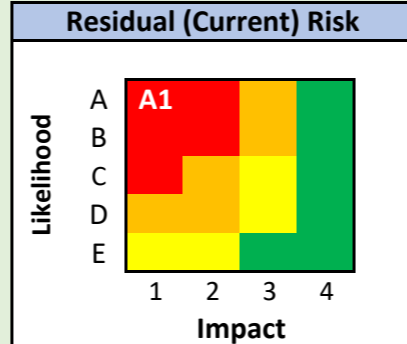
- Flood & Storm**
- Loss of life and risk to life
 - Direct damage to property, utilities and critical infrastructure
 - Blight of Land and Development
 - Disruption to service delivery
 - Contamination and disease from flood and sewer water and flood on contaminated land
 - Increase in health issues
 - Break up of community and social cohesion
 - Increase cost of insurance
 - Migration of ecosystems
 - Inconsistent energy supply
 - Increased costs
 - Inability to deliver public services
 - Decrease in economic output
 - Disruption to the supply of utilities
 - Increased fuel poverty

Type(s) of Impact

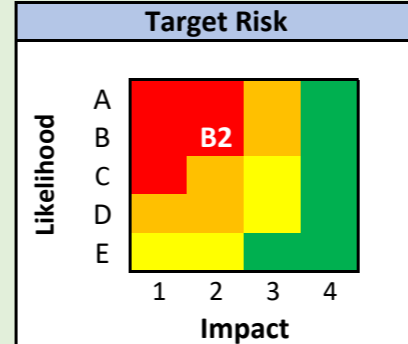
- Service Delivery
- Reputational
- Legal
- Financial
- Health & Safety
- Partnership
- Community & Environment
- Stakeholder



Last Reviewed	Q4 2019/20
Last Revision	Q4 2019/20



Movement from prev Qtr	↔
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Target Reduction Date	12 mths +
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What we've done/are currently doing to achieve the Residual Risk Rating

The Council has declared a Climate Emergency.

The following specific risk areas have been identified:

- COASTAL EROSION (see separate tab for details)
- FLOODING
- EXTREME WEATHER
- ENERGY SECURITY & DECARBONISATION
- BIODIVERSITY

Linked Risks

Coastal Erosion
Air Quality
Business Continuity

Linked Documents

<https://www.evaccardiff.co.uk/>
<https://www.cdp.net/en>

Risk Owner(s)

Andrew Gregory

Councillor Michael Michael
Clean Streets, Recycling and Environment

What we plan to do to meet target

- Develop strategic response to the Climate Emergency Declaration to incorporate carbon neutral target. First draft of One Planet Cardiff in partnership with Cabinet Office is being drafted for presentation to Cabinet in March 2020.
- COASTAL EROSION (see separate tab for details)
- FLOODING
- EXTREME WEATHER
- ENERGY SECURITY & DECARBONISATION
- BIODIVERSITY

Key Indicators / Measures used to monitor the risk

Storm Events that meet silver & gold emergency intervention
Annual number of flooded properties and severity (statutory reporting)
Energy use / renewable energy production of Cardiff Council

Coastal Erosion

Tudalen 252

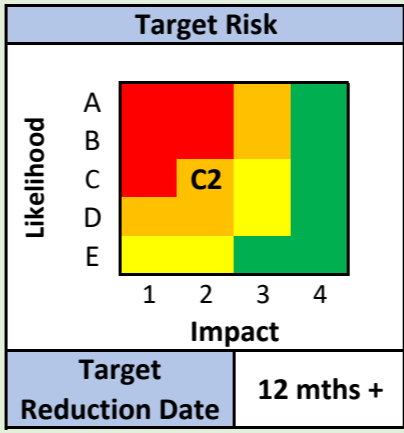
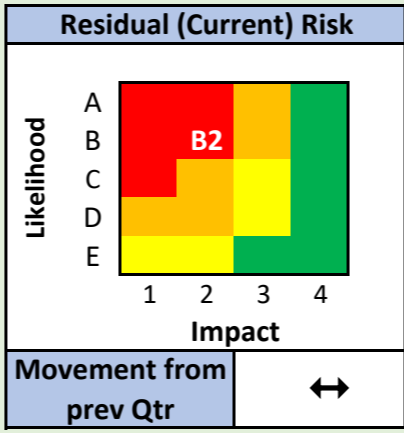
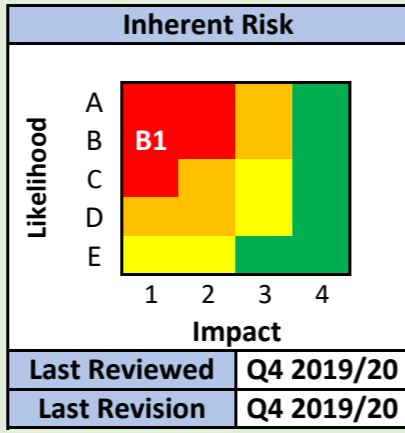
Description
Breach of current defences resulting in widespread flooding (current defences are ad hoc and are in a very poor condition)

Potential Impact(s)

- Continued coastal erosion along the coast threatening the Rover Way Traveller site and critical infrastructure including Rover Way and the Rover Way/Lamby Way roundabout
- Erosion to two decommissioned landfill sites, with risk of releasing landfill material into the Severn Estuary and having significant environmental impacts
- Flood risk to 1,116 residential and 72 non-residential properties over 100 years, including risk to life, property, infrastructure and services
- N.B. the predicted rates of erosion threaten the Rover Way Travellers Site and the adjacent electrical substation within 5 years, and further release of large volumes of unknown tip material from the Frag Tip into the Severn Estuary.

Type(s) of Impact

<ul style="list-style-type: none"> Health & Safety Health Reputational Financial 	<ul style="list-style-type: none"> Strategic Service Delivery
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Risk Owner(s)

Andrew Gregory

Councillor Michael Michael
Clean Streets, Recycling and Environment

What we've done/are currently doing to achieve the Residual Risk Rating

- Incident management arrangements are in place, which whilst not preventative, represent a level of emergency management for a flood and coastal erosion risk event occurring in a significant storm event.

Coastal Defence Scheme:

- The Flood Risk Management Team are undertaking detailed design for the coastal defence scheme.
- The necessary works are holistic and cannot be phased. Therefore the residual risk rating cannot be lowered until the completed construction of the coastal defence scheme in its entirety.
- The inundation risk will be improved by implementing the coastal defence scheme. The scheme will provide defence for a 1 in 200 year severe weather event, plus an allowance for climate change influence of 40%.
- The total costs associated with the Design, Early Contractor Engagement and Construction phases have been estimated at £10.9m (Welsh Government 75% funding = £8.2m and CCC 25% funding = £2.7m)
- Formal application has been submitted to Welsh Government (WG) under the WG Coastal Risk Management Programme and development of the Detailed Design and Full Business Case (FBC) for the coastal defence scheme is programmed for completion in May 2020.
- Work ongoing with Emergency Management to formulate interim measures.

What we plan to do to meet target

We will be designing & delivering an effective coastal flood protection scheme as a matter of priority.

Keysteps:

- Ground Investigation commenced February 2020. Due to Covid 19 restrictions, ground investigations were postponed during March 2020.
- Completion date for detailed design and Full Business Case (FBC) anticipated late 2020 (TBC following review of the Ground Investigation and the delays related to Covid 19).
- Full Business Case to be submitted to Welsh Government for approval & funding confirmation
- Tender scheme promptly following support from Welsh Government. Contract will be developed as part of detailed design process to support tender process.
- Anticipated construction starting early 2021, subject to the above, with completion end 2022.

Linked Risks

Climate Change (Corporate Risk)

Key Indicators / Measures used to monitor the risk

- Award of contract for detailed design and Full Business Case - achieved
- Completion of detailed design and Full Business Case by May 2020 & submitted to WG
- Delivery programme of coastal protection scheme

City Security

Description
Major security-related incident in 'crowded places' as a result of international or domestic terrorism.

Potential Impact(s)

Immediate / Short-Term

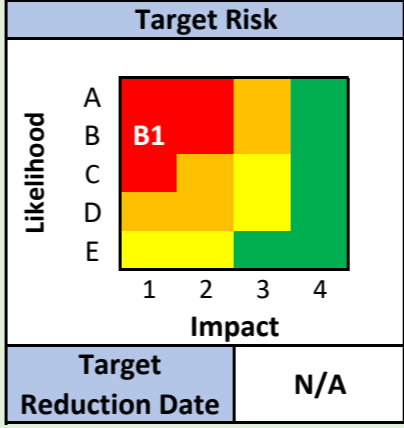
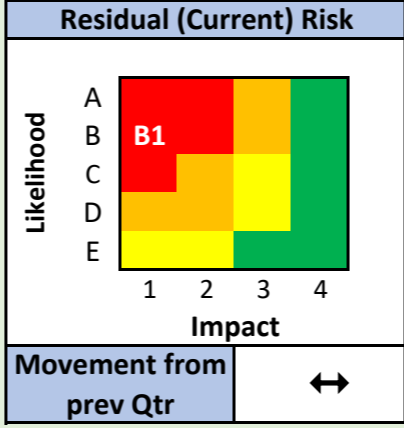
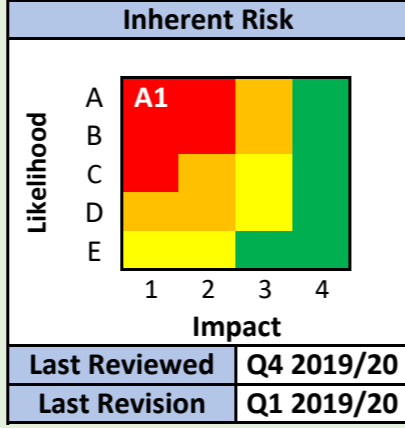
- Large numbers of fatalities, injuries to public
- Extensive structural damage and/or collapse of buildings
- Closure of roads having impact on transport network and access to businesses and properties.
- Damage/disruption to utilities (gas, electricity, water etc.)
- Immediate impact to core business, retail and sporting district in the centre of Cardiff

Ongoing / Longer Term

- Reputational risk due to a public perception Cardiff is an unsafe place
- Area viewed as a risk for potential future business investment.
- Inability to attract major future national and international events (political, sporting etc.)
- Increase in demand for Council services/support for all affected.
- Current economic climate to reduce the effectiveness of any recovery/regeneration of the area.

Type(s) of Impact

<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Health & Safety • Partnership • Community & Environment • Stakeholder
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Risk Owner(s)

Chris Lee
(Isabelle Bignall)

Andrew Gregory

Councillor Huw Thomas
Leader

What we've done/are currently doing to achieve the Residual Risk Rating

- All existing identified high-risk, crowded places have been formally assessed
- Some crowded places have an extremely limited and in some cases 'third party managed' access control process to operate them; providing little/no challenge
- CONTEST Protect/Prepare Task & Finish Group maintains the City Gateways Public Realm Enhancement Scheme, with agreed options for suitable PAS 68/69 mitigation for appropriate boundary locations; referred to as 'gateways'
- The work done in the city to address security concerns has been predominantly focused on the provision of physical assets to mitigate against the threat of hostile vehicles
- **Protected as at Q1 2019/20**
- Principality Stadium, St Mary Street, Queen Street, St David's Dewi Sant, Cardiff Bay
- The Cardiff City Centre Access Control Protocol is currently operating at the heightened response level, reflecting the UK National Threat Level; permitting vehicles onto the pedestrianised areas within Cardiff City Centre using strict parameters
- Wales Extremism and Counter Terrorism Unit (WECTU) Counter Terrorist Security Advisor's (CTSA's), the Emergency Services & Cardiff Council provide Project Argus and EVAC/Griffin training across the city to raise awareness for likely impacts associated with major incidents and in particular, terrorist attacks. The sessions also cover the support likely to be immediately available from the emergency services and Cardiff Council, the practical and simple preparations people/organisations can make prior to an incident occurring to help themselves manage and recover from its impacts.

What we plan to do to meet target

- The CONTEST Protect/Prepare Group will continue to monitor and review the city's Hostile Vehicle Mitigation scheme to ensure it is fit for purpose
- The CONTEST Protect/Prepare Group will give a status report to the Cardiff CONTEST Board
- The CONTEST Board will continue to try to identify external funding sources/opportunities from Welsh Government and UK Central Government to conclude scheme and appropriately mitigate the risk
- A holistic security strategy for the city is being developed through the city's CONTEST partnership mechanisms. This strategy will extend the perspective of the city's security beyond hostile vehicle mitigation to incorporate a range of security measures, including the continuing development and agglomeration of the city's CCTV and the deployment of new technological solutions.
- The security strategy will allow partners to be more responsive to emerging funding opportunities
- Identify any potential routes for further funding to enable us to continue the Hostile Vehicle Mitigation (HVM) programme of delivery. Cost estimate to complete City Centre and Bay is £2.5-£3.0M. This will complete the recommended improvements indicated as high risk identified by CONTEST Protect/Prepare group.

Linked Risks

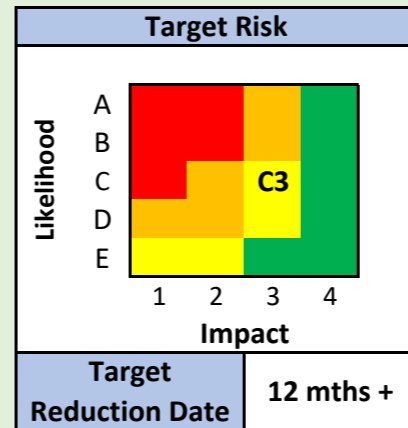
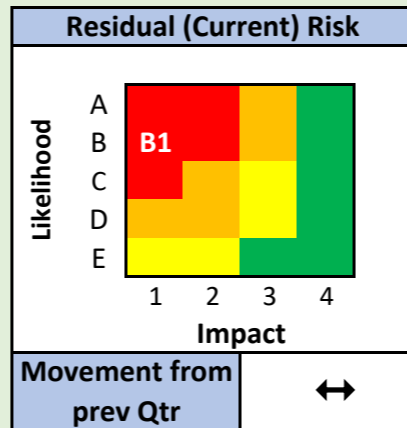
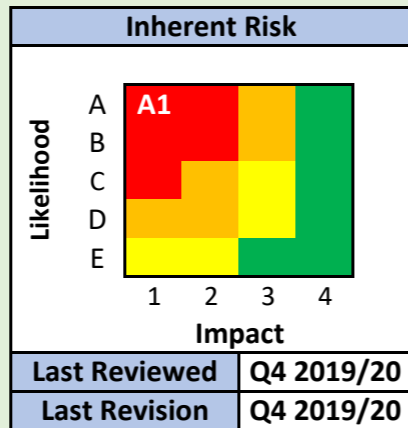
Key Indicators / Measures used to monitor the risk

- National Threat Level and period at level
- No of 'Crowded Places' not protected to PAS 68/69 level

Tudalen 253

Air Quality & Clean Air Strategy

Description
 Air quality in Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to Cardiff.



Risk Owner(s)

Andrew Gregory
(Jason Bale)

Councillor Caro Wild
Strategic Planning & Transport

What we've done/are currently doing to achieve the Residual Risk Rating

Monitoring – Update 2020, increased the non-automatic monitoring sites in Cardiff which monitor levels of nitrogen dioxide (NO2) to 111 locations. Included in this data are 15 schools across the City, plus TRO projects at schools to monitor impact of pilot projects on air quality around schools.

There are two live monitoring stations:

- Cardiff Frederick Street: Monitors 24/7 measuring levels of NO2, PM10 & PM2.5, SO2, CO and O3
- Richard's Terrace, Newport Road: Monitors 24/7 measuring levels of NO2 & PM10

The primary source of the pollution is road transport emissions, particularly diesel vehicle emissions. Although improvements are being seen, non-compliance of the NO2 limit values is projected beyond 2020. Cardiff has 4 existing declared Air Quality Management Areas (AQMA's) all as a result of elevated NO2 concentrations resulting from road traffic emissions. Local modelling indicates that Castle Street will not be compliant with the NO2 limit value beyond 2020 if no additional interventions are implemented to reduce pollution levels.

Council accepted T&Cs of the Implementation Grant Award to implement Clean Air Plan and signed the agreement confirming acceptance of the funding award (£19.011M) to meet the costs of the preferred option, currently excluding an amount for Bus Retrofit Scheme.

- Ph1 City Centre West scheme (Wood St & Central Square) was awarded.
- Procurement of new monitoring station for Castle Street completed. Procurement of additional indicative monitors for City Centre completed.
- Work ongoing to set up Cardiff Clean Bus (retrofit) Scheme. Project Team completed and with support from Welsh Government submitted a State Aid Notification to the EU Commission to ensure the bus retro fit scheme complies with state aid requirements.
- Discussions with Taxi trade continue around revised emissions standards policy and use of grant to support switch to ULE vehicles. In discussions with WG it was agreed to undertake further assessment of the potential funding options in order to provide further support to the Taxi Trade and specific issues on the taxi.

Transport White Paper - Cardiff Transport Vision - 2030 launched on 15th Jan 2020, an ambitious plan to help tackle the climate emergency, reduce congestion on the city's road network and improve air quality in Cardiff.

What we plan to do to meet target

- 'Implement Clean Air Plan - Implement package of measures detailed in Final Plan, as per agreed plan and programme, following successful WG funding award.
- Working with consultants to develop evaluation plan to of air quality improvements to show impact of measures and that compliance will be achieved.
- Work with Public Health Wales to quantify future health benefits and improvements from reduced emissions/ NO2 concentrations
- Clean Air Strategy and Action Plan - In developing the Clean Air Plan the Council has further developed a wider Clean Air Strategy and Action Plan to satisfy the requirements of LAQM. The strategy includes measures that will likely provide further AQ improvements including AQMAs such as:
 - Pilot project for implementation of Non Idling Zones, targeted around schools.
 - Living Walls and other Green Infrastructure
 - Progression of EV Infrastructure and Council Fleet working with CTS.
 - Air Quality Planning Guidance
 - Schools Active Travel
 - Behavioural Change Promotion, Car Free Day, Clean Air Day etc
 - Expansion of Real-time monitoring network & display/sharing of data linked to SMART Corridors Project.

Potential Impact(s)

Health & Safety

- No improvement to health
- Increased burden on health care
- Further deterioration of related health conditions

Legal & Regulatory / Financial

- Breach of legal / statutory requirements
- Potential significant financial penalty

Type(s) of Impact

- Health
- Regulatory
- Financial
- Strategic

- Reputational

Linked Risks

Key Indicators / Measures used to monitor the risk

- Implementation Plan for measures (funding dependent)
- Monitoring and Evaluation Plan for Clean Air Plan
- Ongoing monitoring and reporting under LAQM

Brexit

Description

On 31 January 2020, the UK legally ceased to be a member of the EU. There will now be an 11 month transition period up until the end of December 2020, by which time both sides have stated they hope to have agreed a trade deal. Throughout the transition, whilst the UK will no longer be represented in the EU's political institutions, the UK will continue to be subject to EU rules and remain a member of the single market and customs union.

On 30 June 2020 a joint decision will be taken about whether to extend the transition period. If a UK-EU free trade deal has not been agreed by 31 December 2020, the risk remains that we could once again be facing the prospect of a 'no-deal' exit of sorts.

Whilst the Withdrawal Agreement has been ratified, in such a 'no-deal' scenario, the UK would have to trade with the EU on World Trade Organisation terms, with most UK goods subject to tariffs. There would also be a range of other implications of the UK leaving the EU without a deal, which the Council has already undertaken research into and taken steps to prepare for.

