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## AGENDA

**Pwyllgor** PWYLLGOR ARCHWILIO

**Dyddiad ac amser y cyfarfod** DYDD MAWRTH, 23 MAWRTH 2021, 2.00 PM

**Lleoliad** MS TEAMS

**Aelodaeth** Cyngorydd Hugh Thomas (Cadeirydd)  
Gavin McArthur David Price  
Y Cynghorwyr Cowan, Cunnah, Goodway, Howells, Simmons, Singh  
a/ac Williams

Tua  
Amser.

### 1 Ymddiheuriadau am Absenoldeb

Derbyn ymddiheuriadau am absenoldeb.

### 2 Datgan Buddiannau

I'w gwneud ar ddechrau'r eitem agenda dan sylw, yn unol â Chod Ymddygiad yr Aelodau.

### 3 Cofnodion *(Tudalennau 5 - 14)*

Cymeradwyo cofnodion y cyfarfod blaenorol fel rhai cywir.

### 4 Paul Orders, Prif Weithredwr *(Tudalennau 15 - 22)* 2.05 pm

Diweddariad Blynyddol ar Amgylchedd Rheoli'r Cyngor

### 5 Melanie Godfrey, Y Cyfarwyddwr Addysg a Dysgu Gydol Oes *(Tudalennau 23 - 60)* 2.45 pm

Diweddariad ar yr Amgylchedd Rheoli Cyfarwyddiaethau

### 6 Neil Hanratty, Cyfarwyddwr Datblygu Economaidd *(Tudalennau 61 - 78)* 3.10 pm

Diweddariad ar yr Amgylchedd Rheoli Cyfarwyddiaethau

### 7 Archwilio Mewnol 3.35 pm

- 7.1 Siartr Archwilio a Chynllun Archwilio 2021/22 (*Tudalennau 79 - 118*)
- 7.2 Y Tîm Archwilio ac Ymchwiliadau - Diweddariad ar Gynnydd (*Tudalennau 119 - 190*)

## **EGWYL - 3.55pm**

**8 Cyllid** 4.00 pm

8.1 Diweddariad ar Gyllid gan gynnwys Materion Gwydnwch

8.2 Datganiad Cyfrifon 2020/21: Polisiâu ac Amserlenni Cyfrifyddu (*Tudalennau 191 - 230*)

**9 Llywodraethiant a Rheoli Risg** 4.20 pm

9.1 Rheoli Risg Gorfforaethol (Chwarter 3) (*Tudalennau 231 - 264*)

**10 Swyddfa Archwilio Cymru** 4.35 pm

10.1 Cynllun Archwilio Blynyddol 2021 (*Tudalennau 265 - 282*)

10.2 Cynllun Archwilio Cronfa Bensiwn Caerdydd a'r Fro 2021 (*Tudalennau 283 - 294*)

10.3 Diweddariad ar Gynnydd Gweithgarwch/Adroddiad Archwilio Cymru (*Tudalennau 295 - 298*)

**11 Camau Eto i'w Cyflawni** (*Tudalennau 299 - 300*) 4.55 pm

**12 Gohebiaeth** (*Tudalennau 301 - 314*)

**13 Diweddariad ar y Rhaglen Waith** (*Tudalennau 315 - 316*)

**14 Eitemau Brys (os oes rhai)**

**15 Dyddiad y cyfarfod nesaf**

Mae'r cyfarfod nesaf wedi'i drefnu ar gyfer 20 Gorffennaf 2021 (yn amodol ar gymeradwyaeth y Cyngor)

**Davina Fiore**

**Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol**

Dyddiad: Dydd Mercher, 17 Mawrth 2021

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

## **GWE-DARLLEDU**

Caiff y cyfarfod hwn ei ffilmio i'w ddarllledu'n fyw a/neu yn olynol trwy wefan y Cyngor. Caiff yr holl gyfarfod ei ffilmio, heblaw am eitemau eithriedig neu gyfrinachol, a bydd y ffilm ar gael ar y wefan am 12 mis. Cedwir copi o'r recordiad yn unol â pholisi cadw data'r Cyngor.

Gall aelodau'r cyhoedd hefyd ffilmio neu recordio'r cyfarfod hwn

Ar ddechrau'r cyfarfod, bydd y Cadeirydd yn cadarnhau a gaiff y cyfarfod cyfan neu ran ohono ei ffilmio. Fel rheol, ni chaiff ardaloedd y cyhoedd eu ffilmio. Fodd bynnag, wrth fynd i'r ystafell gyfarfod a defnyddio'r ardal gyhoeddus, mae aelodau'r cyhoedd yn cydsynio i gael eu ffilmio ac y defnyddir y lluniau a recordiadau sain hynny o bosibl at ddibenion gwe-ddarllledu a/neu hyfforddi.

Os oes gennych gwestiynau ynghylch gwe-ddarllledu cyfarfodydd, cysylltwch â'r Gwasanaethau Pwyllgorau ac Aelodau ar 02920 872020 neu e-bost [Gwasanethau Democrataidd](#)

Mae'r dudalen hon yn wag yn fwriadol



## AUDIT COMMITTEE

26 JANUARY 2021

Present: Independent Members: David Hugh Thomas (Chairperson)  
Gavin McArthur and David Price

Councillors Cunnah, Goodway, Howells and Williams

### 64 : APOLOGIES FOR ABSENCE

Apologies were received from Councillor Simmons.

### 65 : DECLARATIONS OF INTEREST

No declarations of interest were received.

### 66 : COMMITTEE MEMBERSHIP

The Committee was asked to note that Council on 27 November 2020 appointed the following Members to this Committee:

Independent Members: Hugh Thomas, David Price, Gavin McArthur, Ian Arundale  
Councillors: Cowan, Cunnah, Goodway, Howells, Lister, Simmons, Singh, Williams

The Chairperson asked Members to further note that Councillor Lister has since tendered his resignation from the Committee.

### 67 : AUDIT COMMITTEE TERMS OF REFERENCE

The Audit Committee terms of reference were noted.

### 68 : MINUTES

The minutes of the meeting held on 17 November 2020 were approved by the Committee as a correct record, subject to the following amendment:

Page 2, 3<sup>rd</sup> paragraph – delete 'are' replace with 'as'.

### 69 : SARAH MCGILL, CORPORATE DIRECTOR - PEOPLE & COMMUNITIES

The Committee received a presentation on the internal control environment within Social Services from the Corporate Director, People and Communities.

The presentation provided an overview of the Directorate structure and on-going restructuring. Members were asked to note the services and significant budgets within the directorate. It was therefore crucial that robust monitoring arrangements are in place to account for the large sums of expenditure set against performance delivery.

The Corporate Director highlighted the status of the Directorate's current audits. There are currently no outstanding actions, however there were a number that still

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need to be completed. Members were advised that in addition to a set of arrangements that enable actions to be flagged, there are a number of forums within the Directorate that allow audits to be considered, in addition to consideration by the senior management team, for example the Safeguarding Management Board.

With regard to the Senior Management Assurance Statement (SMAS), the Corporate Director considered that given the range of services provided, there was some outstanding practice and some areas for improvement. The SMAS provides the average position but within individual services there will be varied performance and the aim was to share good practice across the Directorate.

The Directorate has two risks identified on the Corporate Risk Register in relation to Increased Demand in Children Services and Safeguarding. Members were asked to note the position in Quarter 3. The Corporate Director indicated that there has been a sharp increase in the demands placed on the service during the pandemic and concerns were raised that demand would remain high for an extended period.

The Corporate Director concluded the presentation with an update on the results of two inspections from external regulators – CIIW and HMIP.

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

- Members noted the number of audits that have the status 'insufficient with major improvement needed'. The Corporate Director was asked to provide comments. The Corporate Director stated that any audit with the status 'insufficient with major improvement needed' would immediately raise concerns. Whilst there was a wide range of issues covered and improvements required, there was a need for a clear understanding of whether the processes in place within the service area are fit for purpose. Then secondly, whether those processes are being adhered to. There were a number of structural issues that need to be addressed. Some steps have been taken and the Corporate Director was confident that where there are audit recommendations in the future they will be more in relation to how to learn from best practice.
- In relation to the SMAS, the Committee noted the number of Mixed Application activities. The Corporate Director stated that each activity was looked at across the whole directorate and there were areas of stronger or weaker performance, but the SMAS provided an average across all activity within the directorate.
- It was noted that 3 audits where the audit status was 'insufficient with major improvement needed' were in relation to finance and resources: Commissioning and Procurement; Asset Management; and Direct Payments. Members noted that Corporate Director's earlier comments regarding processes within the directorate and asked whether the managers within the directorate has the skills base to manage financial functions effectively and to what extent this features on the list of development activities, particularly in relation to the audits identified above. The Corporate Director considered that generally managers do have the technical expertise. It was accepted that there are occasions where those responsible for the management of a system need to give due consideration to the management of that system; to monitor the system and to problem solve when problems arise. The Corporate Director considered that managers need to

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have the right skills, but accountability was also important and sometimes systems and the oversight of those systems sometimes take second place. The Corporate Director hoped that when next addressing the Committee a better picture of the detailed actions taken and the lessons learned going forward would be provided.

- Members sought assurance that audit recommendations are the explicit responsibility of named managers and that there is a clear responsibility for a particular forum to oversee the implementation of those recommendations. The Corporate Director confirmed that every actions has a named officers responsible for its implementation. The Directorate's Business Unit monitor outstanding actions. Named officers understand the importance of completing their actions on time and understand the lessons learned. This is a regular point of discussion at management team meetings.
- Members considered that it would be useful for the Committee to develop their understanding of directorate risk management and asked if risk registers or risk logs exist within divisions of the directorate. Members asked the Corporate Director to explain how risk management is embedded within the directorate. Members were advised that Directorate Risk Registers are in place across the whole service, although some work is required under the new structure to bring those risk registers together. There are a significant number of issues identified within the directorate risk registers. Named individuals are responsible for oversight of those risks and for updating the directorate risk register. Risks are reviewed on a regular basis. Only the most significant risks feature on the Corporate Risk Register. The Corporate Director was happy to share further details with the Committee if requested to do so.
- With regard to the Youth Justice Services and the 2019 Inspection, Members asked whether the issues within the service could have been identified earlier; asked whether there were there internal control mechanisms in place; and were there opportunities for lessons to be learned. The Corporate Director stated that it was important to understand the core data sets, whether the service is delivering against its vision, within budget and to the satisfaction of its customers. Therefore having performance management arrangements in place is crucial. Where there is a very challenging inspection is also crucial that the authority learns from the experience and that it ensures that the improvements identified are translated into demonstrable, achievable steps that can be reported on. When the Inspector formally returns it will be possible to assess whether the progress has been implemented successfully.

The Chairperson thanked the Corporate Director for attending.

RESOLVED – That the report be noted.

## 70 : FINANCIAL UPDATE INCLUDING RESILIENCE ISSUES - VERBAL UPDATE

The Corporate Director Resources provided a verbal update on the general financial issues facing the Council including the latest position regarding Covid-19 related finance; the Month 6 Monitoring report; the Welsh Government settlement figure; and the budget strategy.

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Members were advised that expenditure claims to the end of November 2020 totalled £36.7 million in relation to Covid-19 funding across a range of activities. To date £33.3 million has been reimbursed to the Council. Decision are awaited on some items that were held. Some items claimed were unsuccessful and these are reflected in the monitoring report.

The Corporate Director stated that in terms of income expenditure, the total value of income claimed to date was approximately £30 million across a range of activities. Claims are being reimbursed in tranches. Some claims are being held by Welsh Government in order to assess whether they relate to lost income or delayed income. Quarter 1 and Quarter 2 claims were essentially reimbursed in full.

In terms of the Month 6 Monitoring report, a projected overspend of £1.133 million was predicted, including £200,000 of Covid-19 expenditure claims that was not reimbursed by Welsh Government. This reflected an improvement on the Month 4 position. The Month 9 position is due to be reported to Cabinet in February.

Members were advised that on 22 December 2020 Welsh Government issued the provisional settlement details. Cardiff's Aggregate External Funding (AEF) will increase by 3.8% next year. This meets the Welsh average. The AEF is higher than anticipated in the MTFP which should allow for savings to be made from efficiencies rather than cuts to services.

The Corporate Director stated that there is no specific indication from Welsh Government that Covid-19 related support will continue beyond 31 March 2021. Although the Welsh Government has indicated a consequential from Central Government of £766 million in their own budget. This is significantly less than the £5 billion allocated in the current year. Some elements of the funding are being ring-fenced but the risk continues to be monitored and reflected in the budget moving forward.

Members will be aware that the budget consultation exercise assumes a budget gap of £16.4 million, excluding any reference to Council Tax increase. Nominal saving targets have been set across service areas and an efficiency saving of 1.0% is expected from schools.

The Corporate Director also provided an overview of the future work being undertaken within the directorate.

Members sought clarification of the total value of claims for expenditure and income that were rejected by Welsh Government. The Corporate Director stated that rejected expenditure claims to date was £2.114 million. There are currently no rejected income claims, however there are some small balances held back from Q1 and Q2 of £190,000 and £215,000 respectively, which are subject to further review.

RESOLVED – That the report be noted.

## 71 : EXTERNAL AUDIT RECOMMENDATION TRACKER

The Committee received a report providing an update on the management and delivery of recommendations received from Audit Wales. The report was introduced

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in order to provide a periodic overview and account of the progress made in delivering agreed Audit Wales recommendations for the Committee's information and assurance.

Members were advised that Audit Wales conducts an annual programme of inspections and reviews and have the power to make formal recommendations to the Council. Appendix 1 of the report contained a summary of the progress made against recommendations raised during 2017/18, 2018/19 and 2019/20.

The Head of Performance and Partnerships was invited to introduce the report. Members were invited to comment, seek clarification or raise questions on the report.

- Members supported the proposal to bring forward reports on this matter bi-annually and to extend to scope of the reporting to other external review activities.
- Members noted that the audit of Leisure Services. Members considered that the audit recommendations and the management responses to those recommendations were not aligned and examples were highlighted. Members asked whether sufficient control mechanisms were in place when GLL was appointed and whether those controls are being developed in light of the recommendations. The Head of Performance and Partnerships considered that he was unable to comment on the governance arrangements in place within the directorate. However, the report by Audit Wales has been accepted and the Management Team is still developing its response to the report. The Head of Performance and Partnerships agreed to feedback the comments received to the service area.
- Members stated that they would welcome further dialogue and information with relevant officers about reference to the wider set of partnerships referred to in the management response, particularly in terms of the Committee's assurance that an appropriate set of controls are being devised and the processes for choosing partners are being implemented from the outset. Members asked whether the Committee should receive a response specifically on this issue sooner than the next 'recommendation tracker' report in six-months' time, in the context of the issues developing in Leisure Services. The Audit Manager agreed to liaise with officers in the services to provide an additional report to the Committee in addition to the bi-annual tracker report. It was agreed that the Committee would invite the Director of Economic Development to attend the March 2021 meeting to report on the approach to contract governance and control in leisure partnerships, and the directorate response to audit recommendations.
- Members welcomed that named individuals were made responsible for each of the recommendations. Members were asked whether, to add to their assurance, it would be possible to include reference which forum would be actively managing, monitoring and holding people to account for progress made against each recommendation. The Head of Performance and Partnerships agreed that the external audit recommendation tracker would be expanded for future reports to include 'accountability / reporting to' arrangements, in respect of relevant Committees or Boards.

RESOLVED – That:

- (1) The report be noted;
- (2) Committee invite the Director of Economic Development to attend the March 2021 Audit Committee meeting, to report on the approach to contract governance and control in leisure partnerships, and the directorate response to audit recommendations;
- (3) The external audit recommendation tracker to be expanded for future reports to Audit Committee, to include 'accountability / reporting to' arrangements, in respect of relevant Committees or Boards.

**72 : SENIOR MANAGEMENT ASSURANCE STATEMENT AND ANNUAL GOVERNANCE STATEMENT (AGS) ACTION PLAN 2020/21(MID-YEAR) - VERBAL UPDATE**

The Head of Finance provided a verbal update on the Senior Management Assurance Statement (SMAS) and Annual Governance Statement Action Plan. Members were advised that directorates have been active and considering their positions in terms of the SMAS. All directorates have completed their half-yearly self-assurance statements. There have also been meetings between relevant directors and the Chief Executive regarding those statements.

In terms of the AGS 2019/20, Members were advised that clear actions have been taken forward, with particular focus on decision-making and clearly there have been some challenges in all directorates during the year.

The Head of Finance advised that a further report would be brought to the March 2021 meeting of the Committee.

**RESOLVED – That the report be noted.**

**73 : ANNUAL AUDIT SUMMARY REPORT**

The Committee received a report providing an overview of the latest Annual Summary Report from Audit Wales. The Chairperson invited Samantha Clements of Audit Wales to present the report.

The report covered work undertaken during 2019/20 including the detailed findings of audit reports on the Council's 2019/20 accounts, Well-Being and Future Generations Examination – Review of Leisure Services; Continuous Improvement, Financial Sustainability, Waste Management and the National Fraud Initiative.

**RESOLVED – That the report be noted.**

**74 : AUDIT WALES - WORK PROGRAMME / ACTIVITY UPDATE**

The Chairperson invited Samantha Clements to present an update on the Audit Wales Work Programme. Members were advised that the 2019/20 Work Programme was coming to a close. Reference was made to the review of Leisure Services report and the Committee's interest in the proposals for improvement within the report were

noted. Samantha Clements advised that Audit Wales intend to conduct a piece of follow-up work in this area.

Members also received a summary of the changes to the 2020/21 Performance Audit. Member were asked to note that the Annual Audit Summary would be presented in November/December 2021 in order to align with financial audits and the annual audit letter. Audit Wales are meeting the with the Senior Management Team regarding the Insurance Risk Assessment in order to have a dialogue regarding the risks identified, the outcome of which will inform the 2020/21 work programme.

RESOLVED – That the report be noted.

## 75 : AUDIT AND INVESTIGATION TEAM PROGRESS UPDATE

The Committee received a report providing an update on the work of the Internal Audit and Investigation Teams as at 31 December 2020. The Audit Manager was invited to present the report.

Members were asked to note how the audit activities in quarter three have continued to adapt and respond to the current environment in which the Council is operating. The team has continued to tailor its consultancy and assurance activities to provide support and attention where it is most required during the pandemic, including Covid-19 related audit consultancy services. The majority of support has been in respect of the administration of Welsh Government funds for a range of grants and relief payment schemes.

Members were advised that towards the end of quarter one, the audit team commenced a targeted delivery of assurance audit engagements from the Audit Plan 2020/21, at a time when Council services were moving to a documented and managed 'restart'. The report set out the audits completed, relevant opinions and their status; and the current position against the Audit Plan; in Appendixes A and B respectively. The Audit Manager also referenced how CIFPA guidance has been taken into account in planning and prioritising work in respect of maximising assurance for the annual audit opinion.

There was one audit with an 'unsatisfactory' opinion in relation to British Council grants. Committee was advised that the draft report is being considered by the Director and the Committee will receive an Executive Summary in due course. Three audits had opinions of 'insufficient with major improvement needed'. A summary for each was set out in the report.

The Audit Manager highlighted the resource issues faced by the service due to a staff leaver and an ongoing long-term sickness case.

Annex 2 of the report summarised the investigation activities at the end of quarter three, and the position was outlined.

Members were invited to comment or raise questions on the report.

- Members noted that 397 recommendations had been made by internal audit. Of those 203 were still under consideration. The Audit Manager was asked whether there has been any delay in responsible officers provide responses. The Audit

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Manager stated that a large proportion related to audits delivered during the quarter, particularly towards the end of the quarter. These were new reports which management needed time to consider. There are, however, a number of longstanding reports that are outstanding that need to be responded to. Directors are aware and these reports need to be prioritised.

- A Member advised of disappointment that the audit of mileage and subsistence has a negative audit outcome, but suggested that this highlights the importance of routine internal audits.
- In terms of the British Council grants audit, a Member asked whether there has been any consideration to an investigation. The Audit Manager stated that he is discussing the audit findings with the Director and that, as with any audit, the full range of actions in response to the findings, including relevant investigations would be considered, as appropriate.
- Members referred to the summary of audit recommendations. The Committee asked whether an observation to the Directors of Education and Economic Development that the responses to their red and red/amber recommendations was necessary. It was agreed that a Chairperson's letter to each Director would be issued to request information and assurance on their responses to internal audit recommendations.

RESOLVED – That:

(1) the report be noted;

(2) The Audit Committee Chair to write to the Director of Education and Lifelong Learning and the Director of Economic Development, for information and assurance on their respective responses to internal audit recommendations.

## 76 : DRAFT AUDIT CHARTER AND DRAFT SUMMARY AUDIT PLAN 2021/22

The Audit Manager presented a report that had been prepared to provide Audit Committee Members with the Draft Internal Audit Charter for 2021/22 and appendices, including a draft Committee Terms of Reference. The report also provided a summary of the Draft Audit Plan for 2021/22.

Members were also asked to note that from 1 April 2021, the Audit Committee will be renamed a Governance and Audit Committee, and its role will be expanded in accordance with the Local Government and Elections (Wales) Act. The existing terms of reference had been updated by officers in Audit and Democratic Services to incorporate additional responsibilities.

Members were asked to consider the documents and provide comments or feedback on their contents prior to the documents being brought back to the Audit Committee for approval at its meeting in March 2021.

Members asked whether the Committee would soon be in a position to understand how the self-assessment process, which is currently under review, will operate. The Audit Manager advised that the Audit Committee will receive a briefing on the performance management process and the self-assessment process.

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RESOLVED – That the report be noted.

#### 77 : DRAFT MONITORING EMPLOYEES AT WORK POLICY

The Audit Manager presented a report on the draft Monitoring Employees at Work Policy, which was due to be considered for Cabinet approval in March 2021.

The Audit Manager advised that consultation on the draft policy with the trades unions was ongoing. There was an expectation that the Committee would be advised of any substantial material changes to the policy. The final policy would be made available to the Committee prior to its approval.

RESOLVED – That:

- (1) The report be noted;
- (2) Audit Committee to receive a final version of the draft Monitoring Employees at Work Policy, once engagement with Trade Unions has concluded.

#### 78 : PERFORMANCE REPORT

The Operational Manager (OM), Capital, Corporate and Treasury presented the Treasury Management Performance report as at 31 December 2020.

Members were advised that the level of investments totalled £141.4 million. The overall level of borrowing was £828.2 million, which represented little change on the previous report received by the Committee. Members were asked to note the level of planned internal borrowing during the year.

RESOLVED – That the report be noted.

#### 79 : DRAFT STRATEGY 2021/22

The Committee received a report and were asked to consider the draft Treasury Management Strategy for 2021/22, which is required to be approved as part of the 2021/22 budget setting process.

Members were asked to note the main points of the Strategy as set out in paragraph 3 of the report.

Members asked whether assumptions regarding capital receipts received have been impacted by the Covid-19 pandemic. The Operational Manager (OM), Capital, Corporate and Treasury advised that the timing of receipts received has been impacted. The annual Property Strategy which is due to be considered by the Cabinet in June 2021 will provide a further update on the time and values of capital receipts. The delay in timing of receipts will result in an increase in borrowing requirements.

RESOLVED – That the report be noted.

#### 80 : OUTSTANDING ACTIONS

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RESOLVED – That the outstanding actions be noted.

81 : CORRESPONDENCE

No correspondence was received.

82 : WORK PROGRAMME UPDATE

RESOLVED – That the work programme update be noted.

83 : URGENT ITEMS (IF ANY)

No urgent items were received.

84 : DATE OF NEXT MEETING - 23 MARCH 2021

The meeting terminated at 7.00 pm

**AUDIT COMMITTEE: 23 March 2021**

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**UPDATE ON THE COUNCIL'S CONTROL ENVIRONMENT****REPORT OF CHIEF EXECUTIVE****AGENDA ITEM: 4.1**

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**Reason for this Report**

1. This report provides the view of the Chief Executive on the Council's Control environment.
2. The Audit Committee Terms of Reference requires the Audit Committee to:
  - Consider the Council's framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.
  - To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
  - Monitor the effective development and operation of risk management in the Council.
  - Monitor progress in addressing risk-related issues reported to the committee.
  - Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
  - To review the governance and assurance arrangements for significant partnerships or collaborations.

**Background**

3. The Audit Committee requests an annual attendance from myself as Chief Executive of the Council, as part of its approach to receiving assurance from members of Senior Management Team.
4. I last attended Audit Committee on 2 April 2019, and was due to attend the meeting scheduled for 24 March 2020, which needed to be cancelled due to the onset of the pandemic.

**Issues**

5. The Audit Committee has an evolving role, and this is the last time it will meet in its current form prior to it taking on a wider remit and being renamed 'Governance and Audit Committee', in accordance with the Local Government and Elections (Wales) Act 2021.
6. The Committee will need to consider the timing of my future attendance, which could be aligned to the timescale for its consideration of the Council's draft annual Self-Assessment Report.

## **(a) Incident Management**

7. At the onset of the pandemic in March 2020, following a period of heightened planning and coordination and in accordance with the Cabinet's direction, I instructed that preparations be made to stand-up the Council's Emergency Management arrangements under the Civil Contingencies Act 2005. Three core principles were set out by Cabinet to guide the Council's response:
  - i. Preventing the spread of infection;
  - ii. Ensuring the health and safety of staff, service users and citizens;
  - iii. Prioritising key frontline services and support for vulnerable people.
8. An extended Senior Management Team (SMT) operated as a daily Strategic Coordination Group (SCG), and the focus of meetings was to consider the Council's response to the crisis, provide coherent strategic management of issues, clear governance arrangements whilst all decision making was logged and recorded. A command and control approach for cascading communications and decision making was applied through the designated Gold and Silver Officers, drawing on the Council's established emergency response arrangements. Existing meeting structures were utilised and increased in frequency to manage the emerging risks, service changes and decisions required as a result of pandemic. This approach has provided robust governance and supported clarity of decision making over the course of the crisis, and has drawn upon the capacity and capability that the Council has built up over many years of managing major events in the city and responding to extreme weather events.
9. Cabinet retained oversight of the Council's Incident Management Structure, with the Leader attending SCG on a weekly basis and the Leader and myself reporting and updating Cabinet on a weekly basis. Regular Member updates were provided and decisions were made with the engagement and coordination of corporate finance colleagues. Decisions were published in accordance with the scheme of delegations and subject to consideration by (an adapted) scrutiny committee. Delegations were applied as appropriate.
10. Recognising the importance of civic leadership and partnership working across public services in responding effectively to the Cardiff PSB, chaired by the Leader of the Council, has met on a monthly basis to provide cross-public service leadership and direction, supported by operational multiagency meetings chaired by senior officers. A partnership approach has been taken in addressing a series of issues, including the establishment of the Test, Trace, Protect service and most recently the roll out of the vaccination programme, the interface between Health and Social Services and across a wide range of community safety related matters.
11. Working across service areas and with partners, a wide range of issues have been managed with services adapted, enhanced or established anew, often at scale and pace. These included coordinating the acquisition and distribution of PPE, implementing a food delivery programme, enhancing free school meal provision, and establishing the regional track, trace and protect. Major work continued supporting the vaccination programme, ensuring enhanced health and safety provision, establishing blended learning arrangements to support children continue their education, instituting a new grant and relief payment facility on behalf of Welsh Government, as well as coordinating claims from the Welsh Government's Covid Hardship Fund. My reflection of the past year is that officers across the Council have shown flexibility, resilience and a commitment to working together in addressing a range of challenges and delivering against new priorities, and that partnership working between the city's public services

has operated effectively and at an unprecedented scale and speed in dealing with issues of great complexity.

12. Feedback from external regulators on the Council response to management of the pandemic has been supportive, including Cardiff's response to supporting schools and learners during the pandemic being highlighted as good practice by Estyn. Audit Wales have also been undertaking observations of SCG meetings and of the Council's recovery and renewal programme (see section (b) below).
13. The Council has also continued to use established processes to manage a range of other issues. As part of Brexit preparations for instance, the Council's Resilience Unit coordinated a Council-wide exercise to update the Council's Brexit Issues Register. Each Directorate reviewed its wider Brexit preparedness, noting the impact of the pandemic, considered additional risks, refreshed mitigating actions and gave particular focus to supply chains and ensuring continuity of supply. The overall position was monitored and managed through the Corporate Risk Register.
14. In November 2020, in preparation for the UK's departure from the EU and the anticipated winter pressures (including severe weather and flu) the Council's Emergency Management Unit hosted a briefing to alert Silver Officers and Brexit Liaison Officers<sup>1</sup> to the nature of the challenges. In order to ensure the resilience of the Council against these possibly concurrent challenges:
  - Each Directorate's Duty Silver Officer was required to complete a report each day to note any emerging issues. A consolidated report was provided each evening to Gold Officers.
  - Brexit Liaison Officers were required to regularly monitor and update the relevant issues in the Brexit Issues Register. Brexit Liaison Officers meet with the Emergency Management Unit once every 2 months to discuss issues and ensure that the Council has a robust ongoing strategy to address EU Transition.
  - Directorates were asked to review their Business Continuity Plans, taking into consideration the challenges outlined to them.
15. As daily Covid-19 case numbers continue to decrease, SCG oversight of pandemic management has reduced to two meetings weekly. Previously daily meeting arrangements of fast-moving developments can be quickly re-established, however, should this be required.

## **(b) Recovery and Renewal**

16. A Cabinet Report, published in February 2021, set out the Council's response to the urgent issues facing Cardiff in the ongoing management of the pandemic, as well as a timetable of further work in relation to city recovery and renewal.
17. In response to the improving Covid-19 position, the Welsh Government have indicated that there will be a gradual and cautious lifting of restrictions over the coming months. In preparation for this, the Council has been undertaking detailed planning work, using the 'Restart, Recover, Renew' framework approved by Cabinet in June 2020, to enable the safe restart of council services. The Council will once again be utilising a disciplined and

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<sup>1</sup> Each Council Directorate has a nominated Brexit Liaison Officer, responsible for ensuring that their Directorate is aware of and able to deal with/ mitigate the impacts of EU Transition.

coordinated corporate process for reopening services, consistent with legislation and the latest Public Health Wales advice.

18. Recovery priorities for the year ahead are established in the Council's new Corporate Plan, which was approved by Council in March 2021. These recovery priorities were identified through a cross-Cabinet portfolio and department exercise on recovery planning, setting out clearly how Covid-19 has changed the operating environment for services, and what needs to be done, by when and by whom, over the course of 2021-22 in order to restart and recover Council and partners' services.
19. A programme of 'city renewal' will be published in May 2021. This will set out a Cardiff response to the significant longer-term shifts in the way in which people live, work and travel as a consequence of the pandemic, as well as how the Council will lead a greener, fairer recovery from Covid-19 will. This will be informed by a series of reports published in May and June, including:
  - The future of Cardiff's economy, and how the city should respond to the economic crisis in order to build a stronger, more inclusive and sustainable post-pandemic economy.
  - Delivering a Child Friendly Recovery, including the impact of the pandemic on children and young people's education, rights, well-being, and future pathways into employment.
  - A programme of action to address the climate emergency and deliver the One Planet Cardiff vision agreed by Cabinet in autumn 2020.
  - The future of local public services, including the shift towards being an agile organisation, the increased use of digital technologies and data in service delivery, and the application of locality working for front line community services.
20. The Council will also establish a programme of engagement with the public and city stakeholders on its proposals for city renewal over the summer. The outcome of this work will be presented to Cabinet to further inform the long term renewal priorities.

### **(c) Risk Management**

21. The Council's Capital Ambition involves the coordination of a wide range of diverse functions and programmes of work. Delivering our objectives requires the management of a wide range of risks on a daily basis at both operational and strategic levels. The risk management process has incorporated the challenges provided by the pandemic throughout the year. This progressive risk management approach focuses on identifying the key risks to our delivery, in order to develop and implement actions to achieve targeted risk levels.
22. Our approach to risk management ensures that Senior Managers are supported to identify and report risks at the right level in a timely manner. Officer risk champions and operational managers support each director in formally identifying and reviewing their operational and strategic risks on a quarterly basis, and are on hand for ongoing advice, guidance and support.
23. We continue to report new and emerging risks through the process of risk escalation where directors communicate significant risks to SMT to raise collective awareness and support.

Whilst directors are accountable for deciding which risks they escalate to SMT, as a minimum requirement all 'red' residual risks are escalated each quarter.

24. The corporate risk register is formally reviewed and updated on a quarterly basis to ensure that it is a current reflection of the primary risks to our objectives. Management of the Council's most critical risks is prioritised, with particular attention paid to red residual risks, and any increase in residual risk.
25. Target risk ratings have been developed for 'red' residual corporate risks, and challenging, but achievable, timescales for reducing these risks have been set. Of ten such risks at the end of Q3 2020/21, target residual risk levels are identified for eight risks.
26. It is not currently possible to target overall risk reductions for the two remaining corporate risks. This is because of external factors, which have presented uncertainty and limited levels of actual control.

**a. City security**

The current focus is on making targeted incremental improvements through investment in the City infrastructure. The Council is actively engaged in partnership working to prevent, protect and prepare for a major security-related incident, with a new Protective Security Preparedness Group established, chaired by myself and reporting in to the city's CONTEST Board, but this is against the backdrop of the UK threat level of 'substantial'.

**b. Welfare reform**

As Universal Credit has rolled out, there has been considerable impact on our citizens and the Council will continue to work with partners to mitigate the effects going forward. The roll out across Cardiff and the impact of the pandemic as well as the introduction and extension of the furloughing scheme makes it not currently possible to identify and progress formal risk reduction targets.

**Red Risk Targets – Corporate Risk Register Quarter 3 2020/21.**

No.	Risk	Risk Rating		Target Date
		Current	Target	
1	Climate Change	A1	B2	Q1 2022/23
2	Brexit	B1	B3	Q3 2021/22
3	Financial Resilience	B2	C2	Q3 2021/22
4	Air Quality and Clean Air Strategy	B2	C3	Q1 2022/23
5	Cyber Security	B2	D1	Q1 2022/23
6	Coastal Erosion	B2	C2	Q1 2022/23
7	Waste Management	B2	C2	Q1 2022/23
8	Increase in Demand (Children's Services)	C1	D1	Q4 2021/22

**(d) Senior Management Assurance Statement (SMAS)**

27. The senior management assurance process provides a strong internal challenge for us to continue to identify and target improvements in key areas of governance. The approach

has strengthened during the last 12 months with the introduction of a challenge session that I hold with each Director in conjunction with performance and Finance.

28. Each director has worked with their management teams to assess their mid-year directorate position, before submitting their returns for discussion in SMT. The SMT review is attended by the Corporate Director Resources and other SMT members representing Finance, Legal, HR and Performance and are able to provide independent insight when we consider the overall position. Individually as Directors and collectively as a SMT we have considered how the changes to delivery of services as a result of the pandemic and indeed the closure of some services need to be reflected in updated assurance statements.
29. I have continued 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. I reinforced the need for these expectations to be monitored and managed through the 2020/21 senior management assurance statement process
30. The year-end SMAS returns will be collected during April and May 2021 with a detailed discussion and review leading to the overall assurance statement at SMT prior to the July Audit Committee. The output from this discussion will be the overall assurance statement for the Annual Governance statement (AGS) and the Action Plan of significant governance issues to sit alongside the Statement of Accounts.
31. The SMT decided to retain the two governance issues and corresponding actions for the ongoing AGS Action Plan for 2020/21. The Two issues are set out below;
  - Informed, evidenced based decision making' including aspects of Future Generations and further assurance work in relation to partnership and collaborative governance.
  - Compliance, specifically around understanding the gaps in the compliance (conformance) with the corporate process to provide a more focussed assessment.
32. At the end of the year, SMT will review whether to retain these as significant governance issues or whether there are other areas that require enhanced monitoring during 2022

#### **(e) Internal Audit Assurance**

33. Audit Committee approves the plan of audits each year, following its development by the Audit Manager, in engagement with the Senior Management Team. The Council requires comprehensive audit assurance, and I meet with the Audit Manager on a regular basis where I receive a summary of the work being undertaken by audit and act as a point of escalation where needed.
34. The work of Internal Audit has been essential during 2020/21:
  - We have received substantial real-time audit consultancy and support services in areas associated with the pandemic, as services have needed to adapt, evolve and in some cases establish for the first time. Notably, audit colleagues supported a project team to establish robust controls in administering Welsh Government relief payments, which has been vital given the necessity to distribute emergency funding accurately and at pace.



- After a managed restart of services at the end of quarter one, there was a targeted rollout of assurance audit work, with priority given to fundamental systems and areas of corporate governance. The Audit Manager has carefully managed and communicated the approach to delivering the assurance audit work, with close attention to audit coverage and risk.
35. The Audit Manager attends meetings of the Senior Management Team at regular stages during the year to provide an overview of Internal Audit planning and assurance, key messages from work completed, and tracking information on the timely response to audit reports and recommendations. Audit and counter-fraud work has an important and prominent profile in the Council. The Council's Counter-Fraud and Corruption Strategy launched last financial year, and was supported by mandatory training, with awareness and communication campaigns used to reinforce our commitment to tackling fraud and safeguarding public resources.
36. It is positive that Directors meet with their audit relationship manager regularly to review and discuss audit reports and recommendations for required attention and action, and to consider areas of risk in the development of future audit plans. The information I receive provides me with a level of independent assurance that I use in conjunction with the SMAS returns and the Corporate Risk updates.
37. I am aware that the Audit Committee is continuing to seek particular assurance in the control environment in Education and Lifelong Learning, most notably schools, and Waste Management. I note that:
- Audit Committee has invited the new Director of Education of Lifelong Learning to present later in the agenda, to receive an initial report and to agree the areas and frequency of future reports.
  - Internal Audit is undertaking a Control Risk Self-Assessment audit exercise across all schools in Cardiff, which will provide timely baseline assurance across a breadth of schools, and will inform school audit work in the year ahead.
  - Recent Waste Management follow up audits have received improved audit opinions, and have provided assurance that management interventions are leading to an improved control environment in the areas reviewed. Whilst audit opinions are improving, I welcome the sustained increase in audit coverage for Waste Management given the number of adverse audit opinions received in recent years.
38. The need for prompt action on recommendations is a high priority and, following some slippage as officers focused on responding to the immediate pressures of the crisis at the beginning of the financial year, we are seeing an improving visible performance. However, I recognise that the need to continue to provide assurance on key controls is of paramount importance at a time where the financial and demand pressures facing services is increasing. I encourage Directors to have a close relationship with the Internal Audit team, and in all areas, there is clear evidence of an effective two-way communication between them.

**(f) Wider Assurance**

39. An external audit recommendation tracker item has been recently introduced in Audit Committee meetings, which is a positive step forward and widening of the systematic assurance reports provided to the Audit Committee.

40. It is intended for the scope of this item to expand to cover wider assurance, inspection and regulatory activities for Committee review and comment. I welcome the insight, comment and any recommendations from Audit Committee in considering these reports.

### **Legal Implications**

41. The statutory functions of the Audit Committee include the duty to review, scrutinise and issue reports and recommendations on the appropriateness of the authority's risk management, internal control and corporate governance arrangements (pursuant to Part 6 Chapter 2 of the Local Government (Wales) Measure 2011). In discharging its functions, the Audit Committee must have regard to all relevant guidance, in particular the CIPFA guidance for Audit Committees.

### **Financial Implications**

42. The financial implications (if any) arising from this report have been contained within the body of the report.

### **RECOMMENDATIONS**

43. That the Committee considers and notes the contents of the report.

**Paul Orders**  
**Chief Executive**

## **AUDIT COMMITTEE: 23<sup>rd</sup> MARCH 2021**

### **EDUCATION AND LIFELONG LEARNING, CONTROL ENVIRONMENT UPDATE**

#### **AGENDA ITEM: 5.1**

### **REPORT OF THE DIRECTOR, EDUCATION AND LIFELONG LEARNING**

#### **Reason for this Report**

1. This report has been produced in response to the Audit Committee's request for an update on the Education and Lifelong Learning control environment.
2. The Audit Committee has requested this update in respect of its role to:
  - Monitor progress in addressing risk-related issues reported to the committee.
  - Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
  - To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
  - To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

#### **Background**

3. Cardiff Council's Education Directorate has responsibility for the statutory duties, functions and services in relation to education in the city. This excludes post-16 provision in relation to Further and Higher Education Institutions. The local authority's school improvement service is provided by the Central South Consortium. The Consortium is commissioned by, and acts on behalf of five local authorities being Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taff and the Vale of Glamorgan. In discharging its functions the Directorate is concerned with managing risk at the a strategic and operational levels.
4. The Directorate has a gross revenue expenditure budget of £325.315 million and budgets for income to the value of £54.272 million, leaving a net budget of £271.043 million. Of the net budget, £250.008 million (92.24%) is delegated according to a formula to the Council's 126 schools and their governing bodies, who manage their individual school budgets. There are approximately 6,600 school based staff working in Cardiff's schools, serving 53,440 pupils. Attached as Appendix B is a copy of the Section 52 Budget Statement for the 2020/21 financial year analysing Cardiff's individual school delegated budgets.
5. In addition, £21.035 million (7.76%) of the net budget is centrally retained and is directly managed by the Education Service, which employs around 1,100 (590 fte) staff covering a

range of services. Attached as Appendix C is a copy of the Education controllable budget for the 2020/21 financial year.

6. In the financial year 2020/21, the delegated school budgets increased by a further £15.901 million (6.6%), which is on top of a 4.5% increase in the previous year. For 2020/21, there continued to be no requirement placed upon local authorities to protect school budgets. However, the increase provided evidence of the Council's continued commitment to provide revenue funding growth to delegated schools.
7. Of the £15.901 million being additionally allocated to schools, £3.584 million related to specific grant funding received by schools in 2019/20 which is transferring to the base budget and £12.317m of additional funding to cover all inflationary and demographic commitments plus taking account of a 0.5% efficiency saving on all school budgets.
8. The centrally retained Education budget received a net increase of funding in 2020/21 of £1.451m or 4.7%. This net increase is accounted for by an overall savings target of £0.951 million, inflationary allowance of £0.147 million, additional financial commitments of £1.269m million, Policy Growth of £0.586m and an allocation from the Council's Financial Resilience Mechanism of £0.400 million.
9. In addition to the annual revenue budget the Education Directorate also receives an annual capital allocation which for the 2020/21 financial year was made up from the following sources;

	Description	Amount £ million
	Annual sums	
	Schools property asset renewal	£3.583
	Schools suitability and sufficiency	£1.040
	Ongoing Schemes	
	Whitchurch High DDA & suitability	£1.022
	21 <sup>st</sup> Century Band B	£23.863
	Reducing Infant Class Sizes Grant	£2.150
	Welsh Medium Education Grant	£0.570
	Additional Borrowing	
	21 <sup>st</sup> Century Band B	£3.289
	<b>Total</b>	<b>£35.517</b>

10. The Education Directorate is structured into four arms and attached, as Appendix D is a current detailed management structure chart.
11. On annual basis the Directorate brings together an Education Directorate Delivery Plan which provides more detail of the profile of the Directorate, the current self-assessment, the current context, opportunities and challenges, what has been identified as strategic risks together with a detailed description of the Directorates priorities that financial year. The most recent delivery plan was collated for the 2019/20 financial year and was used, due to the pandemic as the structure for the 2020/21 financial year and will be used to plan the recovery plan for 2021/22.

## Issues

### (a) Risk Management

12. The Education Management Team (EMT) of the Directorate is the overarching governance structure that handles the Directorate business at an operational and strategic level and meets on a weekly basis. The EMT reviews the Directorate Risk Register on a monthly basis and it is currently the role of the EMT to review each current risk, identify new risks and to escalate risks to the Council's Corporate Risk Register from the Directorate Risk Register. These risks are discussed and reviewed across the Directorate with members of the EMT charged with the responsibility to identify, manage and review the risks for their respective areas with appropriate escalation then into the Directorate Register.
13. For the forthcoming year actions in the Corporate Plan and Directorate Delivery Plan are to be monitored on a quarterly basis. In step with the monitoring of delivery the risks across the Directorate are also considered. It is at this quarterly point that escalation of risks to the Corporate Risk Register is undertaken.
14. With regards to school improvement the EMT will also receive on a half termly basis an update of the report from the Schools Causing Concern (SCC) process. This process provides an opportunity for each area of the Council to identify and update on any issues of school provision or management so that knowledge and information on schools can be shared and cross referenced. This enables the EMT to secure an up to date and holistic view of the performance of schools. The SCC process also feeds into the review and risk management process of the Directorate.
15. The issues and impact of Covid is handled by a separate and more operational EMT that meets twice a week. The EMT also receives regular reporting updates on the schools buildings investment programme. This element of the Directorate's business is referred to as the School Organisation Programme. Further details of this programme is incorporated as part of the wider control environment in relation to Major Project Governance.
16. At the most recent review of the Directorate Risk Register the highest risk ratings were applied to the following risks:
  - The sufficiency of secondary school places; and
  - Increasing exclusion rates in primary schools.

#### Sufficiency of Secondary School Places

This reflects the risk of there being insufficient secondary school places for pupils ahead of the delivery of additional places through Band B schemes and section 106 schools. Current controls will seek to provide temporary accommodation solutions in the interim periods to ensure a sufficiency of school places. This will be achieved by using space within existing buildings as a result of smaller classes higher up in the school or providing additional modular accommodation. This interim controls reduces the residual risk. Further management controls include development of a strategy that enables further improved planning that assesses where there will be a shortfall in school places prior to the delivery of current projects, and plans for temporary accommodation. This strategy will be underpinned by the ongoing Band B review.

#### Increasing Exclusion Rates in Primary Schools

Increasing exclusions in the primary phase reflect an increase in the number of primary aged pupils with Emotional, Health and Well-being needs (EHWB) with schools are unable to support pupils with EHWB needs this results in more pupils moving between schools or becoming Educated Otherwise than at School (EOTAS). Current controls include improved systems for monitoring cases and for specialist teachers to engage in group problem solving

as well as a more coordinated approach in the primary early intervention provision has been established. Primary exclusions are broadly similar to this time last year but there is now consideration of the impact of Covid to factor in. The management actions include the Emotional Health and Well-being team working closely with schools around exclusions following the return to school for all pupils from September. Work to review the exclusions strategy is ongoing plus an enhanced provision for Early Intervention for foundation age pupils.

17. In the last twelve months the following risks that have been escalated from the Directorate Risk Register are:

- The increasing number of pupils not in receipt of full time education; and
- That educational outcomes for children who are Looked After are not improving.