Potential Impact(s)

Immediate Issues Identified:

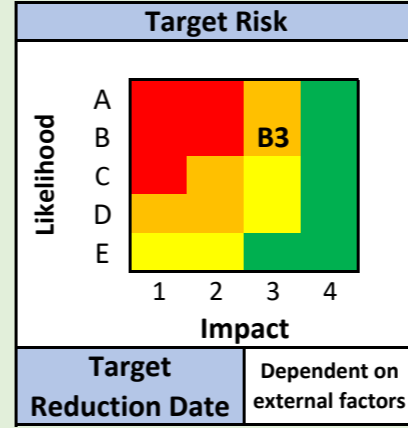
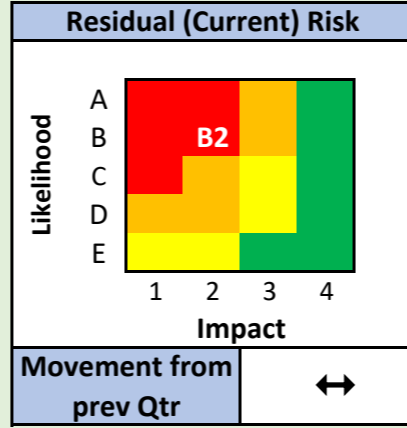
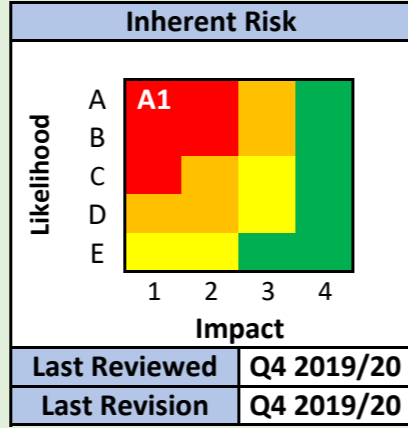
- Impact on Council supply chain
- Citizens and Community Cohesion
 - Implementing the EU Settlement Scheme
 - Increases of tension/ hate crime
- Emergency Management
 - Responding to civil contingencies/ major disruption (potential for protests, food shortages, disruption to water supply (infrastructure) and fuel shortages)
 - Shortage/ loss of key supplies
- Short-term economic contraction
- Preparedness of local businesses for a no-deal Brexit.

Medium to Long-term Issues Identified:

- Labour Market and Council Staff
- Impact on Public Finances – Central Government and Welsh Government Analysis suggests that Brexit will have a larger impact than economic downturn of 2008, with close to a 8% drop in GDP.
- The future of regional funding (the future UK Shared Prosperity Fund)
- Investment, Trade and Industrial Strategies (including regulations)

Type(s) of Impact

<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Health & Safety • Partnership • Community & Environment • Stakeholder
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Risk Owner(s)

Paul Orders (Senior Management Team)	Councillor Huw Thomas Leader (Brexit)
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What we've done/are currently doing to achieve the Residual Risk Rating

Business Continuity Plans were previously reviewed in response to Brexit and Assurance Statements provided by each Directorate in March and again in August 2019 to focus on 'no-deal.'

The Council appointed a Brexit Officer in July 2019 through the Welsh Government's EU Transition Fund, with the funding/ post recently extended to March 2021.

Prior to the October 2019/ January 2020 Brexit deadline, the Council's Senior Management Team considered Brexit risks on a fortnightly basis and the Leader updated Council on Brexit preparedness in September 2019.

Nominated Officers, identified in each directorate, lead on Brexit response planning and a Cardiff Council Brexit Issues Register consolidates all identified risks, issues and mitigating actions. The Register responds to all major issues identified in relation to Brexit and, following a review, there are no gaps between the Council's assessment work and the reports produced by Welsh Government and the WLGA.

Whilst the risk of a 'no-deal' remains, the Council's Emergency Management Unit is ensuring that it is in a position to reinstate reporting to the Local Resilience Forum, for the daily reporting to Welsh Government, should that be requested again. Work is also continuing to ensure key areas are monitoring and addressing issues which could impact key services.

What we plan to do to meet target

No-Deal Preparations

Under the Withdrawal Agreement, the UK has entered a transition period where it will continue to follow EU rules until 31 December 2020, by which time both sides have stated they hope to have agreed a trade deal. When the transition ends, the UK will leave both the single market and the customs union and enter into a "future relationship" agreement with the EU — or break away with no exit deal in place. A decision to extend the transition period must be made by June 30. Given the complexity of the negotiations and the added complications of COVID-19, the Council will need to alert to the possibility of a No Deal Brexit, particularly if no extension is sought by June 30. This extension deadline represents a timely point to review Brexit planning arrangements.

Citizens and Community Cohesion

The Council will continue to promote the EU Settlement Scheme in communities with high levels of EU migrants. Information on the scheme is being provided to community groups in relevant community languages. Engagement is ongoing with Welsh and UK Governments to ensure an alignment of messaging and of advice on support pathways available.

Short-term Economic Contraction

The Council's Economic Development Service have considered the local economic implications of a no-deal Brexit and have developed clear asks of Government to support the economy in the event of a severe economic contraction (estimated at around 8% of per head GDP by Welsh Government Analysis). This will be re-considered in light of COVID-19.

Linked Risks

Key Indicators / Measures used to monitor the risk

- High level economic indicators - GDP, GVA
- Unemployment levels, particularly in key services/sectors
- Hate Crime statistics
- Numbers enrolled in settlement scheme

Financial Resilience

Description

Failure to deliver a balanced annual budget and a fully informed Medium Term Financial Plan which would significantly weaken the financial resilience of the Council.

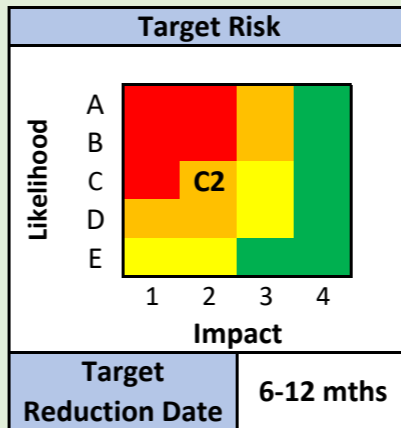
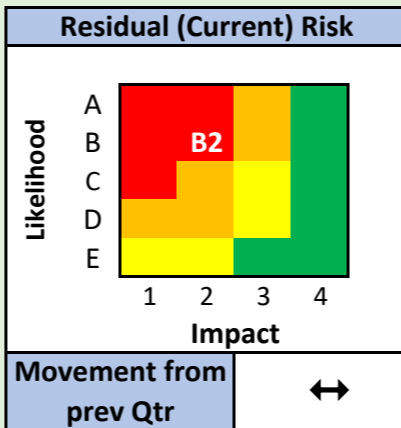
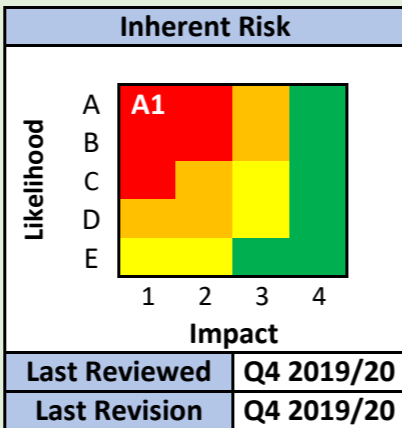
The current outlook is that there is a Budget Gap of £73 million for the period 2021/22 to 2024/25.

Potential Impact(s)

- Risk of failing to meet statutory obligations and that service delivery impacted due to uncertainty in the budget planning process.
- Risk that settlement figures will not be as anticipated giving an element of uncertainty to any proposals from Cabinet during public consultation and beyond.
- Risk that savings identified as part of business as usual and efficiencies have not been robustly reviewed for achievability and will not deliver as planned.
- Risk that financial constraints and budget proposals result in unintended consequences such as increased instances of non-compliance and financial impropriety.
- Risk that annual budget settlement frustrates medium / longer-term planning and that the cycle does not integrate with other business cycles and vice versa.
- Risk that Medium Term Savings are not identified in a coherent, strategic way which impacts on service delivery.
- The risk that the Council will not be able to react to adverse situations through a combination of poor imprudent planning and significant challenges such as increasing demands for services such as social services, education, roads etc.

Type(s) of Impact

<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Stakeholder
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Risk Owner(s)

<p>Chris Lee (Ian Allwood)</p>	<p>Councillor Chris Weaver Finance, Modernisation and Performance</p>
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What we've done/are currently doing to achieve the Residual Risk Rating

2019/20 and Medium Term

- Final Settlement received 25 February 2020 - two days before council approval of budget.
- The 2019/20 Budget monitoring position of Month 6 highlights a significant overspend on Directorate budgets.
- Monitoring of the budget realignment of services to provide assurance of delivery of services within budgets allocated. This is in partnership with directorates.
- The Council regularly reports in relation to its financial performance and monitoring
- The Wales Audit Office identified that the Council has a transparent and effective savings approach which supports financial resilience being achieved
- A financial snapshot is used to report the financial resilience of the Council and is reviewed 3 times a year and reported at Budget Report (Feb), Budget Strategy (Jul) and to Audit Committee.

What we plan to do to meet target

2020/21 and the Medium Term

- Work to be undertaken to establish the financial implications to services both in the short, medium and long term as a result of the impact of the Covid 19 crisis.
- Work in partnership with Directorates to ensure that budgets allocated for key services remain appropriate and sustainable. Key focus on those areas where overspends being reported in 2019/20
- Continue to maintain close alignment with objectives of the Corporate Plan in order to ensure resources are allocated appropriately and that longer term financial savings are developed in enough time to be realised in the medium term.
- Continue to refresh assumptions at key stages as relevant information becomes available.

Linked Risks

Budget Monitoring (Control)

Key Indicators / Measures used to monitor the risk

Financial Snapshot which highlights historical and current performance on performance against budget, performance against savings against budget, level of borrowing, financial ratios Work being undertaken with SMT to consider the savings opportunities over the medium term 2020/21 - 2023/24.

- Outturn vs Budget: Main budget lines under or overspend as a % of budgeted expenditure.
- Delivery of planned savings: Total (£) unachieved planned savings as a % of total (£) planned savings.
- Use of reserves: 1) Ratio of useable reserves to Net Revenue Budget (NRB), 2) Amount of useable reserves used to balance budget as % of NRB.
- Council tax: 1) Council tax and other income as % of NRB, 2) Council tax collection rates (in-year actual).
- Borrowing: 1) Total commercial investment income as % of total net general fund budget, 2) Total (£) commercial investments and (£ plus%) amount funded from borrowing, 3) Borrowing related to commercial investments as % of General Fund total borrowing, 4) Capital interest costs and MRP as a proportion of NRB.
- Performance against Budget Timetable.
- Frequency / timeliness of engagement with SMT/Cabinet.
- Proportion of Savings Proposals in realised or at Delivering stage

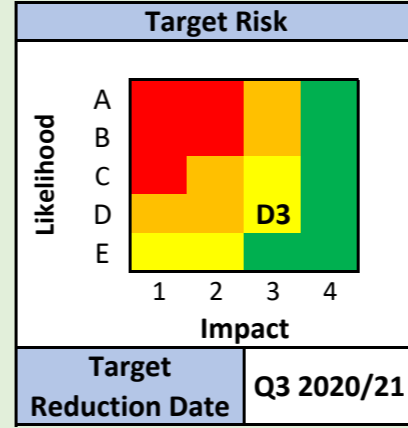
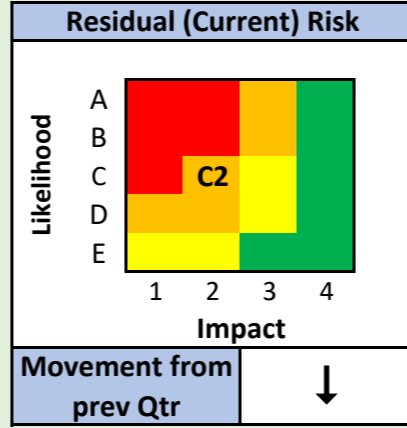
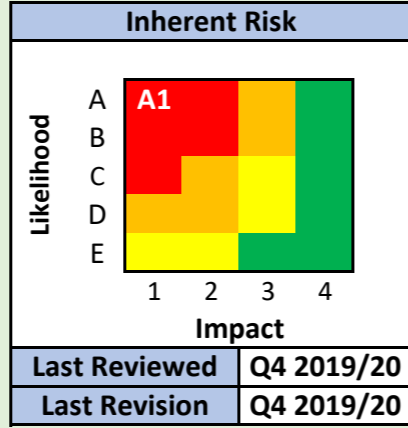
Non-completion of Statutory Building Equipment Maintenance

Description
 Non completion of cyclical statutory inspections or the remedial works arising out of the inspections, required to maintain the premises and related installations in a safe and legally compliant condition.

Potential Impact(s)
 Potential consequences of non-compliance with statutory maintenance:

- Fatalities or serious injuries
- Closure of part or whole of facilities with major disruption to service delivery
- HSE interventions and consequential actions including fines and prosecution;
- Significant additional expenditure requiring realignment of Corporate budgets;
- Temporary relocation of staff
- Temporary loss of operational service
- Invalidation of insurance policy
- Serious adverse impact on reputation
- Damage to fabric of building or other equipment

Type(s) of Impact	
<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Health & Safety • Partnership • Community & Environment • Stakeholder



Risk Owner(s)

Neil Hanratty

Councillor Russell Goodway
 Investment & Development

What we've done/are currently doing to achieve the Residual Risk Rating

Contractor

- Statutory Planned Preventative Maintenance (PPM) undertaken by competent contractor. Consequential remedial work identified on test certificates.
- Improved statutory maintenance contracting arrangements in place in Qtr 1 inc. use of SFG 20 as specification for statutory obligations testing and new risk based specification for legionella management supported by RAMIS.
- FM competent person(s) review all test certificates, remedial work captured and communicated to client as necessary/applicable
- Statutory Obligations Team has been established within Building Services to improve monitoring and supervision of statutory obligations contractor. Contractors have been trained in the use of RAMIS in order for test certs to be uploaded directly to the system by contractors.

RAMIS IT Software

- RAMIS implemented across the Council with bi-monthly reporting on statistics to SMT;
- 500 Building Managers have received training in their responsibilities and use for the RAMIS system, including schools estates staff and Headteachers.
- Full time officer Administrating RAMIS, providing training and issuing reports from the system to all service areas to push compliance ratings up to a minimum of 80% set by SMT.
- Condition surveys have been completed which represents an extensive piece of work to improve our understanding and knowledge base of all the Council's land and property holdings.

Corporate Landlord Programme

- County Estates senior management structure established supporting - Strategic Asset Management, Capital Delivery and Property Services, to manage and deliver all the Council's non-domestic property functions within one portfolio.

Statutory Obligation Compliance

- Continue to commission work to undertake required compliance testing (and works required) where Building Services has responsibility to do so, as defined on RAMIS
- The occupancy agreement (Memorandum of Agreement) for Schools was issued with the Schools Handbook and 'one front door' established to assist implementation. An occupancy agreement for non-schools properties has been drafted. This will be circulated by end of Qtr 2 (COVID-19 delay).
- The 'One Front Door' approach was rolled out across the corporate estate by end of Q4.

COVID-19

- During the COVID 19 period, the periodic gas and 6 monthly fire alarm testing has continued in all buildings. In the core buildings, and also Ty Storrie, Crosslands and Dominions Way Buildings, full statutory obligations testing has continued.

Linked Risks

Health & Safety

What we plan to do to meet target

Statutory Obligation Compliance

- Continue to commission investigations / work to complete required compliance testing (and works required) in respect of 'gaps' in compliance identified by reports from RAMIS.

Landlord / Occupancy Agreement

- Roll out Landlord/Occupancy Agreement template and roll out in Qtr 1/2 2020/21 (delayed from 19/20 due to COVID-19). This will set out principle occupant and landlord permissions responsibilities and Permission for Works arrangements required.
- Landlord occupancy principles established and reviewed for inclusion in non-schools handbook which will be rolled out in Qtr 2 20/21 (delay from 19/20 due to COVID-19).

COVID-19

- When the WG lift lockdown restrictions, instruct the statutory obligation contractor to resume statutory obligations testing in all buildings.

Key Indicators / Measures used to monitor the risk

Compliance stats from the Corporate Health & Safety Team.

Cyber Security

Tudalen 258

Description

There are 11 areas of potential risk within the National Cyber Security Centre cyber risk model. Of these, nine are assessed as well controlled within the Council

Two of the eleven areas of a Cyber Security assessment underpinning the corporate risk have been identified as high risk as follows:

Monitoring - the volumes of systems, applications and audit logs do not lend themselves to easily assess how and when systems are being used, leading to an ineffective response to deliberate attacks or accidental user activity

Corporate Cloud Security - 2018 Internal Audit identified contract, SLA and service management weaknesses in externally hosted services

Potential Impact(s)

The intent of cyber attackers includes, but is not limited to:

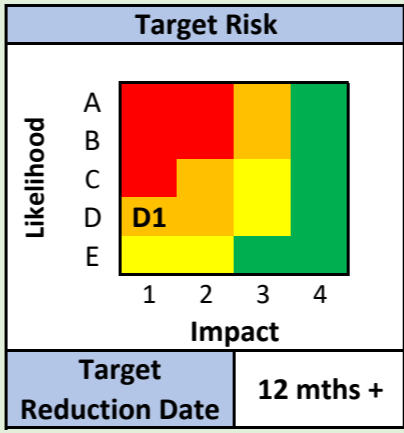
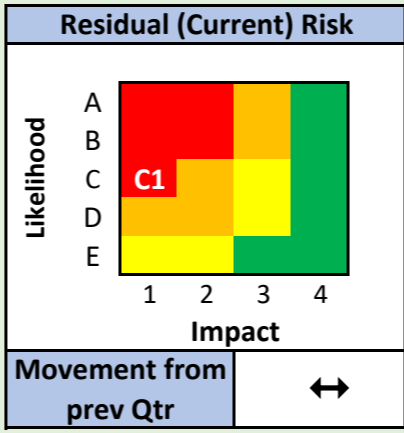
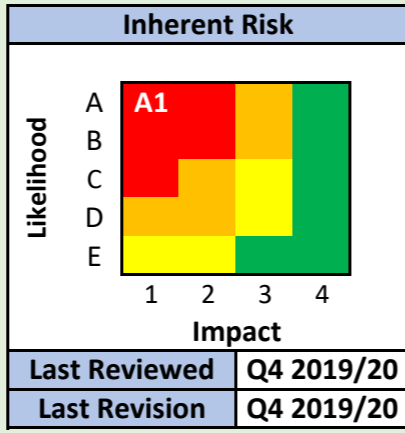
- financial fraud;
- information theft or misuse,
- activist causes to render computer systems intolerable and to disrupt critical infrastructure and vital services.

The impact of a cyber-attack / incident has the potential to involve the realisation of the risks associated with:

- An information governance breach (i.e. Stop Now Order, Information Notice, Enforcement Notice, Financial Penalty etc.)
- A business continuity incident – with a potential for major loss of service and legal, health and safety and financial implications.
- A financial / fraud related attack.

A malicious attack could result in loss of confidence from those transacting with the Council (reputation), as well as legal, asset, system, operational and financial implications.

Type(s) of Impact	
<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Health & Safety • Stakeholder



Risk Owner(s)

Chris Lee
(Phil Bear)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

The principal controls for the high risk areas are as follows:

- **Monitoring** - Log analysis is undertaken on a prioritised basis with incident reporting to ISB and discussed with IAO - risk of vulnerabilities could be further mitigated with additional resourcing for log monitoring - this is under continual review
- **Corporate Cloud Security** - Maturing PIA & CIA process used to assess risks to data and technology solutions
- Independent assessment and certification of the council's IT security posture via the National Cyber Security Centre (NCSC) Cyber Essentials Plus scheme
- Independent assessment and certification of the Council's Information Governance (GDPR/Data Protection) posture via the ISAME Governance scheme, awarded at the highest level of Gold
- Staff Cyber Security training programme rolled out to all staff to give guidance on threats and how to spot

What we plan to do to meet target

- ICT and Information Governance (IG) Teams to continue to liaise with FM for physical security assurances and to promote an incident reporting culture.
- To ensure strong ICT security, monitoring and cloud security controls:
 - ICT lifecycle and notification targets are being monitored and managed through the 'ICT Platforms' risk actions
 - Collaboration between ICT and IG to develop and map current ICT system providers in phased development of an Information Asset Register
 - Privacy Impact Assessment / Cloud Impact Assessments to be reviewed to ensure compliance with the requirements of the General Data Protection Regulation (GDPR) Action Plan being managed by the Information Governance Team
 - Governance and management requirements to be formalised for periodic and systematic review of all ICT systems.
- SIRO to review / consider Cloud Infrastructure to ensure:
 - Assurance of effective governance and management
 - Resource, risk appetite and outcomes required
 - Education of business systems owners in risk and management of cloud based services.