#### The increasing number of pupils not in receipt of full time education

The risk is that young people out of full time education are not in an environment where they can be safeguarded, and that we are not meeting our statutory responsibilities to provide an Education. Controls that have been put in place to mitigate against this risk include Summer provision for EOTAS pupils and vulnerable children and young people. Teams working to ensure that all pupils have education provision supported by Hard to Place and Fair Access Panels Provision has and will continue to be expanded along with the tracking and monitoring systems continually improving. The management controls include work to identify the circumstances that are contributing to the number of cases of children not accessing regular education in a maintained environment. Temporary additional provision requested to maintain young people in education to prevent disengagement and becoming Not in Education, Employment or Training (NEET) post-16.

#### Educational Outcomes for Children who are Looked After

The risk is that Children who are looked after do not achieve educational outcomes. The number of looked after children has increased during lockdown and has reached over 980 with a further risk of more looked after children placed out of county. The controls in place to mitigate this risk is that the LACE is working closely with schools and settings to ensure that looked after children make a successful transition back to school. Their well-being is monitored and support provided by specialist teams if necessary. Centre assessed grades have been awarded last academic year and looked after children are being supported to ensure successful transition to education, employment or training. The management controls include; close working with schools, settings and social workers; closer working with foster carers where concerns over education are raised. The Education Directorate are contributing to the new corporate parenting strategy, the continuation of the Joint Vulnerable Learner Panel as well as looking to expand provision for looked after children in county, in partnership with all agencies.

### **(b) Internal Audit Engagement and Response**

16. The weekly EMT meetings have a standing item for Audit Reports. New audit reports are received and considered at EMT including the audit report recommendations and responsible officers identified. The weekly meetings provide an opportunity for officers to identify issues and review timelines for implementation of recommendations.

17. For school audits this also provides an opportunity for individual school issues to be highlighted and feed into the Schools Causing Concern process.

18. The Director, Assistant Director of Education and Head of Services to Schools meet with a Senior Auditor on a half termly basis to review the audit plan, any recent audits and identify issues and concerns.

19. Appendix F provide tables that indicate the current position in relation to recent school audits, thematic audits undertaken and central service audits showing assurance rating and the current status on actions. The Audit Committee has also retained an ongoing interest in the delivery of audit recommendations in respect of schools and the wider directorate. Over recent weeks there has been a concerted effort to respond and address audit recommendations. This work will continue over the forthcoming weeks and months to ensure an improved audit position is achieved.

## **Internal Audit Assurance**

### **(c) The Wider Control Environment**

#### **Major Project Governance – Schools Organisational Programme**

20. The School Organisation Programme (SOP) structure was strengthened by aligning project and programme governance and includes relevant service areas and teams across the Council. The revised programme governance structure accommodates typical project management lifecycle and decision making processes with appropriate risks considered at project and programme level. In summary, the programme governance structure includes:

- SOP Cabinet Review Group – advisory group that consists of directors and Cabinet members.
- SOP Board – responsible for taking all high level decisions about the Programme. These decisions will be escalated from the SOP Project Boards or School Asset Commissioning Group.
- Project Boards – the forum whereby the project is managed at the operational level. The Project Board will have decision making responsibility for decisions within the scope of the project or up to agreed tolerances.

21. The SOP Board is the key decision making function and has directed the programme appropriately since the outset. The Board is held every month, works effectively and seeks to handle all business on a consistent basis including agreement of scope of projects. The board receives a risk register at every meeting.

22. For any projects that require a school organisation change the 5 case business model (including 3 Cabinet reports) is applied. It is also recommended that there are 8 gateway reviews throughout a project lifecycle which are scheduled from the outset of the programme. For projects that do not require statutory consultations and that are usually smaller, it is proposed that there will be a streamlined 6 gateways reviews. It is expected that the SOP Board approves the project at each stage. The 5 case business model tests value for money at each stage of the business case cycle. These cases are submitted to Welsh Government for approval.

23. The benefit of project gateways is that key decision makers will have sight of the project at each key stage. It provides a consistent and structured approach to monitoring and managing scope change and project costs. It also provides teams with clarity about when to escalate issues.

#### **Senior Management Assurance Statement**



24. In completing the Senior Management Assurance Statement (SMAS) for the Directorate, the Director of Education receives individual assessments from each member of the EMT to cover their area of the Directorate. The collated SMAS is then discussed and agreed at EMT before being signed off. The SMAS feeds into the Risk Management review process of the Directorate and influences the Directorate Delivery Plan priorities.
25. A summary of the most recent SMAS for the Directorate, mid year for 2020/21 is shown as Appendix E. There will be a focus to improve the arrangements of the SMAS so that the number rated as 'mixed application' is reduced with a target of each assessment categorised to an at least strong application over the forthcoming year.

#### External Assurance

26. In Wales Estyn is the education and training inspectorate. All school and Local Authority inspection reports can be found on their website by accessing [www.estyn.gov.wales](http://www.estyn.gov.wales).
27. On their website can be found a copy of the letter to the Council following the Estyn Monitoring visit in January 2016 which removed the Local Authority from any further follow up.
28. Whilst during the pandemic Estyn suspended any individual inspection visits they have continued their range of thematic work and earlier this year published a report on the Local Authority and Regional Consortia support for Schools and PRU's in response to covid 19. This can also be found on their website. In addition to this report Estyn also detailed their findings of the Local Authority's work with regards to Leadership and Collaboration, Promoting Learning and Supporting the Vulnerable Learners for the period March to December 2020. The report acknowledged the extensive support the authority's Education Services have provided over this period and found no major concerns. Estyn have not yet advised when they inspections of Local Authorities and Schools will resume.
29. The Education Directorate will also be part of the wider Audit Wales arrangements for the Council's financial management arrangements including the use of all external grants.

#### Value for Money

30. The past decade has seen a period of sustained austerity across public service provision and whilst Schools Delegated budgets in Cardiff have been protected from general efficiency savings the central Education Service budget has had to find savings in excess of 40% of the controllable budget.
31. During this period the Education Service has improved significantly, evidenced by the removal of the Service from an Estyn category and pupil attainment across all phases of education in Cardiff schools have increased to levels which are now above the All Wales average.
32. The delegated funding to Cardiff Schools during this period has also increased significantly as has the level of delegation of funding. Cardiff has become, when comparing proportion of delegated to non-delegated central funding the highest delegator of funding in Wales. Where services have been delegated to schools, with an option to buy back, the majority of schools have chosen to continue to purchase that service from the Local Authority.
33. Budget management and the achievement of savings targets is a standing item on the EMT. There are strong governance arrangements for the significant capital expenditure incurred through the 21<sup>st</sup> Century Schools Programme and all decisions; financial and other are managed through these arrangements including assessment of value for money through the



HM Treasury 5 Case Business model that comprises an option appraisal process. It is the intent of the Directorate to apply the standards of the model and option appraisals to any future review of service and significant investment.

## **Legal Implications**

25. The statutory functions of the Audit Committee include the duty to review, scrutinise and issue reports and recommendations on the appropriateness of the authority's risk management, internal control and corporate governance arrangements (pursuant to Part 6 Chapter 2 of the Local Government (Wales) Measure 2011). In discharging its functions, the Audit Committee must have regard to all relevant guidance, in particular the CIPFA guidance for Audit Committees.

## **Financial Implications**

26. The financial implications (if any) arising from this report have been contained within the body of the report.

## **RECOMMENDATIONS**

27. That the Audit Committee considers and notes the content of the report.

**Melanie Godfrey**  
**Director, Education and Lifelong Learning**

The following is attached:

**Appendix A:** Audit Committee Presentation  
**Appendix B:** Section 52 Budget Statement for 2020/21  
**Appendix C:** The Education Directorate Controllable Budget for 2020/21  
**Appendix D:** Education Directorate Structure Chart  
**Appendix E:** SMAS mid year summary 2020/21  
**Appendix F:** Audit Table update

Mae'r dudalen hon yn wag yn fwriadol



**UCHELGAIS**  
PRIFDDINAS



CAPITAL  
**AMBITION**

Tudalen 31



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



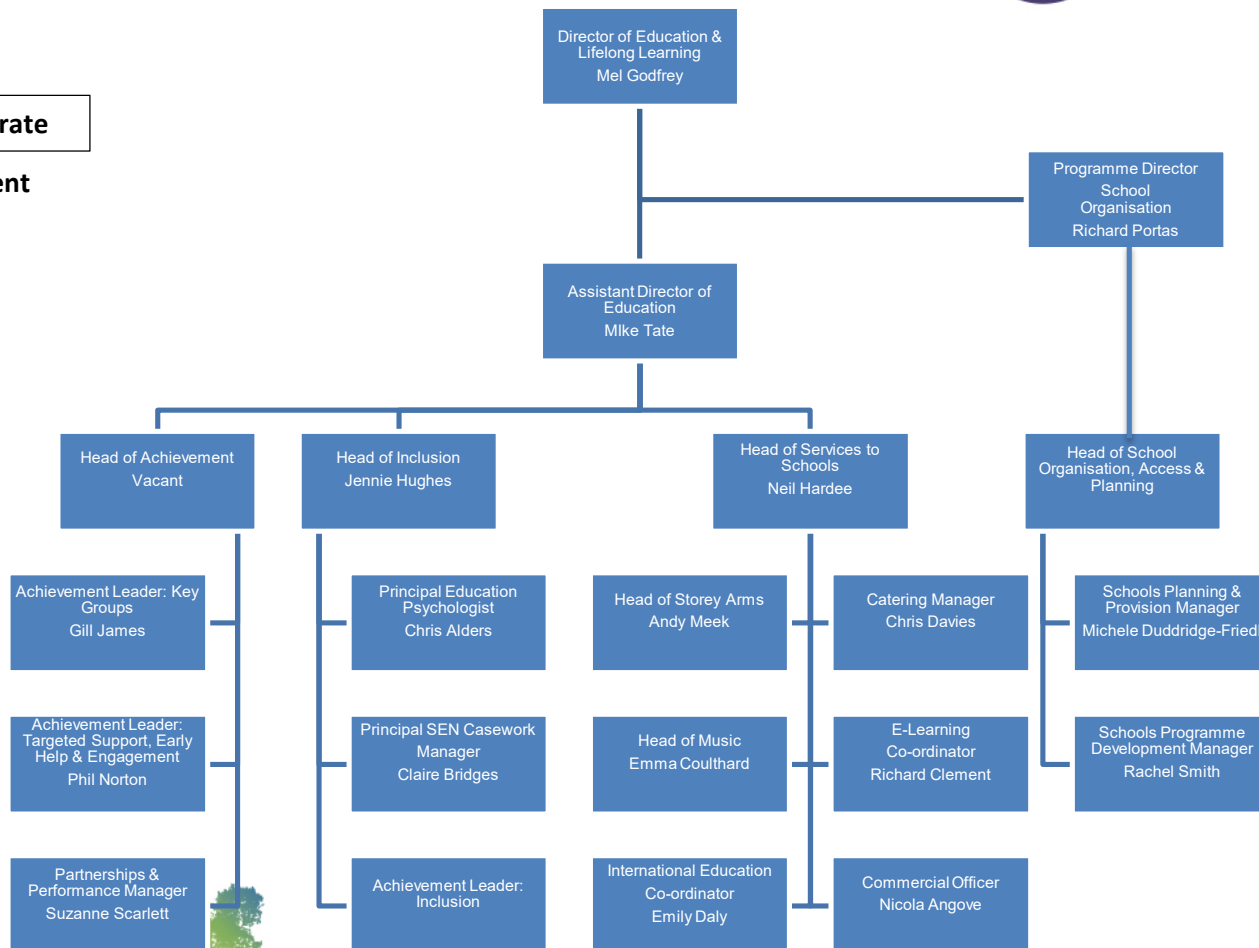
# Education & Lifelong Learning Directorate Structure



## Education Directorate

### Senior Management Team and Direct Reports

Tudalen 32



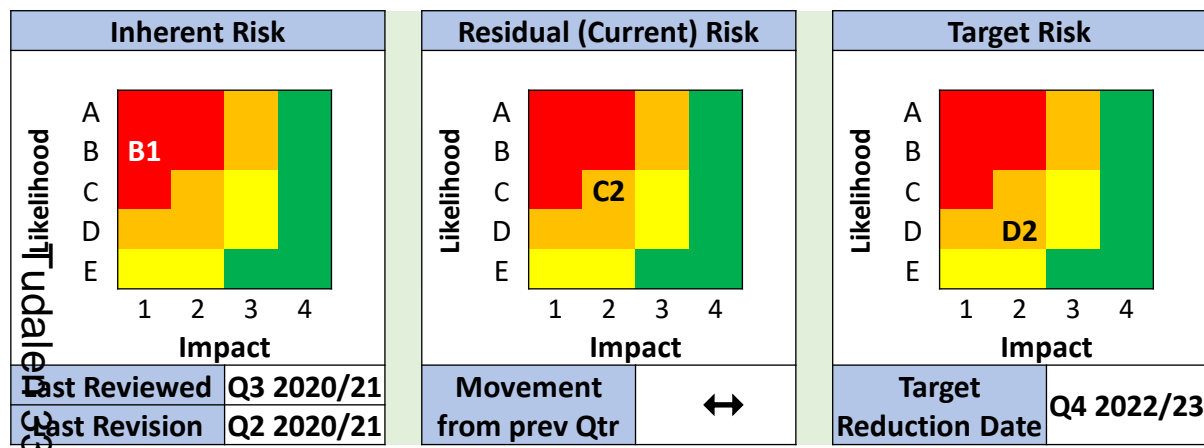
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Working for Cardiff, working together



# Education & Lifelong Learning: Main Areas of Risk



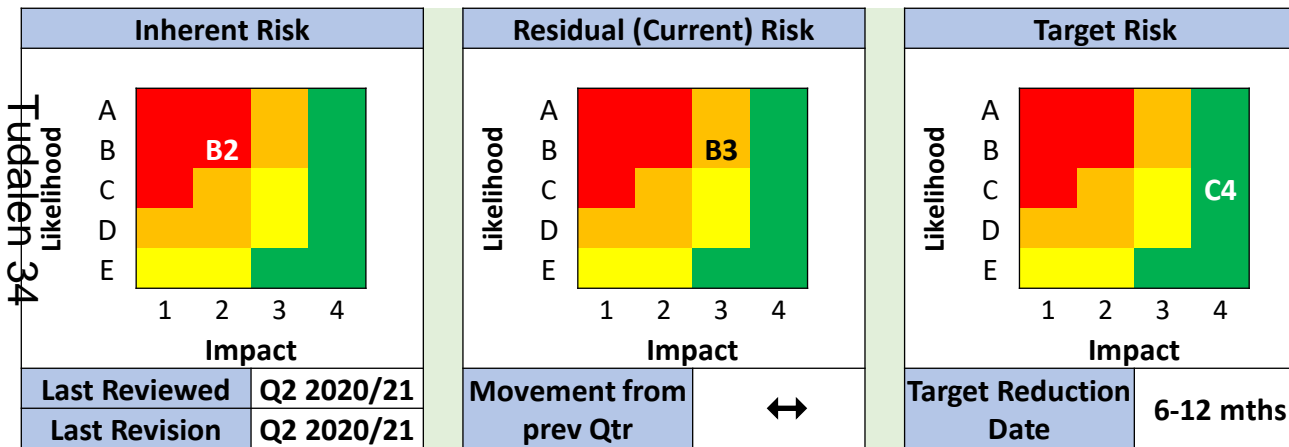
## School Delegated Budgets



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

# Education & Lifelong Learning: Main Areas of Risk

## Education Consortium & Attainment

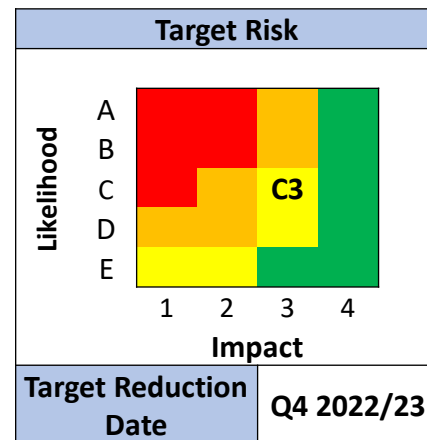
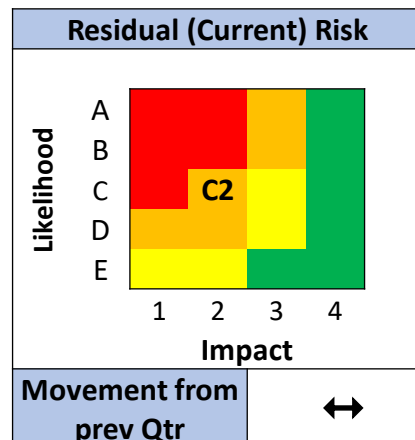
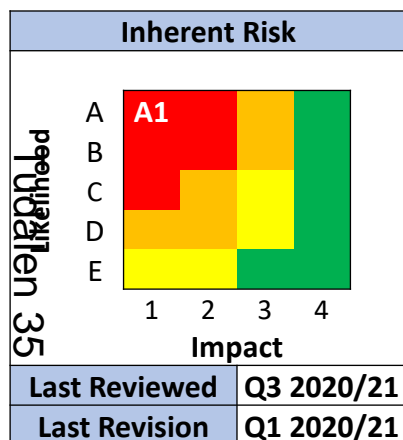


Gweithio dros Gaerdydd, gweithio gyda'n gilydd  
Working for Cardiff, working together

# Education & Lifelong Learning: Main Areas of Risk



## School Organisation Programme Band B



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

# Education & Lifelong Learning: Internal Audit/Assurance Table



Tudalen 36

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2020/21						
British Council grants	Final	Unsatisfactory	19	0	19	19 actions not yet due
Income and debtors	Final	Effective with opportunity for improvement	4	0	4	4 actions not yet due
Follow-up audit - income in school kitchens	Final	Effective with opportunity for improvement	5	0	5	5 actions not yet due
Commissioning and procurement	Final	Effective with opportunity for improvement	7	0	7	7 actions not yet due
Schools						
Follow-up audit - St. Peter's	Draft	Effective with opportunity for improvement			16	Actions being considered by Management
Follow-up audit - Pontprenau	Final	Effective with opportunity for improvement	11	0	11	Dates have recently passed for 7 actions, and evidence is being sought. 4 actions not yet due.
2019/20						
Follow-up audit - Music Service	Final	Insufficient with Major improvement needed	5	0	5	5 actions not yet due
Asset management	Draft	Insufficient with Major improvement needed			4	Actions being considered by Management
Commissioning of independent investigations	Final	Effective with opportunity for improvement	1	5	6	5 actions completed 1 not yet due
Music Service - follow up	Final	Unsatisfactory	*Superseded by further follow up report, with any ongoing recommendations carried forward			
Storey Arms	Final	Effective with opportunity for improvement	2	5	7	2 actions not yet due
Counter-fraud arrangements - Willows	Draft	Effective			1	Action being considered by Management
Income collection - Cardiff High School	Final	Effective with opportunity for improvement	0	3	3	Completed
Pentyrch	Final	Effective with opportunity for improvement	0	8	8	Completed
Counter-fraud arrangements - Radyr Comp	Final	Effective with opportunity for improvement	0	5	5	Completed
Counter-fraud arrangements - Allensbank	Final	Effective with opportunity for improvement	0	6	6	Completed

Counter-fraud arrangements - Easton	Final	Effective with opportunity for improvement	0	2	2	Completed
Counter-fraud arrangements - The Hollies	Final	Effective with opportunity for improvement	0	3	3	Completed
Counter-fraud arrangements - Corpus Christi	Final	Effective with opportunity for improvement	0	6	6	Completed
Counter-fraud arrangements - Hawthorn	Final	Effective with opportunity for improvement	0	5	5	Completed
Counter-fraud arrangements - Kitchener	Final	Effective with opportunity for improvement	4	0	4	Audit evidence being sought - Target dates recently passed
Income collection in schools - Greenhal	Final	Effective with opportunity for improvement	1	4	5	1 overdue action
Income collection in schools - Coryton	Final	Effective with opportunity for improvement	0	8	8	Completed
Income collection in schools - Meadowside	Final	Effective with opportunity for improvement	0	8	8	Completed
Income collection in schools - Herbert Thompson	Final	Effective with opportunity for improvement	1	5	6	1 action not yet due
Income collection in schools - Cardiff West	Final	Effective with opportunity for improvement	3	6	9	3 overdue actions
St. Francis	Final	Insufficient with Major improvement needed	1	18	19	1 overdue actions
St. Illtyd's	Final	Effective with opportunity for improvement	1	5	6	1 action not yet due
Roth Park	Final	Insufficient with Major improvement needed	14	12	26	14 actions not yet due
ICT governance in schools - Cantonian	Final	Insufficient with Major improvement needed	0	15	15	Completed
Windsor Clive	Final	Insufficient with Major improvement needed	0	16	16	Completed
ICT governance in schools - Bishop of Llandaff	Final	Effective with opportunity for improvement	0	6	6	Completed
ICT governance in schools - Ysgol Plasnewydd	Draft	Effective with opportunity for improvement			14	
ICT governance in schools - Fitzalan	Final	Effective with opportunity for improvement	0	10	10	Completed
ICT governance in schools - Cardiff High	Final	Effective with opportunity for improvement	0	8	8	Completed
ICT governance in schools - St. Tello's	Final	Effective with opportunity for improvement	3	8	11	3 actions not yet due
ICT governance in schools - Cathays	Final	Effective with opportunity for improvement	6	5	11	6 actions not yet due
ICT governance in schools - Radyr	Final	Effective with opportunity for improvement	2	7	9	2 actions not yet due
ICT governance in schools - Llanishan	Final	Effective with opportunity for improvement	1	7	8	1 action not yet due

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# Education & Lifelong Learning:

## Internal Audit – Longstanding Recommendations



Tudalen 37

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
Issued prior to 2019/20						
Education - Budgeting & Forecasting	Final	Effective with opportunity for improvement	1	3	4	Open action associated with school services remains open
Partnerships and Collaborative Governance - Education and Lifelong Learning	Final	Effective	2	0	2	Open actions associated with holding a register for external partnership and collaborative relationships, and reporting the mechanism for school improvement in operational and strategic management meetings remain open.
Catering in Opted out Schools	Final	Effective with opportunity for improvement	7	0	7	*Follow up audit included in the Audit Plan. Recommendations not yet due.
Schools						
Whitchurch High	Final	Insufficient with major improvement needed	1	11	12	1 part of a recommendation remains open. Following advice from Legal 'Instrument of Government' to be amended.
Education C&P - Llanedeyrn Primary	Final	Effective with opportunity for improvement	2	3	5	*Full audit of Llanedeyrn Primary is in the Audit Plan. 2 overdue actions

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# Education & Lifelong Learning: Senior Management Assurance Statement



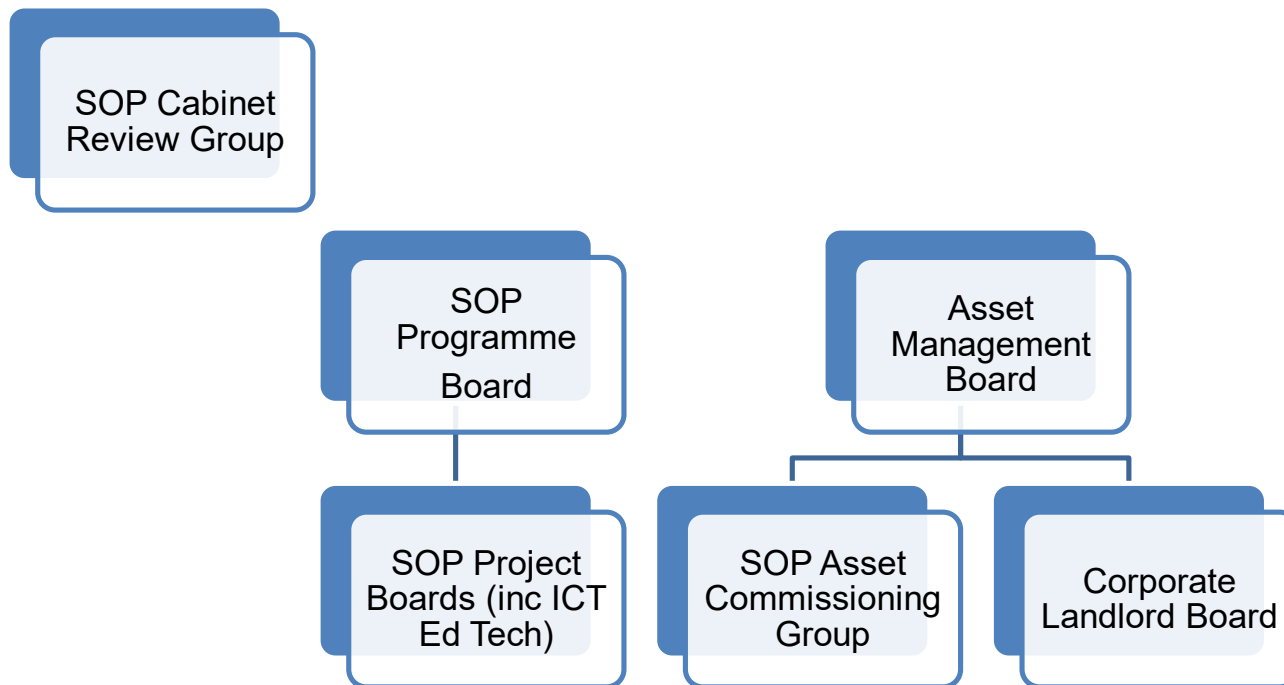
## Education and Lifelong Learning Directorate - Senior Management Assurance Statement 2020 / 21 Summary

	Assurance Area	Rating	1	2	3	4	5
			Not in Place	Limited Application	Mixed Application	Strong Application	Embedded
<b>Risk Management</b>	Risk Identification	4					
	Risk Assessment	3					
	Risk Review	4					
	Directorate Risk Response	4					
	Corporate Risk Response	4					
<b>Partnership and Collaborative Governance</b>	Partnership Governance Risk Management	3					
	Partnership Assurance	3					
<b>Compliance</b>	Compliance	3					
	Compliance Improvement	3					
<b>Project and Programme Initiation</b>	Project and Programme Initiation	4					
	Project and Programme Governance	3					
	Project and Programme Monitoring and Management	4					
<b>Budget</b>	Budget Delivery	3					
	Savings/ Income Target Delivery	3					
<b>Planning Decision</b>	Business Planning	4					
	Future Generations Consideration	3					
	Business Cases	4					
<b>Control</b>	Internal Controls	4					
	Accountability	3					
	Safeguarding Assets	3					
<b>Fraud</b>	Fraud Prevention and Detection	3					
	Fraud Policy Compliance	3					
<b>Performance</b>	Performance Measurement	3					
	Performance Reviews	3					

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# Education & Lifelong Learning: Major Project Governance SOP



Tudalen 39



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S52 EDUCATION BUDGET STATEMENT

Year: 2020-21

LEA Name: The City of Cardiff Council

LEA Code: 681

UA Code: 552

Table 1 - School-level information

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
School name	Official reference number	School opening/ closing O/C	Date opening/ closing	Number of pupils	Budget share		Notional S.E.N. budget £k	Non-ISB Funds devolved to schools £k
					Per school £k	Per pupil £		

Nursery schools

Grangetown Nursery School	1003			50.00	463.390	9,268	42.230	245.670
Tremorfa Nursery	1017			38.00	378.140	9,951	41.870	58.570
Ely And Caerau Children's Centre	1018			47.50	683.520	14,390	62.590	68.370

(9.5) Totals/average nursery schools

135.50	1,525.050	11,255	146.690	372.610
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Mae'r dudalen hon yn wag yn fwiadol

**S52 EDUCATION BUDGET STATEMENT**

Year: 2020-21

LEA Name: The City of Cardiff Council

LEA Code: 681

UA Code: 552

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
School name	Official reference number	School opening/closing O/C	Date opening/closing	Number of pupils	Budget share		Notional S.E.N. budget £k	Non-ISB Funds devolved to schools £k
					Per school £k	Per pupil £		

**Primary schools**

Millbank Primary School	2001			228.50	959.490	4,199	112.610	156.740
Adamsdown Primary	2003			417.50	1,680.570	4,025	201.000	392.120
Albany Primary School	2005			420.50	1,634.100	3,886	205.190	354.290
Allensbank Primary School	2007			198.00	1,120.320	5,658	290.969	164.020
Baden Powell Primary School	2009			383.00	1,547.470	4,040	204.560	286.100
Birchgrove Primary School	2011			410.00	1,380.890	3,368	92.230	166.240
Trelai Primary School	2015			345.50	1,516.590	4,390	191.610	372.380
Fairwater Primary School	2017			223.00	1,006.110	4,512	268.853	146.840
Gabalfa Primary	2019			257.50	1,067.860	4,147	143.510	203.940
Kitchener Primary School	2031			429.50	1,657.690	3,860	183.110	415.910
Lansdowne Primary School	2033			378.50	1,471.800	3,889	165.520	282.240
Moorland Primary	2037			426.00	1,710.230	4,015	214.600	403.330
Radnor Primary School	2039			288.00	1,108.010	3,847	156.090	178.040
Rhydypenau Primary School	2041			489.50	1,598.270	3,265	97.960	193.860
Roath Park Primary School	2043			446.50	1,576.000	3,530	166.430	247.760
Greenway Primary School	2045			223.50	1,056.220	4,726	141.260	245.430
Stacey Primary School	2050			208.50	918.480	4,405	82.650	175.360
Ton-yr-Ywen Primary School	2052			442.00	1,694.680	3,834	188.070	211.680
Peter Lea Primary School	2061			316.50	1,297.350	4,099	125.380	204.360
Bryn Hafod Primary School	2065			409.50	1,888.550	4,612	480.181	350.800
Pen-y-Bryn Primary School	2069			229.50	1,023.480	4,460	144.410	167.880
Coed Glas C P School	2072			500.00	2,315.310	4,631	552.380	271.180
Lakeside Primary School	2074			446.00	1,914.350	4,292	415.439	218.260
Pentrebane Primary School	2075			211.50	1,172.960	5,546	419.360	226.560
Mount Stuart Primary School	2084			421.50	1,657.790	3,933	190.820	390.520
Llanishen Fach Primary School	2090			464.50	1,926.340	4,147	423.111	185.090
Rhiwbeina Primary School	2092			665.00	2,161.110	3,250	103.490	221.460
Llanedeyrn Primary School	2094			372.50	1,977.940	5,310	637.843	264.270

**S52 EDUCATION BUDGET STATEMENT**

Year: 2020-21

LEA Name: The City of Cardiff Council

LEA Code: 681

UA Code: 552

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
School name	Official reference number	School opening/closing O/C	Date opening/closing	Number of pupils	Budget share		Notional S.E.N. budget £k	Non-ISB Funds devolved to schools £k
					Per school £k	Per pupil £		

**Primary schools**

Springwood Primary School	2096			222.00	1,593.130	7,176	735.523	151.210
Ninian Park Primary School	2101			609.50	2,372.320	3,892	269.030	480.540
Coryton Primary	2104			207.00	904.830	4,371	139.010	102.220
Bryn Celyn Primary School	2107			160.50	829.650	5,169	166.140	147.890
Y G G Gwaelod Y Garth	2111			263.50	1,090.500	4,139	82.520	100.890
Radyr Primary School	2132			438.00	1,478.670	3,376	124.190	154.210
Tongwynlais Primary School	2137			192.00	797.210	4,152	97.820	105.150
Llysfaen Primary School	2147			428.00	1,443.670	3,373	119.000	160.380
Bryn Deri Primary	2153			226.50	995.870	4,397	108.440	101.240
Oakfield Primary School	2164			403.00	1,729.920	4,293	239.270	341.240
Ysgol Gymraeg Melin Gruffydd	2166			427.00	1,536.870	3,599	118.320	161.420
Ysgol Y Wern	2169			609.00	2,153.970	3,537	153.400	236.420
Ysgol Gymraeg Coed Y Gof	2170			309.00	1,296.310	4,195	220.920	227.760
Ysgol Bro Eirwg	2171			400.50	1,439.520	3,594	96.180	207.700
Ysgol Treganna	2173			647.00	2,245.180	3,470	223.420	241.310
Willowbrook Primary School	2174			424.50	1,623.120	3,824	186.470	269.950
Pentyrch Primary	2175			146.00	594.370	4,071	58.480	59.480
Thornhill Primary School	2176			436.50	1,610.670	3,690	164.630	207.240
Ysgol Pencae	2177			208.00	872.940	4,197	148.090	65.190
Meadowlane Primary School	2179			319.50	1,354.000	4,238	147.810	272.530
Ysgol Mynydd Bychan	2180			230.00	887.860	3,860	67.070	104.850
Creigiau Primary School	2305			382.00	1,397.580	3,659	89.820	139.140
Ysgol Gymraeg Pwll Coch	2306			368.50	1,434.370	3,892	230.036	179.570
Ysgol Y Berllan Deg	2308			418.50	1,480.220	3,537	85.390	160.230
Gladstone Primary School	2309			200.00	924.790	4,624	95.580	213.950
Glan Yr Afon Primary School	2310			113.50	710.850	6,263	72.600	113.930
Grange town Primary School	2311			374.00	1,425.420	3,811	173.700	307.120
Herbert Thompson Primary	2312			480.50	1,965.340	4,090	270.760	423.130



**S52 EDUCATION BUDGET STATEMENT**

Year: 2020-21

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
School name	Official reference number	School opening/closing O/C	Date opening/closing	Number of pupils	Budget share		Notional S.E.N. budget £k	Non-ISB Funds devolved to schools £k
					Per school £k	Per pupil £		

**Primary schools**

Ysgol Glan Morfa	2313			225.00	1,096.400	4,873	104.360	166.100
Ysgol Pen Y Pil	2314			202.50	825.200	4,075	68.010	119.310
Ysgol Gymraeg Nant Caerau	2315			216.00	973.360	4,506	107.450	134.880
Rumney Primary	2317			433.00	1,678.450	3,876	204.860	237.630
Windsor Clive Primary	2318			402.50	1,795.540	4,461	200.410	364.970
Severn Primary	2319			443.50	1,873.770	4,225	250.920	338.350
Hawthorn Primary	2320			226.50	962.560	4,250	107.150	128.700
Danescourt Primary	2321			447.50	1,637.280	3,659	185.720	209.170
Hywel Dda Primary School	2322			418.50	1,769.480	4,228	240.770	371.620
Ysgol Gynradd Gymraeg Pen-Y-Groes	2323			108.50	750.620	6,918	183.233	62.290
Trowbridge Primary	2324			186.50	797.150	4,274	92.990	211.230
Ysgol Glan Ceubal	2325			157.50	962.860	6,113	49.430	89.190
Marlborough Primary	2326			489.50	1,923.090	3,929	398.161	217.930
Pencaerau Primary	2327			230.00	1,010.070	4,392	132.130	227.830
Glyncoed Primary	2328			367.00	1,393.300	3,796	139.190	247.710
Whitchurch Primary	2329			665.00	2,343.630	3,524	239.840	287.190
Pontprennau Primary School	2330			311.50	1,472.210	4,726	231.680	175.850
Howardian Primary School	2331			316.50	1,316.260	4,159	93.300	171.200
Ysgol Gynradd Gymraeg Hamadryad	2332			141.00	828.220	5,874	54.950	91.380
St. Mellons Church In Wales Primary	3000			114.00	535.180	4,695	64.980	56.810
St Alban's Rc Primary School	3321			143.00	727.670	5,089	165.490	166.760
St Cuthbert's Rc Primary	3323			124.00	602.410	4,858	65.160	95.400
St. Joseph's RC Primary School	3328			201.00	779.920	3,880	60.940	116.530
St. Mary's R.C. Primary School	3330			247.50	902.070	3,645	55.420	156.410
St Patrick's R C School	3332			284.00	1,042.000	3,669	146.960	210.260
St. Peter's Primary School	3334			465.00	1,579.030	3,396	130.440	281.410
St Cadoc's Catholic Primary	3336			324.00	1,242.710	3,836	113.650	219.130
St Monicas C/W Primary School	3341			141.00	676.210	4,796	105.710	107.840

**S52 EDUCATION BUDGET STATEMENT**

Year: 2020-21

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UA Code: 552

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
School name	Official reference number	School opening/closing O/C	Date opening/closing	Number of pupils	Budget share		Notional S.E.N. budget £k	Non-ISB Funds devolved to schools £k
					Per school £k	Per pupil £		

**Primary schools**

St.Paul's C/W Primary School	3343			208.00	885.500	4,257	150.650	153.590
Tredegaville C/W Primary	3344			228.50	989.870	4,332	178.230	201.700
Llandaff City Primary School	3346			421.00	1,383.560	3,286	83.830	129.370
Christ The King Primary School	3351			211.50	789.570	3,733	72.780	87.890
St John Lloyd	3353			319.00	1,213.220	3,803	110.500	200.880
Holy Family R.C. Primary	3354			145.00	723.430	4,989	86.940	89.400
St Mary The Virgin C/W Primary School	3355			203.00	920.090	4,532	124.400	239.140
All Saints C/W Primary	3357			166.00	649.970	3,915	73.710	75.570
St Fagans Church In Wales	3366			215.00	877.280	4,080	79.680	114.680
St Bernadettes Primary School	3370			230.50	949.980	4,121	119.480	109.510
St David's C/W Primary School	3371			229.00	950.550	4,151	125.930	189.190
Bishop Childs C/W Primary	3373			215.00	785.060	3,651	73.370	91.330
St Philip Evans Primary School	3374			380.50	1,352.770	3,555	70.630	228.630
St. Francis R. C. Primary Sch.	3375			336.50	1,329.560	3,951	166.890	313.510
<b>(10) Totals/average primary schools</b>					<b>31,436.00</b>	<b>127,526.170</b>	<b>4,057</b>	<b>16,792.576</b>
								<b>20,020.020</b>

**S52 EDUCATION BUDGET STATEMENT**

Year: 2020-21

LEA Name: The City of Cardiff Council

LEA Code: 681

UA Code: 552

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
School name	Official reference number	School opening/closing O/C	Date opening/closing	Number of pupils	Budget share		Notional S.E.N. budget £k	Non-ISB Funds devolved to schools £k
					Per school £k	Per pupil £		

**Secondary schools**

Cardiff High School	4039			1,663.00	8,004.150	4,813	783.017	361.200
Willows High School	4041			665.00	3,925.820	5,903	466.409	462.060
Fitzalan High School	4042			1,742.00	8,947.880	5,137	1,131.319	1,097.550
Cantonian High School	4049			708.00	4,791.090	6,767	1,122.826	364.280
Llanishen High School	4051			1,601.00	8,674.910	5,418	1,849.573	546.750
Cathays High School	4054			917.00	5,500.750	5,999	1,042.755	660.890
Radyr Comprehensive School	4070			1,309.00	6,083.540	4,647	385.187	300.560
Ysgol Gyfun Gymraeg Glantaf	4071			1,272.00	6,763.740	5,317	854.959	277.680
Ysgol Gyfun Gymraeg Plasmawr	4072			1,136.00	5,593.470	4,924	522.508	246.070
Ysgol Gyfun Gymraeg Bro Edern	4074			801.00	4,178.020	5,216	381.182	199.100
Cardiff West Community High School	4075			779.00	5,244.930	6,733	940.109	449.850
Eastern High School	4076			968.00	5,684.170	5,872	758.762	548.700
St. Illtyd's Catholic High School	4600			902.00	4,521.350	5,013	636.167	449.480
Mary Immaculate High School	4607			793.00	3,992.010	5,034	597.432	417.160
Bishop Of Llandaff Church In Wales High School	4608			1,240.00	6,824.250	5,503	1,700.380	265.250
St Teilo's C-In-W High School	4609			1,414.00	6,906.210	4,884	889.737	567.080
Corpus Christi Catholic High School	4611			1,073.00	4,829.510	4,501	419.670	343.790
Whitchurch High School	5403			2,373.00	11,633.600	4,902	1,898.087	655.790

**(11) Totals/average secondary schools**

<b>21,356.00</b>	<b>112,099.400</b>	<b>5,249</b>	<b>16,380.077</b>	<b>8,213.240</b>
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Mae'r dudalen hon yn wag yn fwiadol

**S52 EDUCATION BUDGET STATEMENT**

Year: 2020-21

LEA Name: The City of Cardiff Council

LEA Code: 681

UA Code: 552

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
School name	Official reference number	School opening/closing O/C	Date opening/closing	Number of places	Budget share		Notional S.E.N. budget £k	Non-ISB Funds devolved to schools £k
					Per school £k	Per pupil £		

**Special schools**

Greenhill Special School	7001			60	1,430.240	23,837		70.730
The Court School	7005			42	1,079.160	25,694		45.550
Woodlands High School	7006			145	2,219.600	15,308		104.860
Riverbank School	7008			70	1,434.260	20,489		70.360
Ty-Gwyn Special School	7011			194	4,714.870	24,303		139.680
The Hollies School	7019			102	2,666.050	26,138		76.580
Meadowbank Special School	7021			33	849.630	25,746		30.180

**(12) Totals/average special schools**

<b>646</b>	<b>14,393.810</b>	<b>22,281</b>	<b>0.000</b>	<b>537.940</b>
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**(13) Totals for all schools**

<b>53,573.50</b>	<b>255,544.430</b>	<b>4,770</b>	<b>33,319.344</b>	<b>29,143.810</b>
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**MEMORANDUM ITEMS**
**(14) UNALLOCATED ISB**

Nursery	
Primary	4,795.600
Middle	
Secondary	6,056.030
Special	451.190
<b>Total</b>	<b>11,302.820</b>

**(15) NON ALLOCATED NON-ISB FUNDS**

Nursery	
Primary	408.670
Middle	
Secondary	37.130
Special	
<b>Total</b>	<b>445.800</b>

**(16) TOTAL ISB**

<b>266,847.250</b>
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Mae'r dudalen hon yn wag yn fwiadol

# Education - Controllable Budgetary Analysis 2020/21

Education - Controllable Budgetary Analysis 2020/21											
Sub Division of Service	Expenditure					Income			Net	PROPOSED SAVINGS BY PORTFOLIO	
	Employees £	External Spend £	Other Expenditure £	Internal Income £	Gross Expenditure £	Grant Income £	Other Income £	Total Income £	Net Expenditure £	Children & Families	Education, Employment & Skills
										2021/22 £	
<b>Non-Delegated Schools</b>											
A Non - Delegated Schools	354,340	30,900	9,347,930	(160,000)	9,573,170	(28,000)	0	(28,000)	9,545,170	0	0
B Out of School Childcare	139,000	1,000	0	0	140,000	0	(143,000)	(143,000)	(3,000)	0	0
<b>Total Non-Delegated Schools</b>	<b>493,340</b>	<b>31,900</b>	<b>9,347,930</b>	<b>(160,000)</b>	<b>9,713,170</b>	<b>(28,000)</b>	<b>(143,000)</b>	<b>(171,000)</b>	<b>9,542,170</b>	<b>0</b>	<b>0</b>
C <b>Out of Area Placements</b>	<b>0</b>	<b>5,189,730</b>	<b>0</b>	<b>0</b>	<b>5,189,730</b>	<b>0</b>	<b>(433,000)</b>	<b>(433,000)</b>	<b>4,756,730</b>	<b>0</b>	<b>0</b>
D <b>Senior Management</b>	<b>303,780</b>	<b>1,000</b>	<b>7,000</b>	<b>(134,250)</b>	<b>177,530</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>177,530</b>	<b>0</b>	<b>50,000</b>
<b>Inclusion</b>											
E ALN - Specialist Teaching	4,081,360	165,600	0	(4,246,580)	380	0	0	0	380	0	0
F ALN - Non-Delegated Schools	964,700	149,100	5,140	(93,020)	1,025,920	0	(140,000)	(140,000)	885,920	0	0
<b>Total Inclusion</b>	<b>5,046,060</b>	<b>314,700</b>	<b>5,140</b>	<b>(4,339,600)</b>	<b>1,026,300</b>	<b>0</b>	<b>(140,000)</b>	<b>(140,000)</b>	<b>886,300</b>	<b>0</b>	<b>0</b>
<b>Performance &amp; Resources</b>											
G Performance & Resources	250,270	235,180	305,610	(134,840)	656,220	(72,000)	(230,210)	(302,210)	354,010	0	65,000
H Catering	4,882,410	4,519,420	1,853,010	(5,804,210)	545,0630	(550,000)	(5,370,810)	(5,920,810)	-470,180	0	0
I Music Service	1,102,210	24,100	69,010	(368,550)	826,770	0	(833,860)	(833,860)	(7,090)	0	0
J Outdoor Pursuits Centre	387,050	71,530	52,940	(224,000)	287,520	0	(317,700)	(317,700)	(30,180)	0	0
K E- Learning	89,120	0	0	0	89,120	0	(88,940)	(88,940)	180	0	0
<b>Total Performance &amp; Resources</b>	<b>6,711,060</b>	<b>4,850,230</b>	<b>2,280,570</b>	<b>(6,531,600)</b>	<b>7,310,260</b>	<b>(622,000)</b>	<b>(6,841,520)</b>	<b>(7,463,520)</b>	<b>(153,260)</b>	<b>0</b>	<b>65,000</b>
<b>Achievement</b>											
L School Improvement	104,210	1,524,520	0	(55,380)	1573350	0	(14,160)	(14,160)	1559190	0	13,000
M Youth Service	1,898,370	500,220	10,500	(11,880)	2397210	(1,215,660)	(101,000)	(1,316,660)	1080550	0	0
N Home & Hospital Tuition / EOTAS	905,560	703,190	6,890	(650,000)	965,640	0	0	0	965,640	0	0
O Education Welfare	305,750	5,950	11,110	(69,520)	253,290	0	0	0	253,290	0	0
P Partnerships & Performance	269,790	88,130	510	(73,760)	284,670	(32,000)	0	(32,000)	252,670	0	0
Q Admissions	493,150	54,180	1,020	0	548,350	0	0	0	548,350	0	0
R Early Years	0	136,010	0	0	136,010	0	0	0	136,010	60,000	0
S Client Support Services	735,710	26,520	1,110	(507,280)	256,060	0	(10,000)	(10,000)	246,060	0	0
T Governor Services	140,310	0	0	(82,120)	58,190	0	0	0	58,190	0	0
U Child Friendly Cities	0	145,000	0	0	145,000	0	0	0	145,000	0	0
<b>Total Achievement</b>	<b>4,852,850</b>	<b>3,183,720</b>	<b>31,140</b>	<b>(1,449,940)</b>	<b>6,617,770</b>	<b>(1,247,660)</b>	<b>(125,160)</b>	<b>(1,372,820)</b>	<b>5,244,950</b>	<b>60,000</b>	<b>13,000</b>
<b>Education Grants</b>											
V EIG	0	11,608,030	20	0	11,608,050	(11,608,030)	0	(11,608,030)	20	0	0
W Pupil Development Grant	0	10,058,400	10	0	10,058,410	(10,058,400)	0	(10,058,400)	10	0	0
X MEAG	3,720,070	202,290	5,030	0	3,927,390	(3,926,560)	0	(3,926,560)	830	0	0
Y Travellers Service	200,190	106,570	2,860	0	309,620	(309,600)	0	(309,600)	20	0	0
Z Families First Education Services	21,850	506,600	0	(506,600)	21,850	0	0	0	21,850	0	0
AA Miscellaneous Grants	131,450	96,100	0	0	227,550	(227,550)	0	(227,550)	0	0	0
AB LAC	160,470	60,990	16,000	0	237,460	0	0	0	237,460	0	0
<b>Total Achievement</b>	<b>4,234,030</b>	<b>22,638,980</b>	<b>23,920</b>	<b>(506,600)</b>	<b>26,390,330</b>	<b>(26,130,140)</b>	<b>0</b>	<b>(26,130,140)</b>	<b>260,190</b>	<b>0</b>	<b>0</b>
AC <b>SOP Programme</b>	<b>1,050,230</b>	<b>1,662,806</b>	<b>(5,061,960)</b>	<b>(3,709,126)</b>	<b>(6,058,050)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,058,050)</b>	<b>0</b>	<b>100,000</b>
AD <b>School Transport</b>	<b>134,510</b>	<b>6,069,560</b>	<b>250,750</b>	<b>(170)</b>	<b>6,454,650</b>	<b>0</b>	<b>(75,800)</b>	<b>(75,800)</b>	<b>6,378,850</b>	<b>0</b>	<b>0</b>
A-AD <b>Education</b>	<b>22,825,860</b>	<b>43,942,626</b>	<b>6,884,490</b>	<b>(16,831,286)</b>	<b>56,821,690</b>	<b>(28,027,800)</b>	<b>(7,758,480)</b>	<b>(35,786,280)</b>	<b>21,035,410</b>	<b>60,000</b>	<b>228,000</b>
DS <b>Delegated Schools</b>	<b>219,971,430</b>	<b>42,743,440</b>	<b>16,532,840</b>	<b>(10,752,920)</b>	<b>268,494,790</b>	<b>(13,102,430)</b>	<b>(5,383,820)</b>	<b>(18,486,250)</b>	<b>250,008,540</b>	<b>0</b>	<b>0</b>