Linked Risks

Information Governance

Key Indicators / Measures used to monitor the risk

- Threat intelligence from National Cyber Security Centre (NCSC), including national posture and guidance via the National Cyber Security Strategy/Programme
- Threats and risks highlighted by NCSC Cyber Security Information Sharing Partnership (CiSP), Cymru WARP (Warning, Advice and Reporting Point) and Welsh Government/WLGA
- General UK posture and issues raised in national and local media
- Number of compromises - breaches are monitored, investigated and reported back via Information Security Board and where applicable the ICO
- Monthly reporting of number of virus attacks via email blocked

Budget Monitoring (Control)

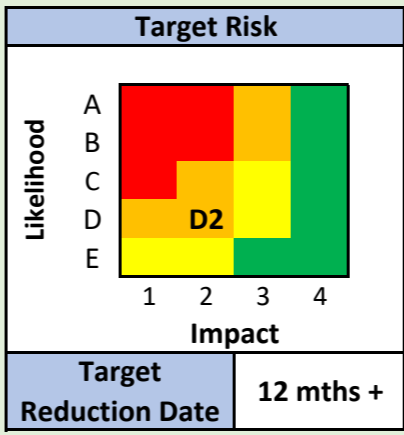
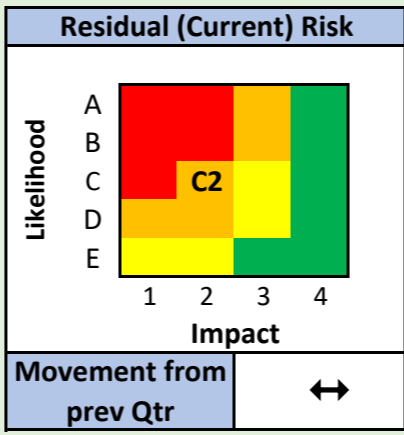
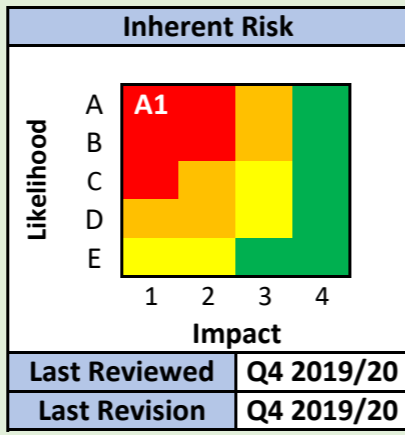
Description
 Failure to achieve the budget set, inclusive of budgeted spend and savings across Directorates, with increased use of emergency finance measures and the unplanned drawdown of reserves.

Potential Impact(s)

- Inability to balance spend against budget, for the financial year
- Requirement to implement emergency measures to reduce spending during the financial year thus adversely impacting on ability to meet corporate plan objectives
- Requirement to drawdown from General Reserves at the year end

Type(s) of Impact

<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Stakeholder
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Risk Owner(s)

Chris Lee (Ian Allwood)	Councillor Chris Weaver Finance, Modernisation and Performance
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What we've done/are currently doing to achieve the Residual Risk Rating

- Clear financial procedure rules setting out roles and responsibilities for budget management are in place.
- In recognition of the quantum of savings and the risks posed a £3 million General Contingency was allocated in the Budget.
- The 2019/20 Directorate outturn position reported a directorate overspend of £6.709m with an overall balanced position.
- The Corporate Director of Resources, Chief Executive and Cabinet Members hold challenge meetings and these will continue throughout 2019/20.
- Full financial monitoring processes is in place for month 3 to 11 of the financial year including achievement of budget savings with months 3 to 10 completed.

What we plan to do to meet target

- Regular challenge session meetings held with directors, corporate directors and Chief Executive in order to ensure there is a response to both individual directorate positions and the overall Council position and a view looking forward to the sustainability and deliverability of individual service budgets.

Linked Risks

Financial Resilience

Key Indicators / Measures used to monitor the risk

- Monthly Directorate Monitoring reports detailing likely outturn position and performance against savings accepted
- Review of use of earmarked reserves and balances - Half Yearly
- Regular monthly reporting to SMT

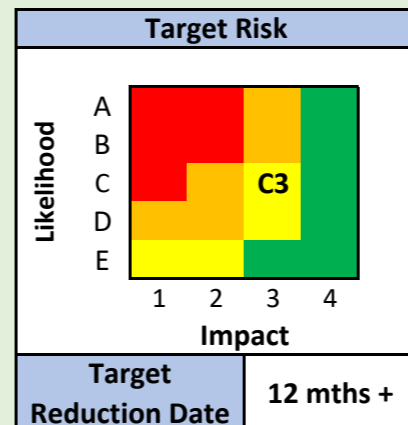
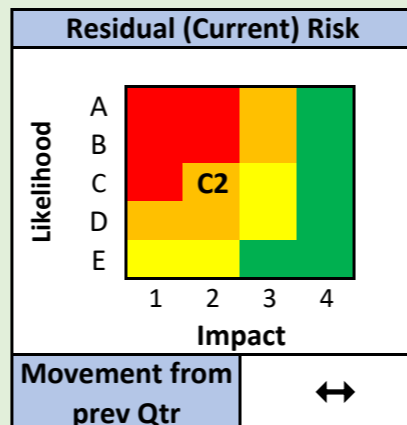
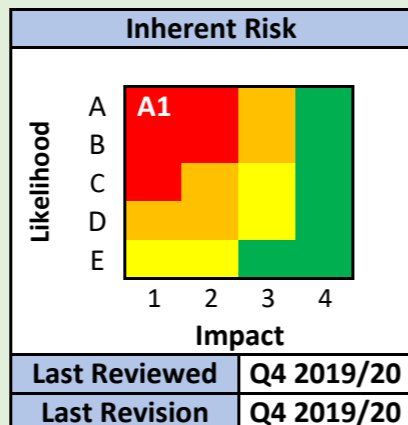
Schools Organisation Programme (Band B)

Description

Failure to deliver on aspects of the School Organisation Programme, which is significant in value and complex. The programme consists of Band B (£284m) 21st Century Schools, asset management improvement work, ICT and sufficiency projects. The programme of work spans across a number of directorates, requires significant capacity and has significant capital spend.

- Potential Impact(s)**
- Opportunities to enhance the school estate, and transform education will be missed
 - Insufficient secondary places in some central and north east areas of the city
 - Insufficient places in ALN settings across the city, leading to costly placement in out of county & private settings
 - School buildings that are not suitable for teaching and learning
 - Further degeneration of school buildings & rise in asset management backlog
 - Project cost and time overruns
 - Risk that school ICT infrastructure fails in the short to medium term and does not support the new curriculum
 - Risk that in current situation, learners do not have access to ICT equipment to support distance learning

Type(s) of Impact	
<ul style="list-style-type: none"> • Reputational • Legal • Financial • Social 	<ul style="list-style-type: none"> • Health & Safety • Stakeholder • Health and Wellbeing • Sustainability



Risk Owner(s)

Nick Batchelar
(Richard Portas)

Councillor Sarah Merry
Deputy Leader &
Education, Employment & Skills

What we've done/are currently doing to achieve the Residual Risk Rating

- 21st Century Schools Band B funding bid was submitted to Welsh Government in July 2017 and the Strategic Outline Case for £284m was approved in November 2017. Two Cabinet Reports in October and December 2018 outlined the priorities for this second phase of funding. SOP reports for Fitzalan, Doyle Avenue and St Mary the Virgin have been considered by Cabinet under Band B. Progression of these schemes and others have been delayed until September due to COVID-19.
- Discussions with developers and contractors are taking place around capacity to deliver projects in light of COVID-19 clauses.
- Work is ongoing to make sure that all learners have access to digital devices, network and infrastructure to support mobile and distance learning.
- Robust governance model, in line with Corporate Landlord approach is in place and is supporting consistent decision making.
- The post of Programme Director has been approved by Cabinet to make permanent and the postholder is establishing the capacity and capability requirements of the programme.
- Technical feasibility and design work underway
- Finance have re-profiled the capital and revenue budgets to assess the required budgets for each scheme. There are ongoing discussions with Welsh Government to assess the affordability of the programme in light of the current programme.
- Developing more robust management and monitoring processes for the asset improvement programme, including the three "D" category High Schools, Fitzalan, Cantonian and Willows.
- Procurement is underway for ICT infrastructure and devices that will support teaching and learning.

What we plan to do to meet target

- Develop a high level SOP Strategy that outlines the short/ medium and long term aims of the whole programme
- Strengthening of the capacity of the SOP team critical to ensuring effective delivery of the different elements of the programme. The SOP team are overseeing Hub childcare provision that was put in place following closure of schools and supporting Admissions Appeals. Developing capacity includes ensuring that corporate colleagues in departments including legal, strategic estates, capital projects, ICT, planning and highways and transportation are available.
- Ensure that SOP reports are complete and ready for September and reports are scheduled in a sustainable throughout the next year.
- Continued active dialogue with Welsh Government and other professional parties to support progress and development.
- Prioritise population data development to underpin accurate projections and forecasts for existing resident populations and to support effective s106 negotiations going forward.
- Ensure consistent monitoring and reporting of all risks to Schools Programme Board.
- Continue to move forward with digital projects to support distance and mobile learning and embed into a long term and sustainable model.

Linked Risks

Key Indicators / Measures used to monitor the risk

- Proportion of Priority 1a Schools Asset Improvement works completed in financial year, in accordance with the responsibilities of schools and corporate landlord (Corporate Plan).
- Timelines to deliver projects within the SOP programme.
- New key performance measures which are being developed as part of the overarching SOP Strategy.

Health & Safety

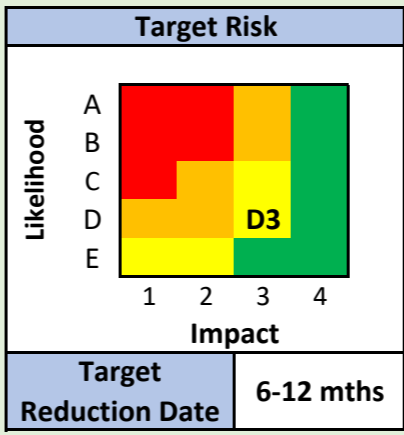
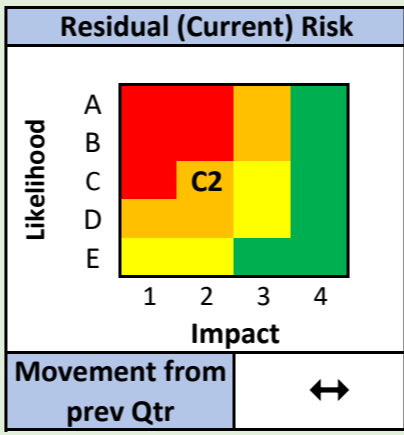
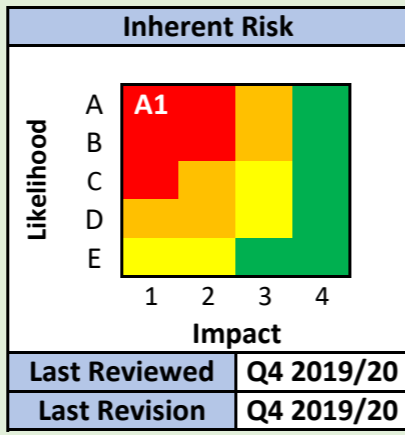
Description
 Non Compliance with corporate health and safety arrangements to control key risks across the Council in line with statutory requirements.

Potential Impact(s)

- Fatalities
- Serious injuries
- Prosecution – fines for corporate body and/or fines/imprisonment for individual
- Civil Claims
- Negative Publicity

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial



Risk Owner(s)

Chris Lee
(Donna Jones)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- RAMIS - New platform was due to be rolled out in QTR 4 along with training sessions and video links to support navigation and use of the new platform. Due to COVID-19 this action has been delayed due to disruption to the contractors business. It is anticipated that this will be undertaken in QTR 1/2 pending availability of the contractors technical staff.
- Mandatory training of Headteachers in H&S/Building responsibilities commenced in QTR 4 but could not be completed due to the onset of COVID-19.
- Corporate Asbestos Management Plan approved by Cabinet, implementation sessions planned in QTR4 could not be completed due to COVID-19.
- Digital Risk Assessment Library - rollout has been extended to QTR 1 & 2 to ensure that all service areas upload their RA's. This includes COVID-19 RA's for Services across the Council.
- The Improvement action plan for Street Scene has continued however there has been delays with installation of the fire suppression system, installation of employee welfare facility and Improvement to statutory compliance due to the impact of COVID-19 on the external contractors involved.
- Commencement of building management training for community organisations operating Council premises has not been possible due to the impact of COVID-19.
- Condition Surveys School Buildings - The completion of Dissemination of Condition Survey information to schools has been effected by COVID-19.
- Asbestos Training venue - UKATA approval granted for venue and courses, however the service has been disrupted and projected income targets not achieved.

What we plan to do to meet target

- RAMIS - New platform roll out to be completed in Q2 2020/21 along with training webinars and video links to support navigation and use of the new platform.
- Mandatory training of Headteachers in H&S/Building responsibilities to be delivered in Q3 2020/21.
- Digital Risk Assessment Library - COVID-19 Building and Service risk assessments to be uploaded in Q2 2020/21.
- Completion of Improvement action plan for Street Scene, including installation of fire suppression system, installation of employee welfare facility, Improvement to statutory compliance - Q2 2020/21.
- In Q2 2020/21 Produce training webinars for building management training for community organisations operating Council premises.
- Condition Surveys School Buildings - Complete Dissemination of Condition Survey information to schools in Q3 2020/21.
- Launch Asbestos Training - This is likely to be a mix of virtual and practical training, undertaken in line with COVID-19 Safety measures. As this is essential training it is anticipated to re-start in Q2 2020/21.
- Due to the impact of COVID-19 in Q4 2019/20, Health and Safety resources will be repurposed towards emerging Health and Safety requirements, including Guidance, procurement and issue of PPE and support of vulnerable staff who are at increased risk from the virus. Risk Assessments to support Restart & Recovery across the Council will be essential to ensure that WG and PHW advice is implemented and staff in or returning to work are not exposed to risk of contracting the virus.

Linked Risks

Non-completion of Statutory Building Equipment Maintenance

Key Indicators / Measures used to monitor the risk

RAMIS is used to monitor statutory risk in relation to premises safety, bi-monthly reporting to SMT, quarterly reporting to Health and Safety Forum.
 Compliance against annual Corporate H&S Objectives, used to monitor improvement secured in Service Areas, reported to Health and Safety Forum.

Information Governance

Description

Information handled inappropriately leaves the Council exposed to intervention and financial penalties issued by the Information Commissioner (ICO). This includes information held by Cardiff Schools.

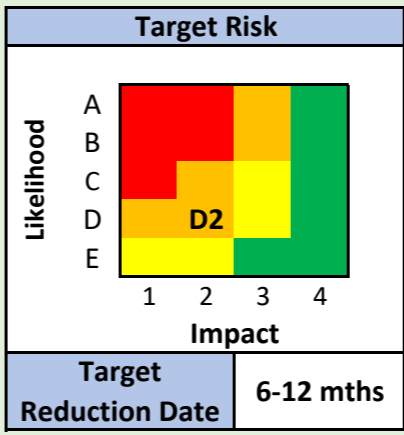
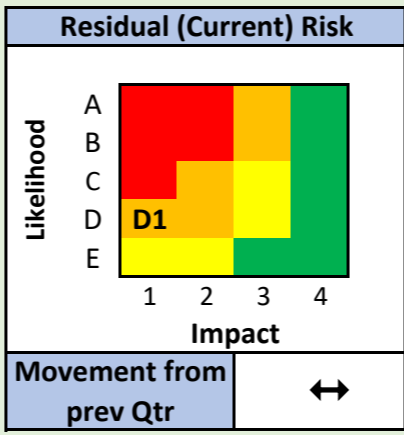
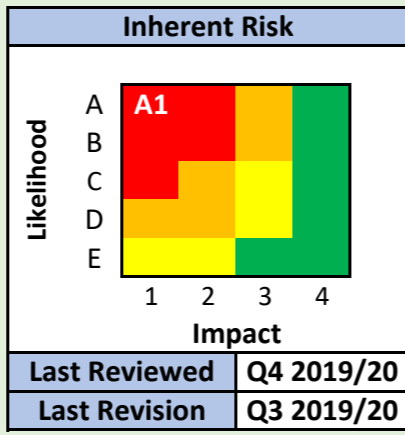
Potential Impact(s)

Leads to the Information Commissioner issuing notices of non-compliance

These could consist of:

- A "Stop Now" Order which would mean that no personal data could be processed by the Council in its entirety
- An Information Notice which would mean that a service would have to provide information in a very limited period thereby impacting on service delivery
- Undertaking which requires an Action Plan of Remedial Measures which would be subject to ICO Audit
- Enforcement Notice requires immediate improvement action to be put in place
- Financial Penalty up to £17.5 million for Higher Level Tier and £8 million for Lower Level Tier breaches of the Data Protection Act.

Type(s) of Impact	
<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Stakeholder



Risk Owner(s)

Chris Lee
(Vivienne Pearson)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- Suite of Information Governance Processes, Policies and Strategies in place and annually updated.
- Gold level of assurance as part of Cyber Security Plus ISAME Accreditation process in March 2019.
- Information Governance Training Strategy in place and training provided to staff with access to electronic personal data
- Processes established through procurement and ICT acquisition processes for ensuring Data Protection Impact Assessments are completed if personal data is being processed, including Data Processing Agreement with third party contractors.
- A corporate Information Asset Register is held which details personal data assets held by each Council directorate.
- Service Level Agreements in place where Cardiff Council is the Data Controller for regional services
- Advice, guidance and support is provided to all Cardiff Schools.
- Corporate Retention schedule in place and updated annually in line with any legislative changes.
- Information Governance Maturity Model established to monitor risks against areas of information governance to feed into corporate risk status.
- The Digitalisation of Paper Records Strategy and associated business process changes is in place.
- Data Protection e-learning training released for completion by 31 March 2020 and compliance monitored up to that date by the Data Protection Officer and Directors

What we plan to do to meet target

- Individual Rights request processes to be reviewed to consider any opportunities available to improve compliance and streamline the Council's ability to handle requests.
- Monitoring the position in relation to International Transfers as a result of Brexit (deal or no deal) will continue until formal decisions are made in relation to Adequacy by EU Supervisory bodies

Linked Risks

Key Indicators / Measures used to monitor the risk

- Suite of IG Indicators
- No. of ICO correspondence
- No. of FOI / SAR Requests
- No. of individuals trained on GDPR modules

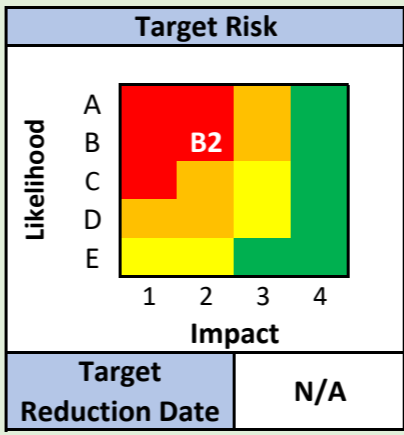
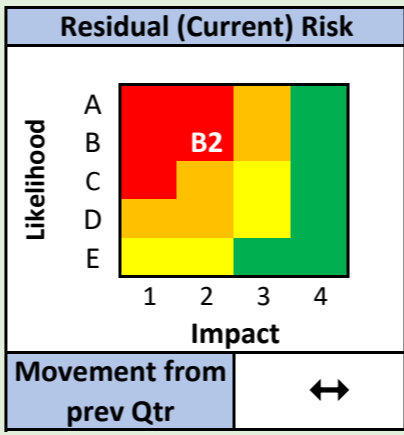
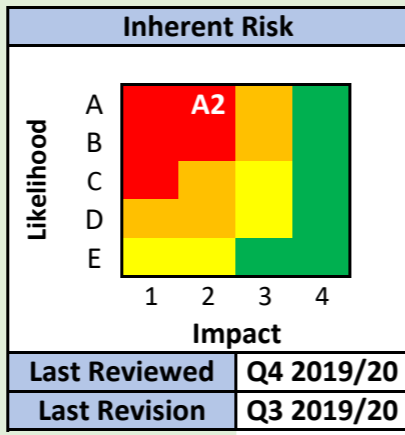
Welfare Reform

Description

That the Council cannot meet its statutory obligations with the increased demands and reduced budgets placed upon it by the Welfare Reform including: Universal Credit, further reduction in Benefit Cap, size restrictions for social tenants and freezing of Local Housing Allowance rates. The potential impact of these changes on rent arrears, homelessness and child poverty make these changes a significant risk. The removal of the DWP funding that paid for digital and budgeting support across the city will potentially increase the problem, although currently council reserves are being used to mitigate this.