(54,272,530)

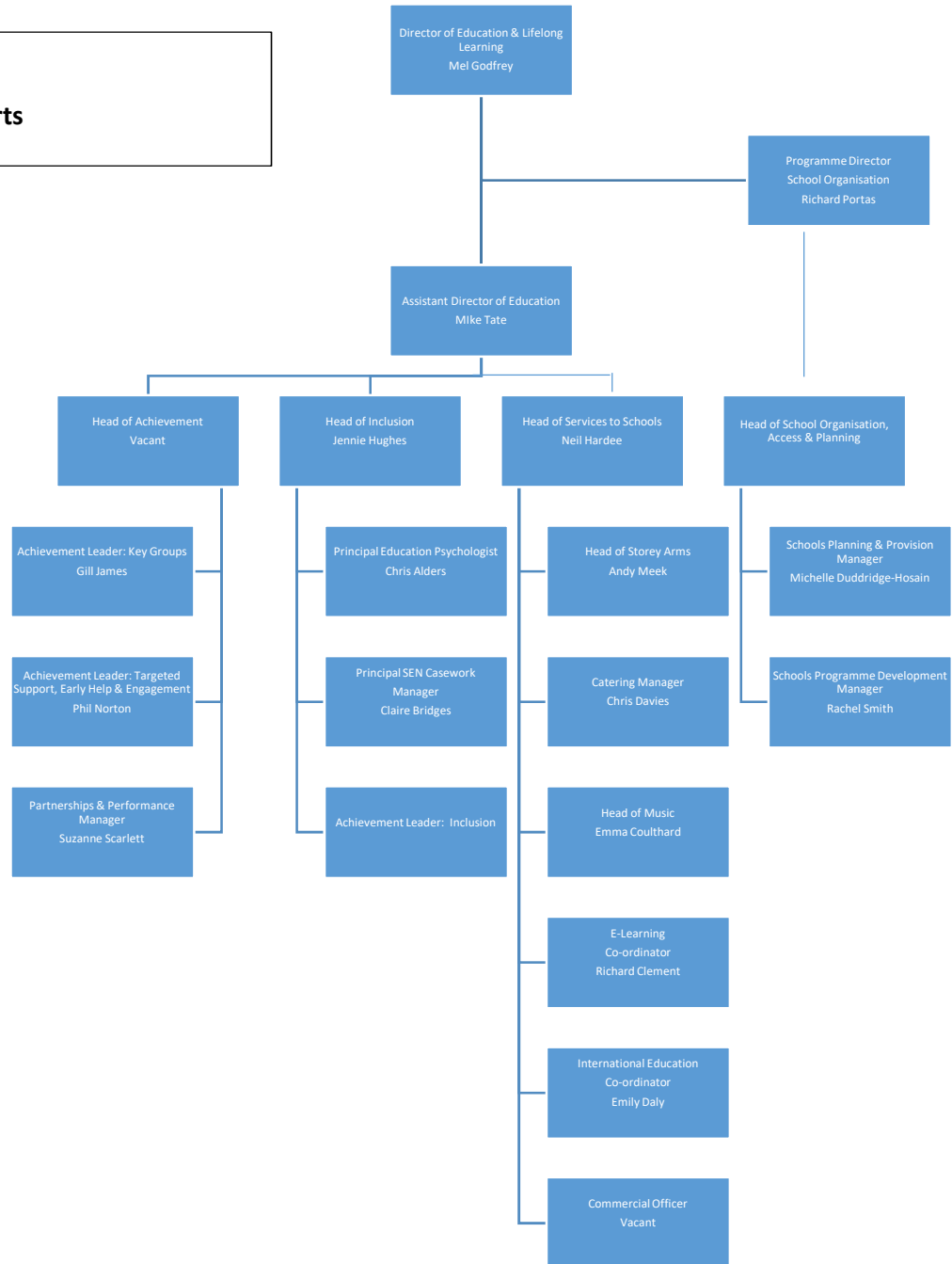
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## Education Directorate

### Senior Management Team and Direct Reports



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## Education and Lifelong Learning Directorate - Senior Management Assurance Statement 2020 / 21 Summary

Assurance Area	Rating	1	2	3	4	5
		Not in Place	Limited Application	Mixed Application	Strong Application	Embedded
<b>Risk Management</b>						
Risk Identification	4					
Risk Assessment	3					
Risk Review	4					
Directorate Risk Response	4					
Corporate Risk Response	4					
<b>Partnership and Collaborative Governance</b>						
Partnership Governance Risk Management	3					
Partnership Assurance	3					
<b>Compliance</b>						
Compliance	3					
Compliance Improvement	3					
<b>Project and Programme Initiation</b>						
Project and Programme Initiation	4					
Project and Programme Governance	3					
Project and Programme Monitoring and Management	4					
<b>Budget</b>						
Budget Delivery	3					
Savings/ Income Target Delivery	3					
<b>Planning Decision</b>						
Business Planning	4					
Future Generations Consideration	3					
Business Cases	4					
<b>Control</b>						
Internal Controls	4					
Accountability	3					
Safeguarding Assets	3					
<b>Fraud</b>						
Fraud Prevention and Detection	3					
Fraud Policy Compliance	3					
<b>Performance</b>						
Performance Measurement	3					
Performance Reviews	3					

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Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2020/21						
British Council grants	Final	Unsatisfactory	19	0	19	19 actions not yet due
Income and debtors	Final	Effective with opportunity for improvement	4	0	4	4 actions not yet due
Follow-up audit – income in school kitchens	Final	Effective with opportunity for improvement	5	0	5	5 actions not yet due
Commissioning and procurement	Final	Effective with opportunity for improvement	7	0	7	7 actions not yet due
Schools						
Follow-up audit – St. Peter's	Draft	Effective with opportunity for improvement			16	Actions being considered by Management
Follow-up audit – Pontprennau	Final	Effective with opportunity for improvement	11	0	11	Dates have recently passed for 7 actions, and evidence is being sought. 4 actions not yet due.
2019/20						
Follow-up audit – Music Service	Final	Insufficient with Major improvement needed	5	0	5	5 actions not yet due
Asset management	Draft	Insufficient with Major improvement needed			4	Actions being considered by Management
Commissioning of independent investigations	Final	Effective with opportunity for improvement	1	5	6	5 actions completed 1 not yet due
Music Service – follow up	Final	Unsatisfactory	*Superseded by further follow up report, with any ongoing recommendations carried forward			
Storey Arms	Final	Effective with opportunity for improvement	2	5	7	2 actions not yet due
Counter-fraud arrangements – Willows	Draft	Effective			1	Action being considered by Management
Income collection – Cardiff High School	Final	Effective with opportunity for improvement	0	3	3	Completed
Pentyrch	Final	Effective with opportunity for improvement	0	8	8	Completed
Counter-fraud arrangements - Radyr Comp	Final	Effective with opportunity for improvement	0	5	5	Completed
Counter-fraud arrangements - Allensbank	Final	Effective with opportunity	0	6	6	Completed

		for improvement				
Counter-fraud arrangements - Eastern	Final	Effective	0	2	2	Completed
Counter-fraud arrangements - The Hollies	Final	Effective with opportunity for improvement	0	3	3	Completed
Counter-fraud arrangements - Corpus Christi	Final	Effective with opportunity for improvement	0	6	6	Completed
Counter-fraud arrangements - Hawthorn	Final	Effective with opportunity for improvement	0	5	5	Completed
Counter-fraud arrangements - Kitchener	Final	Effective with opportunity for improvement	4	0	4	Audit evidence being sought – Target dates recently passed
Income collection in schools - Greenhill	Final	Effective with opportunity for improvement	1	4	5	1 overdue action
Income collection in schools - Coryton	Final	Effective with opportunity for improvement	0	8	8	Completed
Income collection in schools - Meadowlane	Final	Effective with opportunity for improvement	0	8	8	Completed
Income collection in schools - Herbert Thompson	Final	Effective with opportunity for improvement	1	5	6	1 action not yet due
Income collection in schools - Cardiff West	Final	Effective with opportunity for improvement	3	6	9	3 overdue actions
St. Francis	Final	Insufficient with Major improvement needed	1	18	19	1 overdue actions
St. Illtyd's	Final	Effective with opportunity for improvement	1	5	6	1 action not yet due
Roath Park	Final	Insufficient with Major improvement needed	14	12	26	14 actions not yet due
ICT governance in schools - Cantonian	Final	Insufficient with Major improvement needed	0	15	15	Completed
Windsor Clive	Final	Insufficient with Major improvement needed	0	16	16	Completed
ICT governance in schools - Bishop of Llandaff	Final	Effective with opportunity for improvement	0	6	6	Completed
ICT governance – - Ysgol Plasmawr	Draft	Effective with opportunity			14	

		for improvement				
ICT governance in schools - Fitzalan	Final	Effective with opportunity for improvement	0	10	10	Completed
ICT governance in schools – Cardiff High	Final	Effective with opportunity for improvement	0	8	8	Completed
ICT governance in schools - St. Teilo's	Final	Effective with opportunity for improvement	3	8	11	3 actions not yet due
ICT governance in schools - Cathays	Final	Effective with opportunity for improvement	6	5	11	6 actions not yet due
ICT governance in schools - Radyr	Final	Effective with opportunity for improvement	2	7	9	2 actions not yet due
ICT governance in schools - Llanishen	Final	Effective with opportunity for improvement	1	7	8	1 action not yet due

## **Longstanding Audit Recommendations**

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
Issued prior to 2019/20						
Education - Budgeting & Forecasting	Final	Effective with opportunity for improvement	1	3	4	Open action associated with school traded services remains open
Partnerships and Collaborative Governance - Education and Lifelong Learning	Final	Effective	2	0	2	Open actions associated with holding a register for external partnership and collaborative relationships, and reporting the mechanism for school improvement in operational and strategic management meetings remain open.
Catering in Opted out Schools	Final	Effective with opportunity for improvement	7	0	7	*Follow up audit included in the Audit Plan. Recommendations not yet due.
Schools						
Whitchurch High	Final	Insufficient with major improvement needed	1	11	12	1 part of a recommendation remains open. Following advice from Legal 'Instrument of Government' to be amended.
Education C&P – Llanedeyrn Primary	Final	Effective with opportunity for improvement	2	3	5	*Full audit of Llanedeyrn Primary is in the Audit Plan. 2 overdue actions

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**AUDIT COMMITTEE: 23<sup>rd</sup> MARCH 2021**

**ECONOMIC DEVELOPMENT CONTROL ENVIRONMENT UPDATE**

**AGENDA ITEM: 6.1**

**REPORT OF THE DIRECTOR, ECONOMIC DEVELOPMENT**

**Reason for this Report**

1. This report has been produced in response to the Audit Committee's request for an update on the approach to contract governance and control in leisure partnerships, the directorate response to audit recommendations, and for information on the wider directorate control environment.
2. The Audit Committee has requested this update in respect of its role to:
  - Monitor progress in addressing risk-related issues reported to the committee.
  - Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
  - To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
  - To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

**Background**

3. The Economic Development Directorate has responsibility for a wide and complex range of statutory duties, functions and services. The Directorate manages the Council's Economic Development team; Major Projects; Corporate Landlord including County Estates functions, Culture, Venues & Events teams, City Centre Management team, Tourism, and Parks, Sport, Harbour Authority & Leisure services and more recently Street Scene including Recycling Neighbourhood Services and Shared Regulatory Services. The directorate currently employs 1,263 FTEs. To illustrate the scale and variety of activities provided, here is a list of the strategic priorities progressed during 2020/21:

**Attract more and better jobs:**

- Supported the creation of 751 jobs and safeguarded 165 jobs in 2020/21.
- Delivered over 15,000 grants and paid out almost £100m in financial support to roughly 10,000 local businesses over the course of the pandemic (working collaboratively with the Council's Finance Department).

- A Recovery Taskforce has been established to support those who have lost their job due to COVID-19, to help employers recruit and train, and more broadly, to lead the post-COVID economic recovery in Cardiff.
- The Council supported a Cardiff University-led Strength in Places (SIP) bid to UK Research and Innovation (UKRI) to increase research and development in the city region's screen and creative industries. This sector, one of Cardiff's key growth sectors for the future, has been significantly affected by the pandemic, and ensuring its recovery will be critical to the future success of the local economy.

#### **Attract more visitors that stay longer:**

- Cardiff's cultural sector has been hit hard by the pandemic, with our cultural venues closed since the end of March 2020. Key events, including the new Signature Music Event have been delayed until autumn 2021, at the earliest, and the Guinness Pro 14 Final 2020 was cancelled last summer.
- We have been working with Welsh Government to identify and develop future opportunities in the events sector, which will be crucial in maintaining Cardiff's outward facing approach in the post-Brexit era.
- Despite COVID-19 restrictions during 2020/21 Council venues worked hard to offer a safe space for relaxation or flexible home learning for 169,500 visitors, in person or virtually. From April to December 84,255 visited Cardiff Castle open air green space (free of charge) and 5,699 utilised the services of the Museum of Cardiff which were altered to meet the need for a socially distanced provision (counting home schooling resources/exhibitions, one to one community sessions and website unique visits).

#### **Continue the regeneration of the city centre and Cardiff Bay:**

- The planning application for Cardiff Parkway, a key component of the Industrial Strategy for the East, has been progressed, which will deliver a new train station, a new business park and real economic opportunity for this long-overlooked area of the city.
- Cabinet appointed Live Nation as its preferred bidder for the construction and operation of the new Indoor Arena in Cardiff Bay and has now entered into a Pre-Contract Agreement.
- Work to expand the city's business infrastructure has continued, with support from the Town Centre Loan Fund secured to develop new facilities for fin-tech businesses.

#### **Continue to modernise the management and operation of the Council's estate:**

- Capital receipts amounting to some £35m have already been generated throughout the delivery of the Corporate Property Strategy 2015-20 and this money is being re-invested in delivering the Council's priorities.
- Significant progress has been made across the estate, especially in schools, to ensure our buildings meet health and safety compliance standards and that they are managed effectively via the roll out of Corporate Landlord arrangements.

#### **Supported Sport, Leisure and Green Spaces:**

- We have achieved the Full Green Flag standard for 14 of our parks and green spaces, with Forest Farm Country Park and Hailey Park both receiving the award for the first time.
- Construction work required for the restoration of Lisvane and Llanishen Reservoirs has been completed, which will become a destination for walking and water sports, as well as a space for improving residents' mental and physical well-being.

- In 2016 we secured the services of Greenwich Leisure Ltd (GLL) to operate the 8 Leisure facilities in Cardiff and deliver a nil subsidy to the Council by 2019.
- We have implemented a number of Community Asset Transfers of Sports facilities in Parks to bring investment and improvement to facilities whilst reducing the liability to the Council.
- We have developed a Joint Venture with Cardiff Metropolitan University to deliver a comprehensive Sport and Physical Activity Development programme for the City and attract funding from Sport Wales.

**Make Cardiff a world-leading recycling city as a core part of our response to climate change:**

- The Council has implemented a new service model for waste and recycling collections in the city in order to provide a better service that is both more efficient and cost effective in the long-term and that will help keep streets cleaner. This new approach involves re-modelled collection rounds, with an aim to collect all waste from residents' homes in a new 4 day weekly shift pattern.
4. The directorate has an established structure and process for managing and monitoring strategic commitments and operational responsibilities.
  5. The monthly management team meeting (quarterly review cycle) includes an overview of project management boards and quarterly Health and Safety Committee, SAJC and Performance Management. Bi-weekly senior management team meetings involving myself, Assistant Directors, Operational Managers and performance/business management officers. A review of outstanding audit actions and risks is a standing item on the agenda for these meetings.
  6. Capital Ambition Project Boards and project plans provide governance and assurance for strategic projects and regular monitoring and reporting arrangements to project boards is established.
  7. The following paragraphs describe the governance and control measures for contracts, risk management, utilisation of assurance reports to inform decision making, identification of areas to improve and best use of financial resources.

**Issues**

**(a) External Audit: Contract Governance and Control in the Leisure Partnership**

8. The Council's leisure centres have an important strategic role in delivering on corporate health and wellbeing objectives, and in particular participation in sport and physical activity. In 2016 the Council entered into a long term contract with GLL to operate 8 centres with a view to eliminating a significant operating subsidy at a time of significant budget pressures and in doing so protect the long term provision of service.
9. The contract with GLL is for a fifteen year term. An agreed governance and monitoring procedure in place including a quarterly Partnership Liaison Board attended by the Cabinet Member for Finance, Modernisation and Performance and the Cabinet Member for Culture and Leisure. After three years of operation and following the impacts of the COVID-19 pandemic, Cabinet has agreed to undertake a review of the contract with GLL to support long term sustainability.

10. A review of the contract has also recently been undertaken by Audit Wales. The Audit Wales report set out several areas for improvement as set out below:
- Establish a clear strategy, vision and clear priorities for leisure services, which incorporates consideration of the WFG Act. This should be used to guide the delivery of services provided by GLL.
  - Consider how the Council can strengthen application of the sustainable development principle through the services delivered by GLL, including:
    - Adopt a more strategic approach to collaboration which ensures all organisations including Cardiff and the Vale Health Board/Public Health and the Third Sector are involved in planning and developing GLL another leisure services at a local and regional level.
    - Further integrate the planning and delivery of GLL Leisure Services with other public bodies and Council services, such as Education and Social Care.
    - Listen to, and involve, service users in the development and delivery of GLL and leisure services to ensure they represent the needs and aspirations of the full diversity of local communities they serve
  - Improve contract management arrangements to ensure they monitor delivery of the revised specification in a transparent and systematic way.
  - Undertake a systematic review of the GLL contract service specification to ensure it is fit for purpose and supports the delivery of the Council's vision for its leisure services and is in accordance with the WFG Act.
  - Ensure that the Council effectively considers the long-term financial and well-being risks of the leisure contract in its corporate risk management processes.
  - Improve reporting arrangements to ensure members receive a full and timely account of contract performance which includes revenue/expenditure.
11. The Council has accepted all of the Audit Wales recommendations and has begun to address the recommendations as set out in the Audit Recommendation Table attached as Appendix 1.
12. The governance and monitoring of the contract has been reviewed. Performance management and risk management is now mainstreamed and reported as part of the quarterly corporate performance management framework rather than being managed separately through the Partnership Liaison Board. Performance is now reported to Cabinet and to the Economic and Culture Scrutiny committee.
13. The Council has embarked on a full review of the contract to address the ongoing operational deficit, made worse by the pandemic. A report will be presented to Cabinet in March setting out some initial variations. The Service Specification is also being reviewed and will now be reported regularly to Cabinet. The initial review of the Service Specification has identified current partnerships that can be further developed such as:
- delivery through the medium of Welsh in partnership with the URDD;
  - closer alignment to the emerging 21st Century Schools programme to ensure duplication is avoided and collaboration is explored;

- further work on integration of programmes for people with disabilities and alignment to the Disability Sport Wales accreditation programme to achieve Silver status.
14. GLL has implemented the 'listen 360' as a customer feedback system and report on this to quarterly to the Partnership Liaison Board. In addition, quarterly on-line surveys are carried out and reviewed against previous benchmark data. All centres will hold public open forums to listen to customers' views and suggestions. Staff surveys and engagement form a key part of the Business Planning process for each centre. QUEST accreditation also requires robust customer survey information which all centres are working towards.
  15. Client monitoring remains in place and includes weekly officer meetings, quarterly performance reviews with senior officers from both the Council and GLL as well as the Partnership Liaison Board.
  16. Furthermore, a report is taken to Scrutiny annually to present the performance of the contract and is now included in the Directorate Delivery Plan and Risk Register.

#### General Contract Management

17. The Service Area does have a number of other key contracts. Established procedures are in place to monitor the performance of these contracts as business as usual. For example, Building Services have four framework contracts in place. Two are for general building repairs and maintenance, one for roofing and one for statutory obligations and cyclical maintenance. To monitor these contracts KPIs are established at the outset and performance against these are recorded and reported through the Council's Performance Management Framework. These are recorded quarterly as a full set of KPIs and reviewed on a regular basis at operational meetings taking place every 2 weeks and strategic meetings every quarter.
18. This active monitoring and KPI reporting has influenced decision making on the contracts moving forward. As such, it has been decided not to extend the statutory obligation and cyclical maintenance contract, which expires March 2021. New tender documents are currently being prepared, taking into account lessons learned, in preparation for a new contract being operational from the start of April 2022. The other contracts will be extended for 1 year then retendered.

#### **(b) Internal Audit: Engagement and Response**

19. In terms of the 'control' environment, the Economic Development service is managed through bi-weekly senior management team meetings involving the Director, Assistant Directors, Operational Managers and performance/business management officers. A review of Audit actions is a standing item on the agenda for these meetings with discussions focussing on a robust response to address open and outstanding actions.
20. Regular engagement with Internal Audit also take place. The Director meets quarterly with the Economic Development service area Internal Audit representative Sue Powell to review progress. The service area business and performance team also meets with the audit management team every 2 weeks.
21. Overall, the management of recommendations is good. Over the last year Economic Development have received 9 audits. 44 recommendations have been raised of which 35 have been completed. 9 recommendations remain open of which 5 are within the target dates but 4 have deferred targets dates agreed. Of the 9 remaining open 3 have been

delayed due to COVID-19. An agreed course of action to complete these recommendations by new completion dates has been set out in a recent letter to the Chair of Audit Committee.

22. The tables below provide a summary of the audit programme since 2019/20 and the implementation status for each audit.

### Internal Audit Assurance

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
<b>2020/21</b>						
<b>Economic Development</b>						
Commissioning and procurement	Final	Effective with opportunity for improvement	0	5	5	Completed
Corporate Landlord	Final	Effective with opportunity for improvement	4	0	4	3 due on 31.03.21 and 1 on 30.06.21
Income and debtors	Final	Effective with opportunity for improvement	3	2	5	Not yet due (01.06.21)
<b>Recycling and Neighbourhood Services (RNS) / Waste</b>						
Follow-up – fly tipping	Draft	<i>Insufficient with major improvement needed</i>			13	Actions being considered by Management
Follow-up – in contracts Waste Management	Draft	<i>Effective with opportunity for improvement</i>			9	Actions being considered by Management
Gatehouse	Draft	<i>Insufficient with major improvement needed</i>			7	Actions being considered by Management
Trolleys	Final	Effective with opportunity for improvement	0	3	3	Completed
Asset management – Waste	Final	Insufficient with major improvement needed	3	1	4	3 due on 31.03.21
<b>2019/20</b>						
<b>Economic Development</b>						
Asset management	Final	Insufficient with major improvement needed	0	3	3	Completed
Major projects governance	Final	Effective	0	1	1	Completed
Health and safety	Final	Effective with opportunity for improvement	0	3	3	Completed

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
Cardiff Film Office	Final	Insufficient with major improvement needed	1	9	10	Recommendation not yet due
Strategic Estates - processes	Final	Insufficient with major improvement needed	0	7	7	Completed
Stock observation – Brindley Road	Final	Effective with opportunity for improvement	3	3	6	Not yet due but will be completed by 31.03.21
<b>Recycling and Neighbourhood Services (RNS) / Waste</b>						
Follow-up – Lamby Way stores (2019/20)	Final	Effective with opportunity for improvement	6	2	8	5 not yet due (31.05.21), and 1 overdue (28.02.21) and being discussed with Internal Audit
Waste Management Health and safety (2019/20)	Final	Insufficient with major improvement needed	5	0	5	4 due on 31.03.21 and 1 on 30.04.21
Fly Tipping	*Follow up audit draft issued in December 2020 – 14 open recommendations from the original report to be superseded by those in the follow up report once finalised.					
Bulky Waste Collection	Final	Effective with opportunity for improvement	0	5	5	Completed
Stock take observation - Lamby Way	Final	Effective with opportunity for improvement	1	5	6	1 amber / green action overdue.

### Longstanding Audit Recommendations

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
<b>Issued prior to 2019/20</b>						
<b>Recycling and Neighbourhood Services (RNS) / Waste</b>						
Gatehouse	*Further audit completed, and resulting in 7 current recommendations, which are being considered by management prior to responding to the recent draft audit report.					
Contracts in Waste Management	*Follow up audit draft issued in December 2020 – 7 open recommendations from the original report to be superseded by those in the follow up report once finalised.					
Lamby Way Stores	Final	Unsatisfactory	1	9	10	Not yet due (31.05.21)
Waste Payroll Review	Final	Insufficient with major improvement needed	1	9	10	Not yet due (30.04.21)



### **(c) The Wider Control Environment**

23. In terms of the 'Control' environment, the Economic Development service is managed through established corporate arrangements with oversight at management, strategic officer and partner levels. Examples are set out below:

#### **Risk Management**

24. Whilst the Directorate Risk Register is formally reviewed and reported on a quarterly basis, risk management is a dynamic activity that forms part of day to day operations and ongoing advice and guidance is provided by the Directorate risk champion.
25. Managers work across directorates and with partners outside the Council to mitigate risks and there are three Economic Development risks captured on the Corporate Risk Register as follows:

#### Non-completion of Statutory Building Equipment maintenance

26. This risk concerns the non-completion of cyclical statutory inspections or remedial works arising out of inspections required to maintain the premises and related installations in a safe and legally compliant condition. Significant progress has been made to mitigate this risk including:
- Improved contract management for Statutory Maintenance and Planned Preventative Maintenance (PPM) works and the development of Statutory Obligations Team established within Building Services to improve monitoring and supervision of statutory obligations contractor.
  - Establishment of RAMIS IT Software to improve Statutory Obligation Compliance with bi-monthly reporting on statistics to SMT
  - Implementation of a Corporate Landlord model to manage and deliver all the Council's non-domestic property functions within one portfolio.

#### Health & Safety

27. This risk concerns non compliance with corporate health and safety arrangements to control key risks across the Council in line with statutory requirements. Significant progress has been made to mitigate this risk including:
- Implementation of the RAMIS platform including revised reporting on performance.
  - Digital Risk Assessment Library - COVID-19 Building and Service risk assessments have been uploaded to the revised system.
  - Support provided to Cardiff schools, HSE visits to 10 Cardiff Schools to review COVID-19 arrangements went well with positive feedback provided.
  - Installation of fire suppression system in Lamby Way MRF and procedures for operation and inclusion in the site Fire Risk Assessment currently being undertaken.
  - Implementation and roll out of training

#### Waste Management

28. This risk relates to the failure to deliver cost effective compliance with waste legislation including statutory recycling targets. Significant progress has been made to mitigate this risk including:



- 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.
  - Improved wider Governance and compliance including targeted internal audits, data systems and management and working in partnership with Welsh Government to develop a new Recycling Service Strategy and Implementation Plan (ongoing)
  - Development of recycling plan for optimising resources to support the opportunity to improve recycling levels
  - To limit exposure to both residents and workforce to the impacts of COVID-19 between April and May 2020 waste was collected as a single stream, residual, recycling and food waste, and sent to Energy from Waste. However, the approach has impacted Qtr1 recycling performance compared to the previous year and overall recycling performance for 20/21 is highly unlikely to recover.
  - Improved procedures and a new Recycling Centres booking system has meant recycling performance at centres has increased from 70% to 90%.
29. Risk identification is normally undertaken at the business planning stage and included in the Directorate Delivery Plan and Directorate Risk Register. Risks can also arise as a result of audit recommendations, national issues affecting services, or the business as usual delivery of objectives. Risks in the Directorate Risk Register cover areas such as the delivery of Corporate Plan steps, Brexit and audit recommendations. Most of the significant risks relate to the impact of COVID-19, and they include:
- Significant impact on economy,
  - Tourism sector significantly impacted by the COVID-19 outbreak,
  - Outdoor Sport, Community Events, CIWW, Channel View, Canton Community Hall and Cardiff Riding School are all income generating centres. Income generation will be affected but the level of risk is unknown at this stage,
  - Building Services not meeting its financial surplus target, particularly because of COVID-19 and the associated implications (delays and clients raising reduced amount of work during the financial period).
30. Officers responsible for managing risk are named along with risk controls in place and any further actions required to manage risk priority down to an acceptable tolerance level.
31. Risk management occurs at operational levels as part of the daily operational business and performance management reviews, or at more senior levels in regular programme boards. Risk management is a standing item and documented at regular directorate management team meeting as well as quarterly BIMs. At these meetings, the operational management team formally identify emerging risk, agree mitigation levels and, where appropriate, risks can be identified to be escalated to SMT for targeted mitigation. Escalated risks include:
- **Management of Ash Die Back outbreak** - the residual risk is currently high priority (C:1) and mitigations include:
    - Detailed plan in development.
    - Operational forum to communicate plans with stakeholder service areas to commence in quarter 3.
    - FRM monies to be considered for allocation in 2021/22 (£250k).

- **As a result of Covid 19 GLL fall into liquidation** due to income loss across contracts the consequence being the loss of the service provider and centres being closed. The residual risk is currently high priority (B:2) and mitigations include:
  - Consider future funding requests from GLL. The Council have paid GLL for Q1 and Q2 and provided an up-front payment for Q3 and Q4 with an application to WG Hardship Fund to recover the payments.
  - A Cabinet Report was submitted to the November meeting seeking approval for officers to carry out a review of leisure facilities and return to Cabinet with proposals in Q4.

### **Senior Management Assurance Statement**

32. The Directorate Management Team actively engages in the completion of the bi-annual Senior Management Assurance Statements (SMAS). Each service completes an individual SMAS and these inform the development of a collective directorate assurance which is discussed at a Management Team meeting to identify areas for improvement and provide an opportunity to compare the previous year's statement to track improvements (see table below).
33. Overall, there is a strong / embedded application of governance and control.
34. Some improvement areas were identified at the mid-year position include the following categories:
  - Partnership / Collaboration Governance;
  - Budget Monitoring; Planning & Decision Making and Internal Control.
35. Lower scores were mainly due to challenges in achieving objectives as a result of the pandemic, in particular a need to resolve issues with non-PC users completing e-learning modules to improve corporate compliance levels; Ash Dieback risk mitigations delayed nationally due to the pandemic; and the implementation of service restructures. It is anticipated improvements implemented in these areas will be reflected in the 2021/21 SMAS.

Assurance Categories and Statements	1. Not in place	2. Limited Application	3. Mixed Application	4. Strong Application	5. Embedded	2017/18 Year End Level	2018/19 Year End Level	2019/20 Mid Year Level	2020/21 Mid Year Level	2020/21 scores compared with 2019/20
	No evidence of effective delivery.	Some evidence of application, but the effectiveness of delivery is limited.	Mixed evidence of effective application, with some good evidence and some gaps in application or evidence.	Clear evidence of effective application throughout the directorate on a consistent basis and, where applicable, through all collaborations and partnerships.	Clear evidence of effective application embedded into all operations and consistently applied throughout the directorate and, where applicable, through all collaborations and					
<b>Assurance Category 1: Risk Management</b>									4	↔
1. Complete and Timely Risk Identification					✓	Directorate	4	4	5	5 ↔
2. Integrated Risk Assessments				✓		Directorate	4	4	4	4 ↔
3. Risk Review				✓		Directorate	4	4	4	4 ↔
4. Directorate Risk Response				✓		Directorate	4	4	4	4 ↔
5. Corporate Risk Management				✓		Directorate	4	4	4	4 ↔
<b>Assurance Category 2: Partnership / Collaboration Governance</b>									4	↓
6. Partnership Governance, Risk Management and Control.				✓		Directorate	4	4	4	4 ↔
7. Partnership Assurance				✓		Directorate	3	3	5	4 ↓
<b>Assurance Category 3: Compliance with Policies, Rules Legal and Regulatory Requirements</b>									4	↔
8. Compliance				✓		Directorate	3	3	4	4 ↔
9. Compliance Improvement				✓		Directorate	4	4	4	4 ↔
<b>Assurance Category 4: Programme and Project Assurance</b>									4	↔
10. Programme and Project Initiation				✓		Directorate	4	4	4	4 ↔
11. Programme and Project Governance				✓		Directorate	4	4	4	4 ↔
12. Programme and Project Monitoring and Reporting				✓		Directorate	4	4	4	4 ↔
<b>Assurance Category 5: Budget Monitoring</b>									4	↓
13. Budget Delivery				✓		Directorate	4	4	5	4 ↓
14. Savings / Income Target Delivery				✓		Directorate	4	4	5	4 ↓
<b>Assurance Category 6: Planning and Decision Making</b>									4	↓
15. Business Planning				✓		Directorate	4	4	5	4 ↓
16. Future Generations					✓	Directorate	3	3	5	5 ↔
17. Business Cases				✓		Directorate	4	4	5	4 ↓
<b>Assurance Category 7: Internal Control Environment</b>									4	↓
18. Internal Controls				✓		Directorate	4	4	5	4 ↓
19. Accountability				✓		Directorate	4	4	4	4 ↔
20. Safeguarding Assets				✓		Directorate	4	4	4	4 ↔
<b>Assurance Category 8: Fraud &amp; Financial Impropriety</b>									4	↔
21. Fraud Prevention and Detection				✓		Directorate	3	3	4	4 ↔
22. Fraud Prevention and Detection				✓		Directorate	3	3	4	4 ↔
<b>Assurance Category 9: Performance Measurement &amp; Management</b>									4	↔
23. Performance Measurement and Management				✓		Directorate	4	4	4	4 ↔
24. Performance Reviews				✓		Directorate	4	4	4	4 ↔

## Major Project Governance

36. The Directorate has a very small team of 3 people charged with taking forward the Council's major project agenda. The service is therefore required to engage with service areas across the Council to achieve its goals. In particular, the major project team has regular established engagement with the Council's Finance and Legal services.
37. In terms of governance, a monthly Major Projects meeting is held with Directors and senior officers from relevant departments of the Council chaired by the CEX. This meeting reviews project plans and monitors project delivery. Any significant decisions on Major Projects are taken by Cabinet.
38. The Investment Review Board process is utilised to draw down Capital Ambition Delivery project funding.

39. Objectives are set out in the Corporate Plan and performance is reported through the Council's performance management framework. Project risks are captured on the Directorate Risk Register and escalated as required.
40. In support of Education, PDD continue to monitor contractor BIM delivery of the Council's Band A 21st Century Schools Projects and provide technical advice for the Band B programme.

### External Assurance (All)

41. Across the directorate there are certain reports we receive that provide intelligence and data on aspects of the service from independent assessors. These reports provide an assurance we are meeting recognised quality standards, enables us to benchmark our services with other organisations and enables the directorate to respond as appropriate to any improvement actions required. Meeting external standards and criteria gives us assurances that we are providing a high standard service to our customers, enables us to be commercially competitive, our facilities are safe to use, and our management systems and processes are robust. A listing of these assurances is shown in the table below:

External Reports / Audit / Inspection Area	Provider	Rating Opinion /	Management Comments
<b>Green Flag status assessment</b>	Keep Wales Tidy	Certificate	The benchmark national standard for publicly accessible parks and green spaces in the United Kingdom.  This assessment provides assurances that we are meeting our Corporate Plan objective to improve our parks and public spaces.
<b>CHA Statutory Inspections-</b>	Natural Resources Wales Welsh Government	Licence	CHA Management and operation of the Cardiff Bay Barrage Fish Pass and Aeration System / Cardiff Bay Barrage Act 1993 – CHA has a range of statutory duties and responsibilities, detailed in the Welsh Government Agreement under Section 165 of the Local Government Planning and Land Act 1980. KPIs are also regularly monitored and reported to ensure compliance of infrastructure management, environmental management, conservation development, and community liaison.
<b>Playground Inspections / EN1176 European Standard</b>	Annual Tender Process	Report	Annual inspection of playgrounds and playground equipment.  Post installation inspection of new playgrounds and equipment

External Reports / Audit / Inspection Area	Provider	Rating / Opinion	Management Comments
<b>BSI Assessment Visit Reports</b>	BSI	Report	Environmental Management System / Quality Management System (ISO 19001 and 14001)  Accredited to Waste Management, CHA and PDD providing an assurance of service performance to an international recognised Standard.
<b>APSE Assessment Reports</b>	APSE	Report	Cleaning Services benchmarking report.
<b>Cardiff Sailing Centre Statutory Inspections</b>	Royal Yachting Association's (RYA)	Report	To ensure the Cardiff Sailing Centre meets RYA Standards & Guidelines
<b>Audit Wales</b>	Audit Wales	Report	See Review of Leisure Contract details in 5 and 6 above.

42. External assessment are discussed at regular operational BIM meetings and where areas for improvement have been identified an appropriate response is agreed by relevant managers to ensure adequate resources are available to address issues. When managers become aware of significant issues as a result of these reports these are discussed and where appropriate engagement may be sought with other council departments such as Finance and Legal and/or organisations outside of the Council.

### **Value for Money (All)**

43. As set out in the beginning of this report the Economic Development Directorate has responsibility for a wide and complex range of statutory duties, functions and services. Some services are statutory, some services discretionary. Many are now reliant on income generation to be sustained. The importance of securing income is driving an improved value for money culture across the Directorate.
44. A range of methodologies are used to provide assurance including testing the market through procurement, benchmarking, customer satisfaction surveys, external reviews, budget monitoring and general performance management (KPIs). Some examples are outlined below, in addition to some identified opportunities for improvement.
45. The private sector has an important role in the delivery of service across the Directorate. The procurement of goods and services is undertaken in accordance with the Council's Contract Standing Orders and Procedures Rules. Obtaining value for money is a fundamental principle of these rules. Where appropriate, framework contracts have been put in place in accordance with these rules, for example, framework contracts for the maintenance of the Council's Estate. By tendering general building maintenance contracts to the open market we can demonstrate best value. In recent years this approach has been amended to enable greater competition.
46. The work relating to the disposal of Council assets undertaken by the Council's Strategic Estates team is generally supported by independent external valuation to demonstrate best value.
47. The Council operates a workshop estate to support and promote business start-up. On an annual basis the Council benchmarks rental levels against the private sector locally. In

addition occupation levels are regularly monitored and a customer satisfaction survey is also conducted annually.

48. Sport and Leisure has faced significant budgetary challenges requiring innovative new approaches. Partnerships like the GLL contract are an example of retaining the same level of service at a vastly reduced cost to the Council. Other examples include the leasing of Pavilions and Changing Rooms to enable occupiers to secure grant funding from National Governing Bodies where the Council was unable to do so. This has resulted in improved facilities for clubs, a more sustainable model for clubs and increased membership.
49. The recent external review of Leisure Services by Audit Wales was based on the question 'is the Council's approach to leisure services supporting the achievement of its well-being objectives, and delivering value for money?' Although Audit Wales acknowledge that the Council has achieved its key aim of keeping its leisure centres open, it has also made recommendations so that the Council can assure itself that its contract with Greenwich Leisure Limited is delivering value for money. Whilst the operating subsidy has been removed, and therefore the big strategic target achieved, there is more the Council can do to derive value for money out of its relationship with GLL and an action plan is being developed to that end.
50. The Parks Service engages in a variety of activities to help demonstrate value for money. Goods and services are procured through the application of robust cost and quality models at tender evaluation stage and monitoring throughout the term of the contract. Regular benchmarking is undertaken to test service provision including APSI benchmarking of horticultural services which measures the service against other cities; participation in the Core Cities Group which measures against a range of national indicators; and Green Space Wales which compares performance with other local authorities in Wales. The Green Flag Award is a good example of benchmarking providing assurance of value for money in so much as it involves consideration of a range of indicators including conservation and heritage, engaging communities and embedding policies. The service undertakes customer satisfaction surveys annually, and also uses Trip Advisor to monitor feedback from visitors to our parks. One area for improvement in terms of providing value for money assurance is to better understand the value parks and green spaces (including allotments) provide in terms of reducing the burden on the health service through green referrals from GPs
51. The Directorate will also appoint external advisors from time to time to review a service and provide a view on value for money. In December 2019 Local Partnerships were commissioned to Review the Current Funding Arrangements for the Cardiff Harbour Authority. The report which was commissioned jointly with Welsh Government sought, in part, to consider whether there was scope to achieve improved value for money in the delivery of the statutory harbour authority functions including a means of securing longer-term financial savings. The report concluded that CHA provided a high-quality service, well regarded by clients and stakeholders against the backdrop of, over the previous six years, fixed cost budget that had steadily decreased in cash terms, at a rate which exceeded the reduction in WG Revenue Settlement Grant funding of local government across Wales.
52. The Council's building maintenance is now mainly delivered through procured, market tested contractors. However, an internal Direct Labour Organisation (DLO) has been retained. The charging rates for the DLO are regularly reviewed through comparisons with the Council's framework contractors. Improved productivity is now being achieved through better planning of work (planned maintenance programme) as an outcome of the Corporate Landlord approach which in effect reduces the amount of 'down-time'.

53. Customer feedback is also a useful way of understanding value for money from the service user perspective. For example, in respect of Cardiff Harbour Authority an Annual Stakeholder Satisfaction Survey is undertaken. The 19/20 survey resulted in 95% of participants being satisfied / very satisfied with the service provided. Also, on an annual basis the Business Support Team survey companies which have received guidance, advice/support from economic development and this has been in place for the last 3 years. We have a 75% satisfaction target and this year we achieved 100% satisfaction and in the last 3 years we have not fallen below our performance target of 75% satisfaction.
54. A final example relates to a physiotherapy service provided by the Council's Occupational Health Service to address Muscular Skeletal related sickness absence in the Recycling and Neighbourhood Services area. Following 2 years of providing the service, the impact on sickness absence has not been realised and therefore the service will now be reviewed.

### **Legal Implications**

55. The statutory functions of the Audit Committee include the duty to review, scrutinise and issue reports and recommendations on the appropriateness of the authority's risk management, internal control and corporate governance arrangements (pursuant to Part 6 Chapter 2 of the Local Government (Wales) Measure 2011). In discharging its functions, the Audit Committee must have regard to all relevant guidance, in particular the CIPFA guidance for Audit Committees.

### **Financial Implications**

56. The financial implications (if any) arising from this report have been contained within the body of the report.

### **RECOMMENDATIONS**

- 1) That the Audit Committee considers and notes the content of the report.

**Neil Hanratty**  
**Director, Economic Development**

The following is attached:

**Appendix 1:** Audit Wales Recommendations - Leisure Services

Mae'r dudalen hon yn wag yn fwriadol



# APPENDIX 1

Recommendation Ref No.	Name of Audit	Recommendation	Management Response	Update Dec 2020	Lead Officer	RAG Status	Open/Closed
RL1	Review of Leisure	Establish a clear strategy, vision and clear priorities for leisure services, which incorporates consideration of the WFG Act. This should be used to guide the delivery of services provided by GLL.	<b>ACCEPT:</b> The need for a Sport, Health and Physical Activity Strategy was identified and included in the Corporate Plan 20/21 and 21/22. The Health and Wellbeing of Future Generations Act and the recent Sport Wales vision provide the platform to ensure Cardiff aligns its priorities to achieve the objectives that both these set out. A number of stakeholder forums have taken place and a strategy group has been established to include Public Health, HE/FE, NGBs, Vale of Glamorgan, GLL and other delivery partners. The aim is to have a finalised strategy by March 2022.	The strategy group has been supported with funding from Public Health to engage an independent consultant with experience of delivery Physical Activity and Health strategies. Four key themed workshops have taken place and results are being compiled to shape the next steps of the strategy and the establishment of board of cross services professionals will steer the strategy towards completion in September 2021. Attendance and collaboration has been strong with positive engagement. The partnership with Public Health covering Cardiff and Vale of Glamorgan Health Board area is proving particularly positive.	Steve Morris	Green	Open
RL2	Review of Leisure	Consider how it can strengthen application of the sustainable development principle through the services delivered by GLL, including:  • Adopt a more strategic approach to collaboration which ensures all organisations including Cardiff and the Vale Health Board/Public Health and the Third Sector are involved in planning and developing GLL another leisure services at a local and regional level. • Further integrate the planning and delivery of GLL Leisure Services with other public bodies and Council services, such as Education and Social Care. • Listen to, and involve, service users in the development and delivery of GLL and leisure services to ensure they represent the needs and aspirations of the full diversity of local communities they serve	<b>ACCEPT:</b> - GLL local, regional and national management are involved as key stakeholders for the emerging Sport, Health and Physical Activity Strategy along with Public Health and the Vale of Glamorgan Council and their Leisure provider, Parkwood. A multi agency approach is planned to develop the strategy. - We have put a strong emphasis on Social Value by way of calculating and measuring the impact of attendances in GLL facilities. A number of partnerships are in place to target specific hard to reach and under represented groups that brings joint collaboration between internal and external partners. The social value calculator is used when reporting progress to the partnership board. However, we note that further engagement with alternative services and potential stakeholders is required. - The consultation with customers and key stakeholders is critical in developing the most appropriate services and programmes in an ever evolving leisure and physical activity arena. Further work is being carried out to determine needs and trends to be reflected in the Service Specification Review.	The review of the Service Specification has identified current partnerships that can be further developed such as delivery through the medium of Welsh in partnership with the URDD. Closer alignment to the emerging 21st Century Schools programme to ensure duplication is avoided and collaboration is explored. further work on integration of programmes for people with disabilities and alignment to the Disability Sport Wales accreditation programme to achieve Silver status. The involvement in the Strategy development will help set key areas of focus and targeted delivery with new partners. - GLL have implemented the "listen 360" as a customer feedback system and report on this to the Partnership Board. In addition, quarterly on-line surveys are carried out and reviewed against previous benchmark data. All centres will hold public open forums to listen to customers views and suggestions. Staff surveys and engagement form a key part of the Business Planning process for each centre. QUEST accreditation also requires robust customer survey information which all centres are working towards.	Steve Morris	Green	Open
RL3	Review of Leisure	Improve contract management arrangements to ensure they monitor delivery of the revised specification in a transparent and systematic way.	<b>ACCEPT:</b> The governance and monitoring in place has been reviewed to ensure the contract Service Specification is kept up to date, amended where applicable and is responsive to changing trends and habits. The revised Service Specification will also be reported to Cabinet. Client monitoring remains in place and includes weekly officer meetings, quarterly performance reviews with senior officers from both the Council and GLL and the Partnership Liaison Board which also meets quarterly with the Cabinet Member for Leisure and Culture and the Cabinet Member for Finance and Resources.	We have introduced and included the GLL partnership in the Directorate Delivery Plan and Risk Register. This is reported against on a quarterly basis with risks escalated to SMT and reported to Cabinet where appropriate.	Steve Morris	Green	Open
RL4	Review of Leisure	Undertake a systematic review of the GLL contract service specification to ensure it is fit for purpose and supports the delivery of the Council's vision for its leisure services and is in accordance with the WFG Act.	<b>ACCEPT:</b> The contract has been running for 4 years with the initial years focussing on partnership, compliance, introduction of new systems, implementing capital improvements and developing new ways of working. The Service Specification was written before the introduction of the Wellbeing of Future Generations Act. it has therefore been agreed that a review of the Service Specification is essential to test whether it is now fit for purpose, meets current trends and needs and contributes where possible to the Act.	The Service Specification is now under review with weekly meetings taking place between GLL and Client Management team. The update was taken to Scrutiny and a Cabinet report was taken in November seeking authority to make recommendations to vary the specification to assist in a more sustainable model of delivery going forward. A number of key changes are being recommended to Cabinet to consider such as the transfer of Pentwyn Leisure Centre from GLL to Cardiff Blues which will reduce the financial deficit to GLL by circa £700,000. A staff restructure is also proposed aimed at reducing fte without adverse impacts on service provision. Receptionists will change to foyer concierge to be more responsive and customer facing. Changes in programming and opening times at each centre will ensure resources are applied to where there is the highest customer need and demand. A Cabinet Report is scheduled for March 2021.	Steve Morris	Green	Open
RL5	Review of Leisure	Ensure that the Council effectively considers the long-term financial and well-being risks of the leisure contract in its corporate risk management processes.	<b>NOTED:</b> The Directorate Delivery Plan now includes more robust monitoring and reporting measures of performance and risk. Risks are escalated to the Corporate Risk register and to Senior Management Team. These are reported quarterly.	The Directorate Delivery Plan has reported financial and well being risks predominantly linked to COVID 19. A Cabinet briefing was held in Q3 on financial risk and sustainability. The Cabinet report in November highlighted the current financial difficulties and will report back in March with mitigating recommendations as above. Welsh Government have supported losses in 20/21 through the Hardship Fund.	Steve Morris	Green	Open
RL6	Review of Leisure	Improve reporting arrangements to ensure members receive a full and timely account of contract performance which includes revenue/expenditure.	<b>ACCEPT:</b> In addition to the current governance structure and reporting to the Partnership Liaison Board. Reports are taken quarterly through the Corporate process and financial performance is monitored effectively and reported through the Corporate Risk Register.	Financial performance is a key measure at the PLB with attendance from the Cabinet Member for Finance. An informal Cabinet briefing took place in Q3 with GLL and Client management to present the impact of COVID on income and expenditure for the current operating year and estimated forecasts for 21/22. Furthermore, a report was taken to Scrutiny committee to highlight both the general financial position of the GLL contract and the financial impact of Covid 19. A monthly meeting between Council senior accountants and GLL has been introduced based on an open book approach in response to financial risks linked to COVID 19.	Steve Morris	Green	Open

Mae'r dudalen hon yn wag yn fwriadol

## **AUDIT COMMITTEE: 23 MARCH 2021**

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### **INTERNAL AUDIT CHARTER AND AUDIT PLAN 2021/22**

#### **REPORT OF AUDIT MANAGER**

#### **AGENDA ITEM: 7.1**

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#### **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 has been prepared to provide Audit Committee Members with the Draft Internal Audit Charter for 2021/22 and appendices, including a draft Governance and Audit Committee Terms of Reference 2021/22.
4. The report also provides the Draft Audit Plan for 2021/22, and 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).

#### **Background**

5. At its meeting on 26 January 2021, the Draft Internal Audit Charter and Summary Audit Plan 2021/22 were presented for Audit Committee to consider and provide comments. Accompanying the Charter is the Governance and Audit Committee's Terms of Reference 2021/22, which incorporates the new name and responsibilities of the Committee, arising from the Local Government and Elections (Wales) Act for which requirements begin to come into force from April 2021.
6. The Audit Plan has been further developed for approval by Audit Committee at this meeting. Discussions have been held with senior management in directorates to shape the Plan, which has been developed applying a risk-based methodology, to identify the planned activities of Internal Audit for 2021/22.

## Issues

### Audit Strategy

7. 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 last considered by Audit Committee in its meeting of 28 July 2020.
8. The Audit Strategy is appended to this report as a statement of how the Internal Audit Service will be delivered and developed in accordance with the Audit Charter, and how it is linked to organisational objectives and priorities. The Audit Strategy sets out the aims and objectives for the Internal Audit Service as a whole, comprising the Internal Audit and Investigation Teams. This is to provide a co-ordinated delivery of audit and investigative services through the separate disciplines of risk-based and objective assurance, advice and insight and proactive and reactive work to prevent and detect fraud.
9. There are minor proposed changes to the Audit Strategy, which are shown in bold red font for Audit Committee consideration and comment, as follows:
  - All references to 'Audit Committee' have been updated to 'Governance and Audit Committee' to account for the Committee's change of name from 2021/22;
  - The distinct reference to the 'Audit Protocol' in addition to the Charter has been removed, as from 2020/21 the Audit Protocol was incorporated into the Charter as Appendix F, and it is no longer a standalone document;
  - Reference to the receipt of Audit Manager Reports in each Committee meeting (five times a year) has been amended to quarterly, recognising the capacity of the Committee to deliver a wider range of responsibilities from 2021/22.

### Audit Charter

10. 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 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. Contained within the Draft Internal Audit Charter are six appendices, which detail the parameters within which Internal Audit and the Audit Committee operate.
11. The Audit Committee considered the Draft Audit Charter 2021/22 in its meeting on 26 January 2021. At this time particular attention was given to Appendix D, which contains the Terms of Reference for the renamed Governance and Audit Committee from 2021/22 and its additional responsibilities.
12. Prior to the Audit Committee Meeting of 23 March 2021, Welsh Government officials have indicated that three commencement orders will have been passed, which will bring into force key provisions of the Local Government and Elections (Wales) Act 2021 from 1 April 2021 until 5 May 2022. This staged approach is intended to be less disruptive to local authorities, as it provides additional time to prepare for all provisions of the Act.

13. To account for the timing upon which the provisions of the Act will come into effect for the Governance and Audit Committee, the draft Terms of Reference 2021/22 has been updated through review and consideration by the Audit Manager and Legal Services.
14. The new responsibilities from the Act are now captured within the draft Terms of Reference as follows, for which the first two bullet points below represent an update to the draft terms of reference considered by Committee in January 2021:
- To review the Council's draft annual Self-Assessment Report in respect of the financial year 2021/22 and each financial year thereafter, and make any appropriate recommendations for changes.
  - To consider the Panel Performance Assessment Report when received, review the Council's draft response to the Panel Performance Assessment Report, and make any appropriate recommendations for changes.
  - To review the Council's draft response to any Auditor General recommendations arising from a 'special inspection' in respect of the Council's performance requirements, and to make any appropriate recommendations for changes.
  - To review and assess the authority's ability to handle complaints effectively, and make any associated reports and recommendations.
15. The draft Terms of Reference for the Committee will need to inform a comprehensive Work Programme for 2021/22, to be considered under agenda item 13.

## **Audit Plan 2021/22**

16. The approach to developing the Audit Plan was outlined to the Audit Committee in its report of 26 January 2021, at which time a summary plan and indicative allocation of audit time was provided. A recent recruitment exercise has concluded successfully for a Principal Auditor, to fill a vacant post. The summary plan reported to Committee in January was predicated on the post being filled from April, but due to notice period requirements, the start date for the new appointment is anticipated to be early May 2021. The later commencement of the new postholder reduces the allottable audit days for the year overall from 1649, as reported to Committee in January, to 1635 in the attached draft Audit Plan. 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 2021/22.
17. Since the Audit Committee Meeting on 26 January 2021, 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**.
18. In respect of the dynamic nature of Internal Audit, Members will note that 40 days have been set aside for important service / process consultancy. It is anticipated that there will be a need to use some of this provision to provide advice and guidance on the design of controls and systems relating to the pandemic, such as the ongoing administration of Welsh Government funding and service changes / adjustments. The time allocation

enables Internal Audit to provide active advice and guidance across the Council, as and when required.

19. The overall approach to developing the Audit Plan is designed to be risk-based and co-ordinated in application of the “three lines 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.

20. Members will be aware that the Internal Audit resources are allocated over a number of broad categories of work:

- (a) Fundamental audits
- (b) Corporate Audit
- (c) Service specific

21. 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 for that year (and the change reported to a meeting of this Committee). Accordingly, it is proposed that central audits of Council Tax and Housing Benefits / Local Housing Allowance / Council Tax Reduction Scheme are not undertaken in 2021/22.

22. The section of the Plan related to Corporate Audit includes a range of audit engagements covering areas of governance, risk management and control.

23. A large proportion of days has, as in previous years, been allocated to Service Specific audits. As in previous years, the Plan proposes to allocate a number of days within directorates to the audit of key themes. The key themes for 2021/22 are:

- (a) Performance Management
- (b) Pre-contract Assurance

24. Separate audit themes have been developed for Schools this year. The school audit themes for 2021/22 are:

- (a) School Health and Safety
- (b) School Asset Management
- (c) Schools with Surplus Balances

25. The Plan allows a small amount of flexibility to undertake unplanned work. Any such assignments will be reported to Committee as part of the regular progress updates.

### **Conclusion of Audit Plan 2020/21**

26. To further inform the Audit Committee in considering the Audit Plan 2021/22, **Annex 6** contains the current position in delivering the Audit Plan 2020/21. Against each audit, the position as at 28 February 2021 is recorded with an outline of those audits targeted for delivery by the financial year-end. Any targeted audit engagements not delivered by the year-end will conclude in 2021/22. A comment is also included, to outline how any audits not delivered in 2020/21 will be treated after the year-end.

### **Legal Implications**

27. The approval of the Internal Audit Charter and the Internal Audit Plan are matters delegated to the Audit Committee within its approved terms of reference.

28. Members will note that the Audit Charter incorporates the Committee's terms of reference, which have been updated to reflect the performance and governance regime which is being introduced by Part 6 of the Local Government and Elections (Wales) Act 2021. The new legislative provisions are not yet in force, but are planned to be brought into effect by a Commencement Order, as follows:

- (i) Audit committee's new name and functions, including responsibility for reviewing complaints procedures – intended to take effect from April 2021;
- (ii) Council's self-assessment report – intended to commence with assessment of the 2021/22 financial year;
- (ii) Panel assessment report – requirements for a panel assessment (at least once during each administrative term) are intended to take effect from May 2022; and
- (iii) All other relevant provisions, including Auditor General special inspections – intended to take effect from 1<sup>st</sup> April 2021.

29. The revised draft terms of reference for the renamed 'Governance and Audit Committee' require the approval of full Council. The revised draft terms of reference are to be submitted to the Annual Council meeting in May 2021 for approval.

### **Financial Implications**

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

## **Recommendations**

31. Audit Committee to:

- Note the Audit Strategy
- Approve the Internal Audit Charter 2021/22 (including the Governance and Audit Committee Terms of Reference 2021/22, ahead of a request for approval by Council)
- Approve the Internal Audit Plan, 2021/22

**CHRIS PYKE**  
**AUDIT MANAGER**

**Annex 1:** Internal Audit Strategy  
**Annex 2:** Internal Audit Charter 2021/22  
**Annex 3:** Internal Audit Plan 2021/22  
**Annex 4:** Summary Assurance Map  
**Annex 5:** Cyclical Audit Planning  
**Annex 6:** Conclusion of Audit Plan 2020/21



## 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 **Governance and** 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 **Governance and** 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 **Governance and** 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**

**At least quarterly ~~In each Audit Committee Meeting~~**, the Audit Manager will report **to the Governance and Audit Committee** 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 **the Governance and** 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.**

Mae'r dudalen hon yn wag yn fwriadol

Cardiff Council

# DRAFT INTERNAL AUDIT CHARTER 2021/22

## *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 its mission to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.
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 Governance and Audit Committee. The internal audit activity's responsibilities are defined by the Governance and 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 Governance and Audit Committee.

### **Organisation**

7. The Audit Manager will report functionally to the Governance and Audit Committee and administratively to the Head of Finance (Deputy Section 151 Officer).
8. The Governance and Audit Committee will receive and consider reports regarding the performance evaluation of the Internal Audit function.

9. The Governance and 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 Governance and 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 Governance and 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 Governance and 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 Governance and 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 Governance and Audit Committee and senior management including fraud risks, governance issues and other matters needed or required.
23. The Governance and Audit Committee has a Terms of Reference, which defines the area in which it operates. The Terms of Reference have been revised in light of changes introduced by the Local Government and Elections (Wales) Act 2021, and amended draft Terms of Reference are set out in Appendix D (subject to approval of full Council). The Terms of Reference are reviewed on a periodic basis.

### **Internal Audit Plan**

24. At least annually, the Audit Manager will submit to the Governance and Audit Committee an internal audit plan for review and approval including risk assessment criteria. The internal audit plan will include 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 Governance and 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 Governance and Audit Committee. Prior to submission to the Governance and 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 Governance and 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 Governance 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 Governance 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. It is supplemented by the Audit Protocol, which provides an outline of the audit process from planning to reporting, as contained in Appendix F.

## **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.

**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** - 9.53 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 internal audit work undertaken.
5. For the purpose of the Public Sector Internal Audit Standards, the Governance and 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 two qualified Accountants, one Chartered Internal Auditor, one Certified Internal Auditor and most other auditors are qualified Accounting Technicians. One member of the team is studying for a Certified Internal Auditor (CIA) qualification, another is a part-qualified accountant, and a further member is studying for a Certified Information Systems Auditor (CISA) qualification.
  - The Investigation team is led by a Group Auditor who has the CIPFA Certificate in Investigative Practice, and investigators are professionally trained. Two members are professionally qualified counter fraud officer's, accredited with Portsmouth University, with the third team member being a former police officer with many years of professional expertise.
7. Ongoing development and training of auditors is fundamental to the delivery of an effective and professional audit and Investigation services. The Council's Personal Review Scheme is fully adopted and the teams 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.

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

- Our Governance and 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 Governance and 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, the internal control environment, and the performance assessment of the Council. It provides an independent review of Cardiff Council's governance, performance assessment, 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, Performance, 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 Council's draft annual Self-Assessment Report in respect of the financial year 2021/22 and each financial year thereafter, and make any appropriate recommendations for changes.
- To consider the Panel Performance Assessment Report when received, review the Council's draft response to the Panel Performance Assessment Report, and make any appropriate recommendations for changes.
- To review the Council's draft response to any Auditor General recommendations arising from a 'special inspection' in respect of the Council's performance requirements, and to make any appropriate recommendations for changes.
- To review and assess the authority's ability to handle complaints effectively, and make any associated reports and recommendations.
- 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 Governance and 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 on the arrangements for the management of the authority's financial affairs.
- 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 Governance and 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 the Governance and 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 Governance and Audit Committee Chair, Audit Wales, 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.

- ✓ **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.

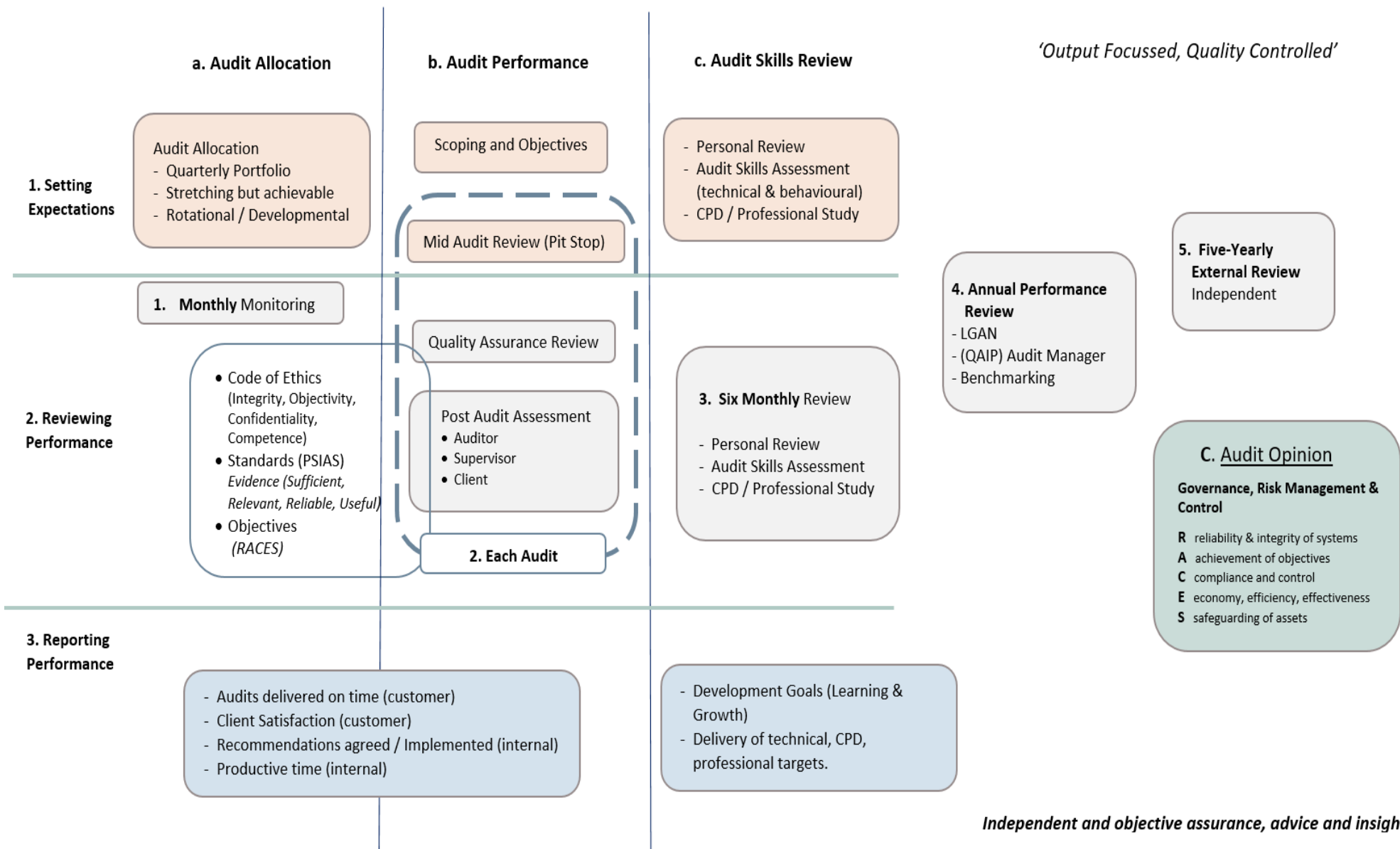
- ✓ **Monitoring** - Each auditor attends a monthly monitoring meeting, through which the delivery of their 'Audit Allocation' is reviewed, issues are identified and addressed.
- ✓ **Quality Assurance Review** - Each audit is subject to a quality assurance review by a member of the audit management team, 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.

- 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 Governance and 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 Governance and Audit Committee. An external assessment of conformance with the PSIAS is completed and reported at least every five years.

## QAIP – OPERATIONAL APPROACH (DIAGRAM)

Tudalen 106



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 the Governance and Audit Committee and is discussed 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

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 (where applicable) 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 has been 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 Needed*, or *Unsatisfactory* audit opinions.

Control Stage 3 (Audit Reporting) – Where the audit opinion is *Insufficient with Major Improvement Needed*, 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 are considered in any final Report / Action Plan. Management responses to audit recommendations are recorded in the Action Plan.

Final report or Action Plan is 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.

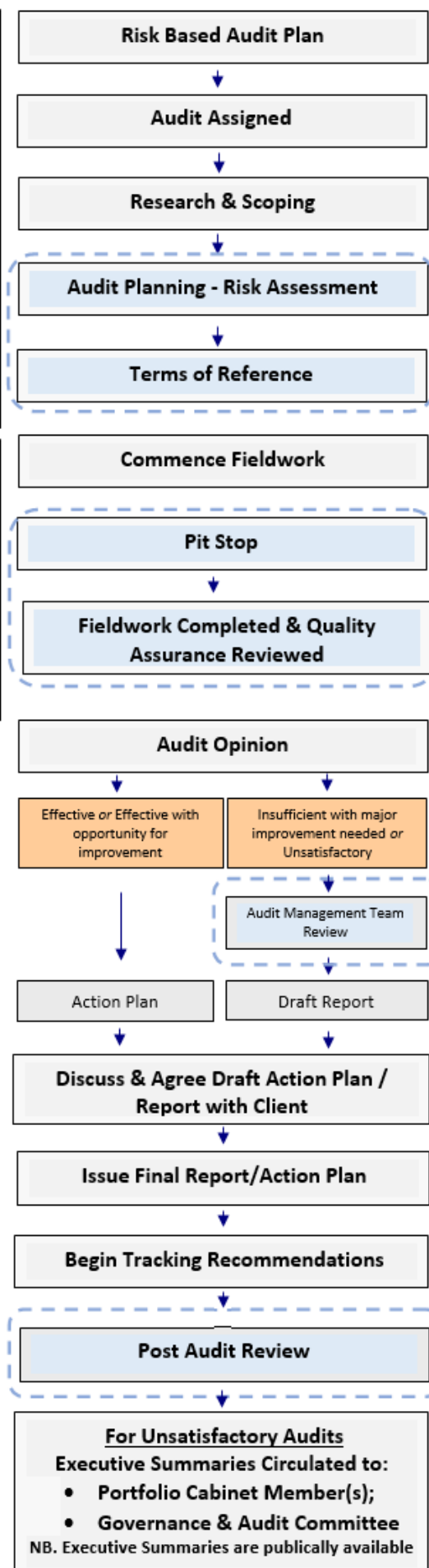
Control Stage 4 (Post Audit Review) – Upon conclusion of each audit, the auditor, and a senior team member review the auditor’s performance. A client satisfaction survey is used to identify the audit delivery and value from the client’s perspective. Development needs are progressed.

The Audit Manager reports the summary findings of *Insufficient* and *Unsatisfactory* Reports to the Chief Executive and the Governance and Audit Committee. For all *Unsatisfactory* Reports, an Executive Summary is prepared, discussed with the Chief Executive and Section 151 Officer, reported to the relevant Portfolio Cabinet Member(s) and the Governance and Audit Committee.

## RESPONSE

Recommendations are added to the ‘Recommendation Tracker’ in SharePoint, through which management provide progress updates and submit evidence of delivering agreed actions. All red and red/amber rated recommendations require evidence of completion in order to be closed. The recommendation tracker is reported as part of each progress report to Governance and Audit Committee meetings, and is 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.



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AUDIT PLAN 2021/22												
Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue			
Fundamental Audits - S151 Assurance												
Purchasing and Payments	High	Assurance	Chargeable	55	50	CRSA	5	Purchases and Payments are compliant, authorised, accurate and timely				
					In-year testing	25						
					P Cards	20						
Payroll & HR					60	50	CRSA	5			Recruitment processes are transparent and robust, leave processes are well governed, only bona fide, authorised and accurate payments are made, with effective prevention, detection and recovery of errors	
					In-year testing	15						
					Special Leave	15						
					Establishment Reviews	15						
NNDR					0	20	NNDR in-year testing	20			Business rate collection and control is working effectively and efficiently	
Treasury Management					0	20	Treasury Management	20			Effective treasury management strategy, governance, risk management and monitoring framework	
Main Accounting					0	20	Main Accounting	20			The main accounting system and processes are well controlled and operating effectively	
Income and Debtors					0	20	Income and Debtors	20			Operation of appropriate arrangements to record, monitor and recover sundry debts.	
Asset Management					0	20	Asset Management	20			Effective recording, monitoring, management and control of physical assets	
Housing Rents					0	10	Housing Rents	10			Effective control processes are in place for manageing and recovering housing rents	
Council Tax		20										
HB / LHA/ CTRS		20										
Total				155	210		210					
Corporate Audit				Original audit plan, 2019/20	Original audit plan	Assignment	Days					
Risk Management	High	Assurance	Chargeable	20	15	Directorate Risk Management	15	Risk management arrangements are effective and operated consistently				
Audit of ethics and values				20	15	Whistleblowing Processes	15	Whistleblowing processes are compliant and effective				
Health and safety				0	20	Health and safety	20	Effective and compliant application of the Council's health and safety framework				
Safeguarding				0	20	Safeguarding	20	Effective safeguarding governance and control processes				
Information governance				0	20	Information governance	20	Effective mechanisms and systems operated in accordance with the data protection act 2018				
Investigation Processes				0	30	Disciplinary Policy	15	Disciplinary policy processes are effective and operatig consistently				
						Fraud, Bribery and Corruption	15	Fraud, bribery and corruption policy processes are effective and operating consistently				
Delegation and decision making				0	20	Delegation and decision making	20	Effective application of delegated authority and decision making				
Contract Audit				40	40	Cradle to grave audit	20	Effective contract compliance, control and delivery of objectives				
						Contract Variations	20					
Taxation				20	20	Schools VAT Assurance	15	Effective compliance and control.				
						Adhoc VAT reviews	5					
Procurement				0	20	Procurement	20	Effective and compliance commissioning and procurement compliance and control arrangements				
Mileage & subsistence				15	15	Mileage & subsistence	15	Accurate claiming and authorisation for reasonable expenditure.				
Welsh Government Covid Grants - Assurance				12	20	Welsh Government Covid Grants - Assurance	20	Sample check of effective compliance and control in administering WG Grants	y			
Directorate Recovery Plans					0	30	Directorate Recovery Plans	30	Effective directorate recovery plans from the COVID-19 pandemic			
ICT Audit					50	30	Cloud Computing	15	Effective co-ordination, risk management and control.			
				Consultation			PCI - Process Consultancy	15	Consultancy on process and policy development			
National Fraud Initiative				Participation			National Fraud Initiative	10	Data matching counter-fraud exercise.			
Value for Money studies				Medium	Assurance		20	30	Value for money 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 consultants				
Stores	10	10				Joint Equipment Service	10	Effective and efficient stores management, and stock / equipment control				
Business Continuity	20	20				Business Continuity and Incident Management	20	Effective business recovery and incident management systems.	y			
Members' allowances		15		15	Members' allowances	15	Effective governance and management of Members' allowances					
Partnership / Arm's-length Assurance	High			10								
Education - SOP				15								
Pensions and Investments				0								
Insurance				15								
Fleet Management (pool cars, grey fleet, etc.)				0								
Governance Arrangements				20								
Wellbeing of Future Generations				20								
Performance Management				0								
Digital Services				0								
Scrutiny Functions				0								
Programmes and Projects				20								
System Development				30								
Total				382	400		400					
Service Specific Audit				Original audit plan, 2019/20	Original audit plan	Assignment	Days					
Service / Process Consultancy	High	Consultancy	Chargeable	100	40	Provision for Service / Process Consultancy	40	Consultancy support across the Council, as appropriate				
Resources	High	Assurance		90	65	Performance Management	15	Performance management arrangements are effective, and operated consistently.				
						Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken				
						Income and Debtors cf	5	Operation of appropriate arrangements to record, monitor and recover sundry debts.				
	Medium					Telecare	15	Delivery of service objectives with effective compliance and control.				
						Central Transport Service	15					
Governance and Legal Services	High	Assurance		60	50	Performance Management	15	Performance management arrangements are effective, and operated consistently.				

						Pre-Contract Assurance	10	Relevant compliance and due diligence checks are undertaken				
	Medium					Electoral Services	15	Effective systems, compliance and control				
People and Communities	High	Assurance		75	45	Glamorgan Archives	10	Effective systems, compliance and control				
	Medium					Performance Management	15	Performance management arrangements are effective, and operated consistently.				
		Pre-Contract Assurance				15	Relevant compliance and due diligence checks are undertaken					
					Bilingual Cardiff	15	Effective compliance and control in delivering services in accordance with the Welsh Language Standards					
Adults, Housing & Communities	High	Assurance		150	145	Performance Management	15	Performance management arrangements are effective, and operated consistently.				
	Medium					Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken				
						Mental Health Day Services	15	Delivery of service objective with effective compliance and control				
						Get me home service	15					
						Independent Living	10					
						ICF schemes (incl. Families First)	10					
						Residential Care	15					
						Libraries	10					
						Homelessness - Temporary Accommodation	10					
	Social Services - CHAD					15	Delivery of service objective with effective compliance and control					
Emergency Duty Team	15											
Childrens’ Services	High	Assurance		130	70	Performance Management	15	Performance management arrangements are effective, and operated consistently.				
						Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken				
						Payments to Care Leavers	20					
						Youth Offending Service	20					
Economic Development	High	Medium		105	100	Performance Management (inc Waste Management)	15	Performance management arrangements are effective, and operated consistently.				
	Medium					Pre-Contract Assurance (inc Waste Management)	15	Relevant compliance and due diligence checks are undertaken				
						Harbour Authority	10	Effective systems, compliance and control				
			Leisure Contract Governance			20	Delivery of service objective with effective compliance and control					
			Shared Regulatory Services in Cardiff			15						
			Disposal of Land and Buildings			15						
			White International White Water			10						
Economic Development (Waste Management)	Medium	Assurance	100	60	Commercial Waste	15	Delivery of service objective with effective compliance and control					
	Waste Collections				15							
	Cardiff Organic Waste Treatment Contract				15							
	Waste Management Enforcement				15							
Education and Lifelong Learning	High	Assurance	245	190	Performance Management	15	Performance management arrangements are effective, and operated consistently.					
	Medium				Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken					
					Health and Safety	15	Directorate health and safety compliance and risk management.					
					School Health and Safety - Thematic	20	Schools health and safety compliance and risk management.					
					School Asset Management - Thematic	17	Schools asset management compliance and control.					
					Llanedeyrn Primary	5	Audits of systems of governance and internal control within individual schools					
					Marlborough Primary	5						
					Cantonian High School	7						
					primary school audit - tbc	5						
					primary school audit - tbc	5						
					secondary school audits - tbc	7						
					secondary school audits - tbc	7						
					Schools with Surplus Balances - Thematic	12		Assurance on management and use of surplus balances in a sample of individual schools				
					British Council Grants - Follow up	15	Follow up audit					
					Catering in Opted out schools	15	Delivery of objectives, with effective compliance and control					
					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					
					Planning, Transportation and Environment	High	Assurance	80	55	Performance Management	15	Performance management arrangements are effective, and operated consistently.
						Medium				Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken
	Income and Debtors cf									5	Operation of appropriate arrangements to record, monitor and recover sundry debts.	
S106 Agreements	10	Effective systems, compliance and control										
Concessionary Travel	10											
Total				1,135	820	820						
External				Original audit plan, 2019/20	Original audit plan	Assignment	Days					
External clients	High	Assurance	Chargeable	30	35	City Deal 2020/21	10	Scope as per rolling SLA	y			
	Low	Certification				Cardiff Further Education Trust Fund -- tbc	2	Grant certification / statement of accounts work				
						Norwegian Church Preservation Trust - tbc	2					
						Joint Committees	6					
						Education Improvement Grant - tbc	5					
						Rumourless Cities Grant - tbc	10					
Total				30	35	35						
Contingencies				Original audit plan, 2019/20	Original audit plan	Assignment	Days					
General Audit	TBC	TBC	Chargeable	30	10	General Audit (provision for carried forward audits / other work)	10	TBC				
Total				30	10	10						

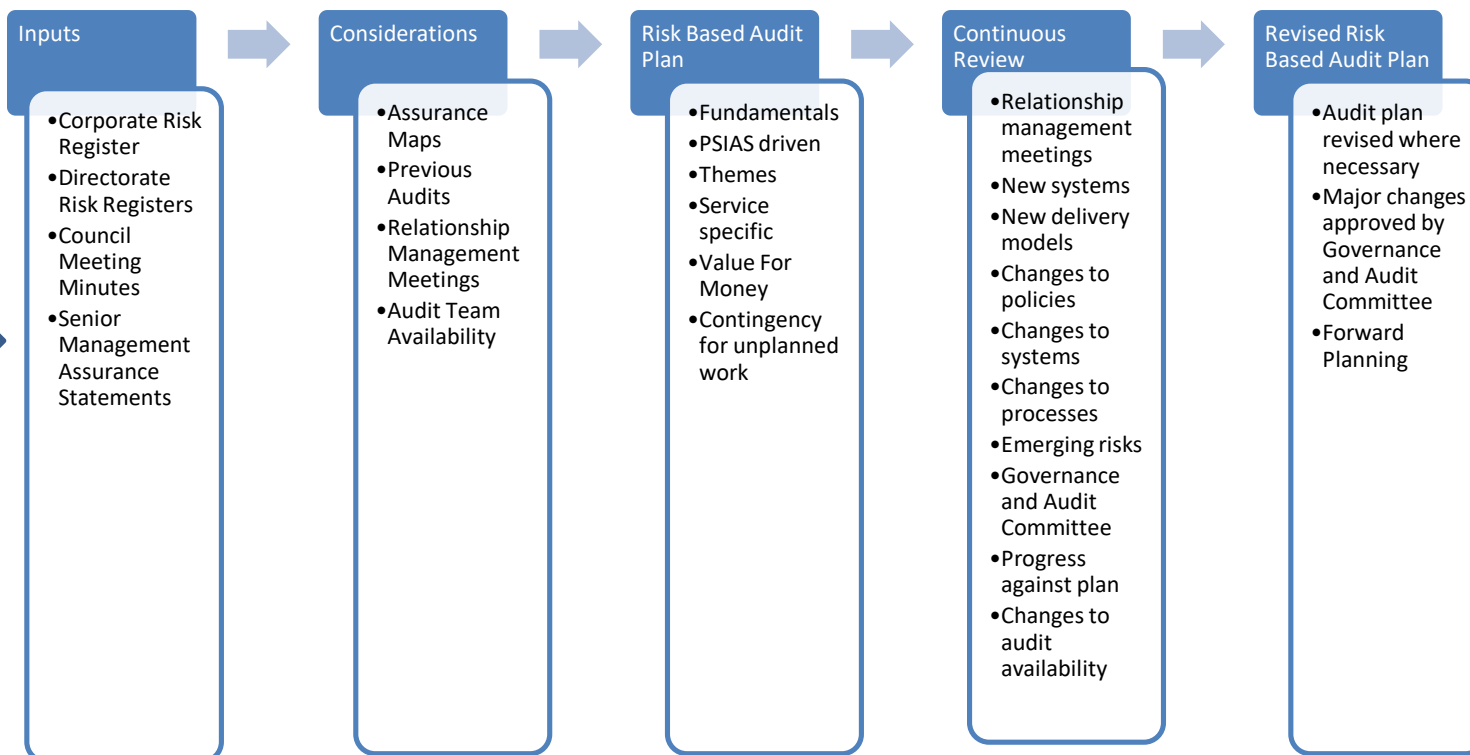
Management				Original audit plan, 2019/20	Original audit plan	Assignment	Days		
Corporate work – Audit Committee, Audit Wales etc.	Medium	Management	Chargeable	50	50	Corporate work – Audit Committee, Audit Wales etc.	50	Internal Audit management, planning, guidance and support activities.	
Assurance mapping		Management	Chargeable	10	10	Assurance mapping	10		
CRSA development		Management	Chargeable	0	0	CRSA development	0		
Process development		Management	Chargeable	20	15	Process development	15		
Work for Audit Manager		Management	Chargeable	30	30	Work for Audit Manager	30		
Planning, monitoring & reporting		Management	Chargeable	30	30	Planning, monitoring & reporting	30		
Review of financial rules etc.		Management	Chargeable	20	15	Review of financial rules etc.	15		
General advice and guidance		Management	Chargeable	20	10	General advice and guidance	10		
Total				180	160		160		
Total chargeable days				1,912	1,635		1,635		

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Tudalen 113

Mae'r dudalen hon yn wag yn fwrddol

# Cyclical Audit Planning



Tudalen 115

Mae'r dudalen hon yn wag yn fwriadol



AUDIT PLAN, 2020/21							Annex 6						
Audit Category	Risk	Engagement Type	Original Audit Plan	Assignment	Days	Audit Scope	National Issue	Audit Output Status 31.12.20	Audit Opinion	Comment, if audit engagement is not targeted to be delivered in 2020/21			
Fundamental Audits - \$151 Assurance													
Purchasing and Payments	High	Assurance	55	Creditor payments - year end 2019/20	25	Purchases and Payments are compliant, authorised, accurate and timely.				Carry forward to Audit Plan 2021/22			
				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								
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								
Council Tax			20	In year testing 2020/21	15	Bona fide, effective, efficient and accurate additional payments							
				Additional Payments (payroll & allowances)	20								
				Council Tax	20			Compliance and control, with effective and efficient processes.					
NNDR						NNDR in-year testing (carried forward from 2019/20)		0	Business Rate collection and control is working effectively and efficiently.				
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 contol							
			0	Governance arrangements (carried forward from 2019/20)	0			Effective application of the Council's Code of Corporate Governance.					
Audit of scrutiny functions	Medium		0	Audit of scrutiny functions (carried forward from 2019/20)	0	Effective scrutiny activities and outcomes							
Audit of ethics and values	High	Assurance	20	Complaints & Compliments	10	Policy alignment to organisational values, with appropriate disclosures made.							
				Codes of Conduct	10								
				Business and Personal Interests (carried forward from 2019/20)	0								
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		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.							
0			Digital Services - Virtual Agent (carried forward from 2019/20)	0									
Delegation and decision making													
Programmes 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				Conclude Audit in 2021/22			
Cardiff Bus - governance		Assurance	10	Contract Monitoring & Management	20								
Education - SOP	Medium	Assurance	15	Education - SOP Review of Band 8	10	Section 151 Assurance on governance arrangements		Draft Issued	Insufficient with major improvement needed				
ICT Audit	High	Assurance	50	Change and patch management controls	15	Delivery of objectives, with effective compliance and control							
				Payment Card Industry (chip and pin devices)	15	Effective co-ordination, risk management and control.							
				Effective compliance and control.	15								
				IT Business Continuity	20	Effective co-ordination, risk management and control.							
Value for Money studies	Medium	Assurance	30	IT inventory and asset management (carried forward from 2019/20)	0	Effective IT inventory and asset management controls		Draft Issued	Effective with opportunity for improvement	Carry forward to Audit Plan 2021/22			
				VFM in Digital Initiatives	5	Assurance on value for money in digital initiatives		Final Issued	Insufficient with major improvement needed				
				VFM in use of Council vehicles	15	Value for money in use of Council vehicles		DEFERRED AUDIT					
				Taxation	20	Effective compliance and control.							
System Development		TBC	30	System Development	30	Consultation or assurance services, as relevant.		Draft Issued	Effective with opportunity for improvement				
National Fraud Initiative		Participation	0	National Fraud Initiative	10	Data matching counter-fraud exercise.							
Pensions and Investments	High	Assurance	0	Pensions and Investment In year testing CF	0								
Insurance	High	Assurance				Effective compliance and control.		Final Issued	Effective with opportunity for improvement				
Health and safety								Final Issued	Effective with opportunity for improvement				
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.		Draft Issued	Insufficient with major improvement needed				
Procurement								Draft Issued	Insufficient with major improvement needed				
Stores	Medium	Assurance	10	Dominions Way Temporary Stores	10	Effective and efficient stores management, and stock / equipment control				Carry forward to Audit Plan 2021/22			
Business Continuity	High	Assurance	20	Business Continuity & Incident Management	20	Effective business recovery and incident management systems.							
Members' allowances	Medium	Assurance	15	Members' Allowances	15	Effective governance and management of Members' allowances	y						
Business Grants - Assurance	High	Assurance	0	Business Grants - Assurance	12	Effective compliance and control in administering Business Grants							
TBA		Assurance	12	TBA	0	TBA		Final Issued	Effective				
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		Completed work in three thematic areas - work ongoing		Conclude Audit in 2021/22			
Planning, Transportation and Environment	High	Assurance	80	Asset Management cf	0	Effective Directorate recording, monitoring, management and control of physical assets		Final Issued	No Opinion Provided		Carry forward to Audit Plan 2021/22		
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control		Final Issued	Insufficient with major improvement needed				
				Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.			Effective with opportunity for improvement				
				Performance Management	15	Performance management arrangements are effective, and operated consistently.							
	Medium	Assurance	80	Information Management	15	Controlled, effective and compliant information management practices.	DEFERRED AUDIT		Carry forward to Audit Plan 2021/22				
				Pre-Contract Assurance	10	Relevant compliance and due diligence checks are undertaken	DEFERRED AUDIT						
				Health and Safety (carried forward from 2019/20)	0	Directorate health and safety compliance and risk management.	Final Issued	Effective with opportunity for improvement					
				Lamby Way Stores - Follow Up (carried forward from 2019/20)	0	Follow up Audit	Final Issued	Effective with opportunity for improvement					
				Bereavement Services	10	Compliance and control in Bereavement Services	Final Issued	Insufficient with major improvement needed					
				Asset Management cf	0	Effective Directorate recording, monitoring, management and control of physical assets	Final Issued	Effective with opportunity for improvement					
People and Communities	High	Assurance	150	Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.	Final Issued	Effective with opportunity for improvement	Carry forward to Audit Plan 2021/22				
				Performance Management	15	Performance management arrangements are effective, and operated consistently.	DEFERRED AUDIT	Effective with opportunity for improvement					
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control	DEFERRED AUDIT	Effective					
				Information Management	15	Controlled, effective and compliant information management practices.	DEFERRED AUDIT						
	Medium	Assurance	150	Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken	DEFERRED AUDIT		Carry forward to Audit Plan 2021/22				
				Health and Safety (carried forward from 2019/20)	0	Directorate health and safety compliance and risk management.	DEFERRED AUDIT						
				Flexible Funding in Housing	10	Delivery of service objectives with effective compliance and control.	Final Issued	Effective					
				Get me home service	15	Delivery of service objectives with effective compliance and control.	DEFERRED AUDIT						
				Independent Living	10	Delivery of service objectives with effective compliance and control.	DEFERRED AUDIT						
				Lettings policy in high rise accommodation	5	Delivery of service objectives with effective compliance and control.	DEFERRED AUDIT						
Economic Development (Waste Management)	High	Assurance	100	ICF schemes (incl. Families First)	10	Delivery of service objectives with effective compliance and control.				Carry forward to Audit Plan 2021/22			
				Risk Based Verification	10								
				Libraries	10								
				Private Rental Leasing Scheme	5								
	Medium	Assurance	100	Asset Management cf	0	Effective Directorate recording, monitoring, management and control of physical assets	Completed	No Opinion Provided	Carry forward to Audit Plan 2021/22				
				Health and Safety (carried forward from 2019/20)	0	Directorate health and safety compliance and risk management.	Final Issued	Insufficient with major improvement needed					
				Waste Management Consultancy	15	Advice, guidance and support	Final Issued	Insufficient with major improvement needed					
				FOLLOW UP - Fly Tipping	15	Follow up Audit		Insufficient with major improvement needed					
				Gatehouse	15	Compliance and control in gatehouse / weighbridge systems.	Draft Issued	Insufficient with major improvement needed					
				Commercial Waste	15	Effective systems, compliance and control	Draft Issued						
Economic Development	High	Medium	105	Recycling in HWRCs	20	Effective systems, compliance and control	DEFERRED AUDIT		Carry forward to Audit Plan 2021/22				
				FOLLOW UP - Contracts in Waste Management	10	Follow up Audit							
				Trolleys	10	Effective systems, compliance and control	Draft Issued	Effective with opportunity for improvement					
				Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.	Final Issued	Effective with opportunity for improvement					
	Medium	Assurance	105	Performance Management	15	Performance management arrangements are effective, and operated consistently.	DEFERRED AUDIT	Effective with opportunity for improvement	Carry forward to Audit Plan 2021/22				
				Information Management	15	Controlled, effective and compliant information management practices.	DEFERRED AUDIT						
				Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken	DEFERRED AUDIT						
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control	Final Issued	Effective with opportunity for improvement					
				Corporate Landlord	15	Effective and compliant corporate landlord practices.	Final Issued	Effective with opportunity for improvement					
				Disposal of Land & Buildings	15	Delivery of objectives with effective compliance and control.	Final Issued	Insufficient with major improvement needed					
Economic Development	High	Medium	105	Asset Management (carried forward from 2019/20)	0	Effective Directorate recording, monitoring, management and control of physical assets	Final Issued	Insufficient with major improvement needed	Carry forward to Audit Plan 2021/22				
				Health and Safety (carried forward from 2019/20)	0	Directorate health and safety compliance and risk management.	Final Issued	Effective with opportunity for improvement					
				Major Projects Governance (carried forward from 2019/20)	0	Operation of appropriate arrangements for Major Projects	Final Issued	Effective					
				Firm Unit (carried forward from 2019/20)	0	Delivery of service objectives with effective compliance and control.	Final Issued	Insufficient with major improvement needed					
	High	Medium	105	Income and Debtors	15	Operation of appropriate arrangements to record, monitor and recover sundry debts.	Final Issued	Effective with opportunity for improvement	Carry forward to Audit Plan 2021/22				
				Performance Management	15	Performance management arrangements are effective, and operated consistently.	DEFERRED AUDIT	Effective with opportunity for improvement					
				Information Management	15	Controlled, effective and compliant information management practices.	DEFERRED AUDIT						
				Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken	DEFERRED AUDIT						
				Commissioning and Procurement	15	Commissioning and Procurement compliance and control	DEFERRED AUDIT						
				Health and Safety	15	Directorate health and safety compliance and risk management.	Draft Issued	Effective with opportunity for improvement					
Economic Development	High	Medium	105	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	Carry forward to Audit Plan 2021/22				
				British Council Grants	20	Effective compliance and control in administering British Council Grants.	Draft Issued	Unsatisfactory					
				Work in individual schools:									
				School 1 - Cardiff West									
	School 2 - Ysgol Bro Ederm												
	School 3 - Llanedeyrn Primary												
	High	Medium	105		45	Audit of systems of governance and internal control within individual schools.			Carry forward to Audit Plan 2021/22				



Education and Lifelong Learning	Medium	Assurance	245	School 4 - Mary Immaculate	20	Effective compliance and control	CRSA responses received (remaining responses being followed up)	No Opinion Provided	Rather than completing a small number of individual CRSA audits, a large desktop sample review of CRSA returns is targeted to for completion prior to 2020/21 year-end									
				School 5 - Marlborough Primary														
				School 6 - St. Cuthbert's														
				School 7 - Cantorian														
				Schools CRSA														
				Schools CRSA - Individual School Audits														
				CRSA - School 1														
				CRSA - School 2														
				CRSA - School 3														
				CRSA - School 4														
				Catering in Opted out schools														
				FOLLOW UP - Pontprennau Primary														
				FOLLOW UP - St. Peters R.C Primary														
				FOLLOW UP - Income Procedures in School Kitchens cf														
				School Admissions														
				Counter-fraud arrangements - Willows High School (carried forward from 2019/20)														
				Counter-fraud arrangements - Kitchener Primary School (carried forward from 2019/20)														
				Income collection in schools – Cardiff High														
				Cashless catering in secondary schools														
				ICT governance for schools - Ysgol Plasnewr (carried forward from 2019/20)														
				Pentyrch Primary School (carried forward from 2019/20)														
				Music Service - Follow up (carried forward from 2019/20)														
				Governance and Legal Services						High	Assurance	60	Income and Debtors	10	Operation of appropriate arrangements to record, monitor and recover sundry debts.	DEFERRED AUDIT	Effective	Carry forward to Audit Plan 2021/22
													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																
Health and Safety (carried forward from 2019/20)	0	Directorate health and safety compliance and risk management.																
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.																
Resources	High	Assurance	80	Asset Management (carried forward from 2019/20)	0	Effective Directorate recording, monitoring, management and control of physical assets	DEFERRED AUDIT	Effective with opportunity for improvement	Carry forward to Audit Plan 2021/22									
				Alarm Receiving Centre	10	Delivery of service orjectives with effective compliance and control.												
Resources (CTS)	Medium	Assurance	10	Resources (CTS)	10	Delivery of service orjectives with effective compliance and control.	DEFERRED AUDIT	Effective with opportunity for improvement	Carry forward to Audit Plan 2021/22									
Social Services	High	Assurance	205	Commissioning and Procurement	15	Commissioning and Procurement compliance and control	DEFERRED AUDIT	Insufficient with major improvement needed	Carry forward to Audit Plan 2021/22									
				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.												
				Direct Payments (carried forward from 2019/20)	0	Effective control, management and monitoring of Direct Payments												
				Asset Management (carried forward from 2019/20)	0	Effective Directorate recording, monitoring, management and control of physical assets												
				Safeguarding - Follow up (carried forward from 2019/20)	0	Follow up Audit												
				Early help scheme (Impact of FPoC)	15	Delivery of service objective with effective compliance and control												
				Social Services - CHAD	15	Delivery of service objective with effective compliance and control												
				Mental Health Day Services	15	Delivery of service objective with effective compliance and control												
	Medium	Assurance	205	Emergency Duty Team	15	Delivery of service objective with effective compliance and control	DEFERRED AUDIT	Effective with opportunity for improvement	Carry forward to Audit Plan 2021/22									
				Payments to Care Leavers	20	Delivery of service objective with effective compliance and control												
				Children's Placements (including out of county)	20	Delivery of service objective with effective compliance and control												
				Residential Care	15	Delivery of service objective with effective compliance and control												
				Workforce Development - TBC	15	Delivery of service objective with effective compliance and control												
				Learning Disabilities (carried forward from 2019/20)	0	Delivery of service objective with effective compliance and control												
				Foster Carers (carried forward from 2019/20)	0	Delivery of service objective with effective compliance and control												
				Domiciliary Care (carried forward from 2019/20)	0	Delivery of service objective with effective compliance and control												
Total				1,135														
External			Original audit plan	Assignment	Days													
External clients	High	Assurance	20	City Deal 2019/20	0	Scope as per rolling SLA	DEFERRED AUDIT	Effective with opportunity for improvement	Carry forward to Audit Plan 2021/22									
				City Deal 2020/21	5	Scope as per rolling SLA												
				Norwegian Church Preservation Trust 2019/20	2													
	Certification			Education Improvement Grant 2019/20	5													
				Norwegian Church Preservation Trust - 2018/19 (carried forward from 2019/20)	0													
				Joint Committees	6													
Grants		TBC	10	Cardiff Further Education Trust Fund 2019/20	2		DEFERRED AUDIT	Effective with opportunity for improvement	Carry forward to Audit Plan 2021/22									
				Rumourless Cities Grant	10													
Total					30													
Contingencies			Original audit plan	Assignment	Days													
General Audit			30	General Audit (provision for carried forward audits)	30													
Total					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.	DEFERRED AUDIT	Effective with opportunity for improvement	Carry forward to Audit Plan 2021/22									
			10	Assurance mapping	10													
			0	CRSA development	0													
			20	Process development	20													
			30	Work for Audit Manager	30													
			30	Planning, monitoring & reporting	30													
			20	Review of financial rules etc.	20													
			20	General advice and guidance	20													
Total					180													
Total chargeable days			1,912		1,912													

## **AUDIT COMMITTEE: 23 March 2021**

### **INTERNAL AUDIT & INVESTIGATION TEAM - PROGRESS REPORT**

#### **REPORT OF THE AUDIT MANAGER**

#### **AGENDA ITEM: 7.2**

**Appendices D and E in Annex 1 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. Progress Reports have been prepared to provide Audit Committee Members with an update on the work and performance of the Internal Audit and Investigation Teams as at 28 February 2021.