- Potential Impact(s)**
- Benefit claimants priced out of private rented sector market
 - Private landlords stop renting to benefit claimants
 - Private landlords leaving the rental housing market
 - Social housing rents become unaffordable to some claimants, in particular those with large families
 - Increased homelessness and demand for temporary accommodation (increased numbers seeking help with homelessness due to loss of private sector accommodation have already been seen)
 - Increased rough sleeping
 - Increased rent arrears, increased evictions (The impact on Council tenant rent arrears has already been considerable and is having an impact on the HRA. This will continue to increase as more tenants move to Universal Credit.)
 - Redeployment / Severance for housing benefits staff
 - Changing demands on Council stock resulting in increased voids and/or undersupply of smaller properties
 - Increased council rent arrears could impact on HRA and lead to barriers to building additional affordable housing
 - LA less likely to pre-empt those who are going to be affected by changes and therefore unable to put mitigation steps in. (This has already had a negative impact on the number of families where contact can be initiated by advice teams to families who have been affected by the benefit cap.)
 - Increase in poverty and child poverty, potentially an increase on demand of social services

Type(s) of Impact	



Risk Owner(s)

Sarah McGill
(Jane Thomas)

Councillor Lynda Thorne
Housing & Communities

- What we've done/are currently doing to achieve the Residual Risk Rating**
- Communities staff continue to work closely with private landlords and advice agencies to mitigate wherever possible the reduction in benefit and prevent eviction.
 - Discretionary Housing payments are being used to top up the benefit claims of those most affected by the changes and to pay rent in advance and bonds to help tenants to move accommodation where necessary.
 - Housing Options service have developed additional support to help move families and vulnerable adults into private sector housing with a guarantor agreement to help mitigate the risk of financial loss that landlords fear.
 - Housing Options service have created additional help for those on low incomes but not on benefits to access an interest free loan to pay for bond, rent in advance and moving costs. This also helps with financial inclusion as the clients will open up a savings account with the credit union and have a lump sum saved by the time the loan is repaid.
 - Housing Options service are working with third sector partners to help clients move into settled accommodation in the private rented sector, primarily for single people who have lived in supported accommodation.
 - Digital and budgeting Support is being given to claimants to help them respond to the changes, although funding has been stopped for this, so the Council is using its reserves.
 - A streamlined process is in place for re-housing tenants who need to downsize as a result of the social housing size restrictions. DHP is being used to pay removal costs and to cover shortfall while tenants are waiting to move.
 - The Welfare Liaison team within the housing service is in place to assist tenants affected by the changes. Work has been carried out to identify those affected by the Benefit Cap and to advise them accordingly and to identify the most vulnerable families and award DHP.
 - DHP process has been reviewed to ensure that all those who request a DHP are given budgeting, income maximisation and debt advice
 - Universal Credit full service has commenced in Cardiff. Despite additional resources put in place rent arrears for council tenants have risen significantly since the change was implemented. The Welfare Liaison team work closely with tenants to mitigate the impact of the change.
 - The Money Advice Team is providing comprehensive advice services for those affected by Welfare Reform and this has been rolled out across the city in Community Hubs and foodbanks.
 - The Inclusive Growth Board and subgroups are coordinating multi-agency activity and developing appropriate interventions during a difficult transition period for many people affected.
 - Briefings continue to be provided to Members on Welfare Reform and further information is sent as appropriate.
 - Digital inclusion training and Universal Credit Support has been rolled out across all the new Community Wellbeing Hubs.
 - Into Work Services are providing one to one mentoring support as well as light touch help across the city to help people get back to work or to upskill in their current roles.

Linked Risks

- What we plan to do to meet target**
- Further additional resource has been agreed for supporting council tenants following the implementation of Universal Credit Full Service as rent arrears have increased significantly, staff have been recruited to assist with this and the new team is working well. Rent arrears procedure has been reviewed to include a more preventative and flexible approach and more assistance for more vulnerable tenants. After an initial sharp increase in rent arrears, the rate of increase has stabilised. This will be monitored over the coming months.
 - Work has been undertaken to cost the potential risks of Universal Credit and this will continue to be updated as more information is known.
 - Regular meetings are held with social housing providers to monitor and improve processes.
 - DHP spend is being monitored carefully. Expenditure for 19/20 will continue focusing on the most vulnerable individuals, helping people with the transition into work and mitigating the risk of homelessness.
 - Services for private landlords are being further developed to help prevent them withdrawing from the market.
 - Increase in Prevention staff to work with clients at risk of homelessness. Service can be provided from a partner building or in a client's home to increase engagement.
 - In depth assessments to be completed at point of presentation to include a financial statement which will allow discussion to be had around possible expenditure concerns
 - Attendance at monthly meetings to discuss clients affected by Welfare Reform in order that early support can be offered.
 - Increase in Private Rented Sector Housing Solutions Team to obtain affordable private rented sector accommodation in order to assist clients to move quickly to avoid accruing higher rent arrears.
 - Expansion of the Private Rented Sector Housing Solutions Team to include a dedicated person of contact for landlords. This will mean that any issues can be raised at the earliest stage and support provided to try to prevent any issues which may lead to homelessness.
 - Dedicated phone line for landlords will mean easier contact with above team.
 - A new Advice Team is now in place within the Housing Options Service to assist clients and landlords and to ensure that help available is promoted. This will include an online messaging service making the Service accessible to a wider range of clients.
 - Digital and budgeting support available from Into Work and Money Advice on a Saturday for the first time for those who are claiming UC and in work
 - Introduction of landlord portal so that HA's and in the future, private landlords can access information quickly about amount of and dates of payments due online

Key Indicators / Measures used to monitor the risk
Number of customers supported and assisted with their claims for Universal Credit
Additional weekly benefit identified for clients of the city centre advise team

ICT Platforms Unsuitable / Outdated

Description

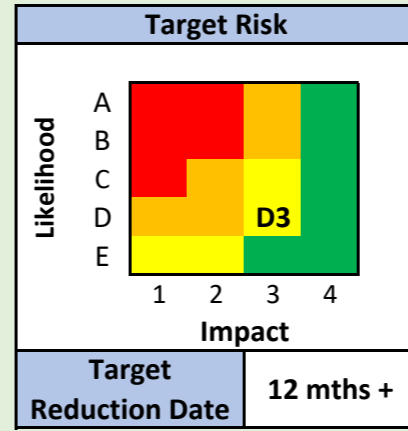
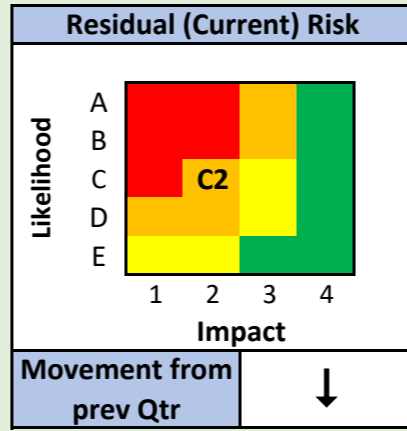
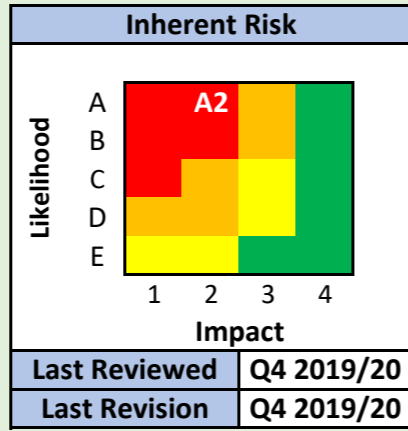
The ICT platforms (desktop, software, network, servers, and telephones) will not be able to support the technologies required by the corporate change programme and deliver effective service to the council, or will not provide a reliable service due to age and condition of equipment and systems.

Potential Impact(s)

- Loss of PSN services.
- Service delivery impacts from unreliable/unavailable ICT systems
- Cardiff seen as unable to deliver on aspirations
- Poor morale from frustrations with inability to deliver services.
- Potential for income losses from revenue collection impacts.
- Unable to meet delivery deadlines on both business as usual and transformation projects.

Type(s) of Impact

- Service Delivery
- Reputational
- Financial
- Stakeholder



Risk Owner(s)

Chris Lee
(Phil Bear)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- Spending for renewal/upgrade of highest risk items, in particular firewalls, core servers/switches and external bandwidth is continually reviewed and reprioritised
- Migration of data to SharePoint online providing a cloud resilient and agile service
- Purchase of Extended Support to help keep legacy services covered for an additional year (2008)
- 10 year hardware replacement programme created with costs estimates profiled annually
- Continued assessment of priorities for replacement – applications infrastructure and servers are the next priority
- Assessment of equipment required replacing to maintain PSN compliance

What we plan to do to meet target

- Development of lifecycle monitoring for operating systems and software platforms, and clearer customer engagement of upcoming deadlines
- Pilot leasing scheme within schools to be considered for corporate desktop estate

Linked Risks

Key Indicators / Measures used to monitor the risk

- Annual independent testing of external and internal infrastructure via Information Technology Health Check (ITHC) for PSN compliance.

Waste Management

Description
 Failure to deliver cost effective compliance with waste legislation including statutory recycling targets.

Potential Impact(s)

Financial

- Penalties and loss of grant support
- Continuing financial costs to service

Legal & Regulatory

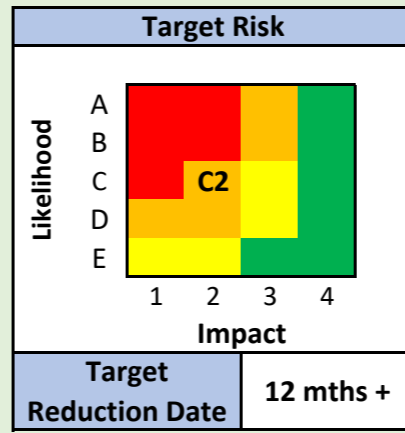
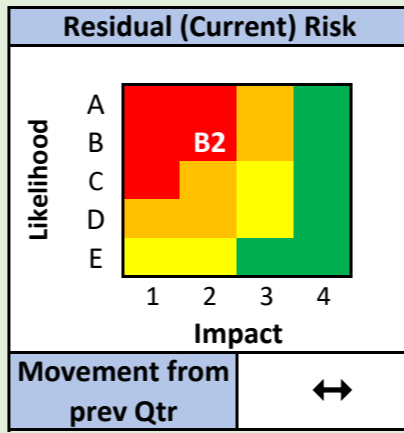
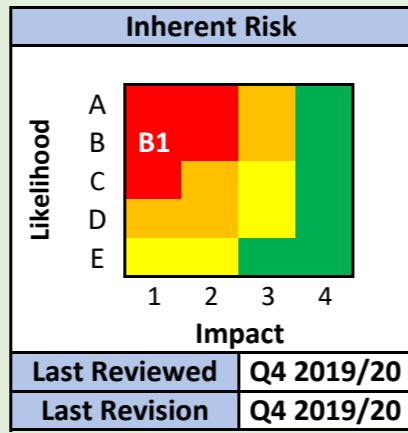
- Failure to comply with EU recycling waste directive, leading to sanctions, penalties or interventions

Strategic/ Reputational

- Reputational consequence with citizens and key stakeholders

Type(s) of Impact

- Reputational
- Legal & Regulatory
- Financial



Risk Owner(s)

Sarah McGill
 (Matt Wakelam)

Councillor Michael Michael
 Clean Streets, Recycling and Environment

What we've done/are currently doing to achieve the Residual Risk Rating

Progress discussions with Welsh Government on operational programme of improvements and recycling in Cardiff to demonstrate how Cardiff will be proceeding to meet statutory targets.

Wider Governance & Compliance

- Targeted internal audits identifying and improving governance and control across the service area (ongoing)
- New management and Corporate governance of tonnage projections and waste data flow reporting to support improving control and management of statutory reporting (complete)
- Introduction of improvements in weighbridge and data systems holding data on waste movements, to improve data management and ease collation of data (ongoing)
- Cardiff Council has commenced a programme working in partnership with Welsh Government to develop a new Recycling Service Strategy and Implementation Plan (ongoing)

Development of recycling plan for 19/20 optimising resources including considerations of statutory fines.

- Reviewing and benchmarking tonnages / recycling levels / costs of disposal for Cardiff compared to Welsh Authorities and United Kingdom, to identify areas requiring further review to support the opportunity to improve recycling levels (ongoing)
- Media and communications taking place across Cardiff with focus on key areas for recycling improvement (ongoing)
- Improving use of In-Cab system to improve service delivery through real time technology, optimisation of routes and identification of waste contamination (complete)
- Commencement of new education and enforcement programme to reduce contamination in recycling and garden waste (ongoing)
- Significant volume of garden waste material has been identified at Roath Park and the service are working to move this material within the Welsh Water contract to improve recycling performance for 2019/20 (complete)
- Cabinet Report prepared for Cabinet on 23rd January 2020 'Education campaign to support improving recycling performance' to implement a strategy of education in Cardiff relating to contamination of recycling (the pink sticker campaign) and segregation of recycling at Household waste Recycling Centres (ongoing)

Recycling Development

- The Council's Recycling Strategy is the subject of regular review. A new strategy is currently under development for implementation by January 2021.
- Robust analysis and review of business cases relating to the following waste collection & disposal operations:
 - Post sorting of general waste (complete)
 - Bottle and Glass expansion across the City (complete and supplemented by modelling work with Welsh Government)
 - Hygiene (Absorbent Hygiene Products) from Municipal Solid Waste to Recycling (ongoing project with Welsh Government)
 - Trade Waste (ongoing)

What we plan to do to meet target

- City wide glass roll-out to be reviewed as part of the Recycling Services Strategy and Implementation Plan. (complete)
- Ongoing In-Cab technology implementation & training to improve reporting of contamination (complete)
- Targeted and tailored intervention to deal with contamination in hot spot areas across the City (ongoing)
- Further develop the new Recycling Strategy for Cardiff. This will set out the Council's long-term objectives over the next 10 years and consider economic, social and environmental aspirations, in order to ensure Cardiff is one of the leading cities in the world for recycling. (ongoing)
- Identification of opportunities such as garden waste at Roath Park to be prioritised to limit shortfall to recycling performance. (complete)
- Pink Sticker Campaign roll-out across Cardiff to commence February 2020 (on hold due to Covid 19)

Wider Governance & Compliance

- Work is ongoing to review Waste Data Flow to ensure providing information in a timely manner (complete)
- Senior Management to have ongoing regular engagement and discussions with WG on Cardiff's Recycling Strategy and compliance with the WG Blueprint. Work is now progressing on looking at models for Cardiff - to be completed in May 2020 (complete - modelling showed only a 1.2% increase in recycling performance with a kerbside model rising to 2.7% with a move to 3 weekly residual collections.)
- A further phase of work is required working with Welsh Government to look at the impacts on recycling performance in relation to:
 - Trade waste and new legislation
 - Flats
 - Recycling Centres

Outcome will be to deliver a road map supported by Welsh Government on improving Cardiff's recycling performance

Linked Risks

Key Indicators / Measures used to monitor the risk

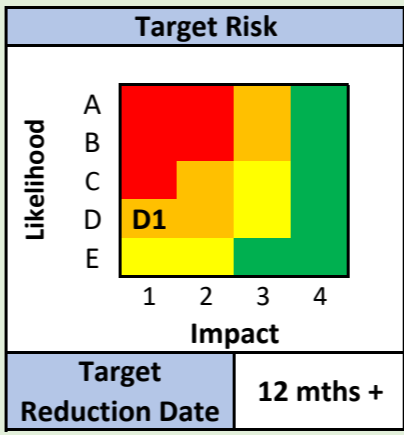
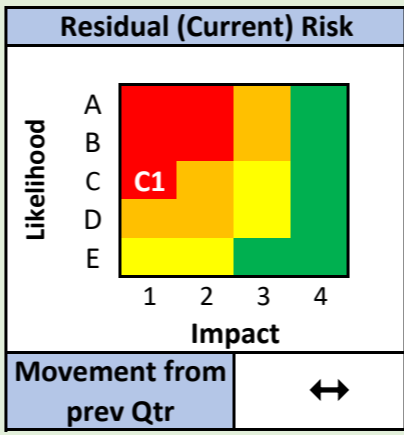
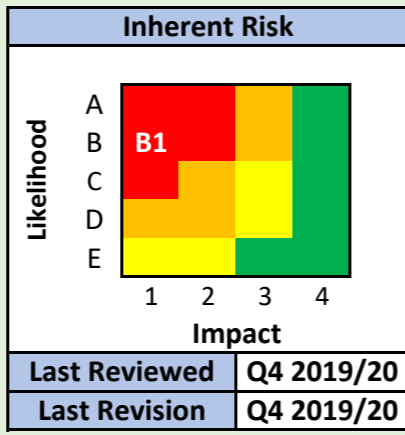
- Monthly monitoring recycling % from waste data flow
- Monthly tonnage monitoring
- Monthly financial monitoring in each area of waste

Increase in Demand (Children's Services)

Description
 Failure to effectively manage demand resulting in increase in number of children looked after and the service and financial pressures this presents.

- Potential Impact(s)**
- Family breakdown leading to children becoming looked after
 - Growth in the number of children entering the looked after system and associated costs for the Authority
 - Insufficient placements to meet need
 - Children are less likely to achieve their potential and to be fully participating citizens
 - Life chances for children are reduced
 - Delays in issuing care proceedings because of existing capacity in both Children's and Legal Services
 - Challenges in improving outcomes for children
 - Challenges in effectively managing service and financial pressures
 - Significant increase in demand for residential and foster care placements for children looked after resulting in increase in numbers living outside Cardiff

Type(s) of Impact	
<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Community & Environment • Stakeholder



Risk Owner(s)

Sarah McGill
 Claire Marchant

Councillor Graham Hinchey
 Children & Families

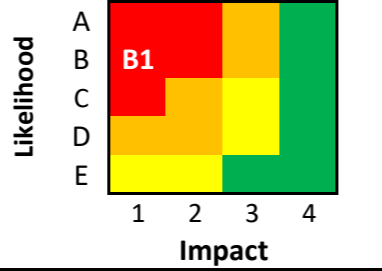
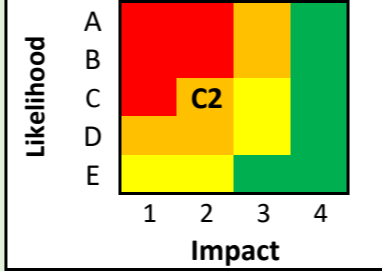
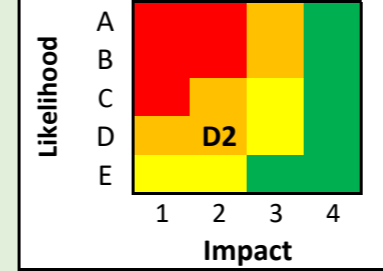
- What we've done/are currently doing to achieve the Residual Risk Rating**
- Early Help Strategy
 - Cardiff Family Advice and Support Service
 - Information, Advice and Assistance functions (including Dewis Cymru)
 - Locality working
 - Interface Protocol for Children's Services with Children's Team Around Family (TAF) and Disability Team Around the Family (DTAF)
 - Flying Start
 - Rapid Response Service
 - Adolescent Resource Centre
 - Legal tracker
 - Decision making panels established across the stages of the child's journey
 - Direct Payments
 - Young Carers Action Plan
 - Families First Services recommissioned
 - Signs of Safety implementation plan
 - "Delivering Excellent Outcomes" Children's Services Strategy
 - Recruitment and retention strategy in place to address children's workforce issues
 - Flexible approach to the deployment of staff utilising people's skills and capacity to solve problems / take projects forward and reduce "silo" working.
 - Focussed on what ONLY social workers can do and identified what tasks can be completed by other workers – further work on skill mix to follow.
 - Working hours flexible to meet service and personal needs.
 - Referrals to Safe Families.
 - Offers of support from Ymbarel and Barnardo's being considered and further offer pending from Your Family Matters.
 - Provision and analysis of performance information being tailored to meet arising issues (e.g. monitoring domestic violence).

- What we plan to do to meet target**
- (Relevant DDP 2019/20 actions noted in brackets.)
- Improving Outcomes for Children Programme Board and project groups beneath it
 - Children's Commissioning Strategy and Market Position Statement being developed to address placement quality and sufficiency (CP 12 - CS)
 - Fostering project and residential care projects supporting delivery of the emerging needs from the Commissioning Strategy (CP 12 - CS)
 - Partnership arrangements for delivery of Child and Adolescent Mental Health Service (CAMHS) to be reviewed (CP 5 - CS)
 - Transformation and ICF proposals developed to enhance services at the edge of care and support proactive improvement (DP 21 - SS)
 - Deliver a three year plan that combines service and financial planning for Adult and Children's Social Services (CP 24 - SS)
 - Implement new senior management arrangements to ensure that we are able to meet the current and future challenges (DP 22 - SS)
 - Following initial dip in demand in the post lock down period, demand has started to rise again; ongoing monitoring due to potential for impact of COVID-19 crisis to increase demand for services.
 - Potential for backlog of private law cases noted.
 - Work with Finance commenced around potential to extend Managed Team contract into July.

- Linked Risks**
- Workforce Planning (Social Services)
 - Safeguarding

- Key Indicators / Measures used to monitor the risk**
- Children's Services:
- Early Help 1 - Number of people supported through the Family Gateway
 - Early Help 2 - Number of people supported by the Family Help Team
 - Early Help 3 - Number of people supported by the Family Support Team
 - Contacts 1 - Number of Contacts / Referrals Received
 - SSWB 24 - Percentage of assessments completed for children within statutory timescales
 - CS LAC 3e - Number of children looked after

Education - Schools' Delegated Budgets

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>The number of schools with deficit budgets and/or the overall value of deficit budgets increases, or that those schools (particularly in the Secondary sector) with existing deficit budgets do not deliver agreed deficit recovery plans.</p>				Nick Batchelar (Neil Hardee)	Councillor Sarah Merry Deputy Leader & Education, Employment & Skills								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Last Reviewed</td><td>Q4 2019/20</td></tr> <tr><td style="background-color: #d9e1f2;">Last Revision</td><td>Q4 2019/20</td></tr> </table>	Last Reviewed	Q4 2019/20	Last Revision	Q4 2019/20	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Movement from prev Qtr</td><td style="text-align: center;">↔</td></tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Target Reduction Date</td><td>12 mths +</td></tr> </table>	Target Reduction Date	12 mths +		
Last Reviewed	Q4 2019/20												
Last Revision	Q4 2019/20												
Movement from prev Qtr	↔												
Target Reduction Date	12 mths +												
	What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target									
	<ul style="list-style-type: none"> The 2020/21 delegated budget allocations were issued to schools in early March 2020 and monitoring arrangements put in place for those schools showing financial concern. Officers from Education and Financial Services work with individual schools through Headteachers and Governing Bodies to formulate Medium Term Financial Plans (MTFP) to seek to either balance individual school deficits within four financial years or to ensure that the accumulated deficits were frozen or slowed as much as possible. Officers continue to monitor and challenge those schools in deficit before allowing any additional financial commitments, both staffing and other expenditure. For each school in deficit, the Council has identified a monitoring officer to provide an independent challenge to the school. This is in addition to the LFM Officer currently supporting that school. Annual audit of budget impact on individual schools undertaken during the Summer Term, the results of which feed into discussions regarding the medium term financial plan A working group has been established to examine the medium term financial planning processes used by the LA and schools As at 31st March 2020, 18 schools had a deficit balance, compared to 10 schools who applied for a deficit budget at the start of the financial year. However, a number of these deficit balances were not material and do not necessarily present a cause for concern. In addition, some schools that brought forward large deficit balances into 2019/20 have demonstrated significant progress in reducing the level of deficit held at the end of the financial year 			<ul style="list-style-type: none"> Officers exercise the statutory powers of intervention on a school or schools in deficit who are unable to provide a medium term financial plan. This may involve removing delegation from a Governing Body. Officers explore through the School Organisation Planning process how different organisational arrangements for schools would affect the supply of pupils to schools thus affecting their delegated budgets. This will include an understanding of the long term impact of any unused school supply places on the funding formula. Working with CSC to ensure that maximising value from constituent parts of Education Improvement Grant is secured and that there is clarity of allocation mechanism for 2019/20 and beyond Improve individual school risk assessment processes in order to provide an early indication of those schools who may be at risk of entering a deficit position 									
	Potential Impact(s)	Type(s) of Impact		Linked Risks									
	<ul style="list-style-type: none"> An overall deficit arising from schools budgets would count against the funding available for the Council Schools with deficit budgets may struggle to adequately fund the resources required to achieve the desired levels of educational attainment Schools with deficit budgets may struggle to adequately fund maintenance of school buildings creating an issue for other budgets, eg Capital/SOP Band B Schools that continually fail to address deficit budgets may ultimately require LA intervention, with a corresponding increase required in centralised resources 	<ul style="list-style-type: none"> Reputational Legal Financial 		Linked risk to Covid 19 issues particularly with regard to decrease in income, impact on grants and inability to manage staffing changes.									
		Key Indicators / Measures used to monitor the risk											
		<ul style="list-style-type: none"> School budget monitoring position Number of schools setting deficit budgets Final budget balances 											

Business Continuity

Tudalen 268

Description

Large scale incident/loss affecting the delivery of services.

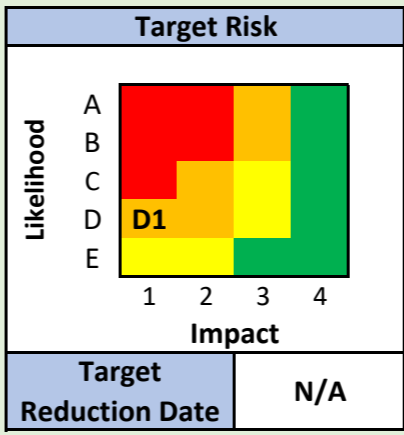
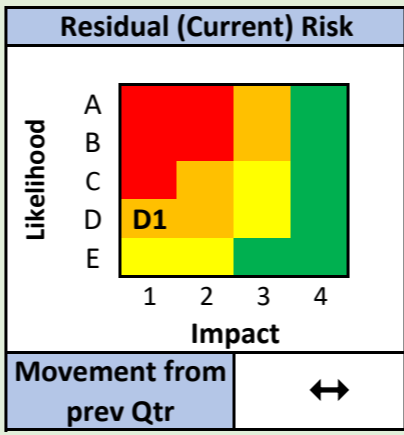
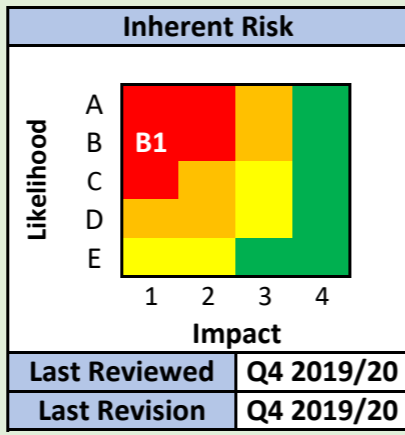
The potential risk is that our most time sensitive activities are not sufficiently resilient and fail, following an incident which impacts on their delivery and that our incident management structure, used in response to internal incidents and external emergencies, also fails in response to an incident.

Potential Impact(s)

- **Health and Safety** – potential impact on staff and on the public relying on our most, time sensitive, critical services
- **Legal action** -Failure of key services could lead to Legal action against the council
- **Financial** - Failure of key services could led to significant financial cost both in terms of Ombudsman action and Enforcement action from regulatory bodies, as well as individual legal action against the corporate body where service failure leads to legal action against us from private claimants
- **Reputational** - Impact on key services to the public could lead to significant reputational damage to the organisation
- **Stakeholder** – Impact on key stakeholders as result of failure
- **Service delivery** – Potential significant impact on service delivery to the public, impact of key services could lead to significant impacts to the public and the corporate body un delivering its services

Type(s) of Impact

<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Health & Safety • Stakeholder
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Risk Owner(s)

Chris Lee	Councillor Huw Thomas Leader
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What we've done/are currently doing to achieve the Residual Risk Rating

- The Council has a BCM Champion who sponsors BCM at a strategic level
- We have an approved Business Continuity Policy which is aligned to ISO22301
- BCM toolkit is now available on CIS
- The Council employs a Business Continuity Officer who is a qualified ISO22301 lead auditor
- The Emergency Management Unit has developed an Incident Management Plan (Cardiff Council's Emergency Management Plan) to ensure alignment with ISO22301. This was fully updated in March 2019.
- The Council has a 24 hour Incident Management structure for Gold and Silver Officers.
- 84% of our most time sensitive activities (Reds) now have Business Continuity plans which have met, or are going through, audit. Work on the remaining plans is ongoing to close gaps and bring them up to date and in line with the corporate audit requirement
- Cardiff Council is a member of the Core Cities Business Continuity Group
- Internal Audit completed an audit of the Business Continuity Risk in September 2018 and the assurance statement was "Effective with opportunity for improvement"
- Q4 of 2019/2020 saw the council undertake a full review and update of the activities delivered across the council allowing us to focus on the resilient delivery of key functions as we planned and responded to the COVID19 threat. This review was delivered at the Strategic Level.
- The each Directorate was tasked with reviewing and updating their key business continuity plans in preparation for the emerging COVID19 threat. Each Director/Corporate Director as responsible for ensuring this work was undertaken fully and properly. The existing Business Continuity work provided a solid foundation to our response to the COVID19 threat.
- The full corporate incident management team was activated in early March.
- The Council worked positively at a Local Resilience Forum(LRF) level with partners supporting a wider Wales response to the COVID19 threat. This included daily reporting and escalation of key issues to the LRF.
- Areas were forced to change to a far more agile way of operating with our core ICT requirements changing to support far more agile/home working. The mode of delivery worked exceptionally well and provides the potential for longer-term resilient agile working in response to the ongoing COVID19 risk, in addition to positively supporting other aims and corporate risks.
- Staff across the council adapted at speed and have worked incredibly hard to deliver key services in new ways, in addition many staff changed roles to support the resilient delivery of key services and new asks on the council to keep the public safe.

What we plan to do to meet target

- Work with ICT to ensure our core infrastructure is as resilient as possible and able to support additional agile working capacity.
- Work with the teams involved with looking at the potential of using alternative delivery models for council services. Identifying risks associated with alternative delivery models for specific services and recommend potential risk management solutions for implementation, to protect the delivery of our most critical services.
- The Business Continuity Officer is working to develop and enhance individual Directorate response capability to ensure Directorates are in a stronger position to respond to incidents which could impact on the Council and our most time sensitive activities
- The BC officer is continuing a review of 4x4 resources across the council to support our response capability to deal with the potential of winter storms.
- The BC officer along with the Resilience Unit are continuing to ensure that corporately we are able to respond to the COVID19 threat and the ongoing risk including of second and third waves until the threat of the pandemic has fully dissipated.

Linked Risks

Brexit Risk

Key Indicators / Measures used to monitor the risk

The Red activity BC plan status is reviewed on a quarterly basis via a report to SMT after the CRR submission. Additionally the risk is managed as part of the Corporate Risk Management process via the CRR returns and the BC risk is also audited by Internal Audit . The last Internal Audit of the Business Continuity Risk was in in 2018.

Safeguarding

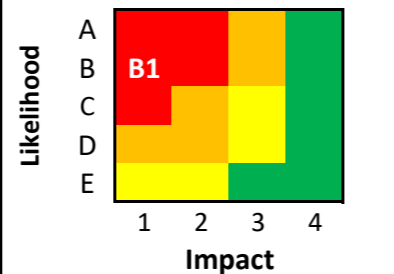
Description

Systemic failure in the effectiveness of the Council's safeguarding arrangements together with other statutory safeguarding partners.

Potential Impact(s)

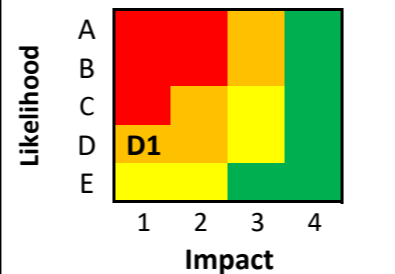
- A child(ren) or adult(s) suffer(s) avoidable significant harm or death
- Reputation of Council and partners
- Severe adverse publicity
- Potential regulator intervention
- Loss of confidence by community in safety of children and adults
- Loss of confidence of staff in the overall "safety" of the service, impacting on morale, recruitment and retention
- Potential litigation with associated financial penalties
- Significant financial implications of formal intervention

Inherent Risk



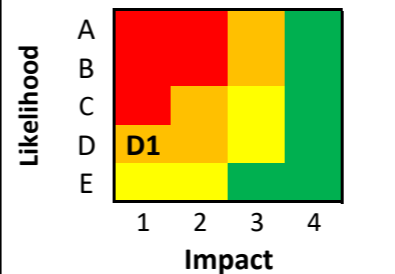
Last Reviewed	Q4 2019/20
Last Revision	Q4 2019/20

Residual (Current) Risk



Movement from prev Qtr	↔
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Target Risk



Target Reduction Date	N/A
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Risk Owner(s)

- Sarah McGill**
- Claire Marchant**
- Councillor Huw Thomas**
Leader
- Councillor Susan Elsmore**
Social Care, Health & Well-being
- Councillor Graham Hinchey**
Children & Families
- Councillor Chris Weaver**
Finance, Modernisation and Performance

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial
- Partnership
- Community & Environment
- Stakeholder

Linked Risks

- Increase in Demand (Children's Services)
- Workforce - Social Services

What we plan to do to meet target

- (Relevant DDP 2019/20 actions noted in brackets.)
- Implementation of revised Corporate Safeguarding Policy and action plan arising from internal audit of corporate safeguarding (CP 19 - SS).
 - Additional investment in corporate safeguarding to address recommendations from internal audit report.
 - Exploitation Strategy being developed to cover wider exploitation issues, including adults, in a multi agency way (CP 20 - SS).
 - Ensure children and adults are protected from risk of harm and abuse by raising awareness among public and professionals for the duration of the plan (DP 18 - SS).
 - Embed the Quality Assurance Framework in Adult and Children's Services (DP 19 - SS).
 - Process and escalation procedures agreed for children's work, to be agreed with adults (DP 30 - AS).
 - Implement new arrangements within the Multi Agency Safeguarding Hub (MASH) to take account of the new Early Help Service (CP 21 - CS).
 - Surveys to be undertaken with staff, children and families / carers to determine what has / has not worked well during the crisis and how we can use this experience to shape services going forward, e.g. use of technology.

What we've done/are currently doing to achieve the Residual Risk Rating

- Regional Adults / Children's Safeguarding Board.
- Cardiff local operational safeguarding group established to support effective multi-agency safeguarding arrangements across the City, reporting to the Regional Safeguarding Board.
- Corporate Safeguarding Board chaired at Director level with each Directorate completing a self assessment in relation to safeguarding.
- Safeguarding issues included in Senior Management Assurance Statement from 2019/20.
- Delivering Excellence for Children Steering Group chaired by Chief Executive established to oversee performance to improve outcomes for Cardiff's most vulnerable children.
- Operational Manager Safeguarding Forum meets quarterly.
- Systems in place to learn lessons from and address recommendations from Child Practice Reviews, Adult Practice Reviews and multi agency practitioner forums.
- Monthly quality and performance review across all areas of Social Services.
- SBAR system implementation to understand and address significant risks, including safeguarding risks, in Social Services.
- Recruitment and retention strategy in place to address children's workforce issues.
- Action plan being delivered to address high caseloads in Children's Services.
- Refreshed Signs of Safety action plan in place.
- Ongoing implementation of the Child Sexual Exploitation Strategy.
- Raising profile of Adult Sexual Exploitation (ASE) in Adult Services in line with the Child Sexual Exploitation (CSE) Strategy.
- Embedded Social Services and Well-being (Wales) Act 2014 in relation to strengthening of adult safeguarding.
- Review of adult safeguarding undertaken and management strengthened - adult safeguarding improvement plan developed.
- Safeguarding Self Assessments completed.
- Regular performance monitoring meetings with Children's and Adult Social Services.
- Overarching Quality Assurance Framework under development.
- All Wales Safeguarding Procedures launched
- Communication with partners and public to ensure they are aware of how to contact Children's Services during the crisis.
- Risk rated all cases and included contingency plans on file.
- New duty system implemented.
- Face to face visits conducted where absolutely necessary throughout crisis.
- All children on the Child Protection Register received a face to face visit by 7th May with plan in place to extend to other children prioritising those at highest risk.
- Contact ongoing with all children and families on a virtual basis.
- High risk panel Terms of Reference reviewed with partners.
- Priority safeguarding activity continues with partners – joint management and response to risks - agile decision making through Bronze & Silver.
- OMs have oversight of all high risk cases and share decision making responsibility.
- Regular communication with staff.
- Procedures updated and shared in response to COVID-19 crisis.
- Education provision secured for high risk children throughout the COVID-19 crisis.
- Working hours flexible to meet service and personal needs.

Key Indicators / Measures used to monitor the risk

- Adult Services: SSWB 18 Percentage of adult protection enquiries completed within 7 working days
- Children's Services: SSWB 24 Percentage of assessments completed for children within statutory timescales
- SCC.014 Percentage of initial child protection conferences carried out within statutory timescales during the year
- SCC.034 Percentage of child protection reviews carried out within statutory timescales during the year
- SSWB 27 Percentage of re-registrations of children on local authority Child Protection Registers
- SSWB 28 Average length of time for all children who were on the CPR during the year
- Res 15 - Percentage of Council staff completing Safeguarding Awareness Training
- Under development - Part IV Referrals
- Under development - Professional concerns
- Under development - Escalating concerns

Delivering Capital Ambition Programme

Description

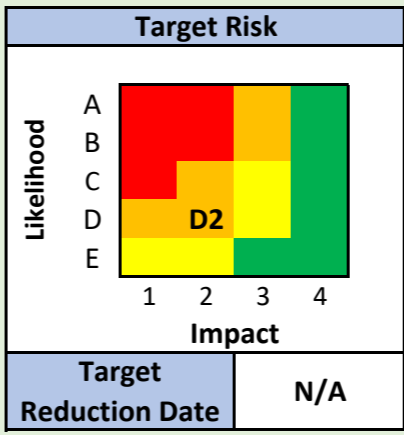
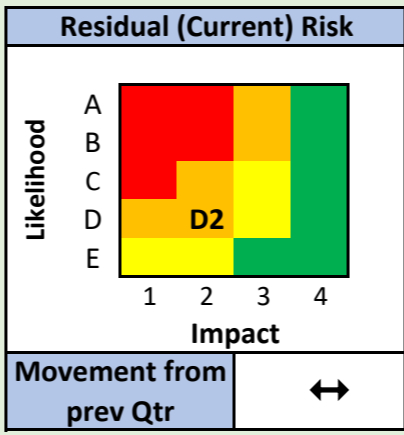
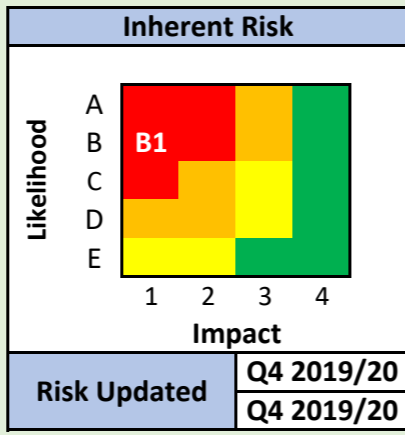
Projects within the Programme fail to deliver the change required to ensure the implementation of the Administration's agenda and to refocus services to meet the challenges faced by the Council and the city's wider public services.