#### **Background**

3. The Audit Committee formally approved the Internal Audit Plan 2020/21 on 28 July 2020, following a process of consultation and agreement between 23 March and 3 April 2020. The planned activity of the Investigation Team was provided for Audit Committee consideration and information on 28 July 2020. To clarify the priority areas of audit focus this year, against a performance target to deliver 60% of the original Audit Plan, the Audit Committee approved the deferral of 32 Audits on 17 November 2020.
4. 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.
5. The Investigation Team Progress Report (**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.
6. 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.

7. 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

### a) Audit

8. **Annex 1** outlines how audit activities have continued to adapt and respond to the current environment. In the context of the ongoing pandemic, whilst management focus on critical and priority matters, the team has continued to tailor its consultancy and assurance activities to provide support and attention where it is most required.
9. There has been a continuation of COVID-19 related audit consultancy services, for which the majority of support has been provided in respect of the administration of Welsh Government funds for a range of grant and relief payment schemes. As administration responsibilities are allocated to the Council for further schemes, audit colleagues will continue to be available to provide advice and guidance on the design and application of robust controls. Details of this work are outlined within section 2.1. 'Current Activities'.
10. As Committee has been advised previously, the initial focus of assurance work this year was to conclude ongoing audits with a low impact on the capacity of audit clients where possible. Towards the end of quarter one, the audit team commenced a targeted delivery of assurance audit engagements from the Audit Plan 2020/21, at a time when Council services were moving to a documented and managed 'restart'. Delivery of assurance audit engagements has continued thereafter, but has been affected by staff sickness and caring responsibilities, for which further details are provided within section 2.2. 'Resources'. A recruitment exercise has been completed successfully for a vacant Principal Auditor post, and the new post holder is scheduled to commence at the beginning of May 2021.
11. **Appendix A** shows a list of audits and their reporting status in the current year, as at 28 February 2021, whereby 58 new audit engagements have been completed, of which 38 audits have been finalised and 20 audits are at draft output stage. A further 26 draft audits from last year have been finalised in the year to date. Audit opinions of 'effective' or 'effective with opportunity for improvement' have been assigned for 76% of the assurance audit outputs issued in the year to date.
12. Audit Committee was advised when considering and approving the Audit Plan, in March and July 2020 respectively, that due to a range of factors linked with the pandemic, delivery would be significantly lower than usual. Members were advised that the Audit Plan would be delivered in a targeted way to maximise assurance and prioritise high-risk areas. Within section 2.3. 'Annual Plan' the position is outlined in respect of audits which are targeted for completion by the financial year-end. If each of these audits are completed as planned, delivery of Plan will be in the region of 56%, which is short of the target of 60%, although in the current unprecedented environment it would be considered as an effective outcome. Any slippage in delivering the targeted audits would affect the performance against this measure, for which monitoring and support arrangements are in place.



13. In respect of schools, priority has been given to maximising completion and review of CRSA responses. All schools have been required to participate in a Control Risk Self-Assessment (CRSA) exercise, requiring them to respond to a detailed set of control statements, to identify actions for improvement in the event of any gaps, and to provide a portfolio of evidence to support the assertions made within their returns. A large desktop sample review of CRSA returns will be completed to provide a breadth of baseline assurance across schools to support the annual audit opinion.
14. Subject to the reasonable delivery of the audit engagements targeted, and the school CRSA review, it is not anticipated that a limitation to the annual opinion on the Council's control environment will be necessary for 2020/21. Peer and professional discussions / reviews are continuing, and will inform the approach taken to reporting following the financial year-end. In the meeting on 26 January 2021, Audit Committee was provided with a high-level advisory from CIPFA for Heads of Audit and Audit Committees on the annual audit opinion in the current environment for information.
15. Over the short reporting period since the Committee's last update, one draft audit output was issued with an opinion of insufficient with major improvement needed in respect of 'Cardiff Bus – Governance'. The findings of this audit are within section 2.4 'Critical findings or emerging trends'. In early March, following the end of the reporting period, the audit of British Council Grants was finalised. This audit received an unsatisfactory assurance opinion, and was reported to Audit Committee at the draft report stage on 26 January 2021. An executive summary report is included within **Appendix B** for Audit Committee information.
16. The status of audit recommendations is summarised in **Appendix C** to provide an overview of management progress. The detailed position against each red and red/amber recommendation is provided for open recommendations in **Appendix D**, and for recommendations closed since last considered by Committee in **Appendix E**.

## **b) Investigations**

17. **Annex 2** outlines the investigation activities as at 28 February 2021. For the year as a whole the Investigation Team has 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). Four hundred and seventy eight days have been applied to date, as detailed in the Progress Report.
18. Nine hundred and sixty two cases have been concluded, in respect of post payment verification investigations associated with Business Grants, administered on behalf of Welsh Government. As Audit Committee was advised in November 2020, the cases were identified through a combination of data matching and manual exercises by Audit and Investigation Team staff. The outputs of a further data matching exercise with the NFI are due shortly, and cases will be progressed accordingly.
19. Excluding the one off business grants work, in respect of all other casework as at 28 February 2021:
  - One hundred and seventy four cases were identified for investigation so far this year, compared to three hundred and sixty three for the same period last year;
  - One hundred and twenty eight investigations are ongoing, compared to two hundred and sixty seven for the same period last year;

- Three hundred and twenty three investigations have been concluded, compared to two hundred and seventeen over the same period last year;
- £431,953 has been attributed concluded investigations, compared to £616,127 for the same period last year.

20. Mandatory fraud awareness training continues to be delivered, and over four thousand eight hundred staff / school governors have completed the eLearning or attended a face-to-face session. An Anti-Money Laundering eLearning module has been developed and communicated for completion by relevant officers, as referred to in the Progress Report.
21. The Progress Report also provides information on the outputs of the latest biennial National Fraud Initiative (NFI) exercise in Wales, and the results of the CIPFA Fraud and Corruption Tracker 2020.
22. The summary report in Annex 2 provides further details in respect of the above.

### **Legal Implications**

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

### **Financial Implications**

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

## **RECOMMENDATIONS**

25. That the Audit Committee considers and reviews the content of the Internal Audit and Investigation Team Progress Reports.

**Chris Pyke**  
**Audit Manager**

The following are attached:

#### **Annex 1 - Internal Audit Progress Report**

- Appendix A** Report Status as at 28 February 2021
- Appendix B** British Council Grants – Executive Summary
- Appendix C** Recommendations Summary
- Appendix D** Red & Red / Amber Open Recommendations
- Appendix E** Red & Red / Amber Recommendations Completed since last Committee

#### **Annex 2 - Investigation Team Progress Report**



# Resources Directorate Internal Audit Section



## Internal Audit Progress Report (as at 28 February 2021)

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 <b>Appendix A</b>	 Report Status as at 28 February 2021
<b>Appendix B</b>	British Council Grants – Executive Summary
<b>Appendix C</b>	Recommendations Summary
<b>Appendix D</b>	Red & red / amber open recommendations
<b>Appendix E</b>	Red & red / amber recommendations completed since last considered by 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.

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.

- The Audit Plan 2020/21 was accepted by the Audit Committee through a period of consultation between 23 March – 3 April 2020, and received formal approval on 28 July 2020.
- To further clarify the priority areas of audit focus this year, against a performance target to deliver 60% of the original Audit Plan, the Audit Committee approved the deferral of 32 Audits on 17 November 2020.

This progress report provides a summary account of audit activities, findings and progress against the Audit Plan as at 28 February 2021.

### 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 and formalised their objectives for 2020/21 in accordance with corporate timescales. Prior to discussing performance, auditors updated their skills assessments applying 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 summary covers the work programme for 2020/21, and the associated activities, resources, findings and measures of performance as at 28 February 2021.

### 2.1 Current activities

#### COVID-19 related consultancy services

As Audit Committee has been advised since the onset of the pandemic, significant audit attention has been given to providing critical advice and support to management as the Council adapted services and established new systems in response to the crisis. Consultation and engagement was provided in cases 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.

Since quarter two, and thereafter, the majority of audit consultancy and support has been provided in respect of the administration of Welsh Government funds for a range of grant and relief payment schemes. As administration responsibilities are allocated to the Council for further schemes, audit colleagues will continue to be available to provide advice and guidance on the design and application of robust controls.

COVID-19 consultancy is recognised as three separate areas of audit work within the Audit Plan 2020/21, contained within the 100 days of bulk audit time available. The following table contains details of the COVID-19 consultancy work undertaken in the year to date.

**Figure 1.** COVID-19 consultancy work and status.

Scope	Area	Scope	Status
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.	Completed
	Business grant administration		
	Wales culture recovery fund – freelancer support		
	Isolation payments		
	Lockdown grant		
	Restrictions business fund		
	Supplier relief	Discussion and engagement with commissioning and procurement and schools	Completed
	Coronavirus childcare assistance scheme	Advice and guidance on processes and controls in the system for processing and administering payments.	
	Childcare provider grant		
	Care workers £500 payment scheme		
	Statutory sick pay enhancement scheme		
	Childcare provider support (CWTCH) grant		
	Restrictions Business Fund – Extension Grant	Ongoing	
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.	

### Assurance audit engagements

As Audit Committee has been advised previously, at the outset of the financial year initial focus was given to the conclusion of audits which were already underway. Audits were progressed on 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. Towards the end of quarter one, when Council services were moving to a documented and managed 'restart' across directorates, the audit team commenced a targeted delivery of assurance audit engagements from the Audit Plan.

Auditors have continued to complete their work while working remotely from home and, although it is noted that it can take longer than usual to receive all of the information and documents necessary to complete an audit, the process is generally working well. This year any site visits are considered on the basis of business necessity only, and supported by authorised risk assessments and control processes.

The table below shows the list of audits completed and their reporting status in the current year to 28 February 2021. There have been 58 new audit engagements completed this year, of which 38 audits have been finalised and 20 audits are at draft output stage. A further 26 draft audits from last year have been finalised in the year to date. A summary of the audit outputs and opinions in the year to date is shown below.

**Figure 2.** Audit outputs and opinions (at 28 February 2021)

Status	Number of completed audits	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient (major improvement needed)	Unsatisfactory	No opinion given
Draft	20	1	14	4	1	0
Final	64	11	29	12	0	12
<b>TOTAL</b>	<b>84</b>	<b>12</b>	<b>43</b>	<b>16</b>	<b>1</b>	<b>12</b>
	58	<i>New Audit Engagements completed</i>				
	26	<i>Finalised Audit Engagements from 2019/20</i>				

Since the last reporting period, one draft audit output has been issued with a draft opinion of insufficient with major improvement needed, for which information on the findings is provided within Section 2.4 (Critical Findings or Emerging Trends).

**Figure 3.** Breakdown of audit outputs and opinions (at 28 February 2021)

No.	Assurance Audit Engagement	Audit Opinion
<i>Delivery of Audit Plan 2020/21</i>		
1.	Governance and Legal Services – Commissioning & Procurement	Effective
2.	Codes of Conduct	
3.	Payroll – In-year Testing (2019/20)	
4.	Payroll – In-year Testing (2020/21)	
5.	Governance Arrangements 2020/21	
6.	Business Grants Assurance	
7.	People and Communities – Commissioning and Procurement	
8.	Governance and Legal Services - Income and Debtors	
9.	Digital Services - Hybrid Mail	Effective with opportunity for improvement
10.	Health and Safety - Resources	
11.	Programme and Project Risk Management	
12.	Directorate Risk Management	
13.	Complaints and Compliments	
14.	City Deal 2019/20	
15.	PTE - Trolleys	
16.	Pensions and Investment In-year testing	
17.	Resources – Commissioning & Procurement	
18.	PTE – Commissioning & Procurement	
19.	People & Communities – Asset Management	
20.	Recruit	
21.	Economic Development – Commissioning & Procurement	
22.	Education Improvement Grant 2019/20	
23.	Corporate Landlord	
24.	Follow up – Contacts in Waste Management	
25.	Follow up – Income Procedures in School Kitchens	
26.	Commissioning and Procurement - Education	
27.	Income and Debtors - Education	
28.	Income and Debtors – Social Services	
29.	Additional Payments (payroll & allowances)	
30.	Follow up – Pontprennau Primary	

31.	People and Communities – Income and Debtors	
32.	Follow up – St Peters R.C Primary	
33.	Programme and Project Governance -	
34.	Economic development - Income and Debtors	
35.	Insurance	
36.	IT Business Continuity	
37.	Taxation	
38.	PTE - Asset Management	Insufficient with major improvement needed
39.	Street Scene (Waste Management) - Asset Management	
40.	Social Services – Commissioning & Procurement	
41.	Bereavement Services	
42.	Gatehouse	
43.	Mileage and Subsistence	
44.	Follow up – Fly Tipping	
45.	Cardiff Bus Governance	Unsatisfactory
46.	British Council Grants	
Audit Work with ‘No Opinion’		
47.	Joint Committees - Prosiect Gwyrdd	Consultancy, certification, advice and guidance
48.	Joint Committees - Port Health Authority	
49.	Joint Committees - Glamorgan Archives	
50.	New system checks - compliance, internal controls and counter-fraud	
51.	Resilience, continuity & control - Consultancy	
52.	Counter-fraud prevention & post assurance checks	
53.	Payroll CRSA	
54.	Creditor payments CRSA	
55.	Schools CRSA	
56.	Private Rental Leasing Scheme	
57.	Cardiff Further Education Trust Fund 2019/20	
58.	Rumourless Cities	
Concluded Reports from the prior year		
59.	Health and Safety - People and Communities	Effective
60.	Major Projects Governance	

61.	Creditors - mid year testing 2019/20	
62.	Digital Services - Virtual Agent	
63.	Health & Safety - PTE	Effective with opportunity for improvement
64.	Health and Safety - Economic Development	
65.	Income collection - Cardiff High School	
66.	Governance Arrangements 2019/20	
67.	Performance Management	
68.	Safeguarding - follow up	
69.	NNDR in-year testing	
70.	Lamby Way Stores - Follow Up	
71.	Pentyrch Primary School	
72.	Health and Safety – Social Services	
73.	Foster Carers	
74.	Health and Safety – Governance and Legal Services	
75.	Learning Disabilities	
76.	Norwegian Church Preservation Trust 2018/19	
77.	Economic Development - Asset Management	Insufficient with major improvement
78.	IT inventory and asset management	
79.	Cardiff Film Office	
80.	Health and Safety - Waste Management	
81.	Social Services – Asset Management	
82.	Resources – Asset Management	
83.	Social Services – Direct Payments	
84.	Domiciliary Care	

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

**Figure 4.** Completed audits without an assurance opinion (at 28 February 2021)

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.
Counter-fraud prevention & post assurance checks	Participation in data analytics and follow up checks to identify ineligible / fraudulent business grant cases.
Payroll CRSA	Control Risk Self-Assessment (CRSA) responses received. The assertions made in the management responses will be followed up with detailed audit testing during the year, at which time an audit opinion will be allocated.
Creditor payments CRSA	
Schools CRSA	Control Risk Self-Assessment (CRSA) prepared, presented to School Budget Forum and issued to schools for completion by the end of January 2021. The assertions made from Schools are being checked in the returns and supporting evidence received, with guidance provided as appropriate.
Private Rental Leasing Scheme	Advice and guidance on the development of effective controls in the scheme.
Cardiff Further Education Trust Fund 2019/20	Grant Certification for 2019/20.
Rumourless Cities	

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

## 2.2 Resources

At the end of quarter three, a Principal Auditor left the team to work within the Accountancy Section. The audit post is considered as essential, and was promptly advertised. The recruitment exercise was successful, and the new post holder was an external candidate who is scheduled to commence at the beginning of May 2021.

The COVID-19 crisis has significantly affected the activities and capacity of audit clients, and it 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 received special leave for periods that they have needed to care for dependants and have been unable to work. The team has shown personal flexibility which has limited the use of special leave as far as possible.

In previous audit progress reports this year, Audit Committee was advised that available staff resources have also been impacted by an increased level of sickness and bereavement leave. During quarter four (to date) one long-term sickness case has been ongoing. Given the relatively

small team size, any cases of long-term sickness affect the level of progress that can be made against the Plan in each reporting period.

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 1,345.8 chargeable days as at 28 February 2021, against a pro-rata plan of 1,727.9 days, showing that the team has been operating at a chargeable capacity of circa 78% of planned. The audit targets for delivery of the Audit Plan 2020/21, as set out in section '3.3 - Performance', are based on delivery at 75% of the level targeted under normal conditions, given the current environment.

As advised in January 2021, one member of the team is commencing their study for ISACA's Certified Information Systems Auditor (CISA) qualification, to enhance the IT audit skills within the team. One member of the team continues to be supported through a CIA qualification with the IIA, and is working towards their third and final exam.

### 2.3 Annual plan

In considering the Audit Plan in March 2020, and in giving formal approval on 28 July 2020, the Audit Committee was advised that due to a range of factors linked with the COVID-19 crisis, delivery would be significantly lower than usual. The Plan was built on auditor and client availability and capacity in a normal operating environment, but targeted delivery of the Plan was set at 60% for the year, for which the typical target is 80%.

On 17 November 2020, Audit Committee agreed a targeted deferral of 32 audit engagements from the Audit Plan, to provide a clear risk-based focus on the areas where audit resources would be targeted. There has been limited subsequent change to the Audit Plan, and no changes are proposed since the last reporting period.

Following a strong performance against the Plan in quarter 3, as reported to Committee in January 2021, the team has issued six audit outputs in quarter four to date. At the time of writing, many audits are either at report drafting stage or in a process of audit fieldwork, and five audits are at planning stages.



The table below shows the position in respect of audits which are ongoing, each of which are targeted for completion by the financial year-end. If each of these audits are completed as planned, delivery of the Plan will be in the region of 56%, which is short of the target of 60%, although in the current unprecedented environment it would be considered as an effective outcome. Any slippage in delivering the following audits would affect the performance against this measure, for which monitoring and support arrangements are in place.

**Figure 5.** Status of audits targeted for completion by the financial year-end

Audit	Status (28.02.21)
Children's Placements (including out of county)	Report Drafting
Norwegian Church Preservation Trust 2019/20	
Dominions Way Temporary Stores	Audit Fieldwork
Risk Based Verification	
Creditor payments - year end 2019/20 & Mid-Year 2020/21	
Housing Benefit / Local Housing Allowances / C Tax Reduction Scheme	
Recycling in HWRCs	
Cardiff West Community High School	
St. Cuthbert's R.C Primary School	
Education - SOP Review of Band B	
Payment Card Industry (chip and pin devices)	
Waste Management Consultancy	
Council Tax	Ongoing
Wellbeing of Future Generations	Audit Planning
Contract Monitoring & Management	
Change and patch management controls	
National Fraud Initiative	

In respect of schools, priority has been given to maximising completion and review of CRSA responses. All schools have been required to participate in a CRSA exercise, requiring them to respond to a detailed set of control statements, to identify actions for improvement in the event of any gaps, and to provide a portfolio of evidence to support the assertions made within their returns. A large desktop sample review of CRSA returns is underway to provide a breadth of baseline assurance across schools to support the annual audit opinion.

It should also be noted that a significant amount of COVID related consultancy work delivered, whilst critical in nature, is represented as three units of audit work. This work, as detailed in Figure 1 of '2.1 – Current Activities', has been essential and will continue alongside the wider assurance audit plan.

Whilst set on an annual basis, the Audit Plan is adaptable and responsive and will be subject to ongoing risk assessment, prioritisation and review to maximise assurance and management support. In-year changes may be introduced where appropriate, to respond to emerging risks and issues. The position against the full Audit Plan is contained in agenda item 7.1 (annex 6), and is therefore not included as an appendix to this report to avoid duplication.

#### 2.4 Critical findings or emerging trends

In early March, following the end of the reporting period, the audit of British Council Grants was finalised. This audit received an unsatisfactory assurance opinion, and was reported to Audit Committee at the draft report stage on 26 January 2021. The report has now been finalised and accordingly, an executive summary report is included within **Appendix B** for Audit Committee information.

Over the short reporting period since the Committee's last update, one draft audit output was issued with an opinion of insufficient with major improvement needed. The findings are being discussed with management and, once finalised, the final opinion and recommendations will be reported to Audit Committee.

The Audit of 'Cardiff Bus Governance' instigated by the Section 151 Officer as part of a package of viability support to Cardiff Bus agreed by Council in October 2020, provided an opinion of 'insufficient with major improvement needed'. The audit recognised that the Council has been undertaking a concerted package of improvement actions to address the governance of Cardiff Bus alongside a new management team within the Company, including the appointment of two non-executive member roles within the Board, and a number of actions to strengthen company viability including the production of a turnaround plan by the Board which included working with the Council to assist in addressing pension fund matters and achieving a return to profit. The initiation of a governance review with Internal Audit was made with a management recognition of the need for further improvements.

From a Council perspective, whilst it was noted that the Council meeting reports of October 2020 contained a detailed account of key risks relating to Cardiff Bus, these risks had not been captured in relevant Council risk registers for mitigating actions to be recorded and monitored as part of the Council's risk management strategy, or within senior management assurance statements (SMAS). The audit considered that the Council should appropriately represent and embed the reporting on relevant Cardiff Bus matters of governance and risk through these mechanisms. It is also recommended that the Council should consider and once determined, communicate its performance reporting requirements with Cardiff Bus, how it fits into the Council's governance framework, and incorporate into meeting forward plans. At the time of the review, consideration was being given to the alignment of financial reporting with the Council, which would provide timely assurance and oversight of the financial position of Cardiff Bus. Observations have also been provided to the Section 151 Officer in respect of the development of Cardiff Bus risk management arrangements, operational processes and oversight and project management, which should be discussed with Cardiff Bus Management / Board Members, for relevant assurance.

## 2.5 Value for money findings

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.

## 3. AUDIT PERFORMANCE AND ADDED VALUE

### 3.1 Added value

Relationship Management meetings have continued to be held on a quarterly basis with senior officers in each directorate. Particular focus has been 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. Attention has also been given to discussing progress against the delivery of audit recommendations and the finalisation of audit reports.

Feedback from audit clients has been positive in the year to date. Thirty-four questionnaire responses have been received and, accounting for all areas responded to (covering communication, advice, reporting and performance), satisfaction is 98.5%. In all feedback responses received clients advised that the audit ‘added value’.

In the audit outputs issued to date (as at 28 February 2021), there have been 417 recommendations made: 236 recommendations have been agreed, and the remaining 181 are being considered by audit clients through draft audit outputs. These are summarised below:

**Figure 6.** Recommendations raised and agreed

Rating	Recommendations made	Recommendations agreed	Recommendations being considered
Red	33	14	19
Red / amber	178	99	79
Amber / green	176	103	73
Green	30	20	10
<b>TOTAL</b>	<b>417</b>	<b>236</b>	<b>181</b>

### 3.2 Performance

As outlined in section 2.1 (‘Current Activities’), the focus of audit work at the start of the financial year was to provide 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 assurance audit engagements and a managed return to business as usual in June 2020, at the time when services has commenced a formal ‘restart’ phase. This assurance work ramped up during quarter three, and targets were set for quarter four as outlined in 2.3 (‘Annual Plan’).

As outlined in 2.2 (‘Resources’), there are various reasons why the audit service has been operating at a lower capacity, and in some cases efficiency, than usual. In recognition of the current environment, which can impact on the capacity and availability of both auditors and clients, performance targets were lowered from their usual levels, and set at stretching but more realistic levels for the year, and discussed with Audit Committee in July and shown in Figure 7.

The performance position in respect of quarter three was provided to Audit Committee in January 2021, with relevant commentary, and is provided below for reference ahead of the quarter four statistics which will be collated following the financial year-end.

**Figure 7.** Performance against targets for 2020-2021 (as at the end of Q3)

Performance Indicator	2019/20 Outcome	2020/21 Target	Q1 Outcome	Q2 Outcome	Q3 Outcome
The percentage of the Audit Plan completed	70%	60%	9%	20%	<b>38%</b>
The average number of audit productive days per FTE	169	130	33	67	<b>109</b>
The average number of finalised audits per FTE	11	9	*0.54	2.48	<b>5.06</b>
The percentage of draft audit outputs delivered within six weeks	86%	85%	100%	100%	<b>100%</b>
The percentage of audit recommendations implemented within the agreed timescale	60%	80%	**0%	50%	<b>82%</b>

\* 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.

The regime of chasing up management responses to recommendations and finalising audits is in ongoing. The status of each audit is shown in Appendix A, and the position in respect of recommendations is detailed in 3.4, and the referenced appendices.

### 3.3 Audit opinion - development

During the financial year, the Audit Plan and approach to delivery has been adapted in order to target assurance on key risks and controls, and to provide a body of assurance work which is adequate to support a full annual opinion on the Council's control environment. This has included adding a substantial provision in the Plan for COVID-19 related audit consultancy work, setting a prioritised approach to auditing fundamental systems and corporate governance, and progressing a targeted spread of wider assurance work.

All decisions in respect of the Plan have been made within appropriate attention to risk, professional standards and advisories from CIPFA and the IIA, and the advice of professional and peer officers. Audit Committee was provided with a copy of the CIPFA guidance which has been published in January ('Head of Internal Audit Annual Opinions').

Subject to the reasonable delivery of the audit engagements, and the school CRSA review, as referred to in 2.3 ('Audit Plan'), it is not anticipated that a limitation to the annual opinion on the Council's control environment will be necessary. However, peer and professional discussions / reviews are continuing and will inform the approach taken to reporting following the financial year-end.

### 3.4 Recommendations

A summary of the open audit actions is included within **Appendix C**, to support the Audit Committee to monitor and review the management response to recommendations raised.

Included within **Appendix D** are the red and red/amber open recommendations including the current management response for the information and monitoring of the Audit Committee. **Appendix E** contains the red and red/amber recommendations, which have been completed since they were last considered by Audit Committee. Amber / green and green recommendations are provided to Committee via a separate route.

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. The table below shows the instances where implementation dates have been revised, typically by audit clients on SharePoint (as at 28.02.21).

**Figure 8.** 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	41	11	30
Social Services	30	11	19
Resources	9	4	5
People and Communities	4	2	2
Planning, Transport and Environment	26	9	17
Waste Management	66	45	21
Central Transport Services	9	7	2
Economic Development	25	21	4
External and grants	8	2	6
Fundamental	10	7	3
Corporate Governance	17	8	9
Governance and Legal Services	3	1	2
Other assurance	18	11	7
	266	139	127
Schools	193	136	57
TOTAL	459	275	184

**NB** - It should be noted that the table above represents the position as at 28 February 2021, whereas the recommendation tracker appendices show the detailed position against each recommendation at the closest possible date to each Committee meeting.

## **4. CONCLUSION**

### **4.1 Summary**

The Audit Team has continued to provide advice, guidance and support services to management as systems and processes have responded to the crisis, albeit resource requirements for this work have reduced during the course of the year. The majority of COVID-19 related consultancy services now relate to the provision of advice and guidance on the application of effective controls in administration of a range of Welsh Government funds.

A number of audits are targeted for delivery by the financial year-end. If each of these audits are completed as planned, delivery of the Plan will be in the region of 56%, which is short of the target of 60%, although in the current unprecedented environment it would be considered as an effective outcome. Any slippage in concluding audits would impact the performance measure, for which monitoring and support arrangements are in place.

All schools have been required to participate in a CRSA exercise, to respond to a detailed set of control statements, identify actions for improvement in the event of any gaps, and to provide a portfolio of evidence to support the assertions made within their returns. A large desktop sample review of CRSA returns is underway to provide a breadth of baseline assurance across schools.

Subject to the reasonable delivery of the audit engagements, and the school CRSA review planned, it is not anticipated that a limitation to the annual opinion on the Council's control environment will be necessary. Peer and professional discussions / reviews are continuing and will inform the approach taken to reporting following the financial year-end.

Mae'r dudalen hon yn wag yn fwriadol



## Report Status (as at 28 February 2021)

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Fundamental / High				
Effective	People and Communities – Commissioning & Procurement			Draft Issued
	People and Communities - Health and Safety			
	Creditor Payments – in-year testing 2019/20			
	Codes of Conduct			
	Governance Arrangements 2020/21			
	Governance and Legal Services – Commissioning & Procurement			
	Payroll In-year Testing (2019/20 & 2020/21)			
	Governance and Legal Services – Income and Debtors			
	Business Grants - Assurance			
Effective with opportunity for improvement	Ethics and Values - Business and Personal Interests			Drafts Issued
	Resources - Health and Safety			
	Programme and Project Risk Management			
	Directorate Risk Management			
	Education – Income and Debtors			
	Social Services – Income and Debtors			
	IT Business Continuity			
	Education - Commissioning and Procurement			
	Safeguarding - follow up			
	Recruit			
	Complaints and Compliments			
	Pensions and Investment In-year testing			
	Resources – Commissioning & Procurement			
	PTE – Commissioning & Procurement			
	People and Communities – Asset Management			
	Social Services – Health and Safety			
	NNDR in-year testing			

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
	PTE - Health and Safety			
	Governance & Legal Services – Health and Safety			
	Governance Arrangements 2019/20			
	Performance management			
	Corporate Landlord			
	Additional Payments (payroll & allowances)			
	People and Communities – Income and Debtors			
	Economic Development – Income and Debtors			
	Economic Development – Health and Safety			
	Economic Development – Commissioning & Procurement			
	Insurance			
Insufficient with major improvement needed	Education – Asset Management	1		Drafts Issued
	Mileage and Subsistence	1		
	Econ Development - Asset Management	1	1	
	PTE - Asset Management	1	1	
	Street Scene (Waste Management) - Asset Management	1	1	
	Social Services - Asset Management	1	1	
	Waste Management – Health and Safety	1	1	
	Social Services – Commissioning & Procurement	1	1	
	IT inventory and asset management	1	1	
	Direct Payments	2	2	
	Resources – Asset Management	1	1	
	Medium			
Effective	Counter-fraud arrangements - Willows			Draft Issued
	Major Projects Governance			
	Digital Services - Virtual Agent			
Effective with opportunity for improvement	Ysgol Plasmawr – ICT Governance			Draft Issued
	Audit of Scrutiny Functions			
	Kitchener Primary - Counter-fraud arrangements			

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
	Follow Up - Contracts in Waste Management			
	Follow Up - Income Procedures in School Kitchens			
	Follow Up - Pontprennau Primary			
	Follow Up - St Peters R.C Primary	2		
	Programme and Project Governance			
	Taxation			
	Income collection in schools – Cardiff High			
	Trolleys			
	Pentyrch Primary School			
	Lamby Way stores - follow up			
	Foster Carers			
	Digital Services - Hybrid Mail			
	Learning Disabilities			
Insufficient with major improvement needed	Fleet Management (pool cars, grey fleet, etc.)	1		Drafts Issued
	Music Service - follow up	2		
	Gatehouse	2		
	Follow up – Fly Tipping	2		
	Cardiff Bus - Governance	1		
	Film Unit	1	1	
	Bereavement	2	2	
	Domiciliary Care	1	1	
Unsatisfactory	British Council Grants	7		Draft Issued
<b>Grants / Accounts / External Bodies</b>				
No assurance opinion given	Joint Committees - Prosiect Gwyrdd	Statement of Accounts Reviews / Certification / Support		
	Joint Committees - Port Health Authority			
	Joint Committees - Glamorgan Archives			
	Cardiff Further Education Trust Fund 2019/20			
	Rumourless Cities			
Effective with opportunity for improvement	Education Improvement Grant 2019/20			Draft Issued
	Norwegian Church 2018/19			

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
	City Deal 2019/20			
Other assignments				
No assurance opinion given	New system checks - compliance, internal controls and counter-fraud	COVID-19 Consultancy		
	Resilience, continuity & control- Consultancy			
	New system checks - compliance, internal controls and counter-fraud			
	Private Rental Sector Leasing Scheme	Consultation & Guidance		
	Payroll CRSA	Control Risk Self Assessment		
	Creditor payments CRSA			
	Schools CRSA			

## Executive Summary

### British Council Grants

#### BACKGROUND

- 1 An audit review has been undertaken of the control environment in the administration of British Council Grants by International School Linking (ISL), which is a Council-run service to support schools to develop a global dimension across the curriculum. It started in 2012 (when advisory services across Wales were reorganised) and became a traded service, for which schools have paid a subscription.
- 2 Since 2014, the grants have been funded by Erasmus+ and the council has been able to apply for consortium applications under Key Action (KA) 1, KA2 and CPD funding. Under KA1, teachers travel to see educational practice in other countries; under KA2 projects there are more intellectual outputs and travel / meetings required. Erasmus+ is the European Union programme for (inter alia) education and training, and is open to countries in Europe and beyond.

#### MAIN CONCLUSIONS

- 3 The audit reported a number of control gaps that need to be addressed by management to provide the necessary assurance on good governance in the administration of funds, and an audit opinion of **unsatisfactory** has been allocated.
- 4 Processes to code income and expenditure were insufficient and not reconciled at individual project-levels in respect of funding claimed and applied, for which a full reconciliation is required with the engagement of the grant awarding body, to ensure terms and conditions are met.
- 5 Improvements were required across processes, including accounting for delegates, procurement card oversight, information management, and to formalise arrangements and funding for office accommodation at Greenway Primary School. Whilst audit colleagues were advised that relevant business and personal interests had been communicated and discussed with management, declarations were not formally completed.
- 6 The audit has also raised a need for control improvements in the operating environment, as a lead Council officer has been a lead officer and director of a separate entity, to whom Council and private staff members reported and worked in a shared office. Management have been strongly advised to physically separate the Council and non-Council entities, to ensure that all business interests are properly disclosed, and that the practicalities of any Council officer working for both entities are fully considered, with the engagement of HR People Services.

## **RECOMMENDATIONS FOR ACTION**

- 7 The audit included nineteen recommendations (seven red, six red/amber and six amber/green).
- 8 Management have agreed all of the nineteen recommendations raised during the audit.

## **LATEST POSITION**

- 9 Management have agreed to deliver all recommendations, through a review and update of operational processes and oversight with the engagement of colleagues in HR People Services and Information Governance, and support in financial system design and reconciliation from Finance colleagues.
- 10 Internal Audit will continue to monitor the internal control environment through the recommendation tracker and regular discussions with management. A further follow up audit will be undertaken in line with the audit protocol.

**Recommendation Summary - ('Red' and 'Red / Amber' open recommendations)**

**Annex 1 - Appendix C**

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
Corporate Governance (Resources)	2		2		2				1	0	2
Economic Development	3		4		3	1			2	0	4
Economic Development - Waste /RNS	5	1	11		2	3	7		12	6	6
Education & Lifelong Learning - Schools	11	6	41		13	15	19		47	24	23
Education & Lifelong Learning	8	9	21		13	4	13		4	0	30
External and Grants (Resources)	1		4		4				4	0	4
Governance & Legal Services	2		2		2				2	0	2
Planning, Transport & Environment	6	3	14		5	11		1	8	3	14
Fundamental											
Other Assurance											
People and Communities	4	1	10		6	5			4	1	10
Resources	5	1	6		3	4			4	1	6
Adult's, Housing & Communities	3	3	9			12			7	1	11
Children's Services	1		1		1				1	0	1
Social Services - General	3	1	3		1	3			3	0	4
<b>TOTALS</b>	<b>54</b>	<b>25</b>	<b>128</b>	<b>0</b>	<b>55</b>	<b>58</b>	<b>39</b>	<b>1</b>	<b>99</b>	<b>36</b>	<b>117</b>

6 overdue actions have reviewed as part of a follow-up audit, and will be superseded once the report is finalised (Contracts in Waste Mgt)

19 overdue actions actions have been reviewed as part of a follow up audit, and will be superseded once the report is finalised (St Peter's)

Mae'r dudalen hon yn wag yn fwiadol



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 28 February 2021)



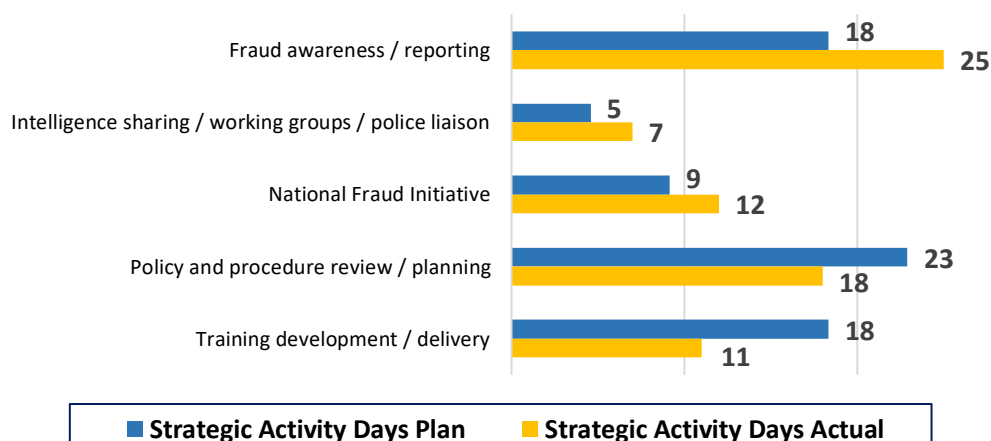
### Resources & Activities



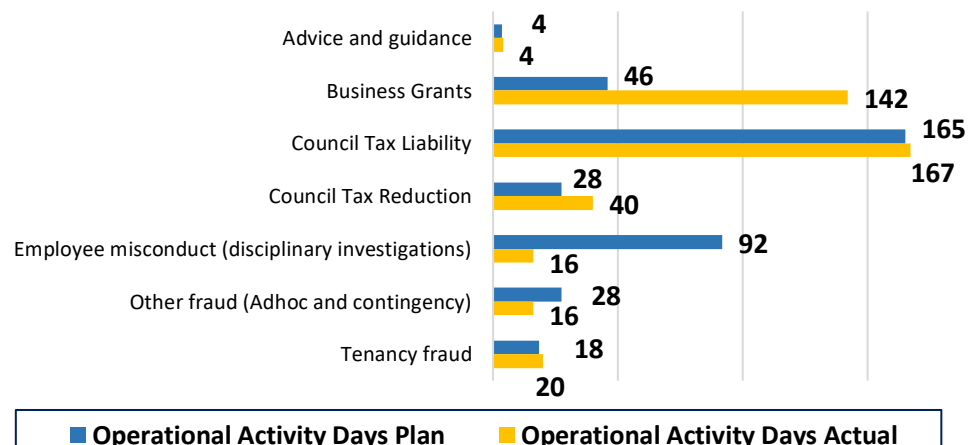
For the year as a whole there are four hundred and ninety four chargeable days available based on current resources (2.5 fte), indicatively split between strategic (80 days) and operational activities (414 days). Following a temporary increase in the hours of the Investigation Assistant of 6 hours per week, to further progress National Fraud Initiative work, their hours reverted back to normal (0.5 FTE) at the end of quarter three.

In the financial year to 28 February 2021, the team have applied 478 days as follows:

### Strategic Activity Days



### Operational Activity Days



## Training

Mandatory Fraud Awareness training continues to be delivered, and as at the 28 February 2021, over four thousand eight hundred staff / school governors had completed the eLearning or attended a face-to-face session.

An Anti-Money Laundering (AML) eLearning module has been developed following Cabinet approval of the AML Policy on the 17 December 2020, after Audit Committee consideration on 17 November 2020. Senior Management Team discussed the eLearning in March 2021, which at a minimum is to be completed by:

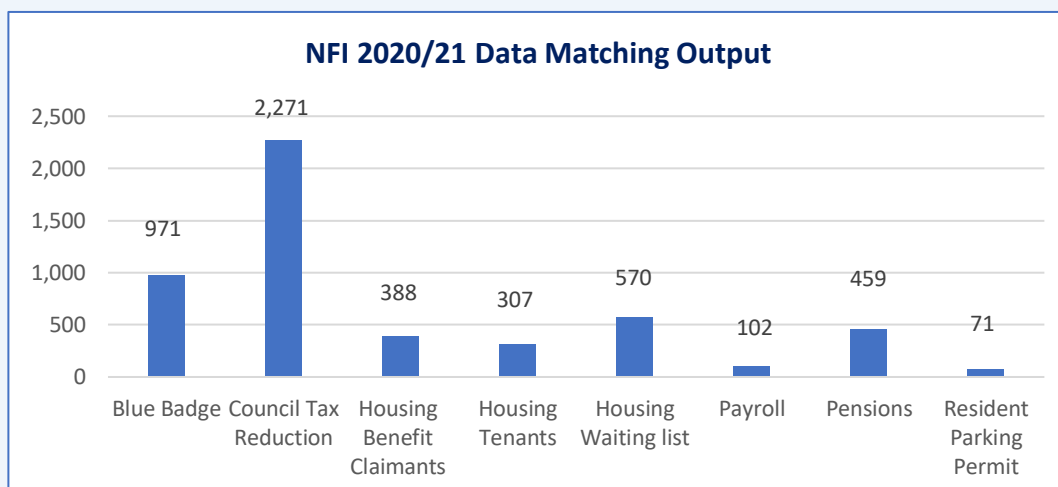
- All Staff who receive cash, monitor cash receipts or who manage staff in these areas;
- All solicitors;
- All Operational Managers\*

*\*Having completed the training, Operational Managers are to use their knowledge to identify and direct any other relevant staff to complete the training.*

## Biennial NFI Exercise

During January 2021, the Cabinet Office / Audit Wales released the matches in respect of the National Fraud Initiative (NFI) 2020/21 data matching exercise. This NFI exercise is carried out every two years and matches data across organisations and systems to help public bodies identify fraud and overpayments.