Potential Impact(s)

- Failure to deliver the Administration's Capital Ambition statement.
- Failure to respond to the key financial and organisational challenges that dominate the medium term planning horizon of the Council.
- Vital services will not be protected if we fail to find more efficient ways of working.
- Reputational impact if services do not meet increasing customer expectations.
- Public services are not delivered efficiently or effectively and fail to deliver joined up services to the public.
- Lack of a programme management approach to the delivery of these significant projects will result in lack of governance and failure to report project progress to relevant stakeholders in a timely manner.
- Reputational risk with our external regulators if the CADP is not delivering on time and does not have robust governance arrangements in place.

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial



Risk Owner(s)

Chris Lee
(Dean Thomas)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- Governance arrangements established and led by the Chief Executive. The Modernisation component of the Capital Ambition Delivery Programme is led by the Corporate Director Resources; and the Resilient Services component is led by the Corporate Director People and Communities.
- Disciplined approach, where risk assessment forms an integral part of the approach to change.
- Programmes and projects initiated with dedicated resources.
- Experienced gained by managing programmes and projects over a number of years, building on lessons learned.
- An extensive training programme for the Capital Ambition Delivery Team was undertaken during 2017/18 to ensure both project management and business analyst's skills and knowledge are enhanced.
- Building capacity and capability across the organisation through development opportunities and skills transfer.
- Appropriate engagement and stakeholder management, including Trade Union meetings and updates for PRAP, Scrutiny and Internal Audit.
- Continued implementation of Programme & Project Management Database to enhance management information and reporting. Investment Review Board review/approve Business Cases and prioritise resources.
- SMT acts as the Sponsoring Group and receives regular updates on programme and project progress. All Programme Briefs are submitted to SMT for discussion prior to them being signed off at the relevant programme board.
- All Programme Briefs have been signed off by SMT and the relevant programme boards.
- Project briefs have been developed for a number of projects within the CADP.
- Effective governance arrangements are now in place for the CADP. These arrangements are continually monitored and refined as and when required.

What we plan to do to meet target

- Capital Ambition was refreshed in January 2020. As part of this, the CADP was closed, although projects within the programme continue to be delivered by the relevant service areas with governance arrangements in place.

Linked Risks

Key Indicators / Measures used to monitor the risk

No key metrics/indicators but robust governance arrangements are in place to monitor the CADP.

Legal Compliance

Description

Changes in services and staff roles across the Council resulting in:

- gaps in Council wide knowledge of the local authority framework of responsibilities and duties within which we have to operate;
- inability to deliver the services in accordance with all duties and responsibilities due to lack of resource:

In each case leading to increased risk of challenges.

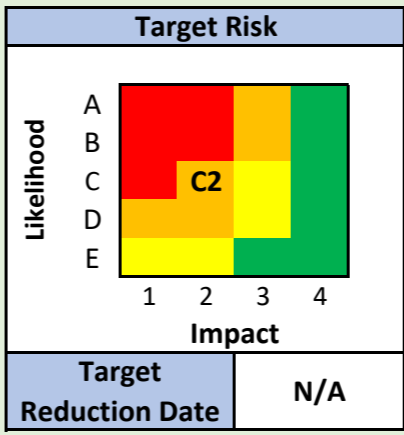
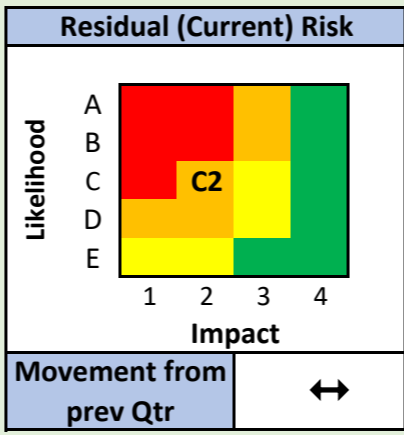
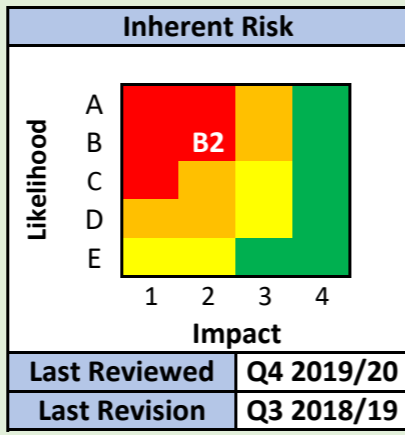
Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.

Potential Impact(s)

- Increase in number of challenges and complaints with consequences in terms of already stretched resources and impact of adverse decisions
- Implementation of decisions delayed due to challenges and potentially fatally disrupted
- Impact on projects if reputation for sound management and implementation of projects is damaged
- Major incident
- Adverse press/media reaction
- Involvement from Welsh Government in terms of performance standards or measures
- Increased costs
- Impact on capacity to deal with proactive legal work

Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial



Risk Owner(s)

Davina Fiore

Councillor Huw Thomas
Leader

What we've done/are currently doing to achieve the Residual Risk Rating

- Professional internal legal and financial advice provided to a high standard
- Maintaining robust decision making process with legal implications on all Council, Cabinet and Committee reports and Officer Decision Reports at Director level
- Appropriate use of NPS Legal Services by Solicitors Framework to increase resilience
- Dedicated teams in specialist areas e.g. equalities, FOI / DPA
- Sharing training/publications received

What we plan to do to meet target

- Further development of standard precedents with guidance for use in cases of low value/low risk/repetitive matters
- Provide legal training to Directorates to develop knowledge within Directorates of specific statutory functions.
- Encourage Directorates to ensure reports are discussed at preliminary stage in development to ensure all legal issues are addressed early

Linked Risks

Key Indicators / Measures used to monitor the risk

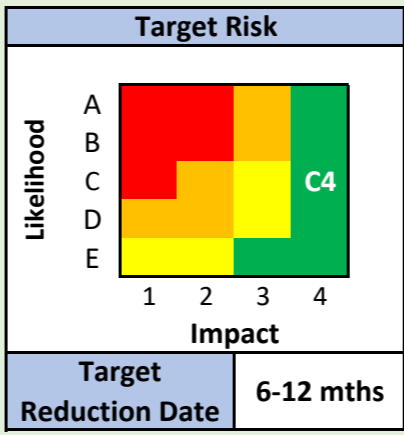
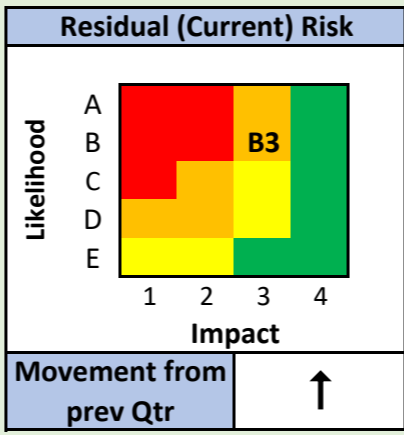
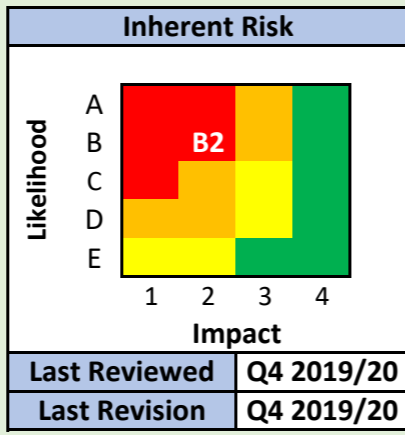
Education Consortium & Attainment

Description

The Central South Consortium does not deliver effective services that challenge and support Cardiff schools to improve - the CSC model will need to be adapted to meet the emerging needs of education reform in Wales, including the new curriculum and accountability and assessment changes.

- Potential Impact(s)**
- Learners do not reach their full potential
 - Schools are not supported to improve
 - Schools are not able to deliver the new curriculum
 - Educational performance does not improve
 - Impact on Estyn judgements
 - Value for money - CSC
 - Budget implications
 - Intervention from WG

- Type(s) of Impact**
- Reputational
 - Legal
 - Financial



Risk Owner(s)

Nick Batchelar

Councillor Sarah Merry
Deputy Leader &
Education, Employment & Skills

What we've done/are currently doing to achieve the Residual Risk Rating

- Results for 2018/19 show that Cardiff schools are performing well across a wide range of performance indicators at all Key Stages.
- Outcomes of Estyn inspections and Categorisation outcomes have also improved.
- Cardiff schools are working with CSC on the development and implementation of the new curriculum for Wales.
- The Local Authority has strong working relationships with the Senior Primary, Secondary and Special School Challenge Advisers, and systems and processes to secure improved joint service delivery have been put in place.
- In 2018/19, the constituent Councils commissioned an external review of the CSC.

What we plan to do to meet target

- The Joint Committee of CSC will determine what follow up actions should be taken in light of any recommendations from the report on the external review.

Linked Risks

Key Indicators / Measures used to monitor the risk

KS4 2018/19 School Performance, Outcomes from Estyn Inspections up to 2020.

Performance Management

Description

Performance Management arrangements are essential for discharging statutory requirements, delivering the administration's priorities and ensuring Council core business is delivered effectively. Weak corporate performance management arrangements heighten the risk of poor performance, service failure, financial overspend or legal non-compliance going unidentified, unchallenged and unresolved.

The Council must therefore maintain a focus on the Key Performance Indicators it has identified within the Corporate Plan as a pointer to overall organisational success. The Council must also ensure that more granular indicators of performance- the Council's Core Data which is managed by individual Directorates- are established and monitored to provide more detailed insight into the drivers of corporate performance.

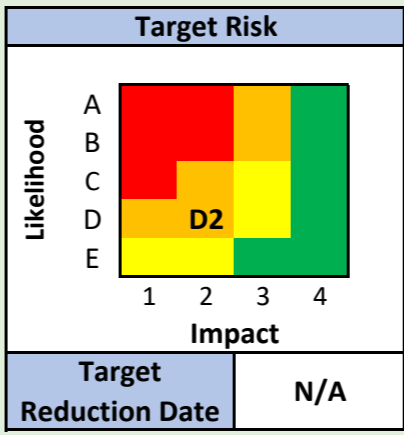
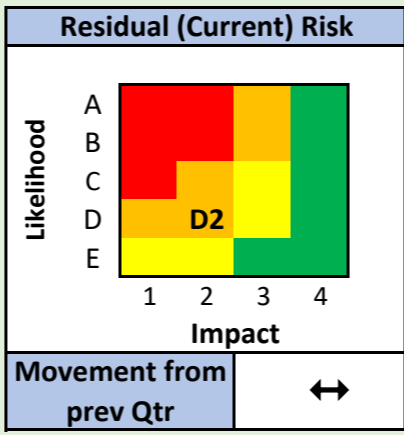
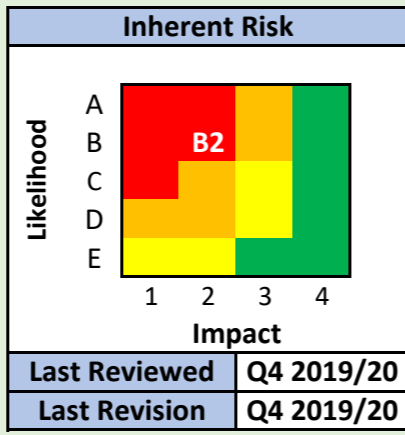
Changes to the Statutory Performance Requirements likely to emerge via the Local Government Bill must also be reflected within the Council's performance regime.

Potential Impact(s)

- The strategic and corporate level changes do not have the intended impact because they are not fully embedded in operational practices
- Council unable to accelerate performance improvement as planned/desired

Type(s) of Impact

- Service Delivery
- Reputational
- Stakeholder



Risk Owner(s)

Sarah McGill
(Gareth Newell)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

Further Strengthening of the Performance Regime

The Council has reviewed its performance monitoring and reporting arrangements to streamline the information gathering process and produce fewer but more strategic performance assessments.

Further to this, the recently published Local Government & Elections Bill includes provisions to repeal the statutory performance requirements as set out in the Local Government (Wales) Measure 2009 and introduces new performance requirements in their place. The Council's Planning and Delivery Framework will be further reviewed in view of the emerging requirements and a formal report will be brought forward to set out the Council's response.

Normal performance management arrangements have been suspended given the unprecedented demands on the organisation and the need to focus on delivering essential services. A comprehensive Covid-19 performance system and dashboard has been developed to support the Council monitor national, regional and operational data as it manages the response to the pandemic. This information has supported emergency responses, crisis management and the design of new service design in a number of areas.

Due to the ongoing Covid-19 response, quarter 4 performance reporting has been suspended. However, the Council has received notification from the Future Generations Commissioner that the statutory requirement for Local Authorities to produce an annual well-being report, detailing performance against its well-being objectives within its Corporate Plan for the year 2019-20 is still required. The statutory deadline for this report is 31st October each year, and it is intended that the report will meet this deadline, utilising quarter 4 performance information that will be collected as circumstances allow.

The Council has also received notification from Data Cymru that the submission of data for Public Accountability Measures for the year 2019/20 will not be requested and revised guidance will not be issued at this time. However, the Council needs to remain mindful of potential data gaps and as far as possible, this information will be requested retrospectively.

What we plan to do to meet target

- Publish Quarter 4 Performance information as part of the statutory end of year review of performance
- Develop an updated Planning and Delivery Framework that responds to the new requirements set out in the Local Government and Elections Bill and the recommendations of the internal audit work published in March 2020.Q17

Linked Risks

Key Indicators / Measures used to monitor the risk

Quarterly monitoring of corporate plan indicators (108) provide a pointer to organisational health and corporate performance. Corporate Plan indicators are also risk assessed as part of the performance monitoring process.

Fraud, Bribery & Corruption

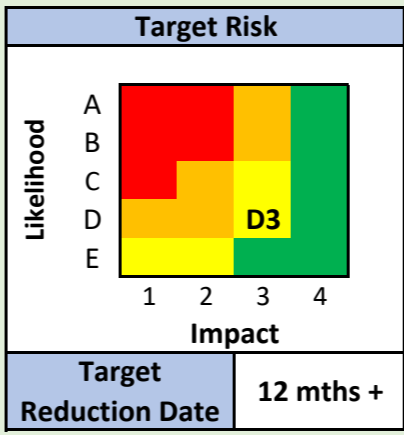
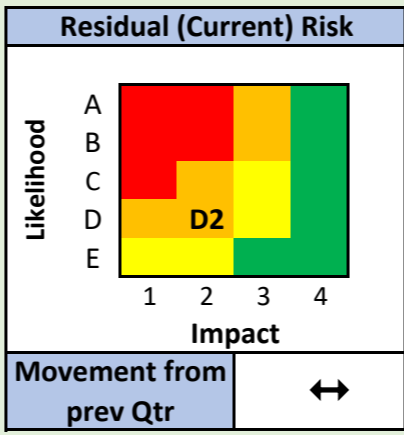
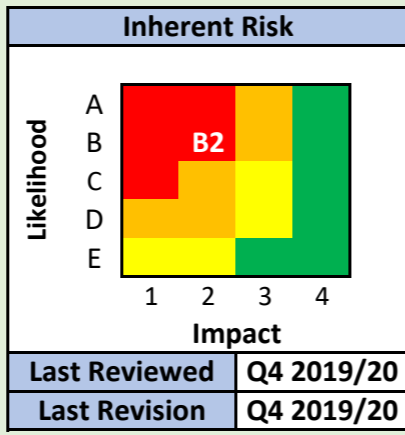
Description
 Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.

Potential Impact(s)

- Increase in frauds and losses to the Council
- Reputational risk as more frauds are reported
- Increased time investigating suspected fraud cases impacting on capacity

Type(s) of Impact

<ul style="list-style-type: none"> • Service Delivery • Reputational • Legal • Financial 	<ul style="list-style-type: none"> • Stakeholder
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Risk Owner(s)

<p>Chris Lee (Ian Allwood)</p>	<p>Councillor Chris Weaver Finance, Modernisation and Performance</p>
-------------------------------------------	----------------------------------------------------------------------------------

What we've done/are currently doing to achieve the Residual Risk Rating

- The Council communicates a zero tolerance approach to fraud, bribery and corruption.
- Regular review of relevant policies and procedures e.g. the Fraud, Bribery and Corruption Policy, Money Laundering Policy and Disciplinary Policy.
- Financial Procedure Rules and Contract Standing Orders and Procurement Rules and training.
- National Fraud Initiative data matching exercises in collaboration with the Cabinet Office and Wales Audit Office.
- Receipt and dissemination of fraud intelligence alerts from law enforcement agencies.
- Regular reports to the Section 151 Officer and Audit Committee and the Chief Executive.
- Audit Committee review of the risk management, internal control and corporate governance arrangements of the authority.
- Independent assurance from Internal and External Audit on the effectiveness of governance, risk and control.
- Ongoing delivery of briefings to Schools on fraud and control risks.
- Cardiff Manager Programme includes session on risk management and compliance / control.
- Provision of disciplinary management information on DigiGOV.
- Mandatory disciplinary e-learning module for all managers to complete and a programme of mandatory e-learning modules and face-to-face training for Disciplinary Hearing Chairs, Investigating Officers and Presenting Officers.
- A Fraud Publicity Strategy is in place, to publicise the Council's approach to counter fraud work / sanction activity and explain the roles and responsibilities of key parties.
- Counter-Fraud and Corruption Strategy approved by Cabinet in July, and associated Fraud Awareness eLearning was rolled out to all pc users commencing July 2019.
- Face-to-Face Fraud Awareness training delivered to officers and headteachers in quarter 3 and school governors in quarter 4 2019/20.
- Participation in International Fraud Awareness week in November 2019, and annual commitment to participate going forward.
- Investigation Team participation in SMAS triangulation exercise, commenced in quarter 3 2019/20.
- Investigation Team provision of investigation and counter-fraud advice, guidance and support to Directorates as required.

What we plan to do to meet target

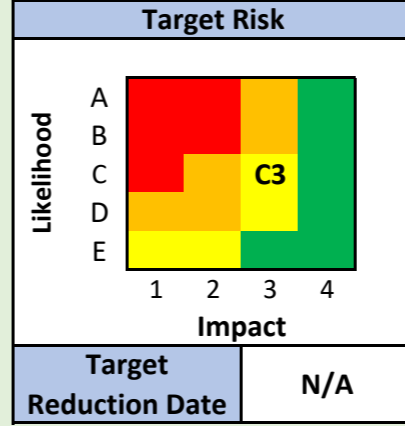
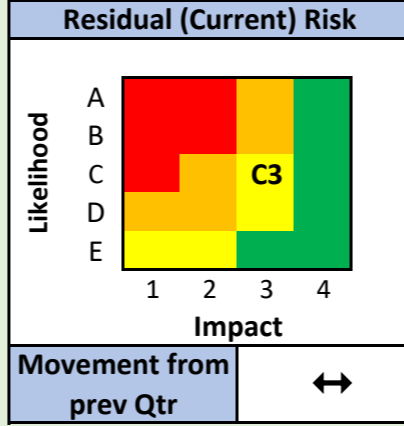
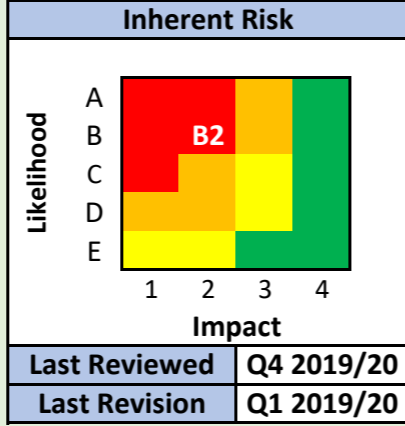
- Money laundering policy developed and in a process of internal review.
- Monitoring employees at work policy including process for undertaking online investigations being reviewed.
- Monitoring and reporting completion rates of mandatory fraud awareness training.