The Investigation Team manages the Council's participation in the NFI exercise, and disseminates output to relevant teams across the Council. The team also leads on a number of reviews, and provides advice, guidance, and support as necessary.



*The National Fraud Initiative (NFI) is a UK-wide counter-fraud exercise. In Wales, the exercise is undertaken by the Auditor General for Wales under his statutory data-matching powers in Part 3A of the Public Audit (Wales) Act 2004.*

## Policies & Procedures

### Authorisation and Protocol Requirements for Review of Work Activities

In January 2021, Audit Committee considered a draft 'Monitoring Employees at Work Policy', at a time that Trade Unions consultation was ongoing.

Trade Union consultations concluded at the end of February 2021 and Audit Committee was provided with the updated draft procedure, and details of the changes made since the Audit Committee meeting, which were as follows.

## COVID-19 Support Grants

- The draft policy was renamed - 'Authorisation and Protocol Requirements for Review of Work Activities'
- In respect of equality considerations, the procedure was updated to require that those tasked with administering the procedure have completed adequate equality / unconscious bias training to ensure fairness throughout the process.

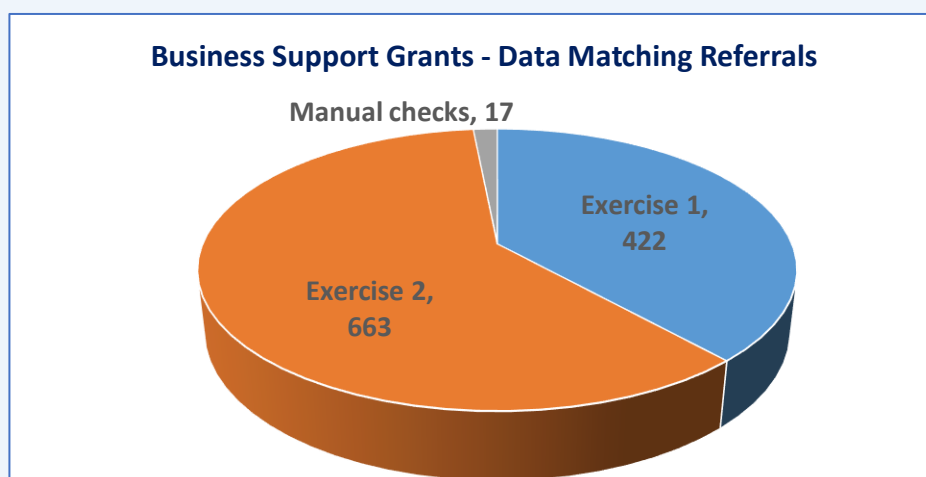
On 4 February 2021, the IPCO inspected the Council, and reviewed a number of policies and procedures including this one in draft. The inspector commended the Council's policies and guidance developed by the Council and did not propose amendments in respect of this area.

The 'Authorisation and Protocol Requirements for Review of Work Activities' is due to be considered by Cabinet for approval on 18 March 2021.

The Internal Audit and the Investigation Team continue to provide support and guidance to colleagues in respect of the numerous COVID-19 funds and grants that have been administered.

Audit Committee has been previously advised of the post-payment verification process used in respect of the business support grants, for which the application system opened and payments to eligible businesses commenced in March 2020. The application system for this scheme closed at the end of quarter 1 2020/21 and £68.9million of funding has been paid.

The outputs of two data analysis exercises in respect of above grant payments were released during June and July 2020, from which one thousand and eighty five matches were generated that required a review, and a further seventeen payments were identified for review as a result of manual checks made by the Audit and Investigation Teams:



The position in respect of associated cases is as follows:

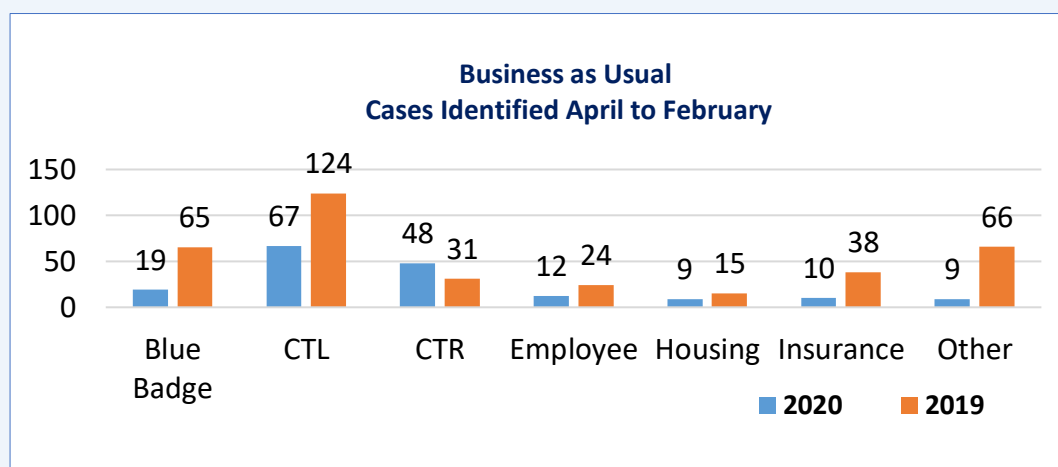
- 962 cases concluded
- 86 reviews ongoing
- 54 to be reviewed

A number of cases identified as part of the reviews related to examples of out-of-date information on the business rates system. Whilst this does not relate to fraud or error, officers are working through the list to update records. To date £525,000 has been identified as paid in error, and subject to recovery action. The review of fifty-four matches has not yet commenced.

The Investigation Team has worked with Audit Wales and the Cabinet Office to support the development of a further data matching exercise. This exercise via NFI will cover business support grants awarded after the initial data matching exercises and checks were made. Data was been collected from Local Authorities at the end of February 2021, and the next batch of matches is due shortly.

### 'General' Cases Identified for Investigation

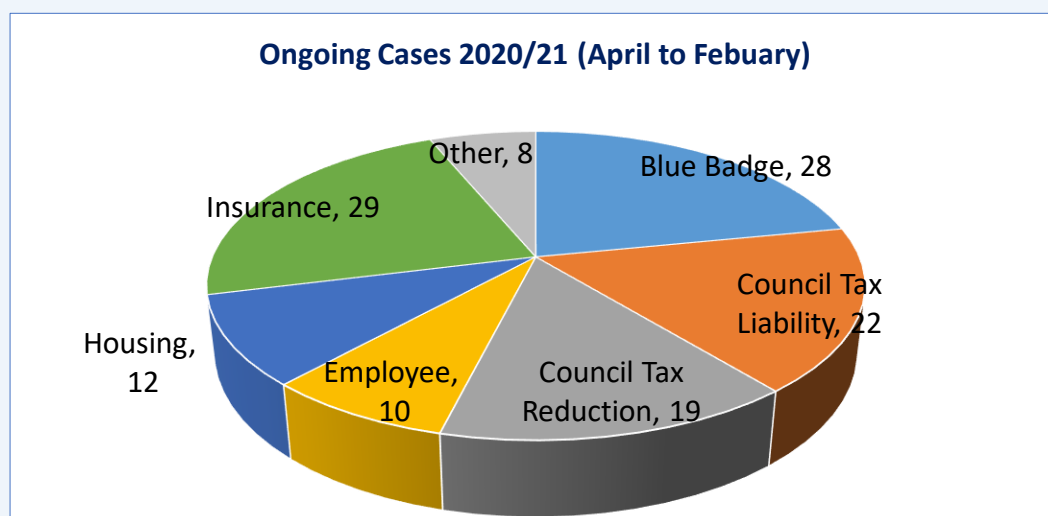
Excluding the stand alone Business Grants work, as detailed above, one hundred and seventy four cases have been identified for investigation so far this year, compared to three hundred and sixty three, for the same period last year:



*The cases designated as 'other' this year related to Council Tax Exemptions, Phishing, Planning and Special Education Needs.*

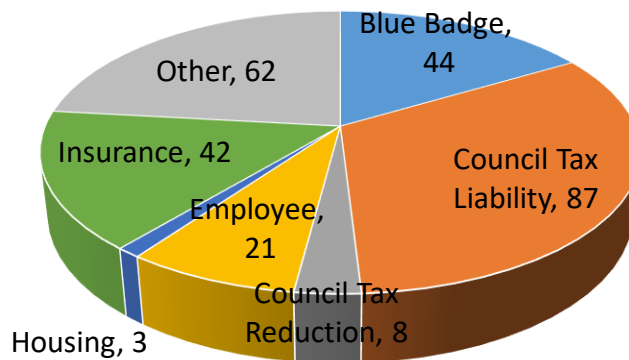
### 'General' Ongoing Cases

Excluding the stand alone Business Grants work, there are currently one hundred and twenty eight investigations ongoing, compared to two hundred and sixty seven, for the same period last year:





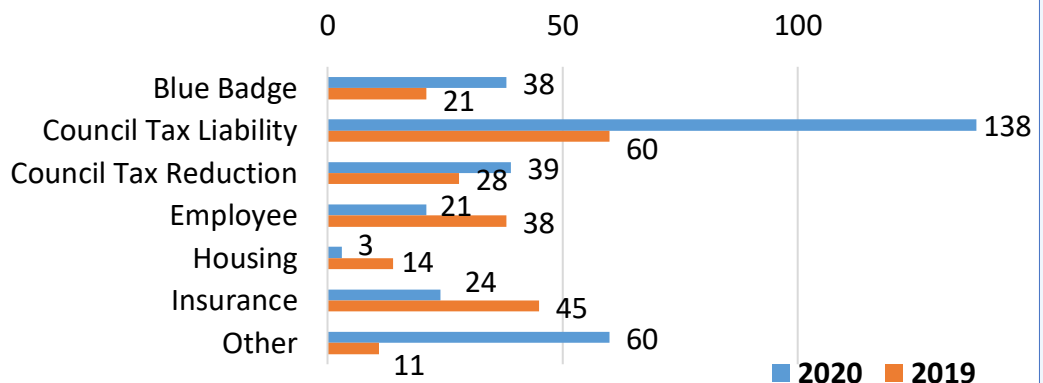
**Ongoing Cases 2019/20 (April to February)**



**'General'  
Concluded  
Cases**

Excluding the stand alone Business Grants work, as detailed separately, three hundred and twenty three investigations have been concluded so far this year, compared to two hundred and seventeen over the same period last year:

**Investigations concluded April to February**

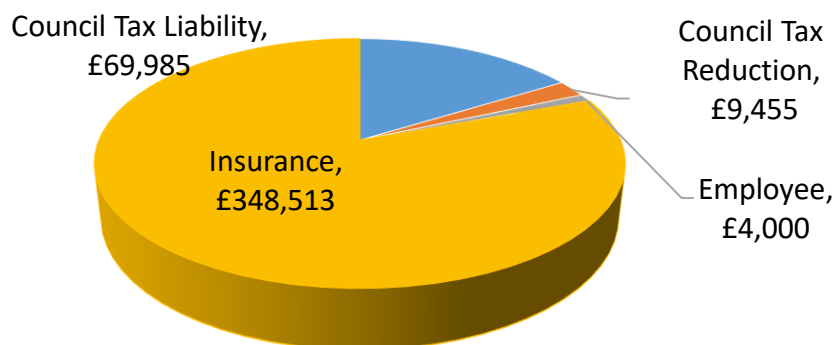


*\* 53 of the 'other' concluded matches this year related to Social Services, Personal Budget recipients; these were checked (by Social Services) & were in order.*

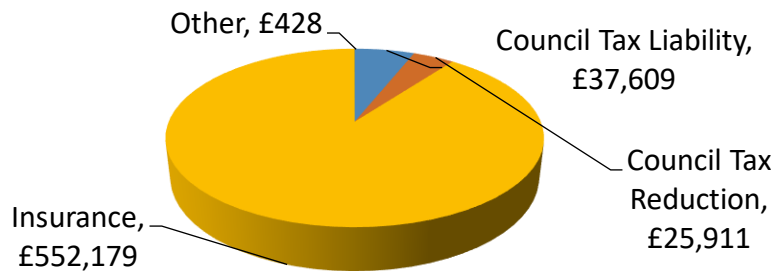
**Financial  
Value**

Excluding the stand alone Business Grants work, £431,953 has been attributed to concluded cases in the 2020/21 year to date, compared to £616,127 for the same period last year:

**Value of Closed Cases 2020/21 (April to February)**



### Value of Closed Cases 2019/20 (April to February)



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

- Insurance cases relate to contrived, exaggerated, fictitious misrepresented and staged claims, reported via the insurance section.
- Council Tax Liability investigations typically relate to cases of false information provided to receive a discount, or a failure to declare the occupation of a second adult, when in receipt of a single person discount.
- Council Tax Reduction investigations typically relate to those on low income, in receipt of a discount, failing to declare their income properly.

#### Blue Badge Update



On-street enforcement activity, overseen by Planning, Transport and Environment, resumed during quarter 3 and the Magistrates Court has continued to work through the backlog of cases.

Between April 2020 and the 28 February 2021, twenty-nine sanctions were administered, compared to twenty-one for the same period last year. The value of court imposed fines, costs and surcharge in the year to date is £11,981.

#### CIPFA Fraud & Corruption Tracker 2020

The CIPFA Fraud and Corruption Tracker 2020 (National Report) has been recently published and is available [CLICK HERE](#). It provides an estimate of the fraud volume and value across UK local authorities.

In November 2020, after each Directorate had completed an individual review against the Fraud and Corruption Tracker, SMT discussed and approved a collated position, which was submitted to CIPFA and is represented in the national report.

On 9 March 2021, SMT received and considered an overview of the CIPFA tracker 2020, for which the key reported results for UK local authorities in 2019/20 were:

- For local authorities in the UK, CIPFA has estimated that the total value of fraud identified and prevented in 2019/20 is approximately £239.4m.
- The report shows that council tax continued to be the largest area of identified fraud for councils, with more than 30,600 cases totalling £35.9m in 2019/20.
- The two highest perceived fraud risk areas for 2019/20 are again procurement and council tax Single Person Discount.
- This year, 32% of respondents stated their organisation had been a victim of a Distributed Denial-of-Service (DDOS)/hacking attack in the last 12 months, a 5% increase from the previous year.
- In 2019/20 – prior to the COVID-19 grant disbursement – grant fraud represented just 0.3% of the total identified instances of fraud in the UK's local government sector.
- Valued at an estimated loss of £36.6m, the report reveals only 161 instances of grant fraud occurred in 2019/20.

**AUDIT COMMITTEE:**

**23 March 2021**

**STATEMENT OF ACCOUNTS 2020/21 – TIMESCALES, ACCOUNTING  
POLICIES AND FUTURE REGULATORY CHANGES**

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 8.2**

**Reason for this Report**

The Audit Committee terms of reference set out the responsibility for reviewing the financial statements prepared by the authority.

This report has been prepared to provide Audit Committee Members with:-

- A. Proposed timescales for the 2020/21 statements
- B. The draft accounting policies on which the Statement of Accounts for 2020/21 will be based, along with the key areas in the accounts where estimates and assumptions are used in preparation of the accounts.
- C. The key changes expected to be implemented for the 2020/21 accounts arising from the 2020/21 CIPFA Code of Practice (the Code)
- D. Significant changes in 2021/22 and beyond that are likely to have the most impact on the accounts.

**Background**

Councils are required to prepare the Accounts using a Code of Practice developed by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code is based on International Financial Reporting Standards (IFRSs) and sets out the minimum requirements for financial statements.

The Council's Statement of Accounts is a technical document, which relies on information received from many Directorates; relies on technical expertise and capacity in order to meet tight timescales for preparation and makes previously recommended improvements. Preparation and audit of the accounts needs to consider the significant assumptions required and materiality of their impact to users of the accounts.

The Council continues to work closely with Audit Wales (AW) on a process of continual improvement, including considering materiality of transactions, simplifying wording, removing or adding narrative where this better explains the Councils performance or figures included in the accounts.

A guide produced by CIPFA on Understanding Local Authority Financial Statements, which may be useful information to members of the Committee to support their role is attached at Appendix 1.

### **A - Proposed timescales for the 2020/21 statements**

The 2020/21 statutory deadlines are shown in the table below along with the extended deadlines provided by Welsh Government. Welsh Government have recognised that 'as the pandemic continues there is an ongoing impact on local authority staff resources and there may be additional work to finalise the accounts this year. Authorities may therefore wish to prepare their accounts to the extended timetable used for 2019-20 accounts'.

<b>Item</b>	<b>Statutory Deadline</b>	<b>Extended Deadlines</b>
Draft Statement of Accounts	31 May 2021	31 August 2021
Audited Statement of Accounts	31 July 2021	30 November 2021

The proposed timescales in relation to the 2020/21 accounts are shown in the table below:-

<b>Date (Last Working Day)</b>	<b>Item</b>
15 June 2021	Draft Statement of Accounts signed off by Corporate Director Resources and submitted for external audit.
21 June 2021	Draft Statement of Accounts available for Audit Committee review and public inspection for 20 working days
27 July 2021 (TBC)	Draft Statement of Accounts presented to Audit Committee meeting
31 August 2021	Receipt of all external audit queries – although completion of the external audit is subject to further information coming to light prior to approval by Council
28 September 2021 (TBC)	Audited accounts presented to Audit Committee
23 October 2021 (TBC)	Final audited accounts and accompanying disclosures presented to Full Council for approval
27 October 2021 (TBC)	Publication of Statement of Accounts

As well as the current process where Audit Committee can raise queries with officers on receipt of the accounts at Audit Committee, it is proposed:

- to continue the process whereby Committee would have the opportunity to scrutinise the accounts over a longer period, in line with the period of public inspection.
- that officers would consider any comments and questions in relation to the committee's terms of reference in relation to the accounts and provide a response to Audit Committee as to the outcome of the issues raised.
- In line with best practice the Finance function is continuing to review its approach and resilience to achieving timescales set out above and this will continue to be closely monitored.

## **B - Draft Accounting Policies 2020/21 and significant assumptions used in the Accounts**

The Council's draft 2020/21 accounting policies are included, at Appendix 2. CIPFA continues to encourage Councils to streamline wording and the content of accounting policies, some of which may have been in place for a number of years. We continue to do so in the draft however there are no changes made that would impact on the reporting of financial performance historically or in the future. Other than minor changes listed in the following table, the accounting policies remain the same as previous years.

<b>Accounting Policies Section</b>	<b>Change</b>
General Principles	<ul style="list-style-type: none"><li>• Disclosure of the Council's approach to local authority maintained schools. This is for clarification only to meet the requirements of the Code and is not a change in policy.</li><li>• Updating of narrative and tables for 2020/21.</li></ul>
Accounting standards issued but not yet adopted	<ul style="list-style-type: none"><li>• Updated for items to be included in future Codes of Practice</li></ul>

The Council is also required to highlight areas of the accounts where assumptions and estimates have to be made e.g. in the valuation of fixed assets. The proposed significant assumptions used in 2020/21 for disclosure in the accounts are included in Appendix 3 and remain unchanged from previous years. Changes in some assumptions could have a significant impact on the values included in the accounts, but are often purely an accounting exercise and have no impact on the level of council tax and rent payable, as they are required to be reversed.

Amendments to the draft accounting policies and assumptions have been considered and agreed with Audit Wales. However, it should be noted that there may be further changes following the audit and as there is further guidance issued by CIPFA.

## **C – Key changes in the 2020/21 Code**

The main changes in the 2020/21 code issued by CIPFA relate to the treatment of:

- Amendments to implement and emphasise the standards for Presentation of Financial Statements and Definition of Material e.g. the importance of ensuring that material information is not obscured for users
- Employee Benefits – Plan Amendment, Curtailment or Settlement – reference to materiality requirements and factors to consider in making an assessment of quantitative materiality.
- References to application of accounting standards arising as a consequence of the United Kingdom's withdrawal from the European Union.

The council is assessing the impact of these changes. However initial reviews indicate that these are either not relevant or not deemed to have a material impact on the accounts or financial performance.

## **D - Significant changes from 2021/22 onwards**

Due to the impact of COVID-19 CIPFA LASAAC has made the decision to delay implementing IFRS 16 until 1 Apr 2022, the Code will incorporate the requirements of International Financial Reporting Standard 16 – Leases. This will remove the existing classification of operating and finance leases covering buildings, equipment etc. and their different accounting treatments. It will require that all leases with a term over a year are recorded as assets and liabilities unless the underlying asset is of low value. This amendment is to be applied to the 2022/23 accounts with no retrospective change for previous years.

Current agreements are being identified in property, vehicles, plant and equipment (including schools) and significant areas of embedded leases are being considered. Embedded leases are those where the Council has a contract including the right-of-use of an asset. Following identification, the accounting and reporting requirements will be analysed with a view to setting policy for future disclosures whilst having regard to the cost/benefit, including setting a reasonable de-minimus level.

### **Accounts and Audit Regulations**

In accordance with current regulations the Council is required to bring forward timescales for the statement of accounts in 2021/22 to meet the statutory deadlines. In order to meet the timescales, the Council and any other bodies charged with governance will need to consider carefully the timing of meetings and potentially responsibility for approving them in the short term and longer term. This includes the timing of Council meetings to approve the accounts and also Audit Committee for scrutiny of the accounts.

### **Reason for Recommendations**

To inform Audit Committee of the key changes impacting on the Council's Statement of Accounts for 2020/21 and changes expected in the medium term.

### **Legal Implications**

There are no direct legal implications as a result of this report.

### **Financial Implications**

The changes outlined in this report particularly beyond 2020/21 will continue to require additional workload on the part of the local authority finance function and directorates. Consideration of the cost and benefit of changes will need to be undertaken as part of a continuous process of improvement and implementation particularly in respect of materiality of requirements.

### **Recommendations**

Audit Committee are requested to note:-

- the timescales proposed for the 2020/21 accounts

- the draft accounting policies and assumptions to be used in preparing the statement of accounts for 2020/21
- the key changes in the Code of Practice for 2020/21 and changes in the medium term

**CHRISTOPHER LEE**  
**CORPORATE DIRECTOR RESOURCES**  
**23 MARCH 2021**

The following Appendices are attached:

Appendix 1 – CIPFA Guide – Understanding Local Authority Financial Statements

Appendix 2 – Draft Accounting Policies 2020/21

Appendix 3 – Draft significant assumptions and estimates used in preparing the Accounts

Mae'r dudalen hon yn wag yn fwriadol



# understanding local authority financial statements

2016

# \ introduction

Local authority financial statements have a key part to play in accountability to taxpayers and other stakeholders as to how public money is used. However, the complexity of the financial statements has not always helped this accountability, particularly allowing the amounts in the statements to be easily reconciled to management accounting and in-year monitoring of budgets.

The introduction of the Expenditure and Funding Analysis to the 2016/17 Code is intended to allow a clear link to be made between in-year monitoring and General Fund information and final outturn as set out in the audited financial statements, thus closing the accountability loop from budgets through to outturn.

A key to achieving the aims of the changes will be to use the information not just in the narrative section of the financial statements to explain performance during the year, but more widely to all stakeholders, including elected members as citizens' representatives, in a range of formats and media to provide a definitive position on financial performance. Local authorities are also urged to look to their balance sheets as a part of this explanation and the key messages that can be drawn out.

At the same time it is important that opportunities are taken to cut the clutter and remove immaterial disclosures or through the use of technical appendices to separate out the more complex disclosures. Working in partnership CIPFA/LASAAC will itself continue to review opportunities for improvement and explore links with other published information to ensure that the definitive position remains clear.

This briefing note is intended to help chief financial officers and other senior staff to present the financial statements to members and other stakeholders by explaining how the formats can be used to convey key information. It is also designed to give elected members and stakeholders an introduction to the format of the accounts and provide them with key questions on the financial statements.

An important element of financial reporting which will assist local authorities to tell the story of their financial performance is the narrative report (management commentary in Scotland). This report accompanies the financial statements and should provide a commentary on how the authority has used its resources to achieve desired outcomes in line with its objectives and strategies. It should provide an explanation of the main messages of financial performance, financial position and cash flows in the financial statements.

This publication includes extract financial statements to demonstrate key issues. It is important to note that the Code sets out the minimum requirements for the financial statements of the authority, but authorities are free to include more detail if they think it will help them to explain the accounts to members and other stakeholders.

This publication also highlights the opportunities to simplify presentation and make the messages clearer in a number of areas:

- comparisons with budgets (General Fund and Housing Revenue Account performance)
- reserves position, and
- cash flows.

# comparisons with budgets

For members, probably the most important issue will be whether the authority has a surplus or deficit on General Fund or Housing Revenue Account (HRA) balances against its budget for the year.

The financial statements will enable individual authorities to demonstrate performance both in the way in which they organise themselves and, more importantly, in how they budget against the General Fund to provide services.

## **The introduction of the new expenditure and funding analysis**

The financial statements primarily follow accounting standards rather than local government legislation. Although some information is provided on General Fund and HRA balances this hasn't always been easy to identify in the past. However, the new Expenditure and Funding Analysis provides users of the financial statements with more information to make that analysis (for example, by comparison with their budget reports).

The Expenditure and Funding Analysis brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund (including the HRA).

Proper accounting practices measure the resources that have been generated and consumed in the year including such things as the use of property (depreciation) and the value of pensions benefits earned by the employees. Statutory provisions determine how much of the authority's expenditure needs to be met from council tax each year.

The Expenditure and Funding Analysis:

- shows for each of the authority's services or directorates a comparison of the net resources applied and the net charge against council tax, and
- provides an opportunity to explain significant differences between the two within the authority's framework for accountability.

The Expenditure and Funding Analysis promotes accountability and stewardship by providing a more direct link with the annual decision making process of the authority and its budget ie the General Fund. The changes are more transparent and follow the performance framework of the authority.

The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement. To demonstrate accountability and to meet segmental reporting requirements it is necessary to reconcile to the statutory position on the General Fund balance. The service analysis for both the Expenditure and Funding Analysis and the Comprehensive Income and Expenditure Statement are now both provided in the way in which an authority organises itself and manages financial performance.

The Expenditure and Funding Analysis needs to be positioned in the financial statements where it is most accessible and relevant to its users. This means it could be placed before the main statements, to accompany the Comprehensive Income and Expenditure Statement, or even included as the first note. An authority will be able to decide for itself.

## Expenditure and Funding Analysis (extract)

The Expenditure and Funding Analysis analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

20X0/20X1	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
People Directorate	47,385	898	48,283
Neighbourhoods	5,929	13,608	19,537
Business Change	30	224	254
Corporate and Central Services	19,358	833	20,191
<b>Net Cost of Services</b>	72,702	15,563	88,265
Other Income and Expenditure	(72,658)	(1,019)	(73,677)
<b>Surplus or Deficit</b>	44	14,544	14,588
Opening General Fund and HRA Balance at 31 March 20X0	(25,247)		
Less Deficit on General Fund and HRA Balance in Year	44		
<b>Closing General Fund and HRA Balance at 31 March 20x1*</b>	<b>(25,203)</b>		

\*for a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

# comprehensive income and expenditure statement

The Comprehensive Income and Expenditure Statement shows how resources have been generated and expended in accordance with International Financial Reporting Standards. It shows whether the authority's operations resulted in a surplus or deficit. The key lines that summarise performance are highlighted below.

## Comprehensive Income and Expenditure Statement (extract)

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation [or rents]. Authorities raise taxation [and rents] to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement 20X0/X1	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	
People Directorate	74,297	(26,014)	48,283	Expenditure of continuing operations, analysed by service segment, these lines are reconciled to the General Fund in the Expenditure and Funding Analysis
Neighbourhoods	58,225	(38,688)	19,537	
Business Change	11,624	(11,370)	254	
Corporate and Central Services	24,021	(3,830)	20,191	
<b>Cost of Services</b>	<b>168,167</b>	<b>(79,902)</b>	<b>88,265</b>	Operational costs of providing the services of the authority.
Other Operating Expenditure (Note 9)	2,218	–	2,218	
Financing and Investment Income and Expenditure (Note 10)	11,340	(2,359)	8,981	
Taxation and Non-specific Grant Income and Expenditure (Note 11)	–	(84,876)	(84,876)	Total income and expenditure of the authority for the year, this line is also reconciled to the General Fund in the Expenditure and Funding Analysis
<b>(Surplus) or Deficit on Provision of Services</b>			<b>14,588</b>	
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(36,597)	
(Surplus) or Deficit on Revaluation of Available-for-Sale Financial Assets			(101)	
Remeasurement of the Net Defined Benefit Liability (Asset)			(8,444)	
<b>Other Comprehensive Income and Expenditure</b>			<b>(45,142)</b>	
<b>Total Comprehensive Income and Expenditure</b>			<b>(30,554)</b>	

From 2016/17 local authorities are required to report their service segments based on the way in which they operate and manage services. There is no longer a requirement for that service analysis to be based on the definition of total cost or the service expenditure analysis in the *Service Reporting Code of Practice* in the financial statements. This new format means that the service section of the Comprehensive Income and Expenditure Statement supports accountability and transparency as it reflects the way in which services operate and performance is managed.

Where an authority uses alternative service reporting formats it will need to select the presentation most commonly used by the individual or group within the authority who has the most significant role in allocating resources and assessing performance of services when considering the allocation of resources.

This format of the Comprehensive Income and Expenditure Statement is also more meaningful for both local authority members and users of the financial statements as it follows their budget and performance monitoring and other key documents such as their council tax leaflets.

Treatment of overheads will depend on an authority's arrangements for accountability. If an authority operates and manages some or all of its corporate and support services separately then these service segments would be shown separately on the face of the Comprehensive Income and Expenditure Statement and not apportioned.

The test is whether the expenditure relating to these activities is reported to key decision makers as separate activities or spread across services as overheads for the financial statements. Therefore, there is no longer an absolute requirement to apportion support service overheads to services. However, local authorities will not need to change any of their financial reporting requirements for internal management processes. Whatever you are doing internally determines the structure for external reporting statements.

The Comprehensive Income and Expenditure Statement is then split into two parts.

The first part reflects the full economic cost of providing the services of the authority with the results summarised at the Surplus or Deficit on the Provision of Services line, highlighted above. It represents the operating costs of providing the services of the authority in the year. In the private sector this would be equivalent to the profit or loss of a company.

The second part, other comprehensive income and expenditure, shows the gains or losses in the measurement of the assets and liabilities of the authority. These gains or losses arise as a result of changes in market valuations, interest rates or changes in measurement assumptions in relation to pensions assets and liabilities.

# movement in reserves statement

The Comprehensive Income and Expenditure Statement shows the income and expenditure on the authority's services in the year in accordance with International Financial Reporting Standards as adopted by the Code. However, the amount chargeable to council tax and an authority's General Fund is limited by statutory requirements and requires a number of adjustments. The statutory adjustments largely relate to arrangements for funding local authority capital expenditure or the timing with which some items are charged to council tax. The reserves of the authority represent its net worth; the usable reserves show the resources currently available to spend on services.

The movements in the financial position of the authority are summarised in the Movement in Reserves Statement.

The Movement in Reserves Statement shows how:

- the authority has generated and expended resources in the year; and
- the resourcing position is adjusted under statutory rules to show the funds available to be spent at year end.

The Movement in Reserves Statement prescriptions have been reduced to the absolute minimum in the Code. Authorities can provide additional rows to these minimum requirements if they consider that they need to do so to provide a true and fair presentation of their reserves.

## Movement in Reserves Statement (extract)

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can currently be used to fund expenditure or reduce local taxation) and other 'unusable' reserves. It shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax [or rents] for the year. The Net Increase/Decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those adjustments.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve* £000	Major Repairs Reserve** £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 20X0	22,118	3,129	10,065	1,600	450	37,362	1,350,567	1,387,929
<b>Movement in reserves during 20X0/X1</b>								
Total Comprehensive Income and Expenditure	(14,983)	395	–	–	–	(14,588)	45,142	30,554
Adjustments from income & expenditure charged under the accounting basis to the funding basis	14,835	(291)	(750)	–	–	13,794	(13,794)	–
<b>Increase or (decrease) in 20X0/X1</b>	<b>(148)</b>	<b>104</b>	<b>(750)</b>	<b>–</b>	<b>–</b>	<b>(794)</b>	<b>31,348</b>	<b>30,554</b>
Balance at 31 March 20X1 carried forward	21,970	3,233	9,315	1,600	450	36,568	1,381,915	1,418,483

\* Capital Fund Scotland

\*\* Applicable in England Only

An overall increase in usable reserves can arise despite a loss being shown in the Comprehensive Income and Expenditure Statement where statutory provisions allow a different charge to revenue from the authority expenditure incurred (eg replacement of depreciation by minimum revenue provision (MRP)). The adjustment to usable reserves is balanced by a movement in unusable reserves.

Unusable reserves such as the Capital Adjustment Account and the Pensions Reserve with debit balances will need to be funded in the future, even if it is over a long period, so increases in these balances show an increasing burden on future taxpayers.



# balance sheet

The balance sheet in local authorities is very similar to other public sector or private sector balance sheets. The balance sheet presents an authority's financial position, ie its net resources at the financial year end. The balance sheet is composed of two main balancing parts: its net assets and its total reserves. The net assets part shows the assets the authority would have control of after settling all its liabilities. The balance of these assets and liabilities is then shown as being attributable to the various reserves of the authority.

For local authorities balance sheet presentation is split between the usable reserves and unusable reserves. Usable reserves are those which the authority can utilise to support future service provision. Unusable reserves cannot be used to support services and include gains and losses where amounts can only become available to support services if the assets are sold. These gains and losses are referred to as unrealised.

## Balance sheet (extract)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves represents those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Balance Sheet	Notes	31 March 20X1 £000	
Property, plant and equipment	12	628,924	The authority's property portfolio
Highways Network Asset	13	1,028,700	The Highways Network Asset (not applicable to district councils). This will be the largest asset balance in a local highways authority balance sheet
Heritage assets	14	3,379	
Investment property	15	4,020	
Intangible assets	16	709	
Long-term investments	17	948	Long term assets ie those expected to provide benefits to the authority beyond 12 months
Long-term debtors	17	3,798	
<b>Long-term assets</b>		<b>1,670,478</b>	
Short-term investments	17	24,060	Current assets ie those anticipated to be consumed in 12 months – the normal operating cycle for the authority
Assets held for sale	22	1,409	
Inventories	18	1,769	
Short-term debtors	20	15,351	
<b>Current assets</b>		<b>42,589</b>	Reconciles to the cash and cash equivalents balance in the cash flow statement
Bank overdraft		(13,767)	
Short-term borrowing	17	(9,500)	Current liabilities ie those liabilities anticipated to be settled within 12 months
Short-term creditors	23	(21,960)	
<b>Current liabilities</b>		<b>(45,227)</b>	
Provisions	24	(4,297)	Long-term liabilities ie those liabilities that are anticipated to be settled beyond 12 months
Long-term borrowing	17	(89,733)	
Other long-term liabilities	17	(155,327)	
<b>Long-term liabilities</b>		<b>(249,357)</b>	
<b>Net assets</b>		<b>1,418,483</b>	Total assets less total liabilities

# \ reserves

Reserves – including the General Fund and (where relevant) the Housing Revenue Account – are an indication of the resources available to an authority to deliver services at the balance sheet date. The key messages that members will be looking for in terms of reserves – especially the General Fund and the HRA – are how the balances have changed over the year, whether the balances are still adequate, and what the balances mean in terms of future budgets and services.

Information on the level of reserves can be found in the balance sheet and related notes, and in the Movement in Reserves Statement (and related notes). This latter statement will be more useful in explaining the changes that have taken place during the year.

31 March 20X1 £'000		
	Notes	
Usable reserves	24	36,568
Unusable Reserves	25	1,381,915
		<u>1,418,483</u>

The minimum requirement in presenting resources is to include only two lines – usable reserves (such as General Fund) and unusable reserves (such as the Revaluation Reserve and the Capital Adjustment Account).

If there are some reserves you do want to show on the balance sheet, that's fine, as long as these totals are shown.

While the balance sheet aims to show those reserves over which members have control, don't forget that some of the unusable reserves will become a charge against the revenue account – or usable reserves – over time. And in some cases, such as the Unequal Pay Back Pay Account, this might be within a year or two.

As indicated above, not all reserves can be used to deliver services, and the Code reflects this by reporting reserves in two groups – 'usable' and 'unusable' reserves. Usable reserves such as the General Fund are those where members will be involved in deciding on the levels maintained, and their use. Unusable reserves such as the Revaluation Reserve and the Capital Adjustment Account are not subject to such member influence.

# cash flows

The final statement required by the Code is the cash flow statement.<sup>1</sup> The cash flow statement shows changes in cash flows of the authority during the financial year. It shows net cash flows split into three activities: operating, investing and financing. The cash flow statement shows the resulting movement in the authority's cash and cash equivalents. Cash and cash equivalents include short term investments that are readily convertible and which are subject to only insignificant risk of changes in value.

## Cash Flow Statement (extract)

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

	20X0/X1 £000	
Net (surplus) or deficit on the provision of services	14,588	Surplus or deficit taken from the Comprehensive Income and Expenditure Statement
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(36,267)	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	11,523	
Net cash flows from Operating Activities (Note 26)	(10,156)	Three groups of transactions: ■ Operating ■ Investing ■ Financing
Investing Activities (Note 27)	(24,585)	
Financing Activities (Note 28)	35,140	
Net increase or decrease in cash and cash equivalents	399	
Cash and cash equivalents at the beginning of the reporting period	(14,166)	
Cash and cash equivalents at the end of the reporting period (Note 19)	(13,767)	Cash and cash equivalents figure in the balance sheet

<sup>1</sup> Note the format of the cash flow statement shown is produced under the indirect method.

# a checklist of questions to ask about a local authority's financial statements

To assist with the understanding of local authority financial statements a checklist about the core financial statements and the Expenditure and Funding Analysis has been included below.

Checklist	
Expenditure and Funding Analysis	
1	Have any significant differences between budget reports and net expenditure chargeable to General Fund and Housing Revenue Account balances been explained?
2	Are the major statutory adjustments clearly explained and easily understood?
Comprehensive Income and Expenditure Statement	
3	Is the purpose of the Comprehensive Income and Expenditure Statement clear (ie does it show actual financial performance under accounting standards before fiscal adjustments)?
4	Do the service net expenditure figures clearly demonstrate the financial performance of the services on the face of the Comprehensive Income and Expenditure Statement during the year?
5	Are the material items of income and expenditure in the Comprehensive Income and Expenditure Statement presented separately on the face of the Statement or explained in the notes?
6	Do the notes to the Comprehensive Income and Expenditure Statement provide easily understandable information relating to the Statement (or lines within the Statement)?
7	Are there any unexplained significant variances between current and previous year information?
Movement in Reserves Statement	
8	Can the major movements in net worth that occur within the Movement in Reserves Statement be easily identified? Are these explained within the financial statements or Narrative Report?
9	Do the opening balances in the Movement in Reserves Statement match with the closing balances of the preceding year? Are any adjustments to opening balances explained on the face of the Statement and/or in the notes?
10	Is there a clear explanation of the statutory adjustments in the adjustments from income and expenditure charged under the accounting basis to the funding basis line in the Movement in Reserves Statement? (Note this may be linked with the Expenditure and Funding Analysis.)
11	Do the entries on the statutory adjustment line net to nil?
12	Do the related notes on reserves clearly explain the line or columnar items not explained in the Statement?

## Checklist

13 Does the Total Comprehensive Income and Expenditure line in the Movement in Reserves Statement agree with the information in the Comprehensive Income and Expenditure Statement?

14 How have the balances of usable reserves moved during the year? Are these balances sufficient to support an authority's financial plans in the immediate future and over the medium term?

## Balance Sheet

15 Does the property, plant and equipment information tell the story of the authority's property portfolio during the year (including the major movements in that portfolio ie major disposals and acquisitions)? Do these balances reflect the authority's asset management strategy?

(Note the same question can be asked for local authorities with substantial portfolios of investment properties.)

16 For highways authorities – do the movements in the Highways Network Asset represent the transport management/investment decisions of the authority?

17 Has there been any substantial movement in the pension asset or liability? If yes, has the reason for such a movement been explained and the subsequent consequences described in the financial statements or the Narrative Report?

18 Have there been any new provisions or significant movements in provisions in the year? If yes, have the reasons for making these provisions been set out in the financial statements or any material movements been explained?

19 Have there been any significant movements in the authority's borrowings during the year? Are these movements reflected in your council's borrowing strategy and what impact will this have on the prudential indicators or future investment plans?

20 Are there any significant movements in an authority's investment portfolio? Do these agree with the plans in the authority's treasury management strategies and statutory investment plans?

21 Are there any other significant movements in balances in the balance sheet that are not clearly explained?

22 Do the balance sheet reserves agree with the totals in the Movement in Reserves Statement?

## Cash Flow Statement

23 Do the cash balances in the cash flow statement agree with the relevant balances in the balance sheet?

24 Are the council's cash balances reflected adequately in the council's treasury management strategies?

# reminders and questions raised on the IFRS-based code

## **IFRS – what is it?**

International Financial Reporting Standards (IFRSs) are a suite of accounting standards used across the world. The Code of Practice on Local Authority Accounting is based on IFRS standards as adapted or interpreted for local authority circumstances.

## **The pension deficit is meaningless – why do we have to show it?**

The deficit doesn't have to be funded from this year's budget, but it's still a true cost estimated by actuaries – it represents the amount that will need to be found from future budgets to pay for pension entitlements already incurred in delivering services. So it's a real call on future funding arising from past activity. Not showing this would hide the liability that the authority has incurred.

This also applies to other reserves. Like the Pension Reserve, the Capital Adjustment Account, the Unequal Pay Back Pay Account and similar reserves all do one thing: they hold expenditure that the authority has incurred but not yet financed. Think of them as being a bit like a credit card balance – these amounts will have to be funded in future, either from taxation or from usable reserves.

Concerns have been expressed that all these reserves make the balance sheet incomprehensible. But all that needs to be shown on the balance sheet itself are 'usable reserves' and 'unusable reserves' – the details can all go in a note. This will help to declutter the balance sheet.

## **The financial statements do not clearly demonstrate traditional measures of local authority performance ie General Fund and HRA balances**

The IFRS-based Code sets out that local authority financial statements are intended to be used for assessing the stewardship of local authority resources and for making economic decisions. Thus the information is intended for two purposes. The Comprehensive Income and Expenditure Statement presents information on the real economic cost of providing services in the year and it does not show the movement in General Fund and HRA balances. This reconciliation is provided in the Movement in Reserves Statement, whose bottom line shows the General Fund and HRA resources available at year end. CIPFA has reviewed options for making this even clearer. The new Expenditure and Funding Analysis brings together both the accounting measures of performance and the performance against General Fund for council tax setting purposes.

## **The accounts are too long!**

Yes, the accounts can be long, but local authorities have a complex story to tell. But notes only need to be produced if they are material – leaving out notes that aren't material or required by legislation is a good start. CIPFA/LASAAC as standard setter is continuously challenging the need to introduce disclosures and reporting requirements for local government.

## What changes were made to the 2016/17 Code?

CIPFA and CIPFA/LASAAC consulted widely in preparation for these changes, particularly the Telling the Story consultation in the summer of 2015. CIPFA also engaged a working group to consider a wide range of proposals for change. Following feedback from consultations from local authority accounts preparers and the work of the Working Group, the Telling the Story consultation set out proposals for change that CIPFA/LASAAC considers will reconnect the financial statements of local authorities with the way those authorities are both organised and funded.

The changes to the 2016/17 Code therefore have two main strands:

- to allow local authorities to report on the same basis as they are organised by breaking the formal link between the Service Reporting Code of Practice (SeRCOP) and the Comprehensive Income and Expenditure Statement
- to introduce a new Expenditure and Funding Analysis which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the Comprehensive Income and Expenditure Statement in a way that is accessible to the lay reader. This analysis is supported by a streamlined Movement in Reserves Statement and replaces the current segmental reporting note.

The changes to the Code will for the first time allow local authorities to bring together the funding framework and the accounting framework in one analysis.



# further reading

*Financial Statements: A Good Practice Guide for Local Authorities* (CIPFA, 2013)

**Clear out the Clutter** (Public Finance, April 2014)

**Simplified Accounts: Small Isn't Always Beautiful** (Public Finance, September 2015)

*Code of Practice on Local Authority Accounting in the United Kingdom* (CIPFA, issued annually)

*Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners*  
(CIPFA, issued annually)



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## *Accounting policies used when formulating the accounts*

The Statement of Accounts summarises the Council's income and expenditure for the year ended 31 March 2021 and its financial position at that date. The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code).

The accounts have been prepared on a going concern basis. The accounting convention adopted is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### *1. Accounting Standards issued but not yet adopted*

The main change to the Code will be the requirements of International Financial Reporting Standard 16 – Leases adopted in the 2021/22 Code. The required date of application and the date that the Council will adopt IFRS 16 is 1 April 2022. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for most leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments

Whilst this is expected to have no impact on the Council Tax or Rent payer, work will need to be undertaken during 2021/22 to ensure significant lease type arrangements across the Council are identified and accurately recorded. This will include a review of existing and creation of new processes for managing and recording lease arrangements.

### *2. Accruals of Income and Expenditure*

Activity is accounted for in the year that it takes place, not when the cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- supplies are recorded as expenditure when they are consumed
- services received are recorded as expenditure when the services are received, rather than when the payments are made
- there is a de minimus threshold of £500, under which income and expenditure may not be accrued
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for

the relevant financial instrument, rather than the cash flows fixed or determined by the contract

- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debtors are not considered to be collectable the balance is reduced by a provision for doubtful debt.

### 3. *Assets Held for Sale*

When it becomes probable that the carrying amount of an asset will be recovered, principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale if it meets the following criteria:

- be available for immediate sale in its present condition
- sale must be highly probable
- be actively marketed or have identified prospective purchasers
- the sale expected to be completed within one year.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where this results in a loss, this is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. Regular reviews are undertaken as to whether assets still meet the criteria for Assets Held for Sale and where this is not the case they are reclassified and revalued in accordance with the appropriate class.