Key Indicators / Measures used to monitor the risk

- Adherence to the NFI Security Policy and annual completion of compliance forms
- Mandatory Fraud Awareness eLearning completion and face-to-face attendance rates
- Delivery of Fraud Awareness week campaign
- Delivery of Policy updates
- Delivery of mandatory investigating officer training and the note taker training
- Criminal investigations conducted on behalf of Directorates
- Provision of timely investigation and counter-fraud advice, guidance and support to Directorates as required

Workforce Planning

Description
 Importance of forecasting and planning to build capability and capacity for the future is not fully recognised and embedded.



Risk Owner(s)

Chris Lee
(Philip Lenz)

Councillor Chris Weaver
Finance, Modernisation and Performance

What we've done/are currently doing to achieve the Residual Risk Rating

- Workforce Strategy developed and agreed by Cabinet in April 2015 and programme developed to encompass a number of projects relating to the requirements around this risk, including Workforce planning, Learning & Development, PPDR review and Employee Voice.
- An updated Workforce Strategy for 2018-2021 was developed and agreed by Cabinet in July 2018.
- The Workforce planning project has a completed project brief identifying a number of key outputs
- Workforce planning dashboard data provided to each Directorate to inform Directorate Delivery Planning discussions and development.
- Research and benchmarking undertaken to help inform WFP approach going forward; including – attendance at WLGA – Work Force Planning Wales event - LGA/ Skills for Local Government hosted COP event.
- HR working with Directorates where required, to help identify appropriate strategies to support their WFP agenda.
- Children’s Services have developed a Workforce Strategy for their area which is being reviewed on a regular basis.
- Resources have held a workshop which focussed on Professional and Technical areas to inform the key skills required for the Directorate going forward.
- Work has taken place with Cardiff and Vale College to roll out an Essential Skills diagnostic tool to frontline employees through Commercial Services
- A programme of NVQ study is being discussed within Street Scene services to enhance employees development.
- Employee surveys carried out to identify areas where further employee engagement / development can be focused.
- Work has been carried out with WLGA and WAO to look at a Wales wide workforce planning process for use within Local Authorities.
- Project brief for Workforce Planning provides full details of milestones and implementation dates.
- A review of the courses provided by the Cardiff Academy has taken place to ensure that these meet the skills requirements for the future.
- Workforce planning now embedded into the corporate planning process
- All Directorates completed workforce plans by December 2018 and are now working on the actions therein.
- A corporate process is in place for workforce plans to be updated by end of June each year as part of the business planning process
- The workforce plans forecast and plan to build capacity and capability for future requirements and the process is now embedded into the corporate planning process

What we plan to do to meet target

- The Council is reviewing its resourcing strategies to ensure that it is a considered employer for young people leaving school, college and universities
- As part of the Workforce Strategy Cabinet report, recruitment advertising to be reviewed and processes put in place to ensure that adverts are reaching hard to reach groups
- Work is taking place to identify areas where the employee group is not representative of the communities and actions identified of what could be done to improve this
- Actions being taken to improve the accessibility to Welsh language either through the recruitment process or through the training and development of current employees
- Development to take place of a corporately agreed skills set for the future delivery of services so that all employees and posts can be measured against this skill set to identify learning and development gaps

Potential Impact(s)

- Poor service delivery due to ineffective use of resources
- Lack of resources with the knowledge and skills the Council requires for future delivery
- Loss of resources and recruitment problems
- Poor morale
- Loss of experienced staff members including managers
- Reduce the likelihood of attracting high calibre managers to Cardiff Council
- Risk of not meeting statutory and legislative requirements in relation to specific workforce requirement e.g. social care
- Risk of workforce not representing the communities to which services are delivered

Type(s) of Impact

- Service Delivery
- Reputational
- Financial
- Stakeholder

Linked Risks

Key Indicators / Measures used to monitor the risk

Mae'r dudalen hon yn wag yn fwiadol

2020 Audit Plan – Cardiff Council

Audit year: 2019-20

Date issued: July 2020

Document reference: 1789A2020-21

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2020 Audit Plan

Our duties

- 1 We complete work each year to meet the following duties.

Audit of financial statements

- 2 Each year we audit Cardiff Council's (Council) and the County Council of the City and Council of Cardiff Group's (Group) financial statements to make sure that public money is being properly accounted for.

Value for money

- 3 The Council has to put in place arrangements to get value for money for the resources it uses, and we have to be satisfied that it has done this.

Continuous improvement

- 4 The Council also has to put in place arrangements to make continuous improvements and we check if it has done this.

Sustainable development principle

- 5 Public bodies need to make sure that when making decisions they consider the impact they could have on people living in Wales now and in the future. We have to assess the extent to which they are doing this.

Impact of COVID-19

- 6 The COVID-19 national emergency has had an unprecedented impact on the UK and will significantly impact on local authorities' preparation of the 2019-20 accounts and our audit work, both financial audit and performance audit.
- 7 Due to the UK Government's restrictions on movement and anticipated sickness absence levels, we understand that many local authorities will not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of the Auditor General's statutory responsibilities, our priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 8 In response to the government advice and subsequent restrictions, we have ceased all on site work at audited bodies and our own offices. Audit Wales staff are working from home and we will continue to make whatever progress we can whilst working and engaging with you remotely.
- 9 Consequently, this audit plan does not include any details in relation to completion of our audit work. We will agree a timetable with the authority once the current

national emergency situation is over and the authority is in a position to prepare its accounts.

- 10 We commit to ensuring that our audit work will not have a detrimental impact on you at a time when public bodies are stretched and focused on more important matters.

Audit of financial statements

- 11 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness':

- we plan to give an opinion on the Council's and the Group's financial statements.
- assess whether the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance.

We also review whether they were are consistent with the financial statements prepared by the Council and with our knowledge of the Council.

- 12 In addition to our responsibilities for auditing the Council's financial statements, we also have responsibility for:

- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
- auditing Cardiff and the Vale of Glamorgan's pension fund accounts (a separate audit plan has been prepared for the audit of the pension fund);
- the audit of the following:
 - Cardiff Harbour Authority;
 - Cardiff Port Health Authority;
 - Glamorgan Archives Joint Committee;
 - Prosiect Gwyrdd Joint Committee; and
- the certification of a number of grant claims and returns as agreed with the funding bodies.

- 13 There have been no limitations imposed on me in planning the scope of this audit.

- 14 Further information about our work is provided in our Statement of Responsibilities, which is available on our website (www.audit.wales).

Financial Statement Audit Risks

15 The following table sets out the significant risks I have identified for the audit of the Council.

Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
<p>Risk of management override</p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>Contingent Liabilities</p> <p>As reported in the 2017-18 & 2018-19 financial statements, the Council is in ongoing discussions with HMRC, with a view to resolving a purportedly under-declared landfill tax assessment from 1 April 2015. This is a specialised and technical matter.</p> <p>Our discussions with management during 2019-20 have confirmed that the investigation remains ongoing and the financial impact of any potential liability is unconfirmed.</p> <p>Due to the ongoing nature of this matter, there is a risk that the Council will need to account for additional liabilities which will need to be correctly disclosed in the financial statements.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • continue to meet with management to obtain updates on the status of the investigation; • review correspondence with HMRC and any key documents arising from its investigation process; and • ensure that any known or potential liabilities as at 31 March 2020, are appropriately accounted for and disclosed within the Council's financial statements.

Audit risk	Proposed audit response
Significant risks	
<p>Impact of COVID-19</p> <p>The COVID-19 national emergency is likely to have a significant impact on the Council and its accounts production process. Potential risks include:</p> <ul style="list-style-type: none"> • subsequent events. It's possible that the Council may not be able to prepare its accounts in accordance with the timetable laid down by the Accounts and Audit (Wales) Regulations 2014. The shifting reporting deadlines increases the period (and therefore the related risks) for events occurring between the date of the financial statements and the date of the auditor's report. The consequences of the virus post 31 March 2020 will generally be non-adjusting post balance sheet events, but some form of disclosure may be needed. • use of estimates. The uncertainties and delays caused by the UK-wide lockdown may result in actual data being unavailable and greater use of estimates in preparing the accounts. 	<p>My audit team will undertake the following steps to ensure the risks arising from COVID-19 are adequately addressed:</p> <ul style="list-style-type: none"> • we will extend the period of review of subsequent events in order to identify any material subsequent events related to COVID-19, and whether these have been appropriately addressed or disclosed in the financial statements in accordance with the financial reporting framework; • we will consider if there are areas that may require management to provide further evidence due to the fast-changing nature of this issue; • we will discuss with you the key assumptions and evidence bases underlying estimates and will do this at an early stage; and • we will adopt a greater focus on the following areas: <ul style="list-style-type: none"> – the financial statement closing process (in particular journal entries and other adjustments made); and – the auditor's evaluation of the overall presentation of the financial statements, including consideration of whether adequate disclosures have been made.
<p>IAS19 pension liabilities</p> <p>The Council's actuary is likely to use 31 December / 29 February investment values for the purpose of calculating 31 March net pension liabilities.</p> <p>The crisis in the financial markets may have had a significant impact upon Fund assets at the balance sheet date.</p>	<p>My audit work will consider:</p> <ul style="list-style-type: none"> • the basis for the valuation of pension fund assets and liabilities; and • actuarial assumptions that underpin the IAS19 valuations. <p>Our audit process includes the use of a consulting actuary to provide audit assurance over the methodology and</p>

Audit risk	Proposed audit response
Significant risks	
<p>Therefore, there is a risk that pension liabilities may be materially understated.</p>	<p>assumptions used by actuaries in providing the date for IAS19 disclosures. We will review your actuary's IAS19 reports and our consulting actuary's assessment and discuss any concerns with you at an early stage.</p>
<p>McCloud judgement In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges' and firefighters' schemes, as part of the reforms, amounted to unlawful discrimination. On 15 July 2019, the Government announced that they accept that the judgment applies to all of the main public service pension schemes. The impact of the judgement is likely to have a significant impact on the IAS19 disclosed liabilities.</p>	<p>My audit team will review the provision made in relation to the McCloud judgement and monitor progress on the development of proposals for a remedy to be applied in the Local Government pensions scheme.</p>
Other Areas of audit attention	
<p>During the year the Council has revised the methodology it uses for calculating the Minimum Revenue Provision (MRP) which is likely to improve the outturn in the Comprehensive Income and Expenditure Account. There is a risk that the revised methodology may not be appropriate or is not in line with Welsh Government guidance.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • review the revised methodology to ensure it is appropriate and compliant with the Welsh Government guidance; and • ensure the revised methodology is accurately applied.

- 16 You will be aware that the CIPFA/LASAAC Code Board recently considered a proposed Code Update 2019-20 that would have disapplied large parts of the 2019-20 Code. After discussion, the CIPFA/LASAAC Code Board decided not to adopt the proposed Code Update. Therefore, the 2019-20 Code (the Code) will apply in full for this year. We understand that the Council is working towards preparing accounts in accordance with the full Code.
- 17 For information, the introduction of IFRS 16 Leases has been deferred until 2021-22 due to COVID-19. There is considerable work required to identify leases and the COVID-19 national emergency may pose implementation risks. We will continue to work with the Authority in respect of its preparedness.

Performance audit

- 18 In addition to our Audit of Financial Statements we also carry out a programme of performance audit work to discharge the Auditor General's duties set out on **page 4** in relation to value for money, continuous improvement and sustainable development. For 2020-21 this work is set out below.

Exhibit 2: Performance Audit Programme 2020-21

This table summarises the performance audit programme for 2020-21

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examination	A project common to all local councils that will focus on the theme of 'prevention'.
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.
Financial Sustainability	Building on work undertaken during 2019-20, a project common to all local

Performance audit programme	Brief description
	councils that will assess financial sustainability in light of current and anticipated future challenges.
Workforce modernisation and digital agenda	We will discuss the scope of this project with the Council's officers.

- 19 On 18 March 2020, the Auditor General wrote to the Chief Executive explaining that, following Government guidance, he had decided to suspend all on-site performance audit work with immediate effect. We will make as much progress as possible with these activities by working remotely, if appropriate. However, the COVID-19 outbreak will have an inevitable impact on the delivery of our programme of performance audit work. We are keeping this under ongoing review and will communicate further information regarding the above programme of work (including the timings and the likely outputs) when more is known about the duration of the COVID-19 restrictions and the wider impact of the outbreak on the sector.

Certification of grant claims and returns

- 20 I have been requested to undertake certification work on the Council's grant claims and returns.
- 21 As was the case last year, the Welsh Government will not require me to provide any report of factual findings related to any activity levels or outcomes. The number of grant claims that are required to be audited by the Welsh Government for 2019-2020, are less than in previous years.
- 22 My audit fee for this work is set out in **Exhibit 3**.

Accounts and Audit (Wales) Regulations 2014

- 23 In respect of our accounts work, we are aware that there may be difficulties in meeting the accounts preparation and publication dates set by the Accounts and Audit (Wales) Regulations 2014. Welsh Government have indicated that the Regulations will not be amended as they already provide sufficient flexibility to deal with any delays resulting from COVID-19.
- 24 The Regulations require the publication of a notice where the authority does not expect to achieve the dates specified by the Regulations. I have included further detail in **Appendix A** and example notices in **Appendix B** that the Authority may wish to consider using should the need arise.

- 25 The requirements for the exercise of electors' rights under the Public Audit (Wales) Act 2004 continue to apply. This presents some practical difficulties while lockdown restrictions still apply, eg public access to the authority's accounting records.
- 26 My audit team will discuss with you an appropriate timetable for public inspection when we have a clear idea of the date on which the accounts will be available and when lockdown restrictions have been sufficiently relaxed.
- 27 The audit notice required for the exercise of electors' rights under the Public Audit (Wales) Act 2004 should not be published until the current restrictions of movement are lifted
- 28 The audit team will issue an audit notice in due course setting out the appointed date.
- 29 This may mean that there is a delay before we can issue our audit opinion.

Fee, audit team and timetable

- 30 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed following the end of the COVID-19 national emergency, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 31 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

- 32 Your estimated fee for 2020 is set out in **Exhibit 3**. There have been some small changes to my fees rates for 2019, however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you. This year's fee represents a 3.1% decrease from your 2019 fee, primarily as a result of fewer grant claims requiring an audit.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2020, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	273,664	273,664
Performance audit work ³	108,470	108,647*
Grant certification work ⁴	50,000	64,091
Other financial audit work⁵		
Cardiff Harbour Authority	13,650	13,650
Cardiff Port Health Authority	2,100	2,100
Glamorgan Archives Joint Committee	2,100	2,100
Prosiect Gwyrdd Joint Committee	2,100	2,100
Total fee	452,084	466,352

*This is the estimated figure set out in our 2019 Audit Plan. Due to the COVID-19 outbreak, we have not yet completed our 2019-20 performance audit work, so are unable to provide an actual fee at this stage.

- 33 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 34 Further information on my [fee scales and fee setting](#) can be found on our website.

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you

² Payable November 2019 to October 2020.

³ Payable April 2020 to March 2021

⁴ Payable as work is undertaken

⁵ Payable November 2019 to October 2020]

Audit team

35 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

Exhibit 4: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Ann-Marie Harkin	Engagement Director / Engagement Lead – Financial Audit	02920 320562	ann-marie.harkin@audit.wales
Huw Rees	Engagement Lead – Performance Audit	02920 320599	huw.rees@audit.wales
Phil Pugh	Audit Manager (Financial Audit)	07964 118615	phil.pugh@audit.wales
Steven Stark	Audit Lead (Financial Audit)	07590 586895	steve.stark@audit.wales
Sara-Jane Byrne	Audit Manager (Performance Audit)	07786 111385	sara-jane.byrne@audit.wales
Samantha Clements	Audit Lead (Performance Audit)	07837 825175	samantha.clements@audit.wales

Timetable

36 We will continue to undertake such remote work as is possible during the COVID-19 national emergency. However, as set out above, we will not be in a position to agree a timetable with you until the COVID-19 national emergency has passed. We will continue to work as flexibly as we can and are supportive of 'extending' the accounts window where required. Based on our recent discussions with the Director of Corporate Resources we understand that the Council

anticipates producing the draft financial statements in line with the statutory deadline of 15 June 2020.

- 37 We will report on a timetable for our audit work in due course.
- 38 There is one potential conflict of interest that I wish to bring to your attention. The Financial Audit Manager is a former colleague and friend of the Council's Operational Manager for Information Governance, Transactional Finance and Programme Management within the Resources Directorate. I can confirm that, with the exception of the above, all other members of my team are independent of the Council and your officers. I can also confirm that I have introduced appropriate arrangements to ensure that my officer referred to above does not undertake any audit work in respect of the area of the Council's operations where potential conflicts of interest could be perceived to exist.

Staff secondment

- 39 A trainee accountant employed by Audit Wales was on secondment to the Council for the period 3 January to 30 June 2019. This secondment was part of an initiative funded by the Welsh Consolidated Fund designed to allow trainee accountants to broaden their skills and to gain experience of working across different parts of the Welsh public sector.
- 40 In order to safeguard against any potential threats to auditor independence and objectivity, the following restrictions applied in line with the FRC's Revised Ethical Standard 2019:
- the secondee did not undertake any line management or management responsibilities; and
 - the secondment did not exceed six months.

Appendix A: Requirements of the Accounts and Audit (Wales) Regulations 2014

You may be aware that in England, the Local Government Secretary Robert Jenrick MP announced that the deadline for preparation of local government accounts will be extended to 31 August 2020 and publication of audited accounts to 30 November.

Audit Wales discussed this development with Welsh Government officials to establish if a similar announcement will be made for Wales. The Welsh Government position (as communicated to local government bodies) is currently as set out below.

Statutory requirements

The statutory position for local government bodies in Wales is set out in the Accounts and Audit (Wales) Regulations 2014 (as amended).

Welsh Government interpretation

Regulation 10 sets out the expected timetable for the preparation, approval and audit of the annual accounts. Due to the impact of COVID-19, Welsh Government recognises that it may not be possible for all local government bodies to meet this timetable. Regulation 10(4) provides local government bodies with sufficient flexibility to deal with delays caused by COVID-19. Its guidance on the Regulations, notes that:

“Where, extraordinarily, certification cannot happen before 15 June, action needs to be taken to publish a statement that clearly sets out the reasons why this has not happened before that date and agree a course of action to ensure this is done as soon as is practicable after 15 June.”

The guidance also notes that the accounts should be published by 15 September even if the accounts have not been approved.

On the basis that sufficient flexibility is built into the current Regulations, Welsh Government does not consider it necessary to amend the Regulations.

Audit Wales view and impact on the audit process

Audit Wales concurs with the Welsh Government assessment that sufficient flexibility already exists in the Regulations.

In the event that the accounts are not prepared by the statutory timetable, audited bodies should notify their audit team and publish a notice setting out there is a delay and the reason for the delay. Example wording is provided in **Appendix B**.

Appendix B: Accounts and Audit (Wales) Regulations 2014 – suggested notice

Audit notice where RFO unable to certify the accounts either due to illness or because the accounts have not been prepared

Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that Responsible Financial Officer of [name of body] sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year. The Regulations required that this be completed by 15 June 2020.