### 4. *Cash and Cash Equivalents*

Cash is represented by cash in hand, the net balance on all of the Council's bank accounts including balances of cheque book schools. It includes deposits with financial institutions that are repayable on notice of not more than 24 hours without significant penalty. It also includes investments maturing and interest received on the first working day of April.

### 5. *Contingent Assets and Liabilities*

These are potential benefits or obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Contingent assets and liabilities are not recognised in the accounting statements but are disclosed in the notes to the accounts where deemed material.

### 6. *Deferred Liabilities*

Where the Council receives income in advance from developers and other organisations in respect of revenue expenditure, such as the future maintenance of assets, the amounts are

held in the Balance Sheet as deferred liabilities until such time that the expenditure takes place.

## **7. Disposals and Capital Receipts**

When assets are disposed of or decommissioned, the value of those assets included in the Balance Sheet along with any proceeds from disposal are used to calculate a gain or loss on disposal.

Disposals greater than £10,000 are treated as capital receipts and are credited to the Capital Receipts Reserve.

## **8. Employee Benefits**

### **Benefits Payable during Employment**

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure on an accruals basis in the relevant service line in the Comprehensive Income and Expenditure Statement.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement.

### **Post-Employment Benefits**

Employees of the Council are members of two separate pension schemes:

- the Teachers' Pension Scheme, administered by the Teachers Pensions Agency
- the Local Government Pension Scheme, via membership of the Cardiff and Vale of Glamorgan Pension Fund administered by the Council.

The Council accounts for pension costs in the main accounting statements in accordance with International Accounting Standard 19 (IAS19). This requires recognition of the fact that although retirement benefits are not actually payable until an employee retires, the Council's commitment to make those payments arises at the time that employees earn their future entitlements. Accounting treatment depends on whether they are in respect of a defined benefit scheme or a defined contribution scheme.

### **Defined Contribution Schemes**

Centralised arrangements for the Teacher's Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council and is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

## Defined Benefit Schemes

The Cardiff and Vale of Glamorgan Pension Fund is a defined benefit scheme. The net pension liability, which represents the Council's attributable share of the Pension Fund's assets and liabilities, is shown in the Balance Sheet where:

- liabilities for the scheme attributable to the Council are included on an actuarial basis using the projected unit method (an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections earnings for current employees)
- assets of the scheme attributable to the Council are included at their fair value:
  - quoted and unitised securities – current bid price
  - unquoted securities – professional estimate
  - property – market value.

The change in the net pension liability is analysed into the following components:

- current service costs: increase in the liability as a result of pension earned by employees in the year is charged to net cost of services.
- past service costs: increase in the liability arising from current year decisions which affect pension earned by employees in earlier years is charged to Corporate Management.
- gains/losses on settlements and curtailments: result of actions to relieve the Council of liabilities or events that reduce expected future service or accrual of benefits are charged to Corporate Management.
- net interest on the net defined benefit liability: net interest expense for the period that arises from the passage of time and is shown within the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
- re-measurements: return on plan assets (excluding amounts included in net interest) and actuarial gains/losses as a result of updated actuarial assumptions. These are both charged to the Pensions Reserve as Other Income and Expenditure.

In relation to retirement benefits, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

## 9. *Financial Assets*

Financial assets are classified based on a classification and measurement approach that reflects the Council's business model for holding financial assets and their cash flow characteristics.

There are three main classes of financial assets measured at:

- amortised cost - Achieve objectives by collecting contractual cash flows e.g. principal and interest.
- fair value through profit or loss (FVPL) - Achieve objectives by both collecting contractual cash flows and selling assets.
- fair value through other comprehensive income (FVOCI) - Achieve objectives by any other means than collecting contractual cash flows and where the Council has designated that this is the case.

In terms of value of financial assets recognised in the accounts, the authority's primary business model is to hold investments to collect contractual cash flows, however loans and equity instruments may be provided as capital expenditure in the approved Capital Programme to achieve service objectives. Depending on the rationale for holding such financial assets, primarily equity, the Council may designate such items to be measured at fair value through other comprehensive income.

Fair value measurement techniques are defined within the final section of this policy.

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument in accordance with any investment or loan agreement. The amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest).

Any gains or losses that arise on the derecognition of an asset are credited/debited to the CIES.

### **Expected Credit Loss Model**

Impairment losses are calculated to reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. Such a review would take place on an individual financial asset or collective basis, based on materiality and cost benefit of individual assessment.

The Council undertakes a review of expected credit losses on all financial assets held at amortised cost either on a 12-month or lifetime basis. Where provision for such losses is not already undertaken e.g. as part of a provision for bad debts, adjustments to the value of

financial assets disclosed in the accounts would be made. Credit risk plays a crucial part in assessing expected credit loss. Where risk has increased significantly since a financial asset was initially recognised, provision for losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, provision for losses are assessed on the basis of 12-month expected loss.

### **Financial Assets Measured at Fair Value through Profit or Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised in the Surplus or Deficit on the Provision of Services.

Any gains or losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

### **Financial Assets Measured at Fair Value through other comprehensive income (FVOCI)**

Financial assets that are measured as FVOCI are initially measured and carried at fair value on the Balance Sheet. Treating such assets under this category will require a 'Designation' by the Council. These are likely to be equity holdings held as part of a service objective.

Fair value gains and losses are recognised in Other Comprehensive Income and the change in the amount of the investment in the balance sheet is matched with an entry in the Financial Instruments Revaluation Reserve.

Upon derecognition, any balance on the Financial Instruments Revaluation Reserve is recycled through the Surplus or Deficit on the Provision of Services.

### **Fair Value Measurement of Financial Assets**

Fair value measurements for the above financial asset classes measured at fair value are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.



## 10. *Financial Liabilities*

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. Interest that is due but is unpaid at the end of the year is recognised in the Balance Sheet as a current liability.

Where a fair value price which is paid to transfer a liability, is estimated and disclosed, inputs to the valuation techniques used to determine fair value are attributed to the same levels as stated under the Financial Assets accounting policy.

Transaction costs, such as brokers' fees and commission in relation to managing the Council's Financial Instruments, which are not considered material, are charged immediately to the Comprehensive Income and Expenditure Statement.

## 11. *Grants and Contributions*

Grants and other contributions are accounted for on an accruals basis and recognised when:

- there is reasonable assurance that the Council will comply with the conditions for their receipt and
- there is reasonable assurance that the grant or contribution will be received.

### **Revenue**

Grants, for which conditions have not yet been satisfied, are carried in the Balance Sheet as Revenue Grants Receipts in Advance. When conditions have been satisfied, the grant or contribution is credited to the relevant service line (specific revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-specific revenue grants) in the Comprehensive Income and Expenditure Statement. Where there is no longer any reasonable assurance that the conditions will be met, sums received will not be recognised as a receipt of grant but as a repayment due to the awarding body and held on the Balance Sheet as a liability if it remains unpaid.

Where the conditions of a revenue grant or contribution have been complied with but it is yet to be used to fund expenditure for the purpose stipulated in the grant agreement, it is set aside in an Earmarked Reserve.

### **Capital**

Grants and contributions that are applied in the year to fund capital schemes that are Revenue Expenditure Funded by Capital under Statute (REFCUS) are treated as revenue income and credited to the Comprehensive Income and Expenditure Statement to the relevant service line.

Capital Grants and Contributions applied in paying for other capital works are credited to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement. Where a specific capital grant or contribution has been received but remains unapplied, this is deemed to represent a condition and is shown as a creditor, as the unused element could be returned to the funder. Where a non-specific grant such as the General Capital Grant or Major Repair Allowance were to remain unapplied, it would be held as Capital Grants Unapplied Reserve.

Capital grants and contributions are identified separately on the Balance Sheet.

## 12. *Heritage Assets*

The Council recognises heritage assets where it may have incurred separately identifiable expenditure on their acquisition or preservation or where it has information on the value of the asset.

Heritage assets are included at historic cost if included in the accounts and only measured at fair value where the benefits of doing so outweigh the costs. No depreciation charge is made on heritage assets.

The unique nature of heritage assets makes reliable valuation complex. These difficulties are recognised by the Code and therefore many individual assets are not recorded in the accounts, but additional narrative disclosures are made about the nature and scale of such assets within the notes to the accounts. A valuation is undertaken every 3 years by an external expert for insurance purposes. A valuation of paintings, artefacts and civic regalia took place as at 31 March 2020.

## 13. *Intangible Non-Current Assets*

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council is capitalised. In the case of computer software and licences, this will be capitalised where it relates to the enhancement or development of systems, expenditure on which is deemed to generate long-term economic benefits to the Council in the form of savings and improvements in service delivery. Intangible assets are included in the Balance Sheet at historic cost net of amortisation and are reviewed for impairment and re-valued only where they have a readily ascertainable market value.

The assets are amortised to the relevant service line over the economic life of the investment initially set between 3-5 years, and reversed in the Movement in Reserves Statement via transfer to the Capital Adjustment Account. Once intangible assets are fully amortised, they are reviewed in terms of materiality and if necessary, disposed of with the carrying value removed from the asset register.

Gains or losses arising from disposal are recognised in the surplus or deficit on the provision of services.

## 14. *Interests in Companies and Other Entities*

The Council has interests in companies and other entities. Subject to the level of materiality and exposure to risk, these are consolidated to produce Group Accounts.

## 15. *Inventories*

Inventories are measured and held at the lower of cost or net realisable value. When such inventories are sold, exchanged or distributed, the carrying amount is recognised as expenditure.

## 16. *Investment Property*

Investment properties are those held solely to earn rentals and/or for capital appreciation such as; ground leases, land held for future development as strategic sites and other land and buildings that meet investment property criteria.

Investment properties are measured at fair value, based on the market value that would be received to sell an asset in an orderly transaction between market participants at the measurement date, reflecting the asset's highest and best use. A full valuation is undertaken every two years, the most recent of which took place in 2020/21 and Jones Lang LaSalle were appointed for the task.

Investment properties are not depreciated. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Rentals received in relation to investment properties are credited to the relevant service line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted to have an impact on the Council Fund Balance. The gains and losses are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

## 17. *Joint Committees*

Subject to materiality and exposure to risk, the relevant proportion of Joint Committees are included within the Council's accounts reflecting the transactions and balances for those Joint Committees.

## 18. *Leases*

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards, incidental to ownership, of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

## *The Council as Lessee*

### **Finance Leases**

For plant and equipment, the Council has set a de-minimis level of £75,000 for leases to be recognised as finance leases. The Council does not hold any leases of this type.

### **Operating Leases**

Payments for operating leases are charged to the relevant service line on an accruals basis.

## *The Council as Lessor*

### **Finance Leases**

The Council does not provide any leases of this type.

### **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement.

## **19. Local Authority Maintained Schools**

The Code confirms that the balance of control for local authority maintained schools (ie those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

## **20. Property, Plant, Equipment**

These assets are those that have physical substance used in the production or supply of goods or services, those intended to be held indefinitely, those used for the promotion of culture and knowledge and those expected to be used during more than one financial year.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of such assets is capitalised on an accruals basis. All expenditure incurred on existing assets is assumed to result in enhancement of the asset and will be shown in the accounts as an addition to the asset.

Expenditure that maintains but does not add to an asset's potential to deliver benefits or service potential (i.e. repairs and maintenance) is charged to revenue as it is incurred.

The Council has a de-minimis policy of £1,000 with regards to capitalisation of expenditure in connection with Council dwellings.

Once assets have fully depreciated, they are reviewed in terms of materiality and if necessary, disposed of with the carrying value removed from the asset register.

### Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use, excluding borrowing costs which are not capitalised. A full year's depreciation is charged on capital expenditure incurred in the year. No depreciation is charged in the year of disposal. Assets are subsequently carried on the balance sheet as per the following:

Asset Type	Measurement	Valuation Frequency	Last Valuation	Surveyor for Last Valuation	Next Valuation	Depreciation*
Assets under Construction	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
Community Assets	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
Council Dwellings	Existing Use Value for Social Housing	Every 2 years	2020/21	Savills	2022/23	Land: n/a Buildings: 50 years
Infrastructure	Depreciated Historical Cost	n/a	n/a	n/a	n/a	7-120 years**
Other Operational Land & Buildings	Existing Use Value or Depreciated Replacement Cost if specialist nature without market-based evidence	Every 3 years	2018/19	Cooke & Arkwright	2021/22	Land: n/a Buildings: 3-65 years
School Assets	Detailed Depreciated Replacement Cost (Modern Equivalent Asset)	Every 3 years	2019/20	Cooke & Arkwright	2022/23	Land: n/a Buildings: 3-54 years
Surplus Assets	Fair Value	Annual Fair Value Check	2020/21	Jones Lang LaSalle	2021/22	n/a
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	n/a	n/a	n/a	n/a	5-15 years

\* Calculated on a straight-line basis over the below estimated useful lives, unless there is not a determinable finite useful life.

\*\* Included within Infrastructure is the Cardiff Bay Barrage, which is being depreciated over the design life of 120 years.

## Revaluations

Council dwellings, other land and buildings including schools, are required to be valued periodically. Asset valuations take place with an effective date of 1 April of the financial year and are undertaken by professional valuers.

The Council must balance the requirement to ensure carrying amounts are not materially different from their fair or current value at the year-end, with the time, costs and resources involved in providing valuation services for accountancy purposes. It does this by:

- undertaking an annual impairment review of property with the Council's in-house valuation team to identify significant changes,
- using the experience and local knowledge of the in-house valuation team to provide or source any external valuation services. This ensures finance are made aware of all property issues affecting the Council,
- having an agreed rolling revaluation programme which is shorter than the minimum 5 year cycle required by the Code in order to ensure there is sufficient, regular and consistent coverage of all classes of assets.

Revaluations of the Council's property assets are undertaken on a minimum three yearly rolling programme basis, or where there is a major refurbishment of an asset, a new valuation will be sought in the year of completion and a revision is made to the useful life.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only; the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## Impairment and Downward Revaluation

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired in value, either due to a significant reduction in service potential or significant permanent market value reduction. Where a material change in value is identified, the accounting treatment is as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the amount of the accumulated gains
- thereafter, or if there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Component Accounting

Where a single asset may have a number of different components, each having a different useful life, three factors are taken into account to determine whether a separate valuation of components is to be recognised in the accounts in order to provide an accurate figure for depreciation.

These factors are:

- materiality with regards to the Council's financial statements. Componentisation will only be considered for individual non-land assets that have a net book value of more than £1.500 million at the end of the financial year
- significance of component. For individual assets meeting the above threshold, where services within a building (boilers / heating / lighting / ventilation etc.), or items of fixed equipment (kitchens / cupboards) is a material component of the cost of that asset (> 30%), then those services/equipment will be valued separately on a component basis
- difference in rate or method of depreciation compared to the overall asset. Only those elements that normally depreciate at a significantly different rate from the non-land element as a whole, or that require a different method of depreciation will be identified for componentisation.

Assets that do not meet the tests above can be disregarded for componentisation on the basis that any adjustment to depreciation charges would not result in a material misstatement in the accounts.

## 21. Provisions

Provisions are charged as expenditure to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision, which is held on the Balance Sheet. Provisions are reviewed at the end of each financial year and where no longer required are credited back to the relevant service line.

## 22. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions, but that does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service line in the Comprehensive Income and Expenditure Statement. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

## 23. *Reserves*

The Council sets aside useable earmarked reserves for future policy purposes or to cover contingencies. Certain reserves are maintained to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits. These do not represent usable resources for the Council and there are no net impacts on council tax or rent.

## 24. *Value Added Tax (VAT)*

VAT payable is excluded from expenditure except where it is not recoverable from HMRC. VAT receivable is excluded from income.



## Assumptions made about the future and other sources of estimation uncertainty

The Statement of Accounts contains figures that are based on assumptions or estimates about the future or that are otherwise uncertain. Whilst these take into account historical experience, current trends, professional guidance and other relevant factors, actual results could be different. The main items in the Council's Balance Sheet at 31 March 2021 for which there is a risk of adjustment in future financial years are:

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Valuation, where required of Property, Plant and Equipment assets, Heritage assets and Investment properties	Valuation of property interests involves assessment of a number of variables such as market conditions, useful life, cost of reconstruction, assessment of condition, use of a discount factors for social housing etc. Valuations are undertaken by qualified Chartered Surveyors, or experts in the relevant field, in accordance with the Practice Statements and Guidance notes set out in the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (The Red Book) and any other relevant guidance. As a result of the impact of Covid-19, valuations on all property assets, irrespective of the basis of valuation, are reported on the basis of 'material valuation uncertainty' as per the RICS Red Book. Consequently, less certainty and a higher degree of caution should be attached to the valuations. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid. The Council's approach to undertaking valuations on a more frequent basis than the minimum 5 year period will ensure that any changes are captured as soon as possible in the next formal valuation.	Any changes to valuations and any associated depreciation charges to services for non-current assets are required to be reversed out in the accounts, so this will not have an impact on Council Tax or rents.
Financial Instrument assets	These are reviewed annually for significant impairment using data such as historic risk of default and other reviews of recoverability.  For financial assets not quoted on a recognised exchange or where it is difficult to provide accounting valuations e.g. valuations of the Council's shareholding in Cardiff City Transport Services Ltd. The fair value is deemed to be Net Worth.	Any change in the fair value of Cardiff City Transport Services Ltd has no impact on the level of Council Tax as changes are reflected by a corresponding amendment in the Financial Instrument Adjustment Reserve.

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Provisions	The Council makes a number of provisions for liabilities that it may face where a reasonable estimate of value can be made at the balance sheet date. In most cases these are subject to legal claims, such as those for insurance. Provisions relating to landfill sites are subject to a high level of estimation primarily given the length of period over which they are to be considered. Professional internal and external advice is used to determine the need and value of provisions.	The outcomes of assumptions will have an impact on the Outturn in future years, however due to the uncertain nature of these events, are difficult to quantify
Arrears	<p>The Authority is owed for items such as sundry debtors, Council Tax, Non Domestic Rates (NDR) and rents. After taking into account trends in past collection experience and other relevant changes which may impact on collectability a level of impairment or provision for expected credit losses is assumed. It is not certain however that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.</p> <p>The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts which may, or may not be sufficient.</p>	Improvements in collection will improve future reported Outturn position, however where customers are finding it difficult to pay this will require increases in the level of provisions currently set aside.
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, inflation, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. This also includes market volatility for example as a result of Britain's departure from the European Union and Covid-19.</p> <p>Professional actuaries are engaged to provide the Council with expert advice about the assumptions to be applied.</p>	It is difficult to measure the effects on the net pension liability of changes in individual assumptions, as they can result in multiple variations to the figure.

**AUDIT COMMITTEE: 23 MARCH 2021**

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**CORPORATE RISK MANAGEMENT - QUARTER THREE 2020/21****REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 9.1**

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**Reason for this Report**

1. To update Audit Committee on the risk management position at quarter three 2020/21 and to highlight any changes from the quarter two 2020/21 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. The last Audit Committee review was on 17<sup>th</sup> November 2020, at which time the risk management position at quarter two 2020/21 was presented.
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 three risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter three 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 three are detailed as follows.

### **Directorate Risks**

9. At the quarter three position, 291 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on 11<sup>th</sup> March 2021.
10. It was agreed that eight directorate risks would be carried forward as SMT escalated risks at quarter three. Also included in the figure of 291 directorate risks are 81 Covid-19 specific risks that have been identified and are being managed within directorates as at the end of quarter three.

<b>Directorate</b>	<b>Directorate Risks</b>	<b>Risks at SMT Escalation Point</b>	<b>Covid-19 Specific Risks</b>
Economic Development (inc Waste)	31	2	13*
Education	21	0	9
Housing & Communities	62	2	25
Performance & Partnerships	2	0	0
Social Services	42	3 (1 Shared)	19
Planning, Transport & Environment	29	0	3*
Resources	90	1	8
Governance & Legal Services	14	1 (Shared)	5
<b>Total</b>	<b>291</b>	<b>8</b>	<b>81</b>

\* Includes 1 shared

### **Corporate Risks**

11. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter three.
12. In considering the Corporate Risk register, the Senior Management Team considered the appropriateness of the approach in respect to the "ICT Platforms (Unsuitable/Outdated)" risk. This risk has is now rated at its targeted risk rating of D3 (Amber-Green) due to the retirement of a large number of outdated service platforms. The Senior Management Team considered that this risk could be managed by the Directorate and is recommending that it will be removed from the Corporate Risk register at the end of Q4. The established Risk Management process allows re-escalation into Senior Management if/when it were determined in the future that a corporate response is required in terms of action or resources.
13. Work to broaden the current corporate risk titled Schools Organisation Programme (Band B) in order to consider new asset infrastructure across the Council is ongoing. This will ensure that there is a corporate view on the risks associated with all infrastructure projects and will be reported to the Audit Committee in the future.

### **Coronavirus (COVID-19)**

14. The impact of Covid-19 on existing risks continues to feature as part of quarter three reporting arrangements and this is likely to continue for many months. Directorates have also considered Covid-specific risks as set out in the previous table.

15. The Council's response to the pandemic and its risk management is not restricted to delivering its own services, and there are clear links with Welsh Government and Health partners.
16. The Senior Management Team has kept an oversight on preparations and actions of directorates in order to ensure that there is a level of business continuity and resilience built into service delivery plans. This robustness is supported by the existing Emergency Management processes in place and reliance is placed in this as an escalation mechanism.

### **UK's Exit of the European Union**

17. Despite a deal being finalised, the UK's departure from the EU will bring change for organisations of every size and sector. No major member state has ever left the EU before; there is little precedent for the situation in which we find ourselves and therefore it is important that we keep in place our relevant plans and mitigations in respect to risks for the foreseeable future.

### **Reason for Recommendation**

18. To enable the Audit Committee to monitor risk management activity, and consider the Risk Management Review – quarter three 2020/21.

### **Legal Implications**

19. 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**

20. 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**

21. 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 – Q3 2020/21
- Appendix B** - Detailed Corporate Risk Register – Q3 2020/21

*The following background papers have been taken into account:*

- *Directorate Risk Registers Q3 2020/21*

Mae'r dudalen hon yn wag yn fwriadol

Corporate Risk Register Summary Snapshot Quarter 3 2020/21

Appendix A

Number of Risks by Inherent Risk Rating

Likelihood	A	A1 11	A2 2	A3	A4
	B	B1 6	B2 4	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

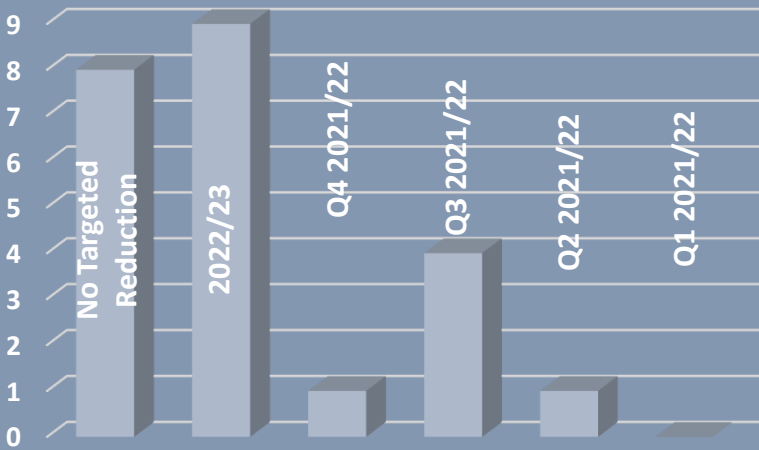
Likelihood	A	A1 1	A2	A3	A4
	B	B1 1	B2 6	B3 1	B4
	C	C1 2	C2 6	C3	C4
	D	D1 3	D2 2	D3 1	D4
	E	E1	E2	E3	E4
		1	2	3	4
		Impact			

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 2	C4 1
	D	D1 4	D2 4	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 Q2	Rating	Movement from Q2
A1	Climate Change	A1	↔	B2	↔
	City Security	B1	↔	B1	↔
	Brexit	B2	↔	B3	↔
	Financial Resilience		↔	C2	↔
	Air Quality & Clean Air Strategy		↔	C3	↔
	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		↔	D3	↔
	Information Governance	D1	↔	D2	↔
A2	Welfare reform	B2	↔	B2	↔
	ICT Platforms Unsuitable/ Outdated	D3	↓	D3	↔
B1	Coastal Erosion	B2	↔	C2	↔
	Waste Management		↔		↔
	Increase in Demand (Children's Services)	C1	↔	D1	↔
	Education – Schools Delegated Budgets	C2	↔	D2	↔
	Business Continuity	D1	↔	D1	↔
	Safeguarding		↔		↔
B2	Education Consortium & Attainment	B3	↔	C4	↔
	Legal Compliance	C2	↔	C2	↔
	Performance Management	D2	↔	D2	↔
	Fraud, Bribery and Corruption		↔	D3	↔

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

Mae'r dudalen hon yn wag yn fwiadol



# Non-completion of Statutory Building Equipment Maintenance

Appendix B

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)
<p>Potential consequences of non-compliance with statutory maintenance:</p> <ul style="list-style-type: none"> <li>Fatalities or serious injuries</li> <li>Closure of part or whole of facilities with major disruption to service delivery</li> <li>HSE interventions and consequential actions including fines and prosecution;</li> <li>Significant additional expenditure requiring realignment of Corporate budgets;</li> <li>Temporary relocation of staff</li> <li>Temporary loss of operational service</li> <li>Invalidation of insurance policy</li> <li>Serious adverse impact on reputation</li> <li>Damage to fabric of building or other equipment</li> </ul>

Type(s) of Impact
<ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul>
<ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Partnership</li> <li>Community &amp; Environment</li> <li>Stakeholder</li> </ul>

Inherent Risk
Last Reviewed
Q3 2020/21
Last Revision
Q3 2020/21

Residual (Current) Risk
Movement from prev Qtr
↔

Target Risk
Target Reduction Date
Q3 2021/22

Risk Owner(s)
<p>Neil Hanratty (Donna Jones)</p>
<p>Councillor Russell Goodway Investment &amp; Development</p>

What we've done/are currently doing to achieve the Residual Risk Rating
<p><b>Contractor</b></p> <ul style="list-style-type: none"> <li>Building Services have appointed a competent contractor to undertake Statutory Planned Preventative Maintenance (PPM) for which it is responsible. Consequential remedial work identified on test certificates.</li> <li>Improved statutory maintenance contracting arrangements in place from Q1 2019/20 inc. use of SFG 20 as specification for statutory obligations testing and new risk based specification for legionella management supported by RAMIS.</li> <li>FM competent person(s) review all test certificates, remedial work captured and communicated to client as necessary/applicable</li> <li>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.</li> </ul> <p><b>RAMIS IT Software</b></p> <ul style="list-style-type: none"> <li>RAMIS implemented across the Council with bi-monthly reporting on statistics to SMT;</li> <li>500 Building Managers have received training in their responsibilities and use for the RAMIS system, including schools estates staff and Headteachers.</li> <li>Full time officer Adminstrating 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.</li> <li>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.</li> </ul> <p><b>Corporate Landlord Programme</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>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 and circulated to relevant OM's for comment. The document will be finalised and circulated by end of Qtr 4 (COVID-19 delay).</li> <li>The 'One Front Door' approach was rolled out across the corporate estate by end of Q4 19/20.</li> </ul> <p><b>Statutory Obligation Compliance</b></p> <ul style="list-style-type: none"> <li>Continue to commission work to undertake required compliance testing (and works required) where Building Services has responsibility to do so, as defined on RAMIS.</li> </ul> <p><b>COVID-19</b></p> <ul style="list-style-type: none"> <li>Following initial restrictions on the type of statutory compliance testing being done in Council buildings, full testing has resumed in Qtr 3 (save PAT testing in schools in the latter stages on Qtr3 as requested by H&amp;S) although there have been issues in gaining access to some schools.</li> </ul>

Linked Risks
Health & Safety

What we plan to do to meet target
<p><b>Statutory Obligation Compliance</b></p> <ul style="list-style-type: none"> <li>Continue to commission investigations / work to complete required compliance testing (and works required) in respect of 'gaps' in compliance identified by reports from RAMIS.</li> </ul> <p><b>Landlord / Occupancy Agreement</b></p> <ul style="list-style-type: none"> <li>Roll out Landlord/Occupancy Agreement template across Corporate Estate in Q4 2020/21 (delayed from 2019/20 due to COVID-19). This will set out principle occupant and landlord permissions responsibilities and Permission for Works arrangements required.</li> <li>Landlord occupancy principles established and reviewed for inclusion in non-schools Buildings Handbook which has been circulated to relevant OM's for comment and is now available for reference through the One Front Door portal. It is intended that the document be finalised by end of Qtr 4 (subject to COVID-19 priorities) (delayed due to other priorities as a result of COVID-19).</li> </ul> <p><b>COVID-19</b></p> <ul style="list-style-type: none"> <li>As the WG restrictions are lifted and building re-open statutory obligation contractor to resume statutory obligations testing.</li> <li>Further WG restrictions on construction and / or building maintenance work could delay statutory obligations testing and remedial works.</li> <li>Schools imposing access restrictions as a result of COVID-19 is causing some delays and additional costs.</li> </ul>

Key Indicators / Measures used to monitor the risk
Compliance stats from the Corporate Health & Safety Team.

Health & Safety

**Description**

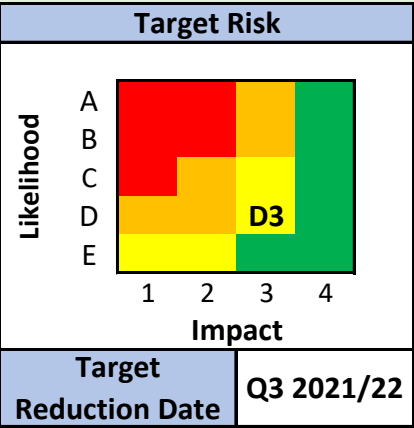
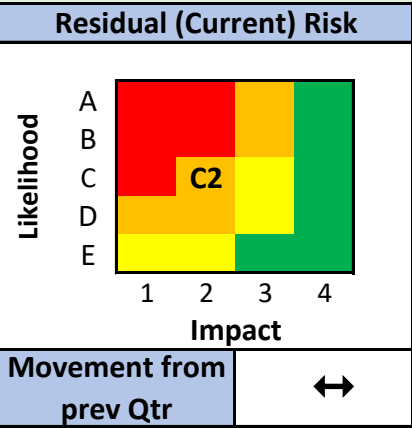
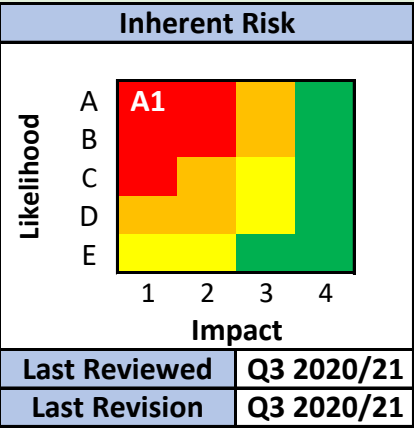
Non Compliance with corporate health and safety arrangements to control key risks across the Council in line with statutory requirements.

**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)**

Neil Hanratty  
(Donna Jones)

Councillor Chris Weaver  
Finance, Modernisation and Performance

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

- RAMIS - Continuation of roll out of the new platform including revised reporting on performance
- Due to the escalation in transmission of the virus mandatory training of Headteachers in H&S/Building responsibilities was not able to be delivered, this will be put back to 21/22.
- Digital Risk Assessment Library - COVID-19 Building and Service risk assessments have been uploaded to the revised system, which will replace CIS going forward.
- HSE visits to 10 Cardiff Schools to review COVID-19 arrangements went well with positive feedback provided and no corrective actions required
- Installation of fire suppression system in Lamby Way MRF completed in Q3, procedures for operation and inclusion in the site Fire Risk Assessment currently being undertaken.
- Training webinars for building management for community organisations operating Council premises currently being developed.
- Continuation of Asbestos Training - online and face to face in line with COVID-19 Safety measures.

**What we plan to do to meet target**

- RAMIS - recommence full reporting using the new platform with focus on improvement of compliance on high risk inspections and fault rectification, which have been impacted by the pandemic.
- Condition Surveys School Buildings - Complete Dissemination of Condition Survey information to schools as and when COVID-19 restrictions permit.
- Continue Asbestos Training - online and face to face in line with COVID-19 Safety measures.
- Due to the continued pandemic H&S and OH resources will continue to be repurposed to support the workforce and limit the transmission of the virus in Council workplaces, as well as setting policy and guidance in relation to infection control and mental health and wellbeing support.

**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.

# Waste Management

Description		Inherent Risk		Residual (Current) Risk		Target Risk		Risk Owner(s)	
Failure to deliver cost effective compliance with waste legislation including statutory recycling targets.								Neil Hanratty (Matt Wakelam)	Councillor Michael Michael Clean Streets, Recycling and Environment
		Last Reviewed Last Revision		Q3 2020/21 Q3 2020/21		Target Reduction Date		2022/23	
Potential Impact(s)		What we've done/are currently doing to achieve the Residual Risk Rating							
<p><b>Financial</b></p> <ul style="list-style-type: none"><li>Penalties and loss of grant support</li><li>Continuing financial costs to service</li></ul> <p><b>Legal &amp; Regulatory</b></p> <ul style="list-style-type: none"><li>Failure to comply with EU recycling waste directive, leading to sanctions, penalties or interventions</li></ul> <p><b>Strategic/ Reputational</b></p> <ul style="list-style-type: none"><li>Reputational consequence with citizens and key stakeholders</li></ul>		<p><b>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.</b></p> <p><b>Wider Governance &amp; Compliance</b></p> <ul style="list-style-type: none"><li>Targeted internal audits identifying and improving governance and control across the service area (ongoing)</li><li>Introduction of improvements in weighbridge and data systems holding data on waste movements, to improve data management and ease collation of data (ongoing)</li><li>Cardiff Council has commenced a programme working in partnership with Welsh Government to develop a new Recycling Service Strategy and Implementation Plan (ongoing)</li></ul> <p><b>Development of recycling plan for optimising resources including considerations of statutory fines.</b></p> <ul style="list-style-type: none"><li>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)</li><li>Media and communications taking place across Cardiff with focus on key areas for recycling improvement (ongoing)</li><li>Commencement of new education and enforcement programme to reduce contamination in recycling and garden waste (ongoing)</li></ul> <p><b>Recycling Development</b></p> <ul style="list-style-type: none"><li>The Council's Recycling Strategy is the subject of regular review.</li><li>Robust analysis and review of business cases relating to the following waste collection &amp; disposal operations:<ul style="list-style-type: none"><li>Bottle and Glass expansion across the City (complete and supplemented by modelling work with WG)</li><li>Hygiene (Absorbent Hygiene Products) from Municipal Solid Waste to Recycling (ongoing project with WG)</li><li>Trade Waste (ongoing)</li></ul></li><li>Circular Economy Funding achieved for:-<ul style="list-style-type: none"><li>Trials in flats (co-mingled, re-useable sacks (aperture bins)</li><li>Segregation of litter from community litter picks (split caged transits, provision of dual hoop litter picking equipment)</li><li>Providing support to Benthg, and Llanrumney Hall, on re-use and repair projects, including community fridge- reduction of waste to Energy From Waste, but will not be claimable tonnage</li><li>Tetra Pak recycling- again, not claimable but reduction of contamination in cominglkd recycling /reduced material to Energy from Waste</li></ul></li></ul> <p><b>Covid-19 Lockdown meant between 30th March 2020 and 31st May 2020 waste collections were collected as a single stream where residual, recyling and food waste was collected weekly and sent to Energy from Waste. The reason for the decision was to limit exposure to both residents and workforce to the impacts of Covid-19. However, the approach has impacted Qtr1 recycling performance to 42.51% compared to 62.57% the previous year. Overall recycling performance for 20/21 is highly unlikely to recover.</b></p> <ul style="list-style-type: none"><li>Recycling Centres are being managed via a booking system, and the replacement of residual waste and recycling waste skips with a non-recycling skip, supported by new procedures, has meant recycling performance at centres has increased from 70% to 90%.</li></ul>							
Type(s) of Impact		Linked Risks				Key Indicators / Measures used to monitor the risk			
<ul style="list-style-type: none"><li>Reputational</li><li>Legal &amp; Regulatory</li><li>Financial</li></ul>						<ul style="list-style-type: none"><li>Monthly monitoring recycling % from waste data flow</li><li>Monthly tonnage monitoring</li><li>Monthly financial monitoring in each area of waste</li></ul>			

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)
<div>• Opportunities to enhance the school estate, and transform education will be missed</div> <div>Insufficient secondary places in some central and north east areas of the</div> <div>Insufficient places in ALN settings across the city, leading to costly placement in out of county &amp; private settings</div> <div>• School buildings that are not suitable for teaching and learning</div> <div>• Further degeneration of school buildings &amp; rise in asset management backlog</div> <div>• Project cost and time overruns</div> <div>• Risk that school ICT infrastructure fails in the short to medium term and does not support the new curriculum</div> <div>• Risk that in the current situation, learners do not have access to ICT equipment to support distance learning</div>

Type(s) of Impact
<div>• Reputational</div> <div>• Legal</div> <div>• Financial</div> <div>• Social</div> <div>• Health &amp; Safety</div> <div>• Stakeholder</div> <div>• Health and Wellbeing</div> <div>• Sustainability</div>

Inherent Risk
<div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>A1</div><div></div><div></div><div></div><div></div><div></div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div> <div>Impact</div> <div><div>Last Reviewed</div><div>Q3 2020/21</div></div> <div><div>Last Revision</div><div>Q3 2020/21</div></div>

Residual (Current) Risk
<div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div></div><div></div><div>C2</div><div></div><div></div><div></div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div> <div>Impact</div> <div><div>Movement from</div><div>prev Qtr</div><div>↔</div></div>

Target Risk
<div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div></div><div></div><div></div><div>C3</div><div></div><div></div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div> <div>Impact</div> <div><div>Target</div><div>Reduction Date</div><div>2022/23</div></div>

Risk Owner(s)
<div>Mel Godfrey (Richard Portas)</div> <div>Councillor Sarah Merry Deputy Leader &amp; Education, Employment &amp; Skills</div>

What we've done/are currently doing to achieve the Residual Risk Rating
<div>• 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, Cathays and St Mary the Virgin have been considered by Cabinet under Band B. Progression of these schemes were delayed as a result of COVID-19. A review of Band B has been completed and identified the priority projects to progress. Further work is required to establish Band C priorities.</div> <div>• Successfully negotiated COVID-19 clauses with contractors for ongoing projects such as Fitzalan.</div> <div>• Work is ongoing to make sure that all learners have access to digital devices, network and infrastructure to support mobile and distance learning.</div> <div>• Robust governance model, in line with Corporate Landlord approach is in place and is supporting consistent decision making.</div> <div>• The post of Programme Director has been appointed on a permanent basis.</div> <div>• 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. The Council is considering additional asset funding in light of the pressing needs.</div> <div>• Developing more robust management and monitoring processes for the asset improvement programme, including the three “D” category High Schools, Fitzalan, Cantonian and Willows.</div> <div>• Procurement is underway for ICT infrastructure and devices that will support teaching and learning.</div> <div>• Starting to develop the WESP for the Council to meet the policy requirements.</div> <div>• Developing strategic ALN approach to supprot strategic planning of provision and improve service levels.</div>

What we plan to do to meet target
<div>• Develop a high level SOP Strategy that outlines the short/ medium and long term aims of the whole programme. The SOP Strategy will be underpinned by the ongoing Band B review.</div> <div>• 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.</div> <div>• Ensure that SOP reports are progressed as planned so that consultation and engagement can progress ahead of the pre-election period.</div> <div>• Continued active dialogue with Welsh Government and other professional parties to support progress and development.</div> <div>• Prioritise population data development to underpin accurate projections and forecasts for existing resident populations and to support effective s106 negotiations going forward.</div> <div>• Ensure consistent monitoring and reporting of all risks to Schools Programme Board.</div> <div>• Continue to move forward with digital projects to support distance and mobile learning and embed into a long term and sustainable model.</div>

Linked Risks

Key Indicators / Measures used to monitor the risk
<div>• Proportion of Priority 1a Schools Asset Improvement works completed in financial year, in accordance with the responsibilities of schools and corporate landlord (Corporate Plan).</div> <div>• Timelines to deliver projects within the SOP programme.</div> <div>• New key performance measures which are being developed as part of the overarching SOP Strategy.</div>

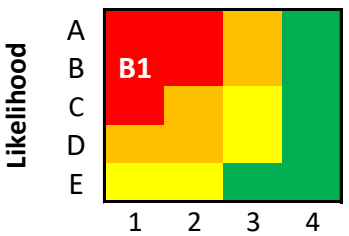


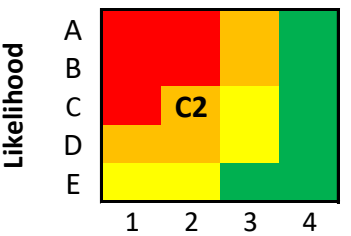
Education - Schools' Delegated Budgets

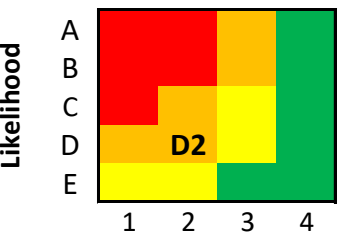
Description
The number of schools with deficit budgets and/or the overall value of deficit budgets increases, or that those schools (particularly in the Secondary sector) with existing deficit budgets do not deliver agreed deficit recovery plans.

Potential Impact(s)
<ul style="list-style-type: none"><li>An overall deficit arising from schools budgets would count against the funding available for the Council</li><li>Schools with deficit budgets may struggle to adequately fund the resources required to achieve the desired levels of educational attainment</li><li>Schools with deficit budgets may struggle to adequately fund maintenance of school buildings creating an issue for other budgets, eg Capital/SOP Band B</li><li>Schools that continually fail to address deficit budgets may ultimately require LA intervention, with a corresponding increase required in centralised resources</li></ul>

Type(s) of Impact
<ul style="list-style-type: none"><li>Reputational</li><li>Legal</li><li>Financial</li></ul>

Inherent Risk

Last ReviewedQ3 2020/21
Last RevisionQ3 2020/21

Residual (Current) Risk

Movement from prev Qtr↔

Target Risk

Target Reduction Date2022/23

Risk Owner(s)	
Mel Godfrey (Neil Hardee)	Councillor Sarah Merry Deputy Leader & Education, Employment & Skills

What we've done/are currently doing to achieve the Residual Risk Rating
<ul style="list-style-type: none"><li>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.</li><li>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.</li><li>Officers continue to monitor and challenge those schools in deficit before allowing any additional financial commitments, both staffing and other expenditure.</li><li>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.</li><li>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</li><li>A working group has been established to examine the medium term financial planning processes used by the LA and schools</li><li>For the 2020/21 financial year, seven schools have deficit budgets, representing a reduction on the figure for the previous year. Of those seven, four had deficit budgets in 2019/20. Of note is the fact that three high schools emerged from longstanding deficit positions, setting balanced budgets in 2020/21.</li></ul>

What we plan to do to meet target
<ul style="list-style-type: none"><li>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.</li><li>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.</li><li>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</li><li>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</li></ul>

Linked Risks
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"><li>School budget monitoring position</li><li>Number of schools setting deficit budgets</li><li>Final budget balances</li></ul>

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)
<div>• Learners do not reach their full potential</div> <div>• Schools are not supported to improve</div> <div>• Schools are not able to deliver the new curriculum</div> <div>• Educational performance does not improve</div> <div>• Impact on Estyn judgements</div> <div>• Value for money - CSC</div> <div>• Budget implications</div> <div>• Intervention from WG</div>

Type(s) of Impact
<div>• Reputational</div> <div>• Legal</div> <div>• Financial</div>

Inherent Risk
<div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div><div><div>B2</div></div></div>
Last ReviewedQ3 2020/21
Last RevisionQ3 2020/21

Residual (Current) Risk
<div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div><div><div>B3</div></div></div>
Movement from prev Qtr↔

Target Risk
<div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div><div><div>C4</div></div></div>
Target Reduction DateQ3 2021/22

Risk Owner(s)
<div>Mel Godfrey (Mike Tate)</div> <div>Councillor Sarah Merry Deputy Leader &amp; Education, Employment &amp; Skills</div>

What we've done/are currently doing to achieve the Residual Risk Rating
<div>• The performance of Cardiff schools has shown notable improvement over the past five years and reflects a focus on education as a key component of Capital Ambition. Results for the academic year 2018/19 show that Cardiff schools performed well across a wide range of key performance indicators at all key stages. This includes strong performance in Key Stage 4 when compared to the Central South Consortium and Welsh averages.</div> <div>• Given the decision to cancel examinations this summer as a result of the pandemic, the WJEC have developed a process which allows grades to be based on Centre Assessment Grades and Rank Orders which have been submitted by teachers/ lecturers.</div> <div>• On the 17th August, the Minister for Education in Wales confirmed that A-Level, AS, GCSE, Skills Challenge Certificate and Welsh Baccalaureate grades in Wales will be awarded on the basis of Centre Assessment Grades.</div> <div>• Schools opened full time to all pupils from September 14th but are currently closed due to the spread of the virus (12th January 2020). Schools remain open for provision for key worker childcare and vulnerable learners.</div> <div>• CSC Guidance on Continuity of Learning during COVID-19 has been published to support schools in planning for the continuity of learning for all learners in those changing circumstances and different scenarios. It is informed by the most current research and practices from schools.</div>

What we plan to do to meet target
<div>• The Joint Committee of CSC will determine what follow up actions will be taken in light of any recommendations from the report.</div> <div>• On 10 November the Minister confirmed her intention that there would be no end of year exams for learners taking GCSE, AS level and A level qualifications approved by Qualifications Wales and delivered by WJEC in summer 2021. This decision reflected the nature of what has been a highly challenging year, with many learners, including those in exam cohorts, feeling the impact of the public health crisis on their day to day teaching and learning experiences.</div> <div>• Instead of exams, qualifications in 2021 will be awarded through a centre-based outcomes model.</div> <div>• Following the First Minister’s announcement on 8th January, most pupils will continue to learn remotely until 29 January or possibly even February half term. Qualifications Wales has announced that the spring internal assessment window for GCSE, AS, and A level, which were planned to take place between 22 February and 23 April, will not take place and new arrangements will be made. In addition, Qualifications Wales has confirmed that the January 2021 exams for Wales only vocational qualifications will continue as planned.</div> <div>• If learners are unable to sit their exams in January, they will have the opportunity to complete their assessments in the summer.</div> <div>• The Minister’s Design and Delivery Advisory Group will now be considering the way forward and more detailed information about revised arrangements will be made available shortly.</div> <div>• CSC and LA to continue to support schools to plan for flexible continuity of learning so that all learners have equitable learning whatever their circumstance.</div> <div>• Timelines for Curriculum for Wales 2022 are currently unchanged.</div>

Linked Risks

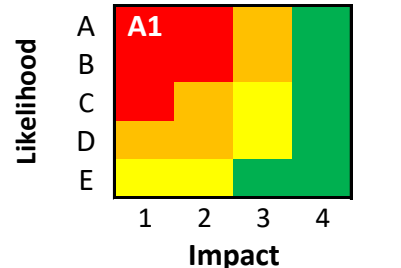
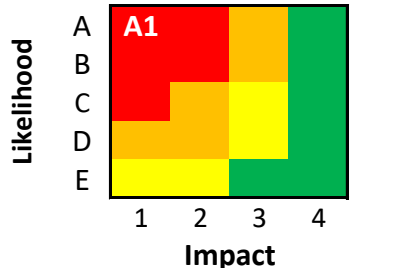
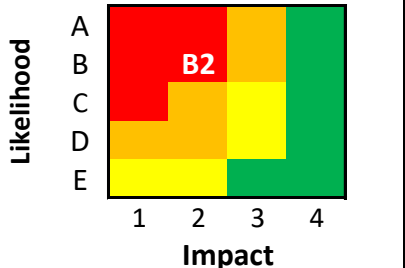
Key Indicators / Measures used to monitor the risk
KS4 2018/19 School Performance, Outcomes from Estyn Inspections up to 2020.