The Responsible Financial Officer has not signed and certified the accounts for the year ended 31 March 2020. Due to the COVID-19 outbreak, the authority has diverted resources to support key frontline services and the statement of accounts has not yet been prepared. The statement of accounts will be prepared and the Responsible Financial Officer will sign and certify the statement of accounts when the immediate pressures of the COVID-19 outbreak have subsided.

Audit notice where RFO has certified the accounts but the audited body is not meeting and therefore unable to approve the accounts

Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that Responsible Financial Officer of [name of body] sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year. The Regulations required that this be completed by 15 June 2020.

[The Responsible Financial Officer signed and certified the accounts on [date].

Regulation 10(2) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that following the certification by the Responsible Financial Officer referred to above, [name of body] approve and publish the audited statement of accounts. The Regulations required that this be completed by 15 September 2020.

[Due to the COVID-19 outbreak, the statement of accounts has not yet been prepared.]

OR

[Due to the COVID-19 outbreak, [name of body] has not met to approve the statement of accounts.]

OR

[Due to the COVID-19 outbreak, the audit of the 2019-20 statement of accounts has not yet been completed and no audit opinion has been provided. The statement of accounts that is published is the unaudited statement of accounts.]



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Mae'r dudalen hon yn wag yn fwriadol

2020 Audit Plan – Cardiff and Vale of Glamorgan Pension Fund

Audit year: 2019-20

Date issued: July 2020

Document reference: 1798A2020-21

This document has been prepared as part of work performed/to be performed in accordance with statutory functions. Further information on this is provided in Appendix 1.

No responsibility is taken by the Auditor General, the staff of Audit Wales or auditors acting on behalf of the Auditor General in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, Audit Wales and, where applicable, the appointed auditor, are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Audit Wales at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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2020 Audit Plan

Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice to examine and certify whether Cardiff and Vale of Glamorgan Pension Fund's (the Pension Fund) accounting statements are 'true and fair'.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.

Impact of COVID-19

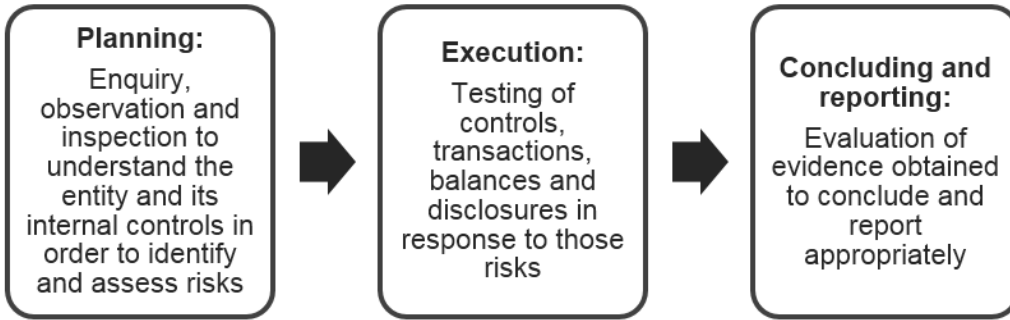
- 4 The COVID-19 national emergency has had an unprecedented impact on the UK and will significantly impact on public bodies' preparation of the 2019-20 accounts and our audit work.
- 5 Due to the UK Government's restrictions on movement and anticipated sickness absence levels, I understand that many bodies will not be able to prepare accounts in line with any previously agreed timetable. As well as the delivery of the Auditor General's statutory responsibilities, the priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 6 In response to the government advice and subsequent restrictions, Audit Wales staff have ceased all on site work at audited bodies and Audit Wales offices. Staff are working from home and will continue to make whatever progress they can whilst working and engaging with you remotely.
- 7 Consequently, this audit plan does not include any details in relation to completion of my audit work. My audit team will discuss a timetable with you once the current national emergency situation is over and the pension fund is in a position to prepare its accounts.
- 8 We commit to ensuring that my audit team's work will not have a detrimental impact on you at a time when public bodies are stretched and focused on more important matters.

Audit of Pension Fund accounts

- 9 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. My audit approach consists of three phases as set out in **Exhibit 1**.

Exhibit 1: my audit approach

This table summarises the three phases of my financial audit approach, being planning, testing and reporting.



10 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them. Also included are other key areas of audit attention my team will be focusing on.

Exhibit 2: Financial audit risks

This table summarises financial audit risks and the corresponding audit work planned in response.

Financial audit risks	Proposed audit response
Significant risks	
<p>Management Override</p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.

Financial audit risks	Proposed audit response
<p>Impact of COVID-19</p> <p>The COVID-19 national emergency will see a significant delay in the preparation and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>My audit team will undertake the following steps to ensure the risks arising from COVID-19 are adequately addressed:</p> <ul style="list-style-type: none"> • we will consider if there are areas that require management to provide further evidence due to the fast-changing nature of this issue; • we will discuss with you the key assumptions and evidence bases underlying estimates and will do this at an early stage; • we will adopt a greater focus on the following areas: <ul style="list-style-type: none"> – the financial statement closing process (in particular journal entries and other adjustments made); and – the auditor’s evaluation of the overall presentation of the financial statements, including consideration of whether adequate disclosures have been made.
<p>Other areas of audit attention</p>	
<p>Wales Pension Partnership</p> <p>The eight Pension Funds in Wales have created an ‘all-Wales’ pooled investment vehicle which will be overseen and reported on by a joint governance committee, the Wales Pension Partnership.</p> <p>2019-20 will be the first year that this joint committee will produce full financial statements overseen by the lead authority - Carmarthenshire County Council - Finance Department.</p> <p>Cardiff and Vale of Glamorgan Pension Fund transferred £218 million of funds into this new arrangement during 2019-20.</p>	<p>My audit team will work with the auditors of the joint governance committee to obtain the assurances needed on:</p> <ul style="list-style-type: none"> • the valuation of the funds transferred into the Wales Pension Partnership arrangement; and • the disclosure note provided for individual pension funds by the lead authority.

Financial audit risks	Proposed audit response
<p>A consistent disclosure note will be provided to all Pension Funds by the lead authority for inclusion in individual pension fund financial statements.</p>	
<p>McCloud Judgement</p> <p>In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes. In December 2018, the Court of Appeal ruled that the ‘transitional protection’ offered to some members of the judges’ and firefighters’ schemes, as part of the reforms, amounted to unlawful discrimination. On 15 July 2019 the Government announced that they accept that the judgement applies to all of the main public service pension schemes.</p> <p>As reported in my Financial Statements Report 2018-19, the Pension Fund had estimated the potential impact of the judgment as increasing the fund liabilities by £17.1 million at 31 March 2019 based on an estimated 0.75% of the present value of benefits. The Pension Fund’s most recent triennial actuarial valuation as at 31 March 2019 is expected to consider the impact on fund liabilities.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • review how the Pension Fund has assessed the impact of the McCloud judgement on the financial statements, including review of the triennial valuation report; and • ensure that where appropriate, this is adequately disclosed in the financial statements.
<p>Guaranteed Minimum Pension (GMP)</p> <p>GMPs were the minimum pensions employers had to provide when they opted their employees out of the State Earnings Related Pensions Scheme (SERPS) between 1978 and 1997, usually through a defined benefit scheme.</p> <p>GMPs were calculated by reference to state pension age which used to be 60 for women and 65 for men. That made</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • review any provision made by the actuary relating to the outstanding GMP issues and monitor progress on the development of guidance and clarification of the potential impact; and • ensure that this is adequately disclosed in the financial statements.

Financial audit risks	Proposed audit response
<p>pension payments unequal and contravened the 1990 Barbour judgement.</p> <p>The 2018 Lloyds Banking Group judgement has provided clarification on whether and how GMPs should be equalised and this creates an obligation to equalise GMPs dating back to 1990. No allowances have previously been made for GMPs in pension liability calculations as HM Treasury made an announcement in 2019 that public service schemes already had a method in place to achieve equalisation. However, further guidance is anticipated in the coming months, including relating to the calculation of indexation/pension increases on GMPs.</p> <p>There is a risk that appropriate allowances are not made in 2019-20 pension liability calculations for the impact of GMPs.</p> <p>As reported in my Financial Statements Report 2018-19, the Pension Fund had estimated the potential impact of GMP equalisation as increasing the fund liabilities by £6.8m million at 31 March 2019, based on an estimated 0.30% of the present value of benefits. The Pension Fund's most recent triennial actuarial valuation as at 31 March 2019 is expected to consider the impact on fund liabilities.</p>	
<p>Private Equity Investments</p> <p>The year-end valuation of private equity investments is provided by investment managers. It is based upon forward-looking estimates and judgements and industry guidelines.</p> <p>Cardiff and Vale of Glamorgan Pension Fund held £82 million of private equity investments at 31 March 2019.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • confirm the investment valuation to audited financial statements; and • seek additional assurance over the valuation basis from control assurance reports.

Financial audit risks	Proposed audit response
As there is no quoted market process, there is a greater risk regarding the reasonableness of year-end valuation bases of these investments.	

- 11 I do not seek to obtain absolute assurance that the Pension Fund accounting statements are true and fair but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee and to those charged with governance for the Cardiff Council, as the administering authority of the Pension Fund as a whole, prior to completion of the audit.
- 12 For reporting purposes, I will generally treat any misstatements below a trivial level (set at 5% of materiality as not requiring consideration by those charged with governance and therefore I will not report them.
- 13 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed following the end of the COVID-19 national emergency, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document¹;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver my audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me;
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements; and
 - controls assurance reports are received from fund managers in accordance with agreed timescales and action has been taken to address any controls weaknesses.

¹ The agreed audit deliverables document sets out the expected working paper requirements to support the financial statements and include timescales and responsibilities.

Statutory audit functions

- 14 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 15 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 16 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

Fee

- 17 Your estimated fee for 2020 is set out in **Exhibit 3**. There have been some increases in my fee rate structure for 2020 however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed onto you. The proposed fee for 2020 is in line with the previous year.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2020 alongside the actual audit fee for 2019.

	Proposed fee for 2020 (£) ²	Actual fee for 2019 (£)
Audit of pension fund accounts	32,256	32,256

- 18 The fee for the financial audit is driven by the skill mix required to deliver the work, together with the daily charge rate for each grade of staff member.
- 19 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Corporate Director of Finance.
- 20 Further information on my [fee scales and fee setting](#) can be found on our website.

² The fees shown in this document are exclusive of VAT, which is not charged to you.

Audit team

21 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

Exhibit 4: my audit team

Name	Role	Contact number	E-mail address
Ann-Marie Harkin	Engagement Lead	02920 320562	ann-marie.harkin@audit.wales
Phil Pugh	Audit Manager	07964 118615	phil.pugh@audit.wales
Jon Martin	Audit Lead – Senior Auditor	02920 320692	jon.martin@audit.wales

Timetable

- 22 We will continue to undertake such remote work as is possible during the COVID-19 national emergency. However, as set out above, we will not be in a position to agree a timetable with you until the COVID-19 national emergency has passed.
- 23 We will need to discuss any amendments to the timetables for the production and audit of accounts with you but will continue to work as flexibly as we can and are supportive of 'extending' the accounts window where required. It will be vital that this close engagement continues over the next few months, against what will doubtless be a fast-changing backdrop.
- 24 Therefore, we will report on a timetable for our audit work in due course.
- 25
- 26 I can confirm that my team members are all independent of the Pension Fund and its officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Document reference: 1952A2020-21

Cardiff Council – Audit Committee Update July 2020

Performance Audit work

2019-20 Performance Audit Work	Scope	Status
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet its priority for 2019-20 to Support Sports, Leisure, Culture and Green Spaces.	Draft report issued 17 February 2020.
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges.	Final report issued 3 April 2020.
Waste Management/recycling	A project to look at the pressures in this area and understand the Council's plans to improve performance.	Draft letter issued 12 June 2020. Final letter issued 10 July.
Budget pressures in Social Services	This project has been withdrawn from our work programme for 2019-20 as discussed with officers. Due to the COVID-19 pandemic, we are now refocussing our work to recovery planning.	Withdrawn. We will reconsider this topic during our 2020-21 Assurance and risk assessment work.
Annual Improvement Report (AIR)	Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'.	Autumn 2020

2020-21 Performance audit work	Scope	Status
Improvement Plan audit Performance audit	Compliance with Local Government Measure (Wales) 2009.	Certificate issued 29 May 2020 Due October 2020
Annual Improvement Report (AIR)	Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'.	June/July 2021
Assurance and risk assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.	Underway
Recovery Planning	We intend to support and challenge recovery planning in real-time. Collectively we need assurance that recovery takes due account of the multitude of risks, but also that it grasps the opportunities for a different and sustainable future. We have taken the decision to replace the 'prevention' themed work that we set out in audit plans with this work on recovery planning.	Planning
Financial Sustainability	<ul style="list-style-type: none"> • Phase 1 will be a baseline assessment of the initial impact of Covid-19 on local authorities' financial position that will draw on the year-end position for 2019-20 as well as the position at the end of quarter 1 for 2020-21. The output from phase 1 will be a short national summary report that will include comparative data for year-end 2019-20 as well as a summary of common themes and issues identified by local authorities. • Phase 2 will be undertaken over the remainder of 2020-21. This work will draw on the position and themes identified during phase 1 to enable a focus on financial recovery planning. At the conclusion 	Phase 1 – underway

	of Phase 2 we will produce a local output for each council and a national summary report.	
Modernisation of workforce	A review looking at workforce modernisation, linking to the Council's estate, digital and post-Covid plans for delivering future services.	Planning. Scope to be discussed with officers.
Covid 19 learning project	<p>To help public bodies capture and share the lessons they are learning, we have established the 'COVID-19 learning project'. Rather than the traditional audit approach of examining actions after the event, our aim here is to get alongside public services to capture and share learning in real time.</p> <p>We have released blogs and tweets. All the blogs can be found on our Wordpress site. They include an overview of Welsh Government funding, showing the breakdown of spend, what sources are available and how sources have changed; blogs on mental health, homelessness governance arrangements during a pandemic.; and how councils are signposting test, track and trace.</p> <p>We have also put out a series of Tweets under #COVID19learning / #DysguCOVID19. Under this general hashtag, you will find information from various bodies, as well as some Audit Wales have come across. You will find the ones we have shared on our Good Practice team Twitter feed - https://twitter.com/AuditWales_GPX</p>	Ongoing

The Auditor General for Wales has recently published a [positioning statement](#) outlining that 'we are moving to a third phase, maintaining our natural focus on good governance, sound financial management and resilience while also supporting recovery planning'.

Mae'r dudalen hon yn wag yn fwriadol

Audit Committee Action Plan

Agenda Item 9

(Updated following meeting held on 21 January 2020)

Minute No. /Agenda No.	Actions	Timeline	Action Owner
Finance (Budget)			
Governance & Risk Management			
21.01.20	Audit Committee to be provided with the WLGA response to Welsh Government re. the Local Government and Elections (Wales) Bill.	Completed 24.01.20	
21.01.20	Audit Committee to receive information on the process and timescale for developing any guidance in relation to the Local Government and Elections (Wales) Bill, if and when they emerge.		
21.01.20	Committee to receive a view from Legal Services on the scope for Ministers to act beyond the stated purpose of the LG and Elections (Wales) Act.	Completed Briefing sent to Members 04.02.20	
21.01.20	The Head of Finance to provide an aggregated action plan of the future generation significant governance issue responses from directorates.		
21.01.20	Audit Committee to consider progress against their coastal risk management recommendation, and their follow up / work programme requirements, as part of the self-assessment feedback and action plan agenda item in March 2020.	Ongoing The March 2020 Committee meeting was cancelled and the self –assessment output and action plan was incorporated into draft Audit Committee Annual Report.	
Audit Wales (AW)			
Internal Audit			
25.06.19	Audit Manager to meet with Corporate Communications Officers, to consider opportunities to communicate the outcomes of Internal Audit, and its work more widely.	Ongoing Discussions commenced in August 2019	CP
Treasury Management			
25.06.19	The Operational Manager, Capital, Corporate & Treasury to: <ul style="list-style-type: none"> prepare a note for a future Audit Committee meeting on the nature of treasury management investments and risks, including the approach to ethical investments, and to; consider ways of providing wider information and context in relation to borrowing activities in future treasury performance management reports to the Audit Committee. 	Ongoing Point 1 To deliver through TM overview report in November 2019, and TM Strategy 2020-21 in January 2020. Point 2 Ongoing	AH

Minute No. /Agenda No.	Actions	Timeline	Action Owner
12.11.19	Head of Finance to provide an action plan and management comments in response to the external report on Treasury Management.	Completed 21.01.20	IA
Operational Items			
22.01.19	The Director of Planning, Transport and Environment is recommended to: <ul style="list-style-type: none"> 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. 	Ongoing Interim updates emailed to Members 01 April 2019 and 03 June 19 and 30 October 19. Update provided in Committee meeting of 21 January 2020.	AG
02.04.19	Once disciplinary procedures have concluded within the Waste Management Service, Audit Committee to be informed of the terms of reference and approach for delivering the associated Post Investigation Review.		
21.01.20	Director of PTE to provide details on the monitoring of particulate matter as part of the Clean Air Strategy.	Completed 23.01.20	
Work Programme			
10.09.19	The Chair to consider the Audit Committee work programme with regards to receiving ongoing assurance in respect of Brexit.	Ongoing	IA
AW Tracker/Other Studies			
12.11.19	Audit Manager to request that, subject to report and meeting timings, management responses accompany the presentation of AW assessments in future Committee meetings.	Noted and ongoing	CP
Outstanding Actions			
Scrutiny Letters			

1. Current Draft Work Programme 2020/21:

Area	Tuesday 28.07.20 at 2pm (Remote Meeting)	Tuesday 08.09.20 at 2pm (CR4)
Audit Wales		Audit of Financial Statement Report for City of Cardiff Council (ISA260)
		Audit of Financial Statement Report - Cardiff & Vale of Glamorgan Pension Fund (ISA260)
	AW Activity/Report Progress Update	AW Activity/Report Progress Update
Treasury Management		Performance Report
		Annual Report
Finance	Financial Update including Resilience Issues	Financial Update including Resilience Issues
		Draft Statement of Accounts 2019/20
Internal Audit	Audit and Investigation Team - Progress Update	
	Internal Audit Annual Report 2019/20	Counter-Fraud Annual Report 2019/20
Governance and Risk Management	Audit Committee Annual Report 2019/20	
	Draft Annual Governance Statement 2019/20	Final Annual Governance Statement 2019/20
	Senior Management Assurance Statement Review 2019/20	
	Corporate Risk Management 2019/20 (Year-End)	

The timetable of further meetings in the municipal year 2020/21 are to be confirmed.

2. Matters to be included in future Audit Committee meetings for 2020/21:

Area	Item
Audit Wales	<ul style="list-style-type: none"> Activity / progress updates Annual Improvement Report - Cardiff Council Annual Audit Plan 2020/21 Cardiff and Vale Pension Fund Audit Plan 2020/21
Treasury Management	<ul style="list-style-type: none"> Treasury Management Performance Updates Treasury Management Annual Report 2019/20 Treasury Management Strategy and Practices 2020/21
Finance	<ul style="list-style-type: none"> Financial Updates (including resilience issues)
Internal Audit	<ul style="list-style-type: none"> Audit and Investigation Team - Progress Updates Draft Audit Charter and Audit Plan 2020/21
Governance and Risk Management	<ul style="list-style-type: none"> Corporate Risk Management updates Senior Management Assurance Statements and Annual Governance Statement Action Plan position (mid-year)

3. Matters to be addressed outside of formal Audit Committee meetings during 2020/21:

<ul style="list-style-type: none"> <u>Audit Committee</u> – Annual self-assessment workshop, training and development sessions. <u>General</u> – Correspondence, publications and reports for information purposes and time sensitive consultation. <u>Director / Senior Officer Assurance</u> – Generally via letter, correspondence, and video / telephone meetings.

Mae'r dudalen hon yn wag yn fwriadol