## Air Quality & Clean Air Strategy

<div><div>Description</div><div>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.</div></div>	<div><div>Inherent Risk</div><div><div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>A1</div></div></div>		<div><div>Residual (Current) Risk</div><div><div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>B2</div></div></div>		<div><div>Target Risk</div><div><div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>C3</div></div></div>		<div><div>Risk Owner(s)</div><div><div>Andrew Gregory (Jason Bale)</div><div>Councillor Caro Wild Strategic Planning &amp; Transport</div></div></div>			
	<div><div>Last Reviewed</div><div>Q3 2020/21</div></div> <div><div>Last Revision</div><div>Q3 2020/21</div></div>		<div><div>Movement from prev Qtr</div><div>↔</div></div>		<div><div>Target Reduction Date</div><div>2022/23</div></div>					
	<div><div>What we've done/are currently doing to achieve the Residual Risk Rating</div><div>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:<ul style="list-style-type: none"><li>Cardiff Frederick Street: Monitors 24/7 measuring levels of NO2, PM10 &amp; PM2.5, SO2, CO and O3</li><li>Richard’s Terrace, Newport Road: Monitors 24/7 measuring levels of NO2 &amp; PM10</li></ul>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. Air Quality has seen a significant improvement as a direct impact from COVID 19 and the strict lock down measures in the early part of the outbreak, Ongoing recovery measures such as the closure of Castle Street has enabled the maintenance of the reduced air quality concentrations. In other areas levels have increased, but still remain below pre COVID concentrations. However it must be noted that there are numerous factors which will influence the results especially meteorological conditions.<ul style="list-style-type: none"><li>Bus Retrofit scheme launched and 3 applications received. Officers reviewing applications with regards to awarding early Jan 21. Some issues around ensuring BEIS principles of awarding subsidies followed to enable expenditure to continue after March 21. Also awaiting confirmation from WG to enable expenditure on scheme beyond March 21.</li><li>Ph1 City Centre West scheme (Wood St &amp; Central Square) is ongoing.</li><li>Castle Street works being reviewed further, some additional modelling undertaken to assess impacts of proposed revised scheme, removing through traffic.</li><li>New Real-time monitor on Castle Street now fully operational and recording data on a 24/7 basis.</li><li>5 indicative real time monitors installed on Castle Street (temporary), Westgate Street, Lower Cathedral Rd, Tudor Street and North Rd. Data is recorded every 15 minutes. Working with web team to develop public visual display for Council website.</li><li>Awaiting decision on revised Taxi Scheme prior to launch.</li></ul></div></div>								<div><div>What we plan to do to meet target</div><div><ul style="list-style-type: none"><li>'Implement Clean Air Plan - Implement package of measures detailed in Final Plan, as per agreed plan and programme, following successful WG funding award.</li><li>Further assessment on Castle Street to undertake more detailed modelling on revised scheme. Decision on timeframes of this will need to be made as could impact on completion date.</li><li>Finalisation of Evaluation Plan following comments from expert panel on existing proposals.</li><li>Work with Public Health Wales to quantify future health benefits and improvements from reduced emissions/ NO2 concentrations</li><li>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. The roll out of these measures have been delayed by COVID and are dependent on additional funding sources being available through any appropriate grant bidding etc.</li><li>Pilot project for implementation of Non Idling Zones, targeted around schools.</li><li>Living Walls and other Green Infrastructure</li><li>Progression of EV Infrastructure and Council Fleet working with CTS.</li><li>Air Quality Planning Guidance</li><li>Schools Active Travel</li><li>Behavioural Change Promotion, Car Free Day, Clean Air Day etc.</li><li>Expansion of Real-time monitoring network &amp; display/sharing of data linked to SMART Corridors Project</li></ul></div></div>	
	<div><div>Potential Impact(s)</div><div><div>Health &amp; Safety</div><div><div>- No improvement to health</div><div>- Increased burden on health care</div><div>- Further deterioration of related health conditions</div></div><div><div>Legal &amp; Regulatory / Financial</div><div><div>Breach of legal / statutory requirements</div><div>Potential significant financial penalty</div></div></div></div></div>									
<div><div>Type(s) of Impact</div><div><div><div>• Health</div><div>• Regulatory</div><div>• Financial</div><div>• Strategic</div></div><div><div>• Reputational</div></div></div></div>		<div><div>Linked Risks</div><div>Further delays to City Centre Schemes and further impacts from further outbreaks/ waves from COVID.</div></div>		<div><div>Key Indicators / Measures used to monitor the risk</div><div><div>• Implementation Plan for measures (funding dependent)</div><div>• Monitoring and Evaluation Plan for Clean Air Plan</div><div>• Ongoing monitoring and reporting under LAQM</div></div></div>						

City Security											
<div>Description</div> <div>Major security-related incident in 'crowded places' as a result of international or domestic terrorism.</div>		<div>Inherent Risk</div> <div><div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div><div>Impact</div></div><div>A1</div></div>		<div>Residual (Current) Risk</div> <div><div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div><div>Impact</div></div><div>B1</div></div>		<div>Target Risk</div> <div><div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div><div>Impact</div></div><div>B1</div></div>		<div>Risk Owner(s)</div> <div><div>Chris Lee (Isabelle Bignall)</div><div>Andrew Gregory</div><div>Councillor Huw Thomas Leader</div></div>			
		<div>Last Reviewed</div> <div>Q3 2020/21</div>		<div>Movement from prev Qtr</div> <div>↔</div>		<div>Target Reduction Date</div> <div>N/A</div>					
		<div>Last Revision</div> <div>Q1 2019/20</div>									
<div>Potential Impact(s)</div> <div><div>Immediate / Short-Term</div><div><div>• Large numbers of fatalities, injuries to public</div><div>• Extensive structural damage and/or collapse of buildings</div><div>• Closure of roads having impact on transport network and access to businesses and properties.</div><div>• Damage/disruption to utilities (gas, electricity, water etc.)</div><div>• Immediate impact to core business, retail and sporting district in the centre of Cardiff</div></div><div>On-going / Longer Term</div><div><div>• Reputational risk due to a public perception Cardiff is an unsafe place</div><div>• Area viewed as a risk for potential future business investment.</div><div>• Inability to attract major future national and international events (political, sporting etc.)</div><div>• Increase in demand for Council services/support for all affected.</div><div>• Current economic climate to reduce the effectiveness of any recovery/regeneration of the area.</div></div></div>		<div>What we've done/are currently doing to achieve the Residual Risk Rating</div> <div><div>• All existing identified high-risk, crowded places have been formally assessed</div><div>• Some crowded places have an extremely limited and in some cases ‘third party managed’ access control process to operate them; providing little/no challenge</div><div>• CONTEST Protect/Prepare Task &amp; 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’</div><div>• 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</div><div>• Protected as at Q1 2019/20</div><div>- Principality Stadium, St Mary Street, Queen Street, St David's Dewi Sant, Cardiff Bay</div><div>• 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</div><div>• Wales Extremism and Counter Terrorism Unit (WECTU) Counter Terrorist Security Advisor’s (CTSA’s), the Emergency Services &amp; 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.</div></div>					<div>What we plan to do to meet target</div> <div><div>• 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</div><div>• The CONTEST Protect/Prepare Group will give a status report to the Cardiff CONTEST Board</div><div>• 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</div><div>• 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.</div><div>• The security strategy will allow partners to be more responsive to emerging funding opportunities</div><div>• 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.</div></div>				
		<div>Linked Risks</div>					<div>Key Indicators / Measures used to monitor the risk</div>				
		<div>Type(s) of Impact</div>					<div>• National Threat Level and period at level (<i>increased to Severe as at November 2020</i> )</div> <div>• No of 'Crowded Places' not protected to PAS 68/69 level</div>				
		<div>• Service Delivery</div> <div>• Reputational</div> <div>• Legal</div> <div>• Financial</div>					<div>• Health &amp; Safety</div> <div>• Partnership</div> <div>• Community &amp; Environment</div> <div>• Stakeholder</div>				



Climate Change & Energy Security									
Description		Inherent Risk		Residual (Current) Risk		Target Risk		Risk Owner(s)	
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.								<div>Andrew Gregory</div> <div>Councillor Michael Michael Clean Streets, Recycling and Environment</div>	
Potential Impact(s)		<div>Last ReviewedQ3 2020/21</div> <div>Last RevisionQ3 2020/21</div>		<div>Movement from prev Qtr↔</div>		<div>Target Reduction Date2022/23</div>			
<div><div>Flood &amp; Storm</div><div><ul style="list-style-type: none"><li>• Loss of life and risk to life</li><li>• Direct damage to property, utilities and critical infrastructure</li><li>• Blight of Land and Development</li><li>• Disruption to service delivery</li><li>• Contamination and disease from flood and sewer water and flood on contaminated land</li><li>• Increase in health issues</li><li>• Break up of community and social cohesion</li><li>• Increase cost of insurance</li><li>• Migration of ecosystems</li><li>• Inconsistent energy supply</li><li>• Increased costs</li><li>• Inability to deliver public services</li><li>• Decrease in economic output</li><li>• Disruption to the supply of utilities</li><li>• Increased fuel poverty</li></ul></div></div>		<div>What we've done/are currently doing to achieve the Residual Risk Rating</div> <div>The Council has declared a Climate Emergency.</div> <div>The following specific risk areas have been identified:</div> <div><ul style="list-style-type: none"><li>• COASTAL EROSION (see separate tab for details)</li><li>• FLOODING</li><li>• EXTREME WEATHER</li><li>• ENERGY SECURITY &amp; DECARBONISATION</li><li>• BIODIVERSITY</li></ul></div>						<div>What we plan to do to meet target</div> <div><ul style="list-style-type: none"><li>• Develop strategic response to the Climate Emergency Declaration to incorporate carbon neutral target.</li><li>• COASTAL EROSION (see separate tab for details)</li><li>• FLOODING</li><li>• EXTREME WEATHER</li><li>• ENERGY SECURITY &amp; DECARBONISATION</li><li>• BIODIVERSITY</li></ul></div>	
		<div>Type(s) of Impact</div> <div><div><ul style="list-style-type: none"><li>• Service Delivery</li><li>• Reputational</li><li>• Legal</li><li>• Financial</li></ul></div><div><ul style="list-style-type: none"><li>• Health &amp; Safety</li><li>• Partnership</li><li>• Community &amp; Environment</li><li>• Stakeholder</li></ul></div></div>		<div>Linked Risks</div> <div>Coastal Erosion</div> <div>Air Quality</div> <div>Business Continuity</div>		<div>Linked Documents</div> <div><a href="https://www.evaccardiff.co.uk/">https://www.evaccardiff.co.uk/</a></div> <div><a href="https://www.cdp.net/en">https://www.cdp.net/en</a></div>		<div>Key Indicators / Measures used to monitor the risk</div> <div>Storm Events that meet silver &amp; gold emergency intervention</div> <div>Annual number of flooded properties and severity (statutory reporting)</div> <div>Energy use / renewable energy production of Cardiff Council</div>	

Climate Change - Biodiversity

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)
<ul style="list-style-type: none"><li>Loss of biodiversity leads to reduction in ecosystem resilience, and reduction in ecosystem resilience will compromise the provision of ecosystem services. These are the services or benefits which we gain from the natural environment.</li><li>Ecosystem services include climate change mitigation and adaptation.</li><li>Climate change mitigation includes the sequestration and storage of carbon by plants, especially long-lived species such as trees. Reduction of this ecosystem service makes it harder to reduce net carbon emissions. Annually Cardiff's trees (not including other aspects of green infrastructure) provide ecosystem services worth £3.31 million, of which £1.9 million is in carbon storage and sequestration (iTree Study, Sept 2018).</li><li>Climate change adaptation services include storm water attenuation by vegetation and reduction of surface water volume through evapotranspiration</li><li>Trees, green walls and green roofs allow cooling and shading, thereby mitigating the urban heat island effect which may become more prevalent with a warmer climate.</li><li>Hotter summers also increase risk of aerial pollution through air stagnation, and green infrastructure can remove certain pollutants from the air as well as having a cooling effect.</li><li>The National Priorities of the WG Natural Resources Policy include 'Delivering Nature-based Solutions'. Failure to ensure protection of biodiversity and ecosystem resilience risks failure to deliver these nature-based solutions, which include climate change mitatgation and adaptation.</li></ul>

Type(s) of Impact
<div><ul style="list-style-type: none"><li>Service Delivery</li><li>Reputational</li><li>Legal</li><li>Financial</li></ul></div> <div><ul style="list-style-type: none"><li>Health &amp; Safety</li><li>Partnership</li><li>Community &amp; Environment</li><li>Stakeholder</li></ul></div>

Inherent Risk
<div><div>Likelihood</div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div> <div>A1</div> <div>Impact</div> <div><div>Last Reviewed</div><div>Q3 2020/21</div></div> <div><div>Last Revision</div><div>Q3 2020/21</div></div>

Residual (Current) Risk
<div><div>Likelihood</div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div> <div>A1</div> <div>Impact</div> <div><div>Movement from prev Qtr</div><div>↑</div></div>

Target Risk
<div><div>Likelihood</div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div> <div>B2</div> <div>Impact</div> <div><div>Target Reduction Date</div><div>2022/23</div></div>

Risk Owner(s)	
<div>Andrew Gregory (James Clemence/ Simon Gilbert/ Matthew Harris/ Jon Maidment)</div>	<div>Councillor Michael Michael Clean Streets, Recycling and Environment</div>

What we've done/are currently doing to achieve the Residual Risk Rating
<ul style="list-style-type: none"><li>Launch of One Planet Cardiff: October 2020</li><li>Developed a Biodiversity and Resilience of Ecosystems Duty Forward Plan, to implement the statutory duty to seek to maintain and enhance biodiversity and in doing so to promote ecosystem resilience.</li><li>Undertaken an 'iTree-Eco' study to look at the value of trees in terms of the ecosystem services that they provide.</li><li>Working with neighbouring Local Authorities through the Local Nature Partnership Cymru project to share ideas and best practise for enhancing biodiversity across the City and identifying opportunities for cross-boundary projects to improve habitat and species connectivity and increase ecosystem resilience.</li><li>Contributed to the Central South Wales Area Statement recently published by Natural Resources Wales.</li><li>Response to Environmental Scrutiny Task and Finish on Biodiversity Reported for Cabinet November 2020</li></ul>

What we plan to do to meet target
<ul style="list-style-type: none"><li>Develop Coed Caerdydd Strategy to maximise tree canopy cover within Cardiff</li><li>Report every three years on the Biodiversity and Resilience of Ecosystems Duty Forward Plan, and continue to improve the plan as necessary</li><li>Seek opportunities for partnership working under the 5 main themes of ther South Wales Area Statement (building resilient ecosystems, working with water, connecting people with nature, improving our health, improving our air quality).</li></ul>

Linked Risks
Coastal Erosion Air Quality Business Continuity Energy decarbonisation

Linked Documents
<a href="https://www.evaccardiff.co.uk/">https://www.evaccardiff.co.uk/</a> <a href="https://www.cdp.net/en">https://www.cdp.net/en</a>

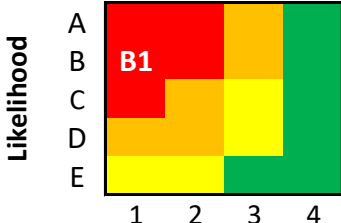
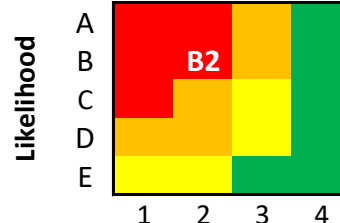
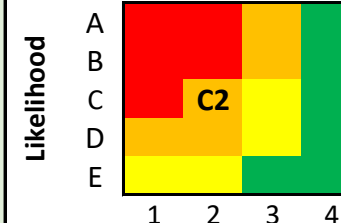
Key Indicators / Measures used to monitor the risk
Extent of Green Infrastructure in the City.

# Climate Change - Energy Security & Decarbonisation

Tudalen 247	<table><tr><th colspan="2">Description</th></tr><tr><td>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.</td></tr></table>	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.	<table><tr><th colspan="2">Inherent Risk</th></tr><tr><td></td><td></td></tr><tr><td>Last Reviewed</td><td>Q3 2020/21</td></tr><tr><td>Last Revision</td><td>Q3 2020/21</td></tr></table>	Inherent Risk				Last Reviewed	Q3 2020/21	Last Revision	Q3 2020/21	<table><tr><th colspan="2">Residual (Current) Risk</th></tr><tr><td></td><td></td></tr><tr><td>Movement from prev Qtr</td><td>↔</td></tr></table>	Residual (Current) Risk				Movement from prev Qtr	↔	<table><tr><th colspan="2">Target Risk</th></tr><tr><td></td><td></td></tr><tr><td>Target Reduction Date</td><td>2022/23</td></tr></table>	Target Risk				Target Reduction Date	2022/23	<table><tr><th colspan="2">Risk Owner(s)</th></tr><tr><td>Andrew Gregory (Gareth Harcombe/ Liz Lambert)</td><td>Councillor Michael Michael Clean Streets, Recycling and Environment</td></tr></table>	Risk Owner(s)		Andrew Gregory (Gareth Harcombe/ Liz Lambert)	Councillor Michael Michael Clean Streets, Recycling and Environment
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Grant and Loan funding package secured and we're now proceeding with the grant drawdown conditions and contract finalisation.</li><li>Engaging with WG on compliance with WG target for public sector to be carbon neutral by 2030</li><li>Scoping additional carbon reduction projects for future action as part of the One Planet Cardiff project</li><li>Delivering Low Emission Transport Strategy - approved April 2018 and implementation of action plan underway</li><li>Scope out and implement additional energy efficiency schemes in residential properties in the city</li><li>Supporting enhancement of publics own resilience through advice and guidance available from EVAC Cardiff Website, to help them work to reduce their carbon outputs and support carbon capture initiatives</li><li>Reporting on citywide and Council (scope 1 and 2) carbon emissions via the Carbon Disclosure Project to fulfil our Compact of Mayors commitment</li></ul></td></tr></table>			What we've done/are currently doing to achieve the Residual Risk Rating		<b>Energy security (energy efficiency &amp; decarbonisation of supply)</b> <ul style="list-style-type: none"><li>Climate Emergency Declared by Council</li><li>Council approved "One Planet Cardiff" Strategy on October 15th 2020 which addresses the Climate emergency and sets a pathway to a carbon neutral Council by 2030 and consultation launched.</li><li>Energy efficiency measures being installed through Re-Fit and Salix projects</li><li>Phase 2 of Re-Fit project finalised and going through due diligence with Salix funding organisations</li><li>NPS Consortium approach to purchasing energy to secure best prices - continuing by Economic Development</li><li>Lamby Way solar farm complete.</li><li>District Heat Network proposals - Cabinet approved Final Busines case in December 2020. 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We are out to tender on the private wire connection to Welsh Water and this should be complete before the summerof next year.Initial plans to construct this were delayed in contractula negotiations and by ecology contraints and this has prompted the need for a new procurement</li><li>progressing the Heat Network Project with the intention of contract close by March 21 - and commencement of construction Autumn 21</li><li>Work with WG Energy Services advisors to assess future renewable generation and carbon reduction schemes - ongoing as part of the One Planet Cardiff Project.</li><li>Seek ways to accelerate housing energy efficiency and retrofit schemes across the city and possibly the region as part of the One Planet cardiff project.</li><li>Electric Vehicle strategy - first tranche of residential chargers delivered and second tranch now finalised. Proposals to convert council fleet to electric being finalised but now subject to funding issue due to Covid-19 (was to be CPE funded) - funding bids to be submitted and discussion with Central Finance on options</li><li>Work with other LA's and partners in both wales and the wider city region to take effective action to reduce carbon outputs and capture carbon through "nature by design" options. This will support Cardiff Council's One Planet Cardiff strategy.</li></ul></td></tr></table>		What we plan to do to meet target		Energy security (energy efficiency & decarbonisation of supply) <ul style="list-style-type: none"><li>Consult on council approved draft "One Planet Cardiff" Strategy, setting specific decarbonisation and renewable energy generation targets, by Spring 2021 - including Carbon Neutral Public Sector by 2030</li><li>Lamby Way solar farm is complete and connected to the grid. 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Climate Change - Extreme Weather									
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<div>Type(s) of Impact</div> <div><div><div>• Service Delivery</div><div>• Reputational</div><div>• Legal</div><div>• Financial</div></div><div><div>• Health &amp; Safety</div><div>• Partnership</div><div>• Community &amp; Environment</div><div>• Stakeholder</div></div></div>		<div>Linked Risks</div> <div><div>Coastal Erosion</div><div>Air Quality</div><div>Business Continuity</div></div>		<div>Linked Documents</div> <div><div><a href="https://www.evaccardiff.co.uk/">https://www.evaccardiff.co.uk/</a></div><div><a href="https://www.cdp.net/en">https://www.cdp.net/en</a></div></div>		<div>Key Indicators / Measures used to monitor the risk</div>			

## Climate Change - Flooding

<b>Description</b>		<b>Inherent Risk</b>		<b>Residual (Current) Risk</b>		<b>Target Risk</b>		<b>Risk Owner(s)</b>	
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.								<b>Andrew Gregory</b> (Gary Brown/ David Brain James Clemence/ Stuart Williams)	<b>Councillor Michael Michael</b> Clean Streets, Recycling and Environment
<b>Potential Impact(s)</b>		<b>Last Reviewed</b> Q3 2020/21 <b>Last Revision</b> Q3 2020/21		<b>Movement from prev Qtr</b> ↔		<b>Target Reduction Date</b> 2022/23		<b>What we plan to do to meet target</b>	
<b>Flood &amp; Storm</b> <ul style="list-style-type: none"><li>• Loss of life and risk to life</li><li>• Direct damage to property, utilities and critical infrastructure</li><li>• Blight of Land and Development</li><li>• Disruption to service delivery</li><li>• Contamination and disease from flood and sewer water and flood on contaminated land</li><li>• Increase in health issues</li><li>• Break up of community and social cohesion</li><li>• Increase cost of insurance</li><li>• Migration of ecosystems</li></ul>		<b>What we've done/are currently doing to achieve the Residual Risk Rating</b> <b>The Council has declared a Climate Emergency</b>  <b>Flood &amp; Storm</b> <ul style="list-style-type: none"><li>• Working with partners within the Local Resilience Forum (LRF) to support the management of this risk including supporting the emergency response to this risk</li><li>• Supporting the enhancement of the publics own resilience through advice and guidance available form the EVAC Cardiff Website</li><li>• Implementation of Schedule 3 of the Flood and Water Management Act 2010 requires all new development over 100m2 to implement sustainable drainage, resilient to flooding</li><li>• Development of Flood Risk Management Strategy</li><li>• Currently introducing Flood Incident Management software to provide better understanding of spatial distribution of flood events filtered by source, and determine priority areas for future flood alleviation schemes to be implemented (subject to WG funding bid opportunities). Funding bids have been submitted and grant funding now awarded for 20/21 for Business Justification Cases for a number of these schemes.</li><li>• Applications to WG have been successful for further grant funding in year to support studies and implementation of localised flood preventions schemes.</li></ul>		<b>What we plan to do to meet target</b> <b>Flood &amp; Storm</b>  The following actions are ongoing: <ul style="list-style-type: none"><li>• Develop new iteration of the Local Flood Management Strategy</li><li>• Develop new iteration of the Flood Risk Management Plan</li><li>• Develop enhanced engagement programme with partners supporting the public in enhancing their own resilience</li><li>• Improve communication on what to do in a flood and raise awareness of risk</li><li>• Improve the service provided by the SuDS Approval Body (SAB)</li><li>• Deliver guidance to increase standards and ease of development</li><li>• Asset management - Delivery of Flood Management and Coastal Improvement Schemes and rationalise/ prioritise gully maintenance schedule based on the outputs of the Flood Incident Management software. Ongoing CCTV and asset capture work taking place in drainage networks to review high risk areas.</li><li>• Apply for further grant funding for 2021/22 to support studies and implementation of localised flood preventions schemes.</li></ul>					
<b>Type(s) of Impact</b>		<b>Linked Risks</b>		<b>Linked Documents</b>		<b>Key Indicators / Measures used to monitor the risk</b>			
<ul style="list-style-type: none"><li>• Service Delivery</li><li>• Reputational</li><li>• Legal</li><li>• Financial</li></ul>		<ul style="list-style-type: none"><li>• Health &amp; Safety</li><li>• Partnership</li><li>• Community &amp; Environment</li><li>• Stakeholder</li></ul>		Coastal Erosion Air Quality Business Continuity		<a href="https://www.evaccardiff.co.uk/">https://www.evaccardiff.co.uk/</a> <a href="https://www.cdp.net/en">https://www.cdp.net/en</a>		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	

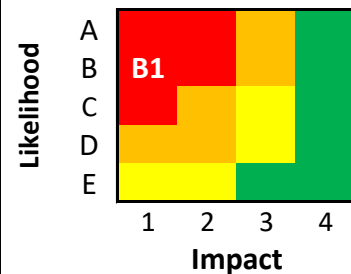


## Coastal Erosion

### Description

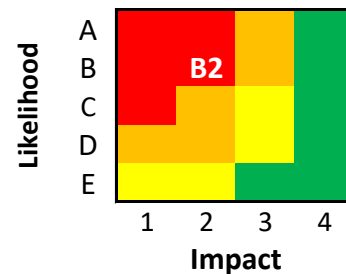
Breach of current defences resulting in widespread flooding (current defences are ad hoc and are in a very poor condition)

### Inherent Risk



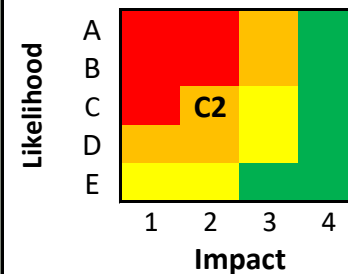
Last Reviewed Q3 2020/21  
Last Revision Q3 2020/21

### Residual (Current) Risk



Movement from prev Qtr ↔

### Target Risk



Target Reduction Date 2022/23

### Risk Owner(s)

Andrew Gregory  
(Gary Brown/ David Brain)

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 was programmed for completion in May 2020, however this has been impacted by Covid-19.
- Ground Investigation commenced February 2020. Due to Covid 19 restrictions, ground investigations were postponed during March 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.

Detailed design and full business case ongoing

Keysteps:

- Completion date for detailed design and Full Business Case (FBC) anticipated late 2021 (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. Detailed design has commenced following completion of the GI.
- Tender scheme promptly following support from Welsh Government. Contract will be developed as part of detailed design process to support tender process.
- Extensions for timescales due to Covid 19 delays, and complexities of the ground conditions and therefore design, have been agreed with WG - funding for FBC has been increased to cover additional costs (plus WG grant % increase) and extended to 16 March 2022.
- Anticipated construction starting 2022, subject to the above, with completion 2024.

### 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

- Health & Safety
- Health
- Reputational
- Financial
- Strategic
- Service Delivery

### Linked Risks

Climate Change risks

### 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

Brexit									
<div><div>Description</div><div><p>The risk that Brexit (and any subsequent decisions) will create severe disruption to the City and hinder its ability to continue to deliver effective services and maintain community cohesion.</p><p>From 11pm on 31 January 2020, the UK legally ceased to be a member of the EU, with the Withdrawal Agreement entered into force and a transition period commenced up until the end of December 2020. During this period, the UK Government aimed to negotiate a free trade deal with the EU. The negotiations formally ended on 24 December 2020 with an agreement, the UK-EU Trade and Cooperation Agreement (TCA), approved in principle by the UK Prime Minister and the President of the European Commission.</p><p>The EU-UK TCA sets out preferential arrangements in areas such as trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in Union programmes. It is underpinned by provisions ensuring a level playing field and respect for fundamental rights.</p><p>Despite a deal being finalised, the UK’s departure from the EU will bring change for organisations of every size and sector. No major member state has ever left the EU before; there is little precedent for the situation in which we find ourselves and therefore it is important that we keep in place our relevant plans and mitigations for the foreseeable future.</p></div></div>		<div><div>Inherent Risk</div><div><div><div><div>Likelihood</div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>A1</div></div></div></div> <div><div>Last Reviewed</div><div>Q3 2020/21</div></div> <div><div>Last Revision</div><div>Q3 2020/21</div></div>		<div><div>Residual (Current) Risk</div><div><div><div><div>Likelihood</div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>B2</div></div></div></div> <div><div>Movement from prev Qtr</div><div>↔</div></div>		<div><div>Target Risk</div><div><div><div><div>Likelihood</div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>B3</div></div></div></div> <div><div>Target Reduction Date</div><div>Dependent on external factors</div></div>		<div><div>Risk Owner(s)</div><div><div><div>Paul Orders</div><div>(Senior Management Team)</div></div><div><div>Councillor Huw Thomas</div><div>Leader</div><div>(Brexit)</div></div></div></div>	
		<div><div>What we've done/are currently doing to achieve the Residual Risk Rating</div><div><p>On 23 July 2020, the Council’s Resilience Unit coordinated a Council-wide exercise to update the Council’s Brexit Issues Register. Each Directorate reviewed its wider Brexit preparedness, noting the impact of COVID-19, along with refreshed mitigative actions. A particular focus was given to supply chains/ ensuring continuity of supply.</p><p>Additionally, on 18 November 2020, the Council’s Resilience Unit held a council-wide briefing, to alert all Silver Officers to the challenges of the upcoming winter, and encourage a further review of Business Continuity Plans. In order to stay ahead of emerging issues such as Brexit, each Directorate’s Duty Silver Officer is currently required to complete a report each day, by 6pm, to note any issues and ensure an appropriate/ timely response. This reporting began on 23 November 2020 and will continue for the foreseeable future.</p><p>As the details of the trade deal are analysed, the Brexit Issues Register will be amended to reflect its implications; the issues will continue to be monitored and mitigations updated.</p></div></div>		<div><div>What we plan to do to meet target</div><div><p>Moving forward, work will be undertaken to understand the implications of the UK-EU Trade and Cooperation Agreement. Brexit issues will continue to be monitored and mitigations updated, ensuring that the Council is alert and ready to respond to new arrangements/ any potential disruption.</p><p>To report real-time Brexit disruption requiring an immediate response, Duty Silver Officers have been asked to use the command and control system already in place, as outlined in the Council’s Major Incident Plan. The Council will continue to monitor the major developments and focus on areas where local action may be required:</p><p><b>Citizens and Community Cohesion</b></p><p>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.</p><p><b>Support for Local Businesses</b></p><p>The UK’s departure from the EU will bring change for organisations of every size and sector, regardless of a ‘deal’ being agreed. Businesses need to take action if they: import or export; transfer personal data; provide services or operate in the EU; are involved with intellectual property or copyright; and/or employ EU citizen staff. In order to support businesses, the Council is implementing a three tiered communications approach (national, regional and local), alongside continuing to push a signposting service, including to UK Government/ Welsh Government support and guidance.</p></div></div>					
<div><div>Potential Impact(s)</div><div><div>Watching Brief Required:</div><div><div>Impact on Council supply chains</div><div>Citizens and Community Cohesion</div><div>- Increases of tension/ hate crime</div><div>Emergency Management</div><div><div>- Responding to civil contingencies/ major disruption (potential for food shortages, disruption to water supply (infrastructure) and fuel shortages)</div><div>- Shortage/ loss of key supplies</div></div><div>• Preparedness of local businesses for changes to trade (of both goods and services) with the EU.</div></div></div><div><div>Short-term Issues Identified:</div><div><div>• Citizens and Community Cohesion</div><div>- Implementing the EU Settlement Scheme (the deadline to apply to the scheme is 30 June 2021)</div></div></div><div><div>Medium to Long-term Issues Identified:</div><div><div>• Labour Market and Council Staff</div><div>• Impact on Public Finances – Central Government and Welsh Government</div><div>Analysis suggests that as a result of Brexit, the economy is Wales likely to be up to around 10% smaller than otherwise over the long-term.</div><div>• The future of regional funding (the future UK Shared Prosperity Fund)</div><div>• Investment, Trade and Industrial Strategies (including regulations)</div></div></div></div>		<div><div>Linked Risks</div><div>Business Continuity</div></div>		<div><div>Key Indicators / Measures used to monitor the risk</div><div><div><div>• High level economic indicators - GDP, GVA</div><div>• Unemployment levels, particularly in key services/sectors</div><div>• Hate Crime statistics</div><div>• Numbers enrolled in settlement scheme</div></div></div></div>					
<div><div>Type(s) of Impact</div><div><div><div>• Service Delivery</div><div>• Reputational</div><div>• Legal</div><div>• Financial</div></div><div><div>• Health &amp; Safety</div><div>• Partnership</div><div>• Community &amp; Environment</div><div>• Stakeholder</div></div></div></div>									

Performance Management						
<div><div>Description</div><div><p>The risk that the Council's Performance Management arrangements do not achieve their stated purpose.</p><p>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.</p><p>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.</p><p>Changes to the Statutory Performance Requirements have been set out in Local Government Bill and work is being undertaken to ensure the requiremnets are embedded in the Council's performance regime.</p></div></div>	<div><div>Inherent Risk</div><div><div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div><div><div>B2</div></div></div></div><div><div>Last Reviewed</div><div>Q3 2020/21</div></div><div><div>Last Revision</div><div>Q3 2020/21</div></div></div>	<div><div>Residual (Current) Risk</div><div><div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div><div><div>D2</div></div></div></div><div><div>Movement from prev Qtr</div><div>↔</div></div></div>	<div><div>Target Risk</div><div><div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div><div><div>D2</div></div></div></div><div><div>Target Reduction Date</div><div>N/A</div></div></div>	<div><div>Risk Owner(s)</div><div><div><div>Sarah McGill</div><div>(Gareth Newell)</div></div><div><div>Councillor Chris Weaver</div><div>Finance, Modernisation and Performance</div></div></div></div>		
	<div><div>What we've done/are currently doing to achieve the Residual Risk Rating</div><div><p>The annual Wellbeing Report for 2019/20 has been published and this includes a comprehensive account of the Council's response to the Covid-19 pandemic. A half year strategic assessemnt of performance has also been undertaken as part of a strengthened approach to performance management. This approach included a series of assurance sessions between directorates and the chief executive, a strategic evaluation of performance with Cabinet and a half year assessment of performance with the Performance Panel.</p></div></div>			<div><div>What we plan to do to meet target</div><div><p>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.</p></div></div>		
	<div><div>Potential Impact(s)</div><div><ul style="list-style-type: none"><li>The strategic and corporate level changes do not have the intended impact because they are not fully embedded in operational practices</li><li>Council unable to accelerate performance improvement as planned/desired</li></ul></div></div>					
	<div><div>Type(s) of Impact</div><div><ul style="list-style-type: none"><li>Service Delivery</li><li>Reputational</li><li>Stakeholder</li></ul></div></div>			<div><div>Key Indicators / Measures used to monitor the risk</div><div><p>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.</p></div></div>		



## Budget Monitoring (Control)

<div>Description</div> <div>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.</div>		<div>Inherent Risk</div> <div><div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div><div><div>A1</div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div></div><div><div>Impact</div><div>1</div><div>2</div><div>3</div><div>4</div></div></div> <div><div>Last Reviewed</div><div>Q3 2020/21</div></div> <div><div>Last Revision</div><div>Q3 2020/21</div></div>		<div>Residual (Current) Risk</div> <div><div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div><div><div>C2</div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div></div><div><div>Impact</div><div>1</div><div>2</div><div>3</div><div>4</div></div></div> <div><div>Movement from prev Qtr</div><div>↔</div></div>		<div>Target Risk</div> <div><div><div><div>Likelihood</div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div><div><div>D2</div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div></div><div><div>Impact</div><div>1</div><div>2</div><div>3</div><div>4</div></div></div> <div><div>Target Reduction Date</div><div>Q4 2021/22</div></div>		<div>Risk Owner(s)</div> <div><div>Chris Lee (Ian Allwood)</div><div>Councillor Chris Weaver Finance, Modernisation and Performance</div></div>	
<div>Potential Impact(s)</div> <div><div><div><div><div>• Inability to balance spend against budget, for the financial year</div><div>• Requirement to implement emergency measures to reduce spending during the financial year thus adversely impacting on ability to meet corporate plan objectives</div><div>• Requirement to drawdown from General Reserves at the year end</div></div></div></div></div>		<div>What we've done/are currently doing to achieve the Residual Risk Rating</div> <div><div><div><div>• Clear financial procedure rules setting out roles and responsibilities for budget management are in place.</div><div>• The impact of the pandemic has led to significant financial support from Welsh Government in the form of Local Authority Hardship Claims (circa £41m for first nine months Additional Cost, Circa £22m for lost income over first six months).</div><div>• Claim Process on a quarterly basis and is subject to review and potential audit post event.</div><div>• Claims for loss of income are adjusted for those costs that can be avoided. Range of forecasts amidst the uncertainty of the timescale for recovery in those activities for the rest of the financial year and beyond.</div><div>• The 2020/21 Directorate Month 9 report reported a directorate overspend of £2.861 million with an overall deficit position of £0.384 million.</div><div>• The Corporate Director of Resources, Chief Executive and Cabinet Members have held challenge meetings throughout the year 2020/21.</div><div>• Full financial monitoring process is in place for month 3 to 11 of the financial year including achievement of budget savings.</div></div></div></div>						<div>What we plan to do to meet target</div> <div><div><div>2021/22 and the Medium Term</div><div><div>• Focus on determining end of year estimates and ensuring that all costs, claims and income are accounted for in correct year.</div></div></div></div>	
<div>Type(s) of Impact</div> <div><div><div><div>• Service Delivery</div><div>• Reputational</div><div>• Legal</div><div>• Financial</div></div><div><div>• Stakeholder</div></div></div></div>		<div>Linked Risks</div> <div><div>Financial Resilience</div></div>		<div>Key Indicators / Measures used to monitor the risk</div> <div><div>Monthly Directorate Monitoring reports detailing likely outturn position and performance against savings accepted</div><div><div>• Review of use of earmarked reserves and balances - Half Yearly</div><div>• Amount of Hardship Support claimed successfully</div></div></div>					

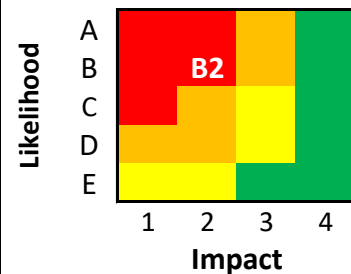
Financial Resilience												
<div>Description</div> <ul style="list-style-type: none"><li>Failure to deliver a balanced annual budget and a fully informed Medium Term Financial Plan.</li><li>Lack of appropriate mechanisms to identify and manage unexpected financial liabilities.</li><li>The current outlook is that there is a Budget Gap of £85 million for the period 2022/24 to 2025/26.</li></ul>			<div>Inherent Risk</div> <div><div><div>Likelihood</div><div><div><div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div><div><div>A1</div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div></div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>Impact</div></div></div><div><div>Last Reviewed</div><div>Q3 2020/21</div></div><div><div>Last Revision</div><div>Q3 2020/21</div></div></div></div></div></div>		<div>Residual (Current) Risk</div> <div><div><div>Likelihood</div><div><div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div><div><div>B2</div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div></div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>Impact</div></div></div><div><div>Movement from</div><div>prev Qtr</div></div><div><div></div><div>↔</div></div></div></div></div>		<div>Target Risk</div> <div><div><div>Likelihood</div><div><div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div><div><div>C2</div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div></div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>Impact</div></div></div><div><div>Target</div><div>Reduction Date</div></div><div><div></div><div>Q3 2021/22</div></div></div></div></div>		<div>Risk Owner(s)</div> <div><div><div>Chris Lee</div><div>(Ian Allwood)</div></div><div><div>Councillor</div><div>Chris Weaver</div><div>Finance, Modernisation and Performance</div></div></div>			
<div>Potential Impact(s)</div> <ul style="list-style-type: none"><li>Failing to meet statutory obligations and potential for service delivery to be adversely affected.</li><li>Reaching the point where a s114 notice is required to be issued by the S151 Officer.</li><li>Reputational damage to the Council.</li><li>Needing to draw down significant unplanned amounts from reserves.</li><li>Levels of borrowing become unsustainable.</li><li>Inability to progress policy initiatives.</li><li>Inability to manage adverse external factors - e.g. adverse settlements, WG rent policy etc.</li><li>Financial constraints and budget proposals result in unintended consequences such as increased instances of non-compliance and financial impropriety.</li><li>Requirement for significant savings at short notice that are therefore not identified in a coherent, strategic way and which impact on service delivery.</li><li>Level of borrowing limits the ability of future generations to take forward new priorities.</li></ul>			<div>What we've done/are currently doing to achieve the Residual Risk Rating</div> <div>2020/21 and Medium Term<ul style="list-style-type: none"><li>Undertaking regular monitoring to understand the in-year position and help identify any emerging risks to resilience / financial pressures that need to be factored into the MTFP.</li><li>Maintaining and regularly updating an MTFP identifying financial pressures and risks, setting savings targets and modelling potential council tax increases / rents in order to address them.</li><li>Engaging and working in partnership with directorates during the budget process to ensure that budget proposals and services are deliverable within timescales and quantum (revenue and capital.)</li><li>Challenging directorates to provide robust business cases for savings proposals and to implement efficiency savings in advance of the year in which they are budgeted wherever possible , in order to secure a full year saving.</li><li>Creation of a Treasury Management Reserve in order to assist in managing capital / treasury risk.</li><li>Creation of a base budgeted financial resilience mechanism to help the Council manage worse than anticipated financial settlements without recourse to significant additional savings at short notice.</li><li>Preparation of a Budget Timetable and detailed timescales for engagement with SMT / Cabinet re: revenue and capital proposals.</li><li>Preparation of Prudential Indicators and a local affordability indicator to help assess the affordability, prudence and sustainability of the capital programme and associated levels of borrowing</li><li>Close alignment with Corporate Plan objectives, to ensure resources are allocated appropriately, and that longer term financial savings are developed in enough time to be realised.</li><li>Regular review of contingent assets and liabilities, and provisions to ensure the Council has adequate cover for emerging liabilities.</li><li>Robust monitoring of the impact of C19 to ensure all eligible items have been claimed in- year.</li><li>An approved TM Strategy to mitigate risk - incorporates borrowing at fixed rates to reduce exposure to future interest rate fluctuations</li><li>A Major Projects accountancy function supporting the identification of key risks / financial issues in relation to large schemes.</li><li>Maintaining approach to robust financial control mechanisms and strengthening complex / areas of risk through training e.g. VAT.</li></ul></div>							<div>What we plan to do to meet target</div> <div>2021/22 and the Medium Term<ul style="list-style-type: none"><li>Continue work on establishing the financial implications to services both in the short, medium and long term as a result of the impact of the Covid 19 crisis.</li><li>Continue to refresh assumptions at key stages as relevant information becomes available.</li><li>Consider and take any opportunities to increase earmarked reserves.</li><li>Review corporate approach to business case development, approval and post project monitoring to ensure expenditure assumed to pay for itself can do so over its expected life.</li><li>Strengthening links between financial planning and asset management strategies which consider the current condition of assets and future requirements.</li><li>Identify clear, detailed plans and timescale for delivery of capital receipts targets.</li><li>Enhance focus on a multi-year position (recognising limitations where settlement information is for one year only.)</li><li>Review approach to governance and financial monitoring of special purpose vehicles to ensure liabilities and any financial guarantees are understood.</li><li>Implementation of any identified improvements required arising from our self assessment of the CIPFA FM code and Balance Sheet Review.</li><li>Confirm approach and reporting of commercial investments as part of standard monitoring processes and reports.</li><li>Continue to emphasise importance of corporate ownership and management of all the issues identified in this document.</li></ul></div>		
<div>Type(s) of Impact</div> <div><div><div>Service Delivery</div><div>Reputational</div><div>Legal</div><div>Financial</div></div><div><div>Stakeholder</div></div></div>			<div>Linked Risks</div> <div>Budget Monitoring (Control)</div>		<div>Key Indicators / Measures used to monitor the risk</div> <ul style="list-style-type: none"><li>Financial Snapshot which highlights historical &amp; current performance with regards budget monitoring, achievability of savings, levels of borrowing, and financial ratios.</li><li>Outturn vs Budget: Main budget lines under or overspend as a % of budgeted expenditure.</li><li>Delivery of planned savings: Total (£) unachieved planned savings as a % of total (£) planned savings.</li><li>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.</li><li>Council tax: 1) Council tax and other income as % of NRB, 2) Council tax collection rates (in-year actual).</li><li>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.</li><li>Performance against Budget Timetable.</li><li>Frequency / timeliness of engagement with SMT/Cabinet.</li><li>Proportion of Savings Proposals in Realised or at Delivering stage.</li><li>Section 151 Officer Statement in respect of capital strategy, adequacy of reserves and other statutory commentary.</li></ul>							

## Fraud, Bribery & Corruption

### Description

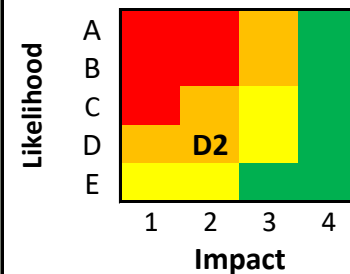
Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.

### Inherent Risk



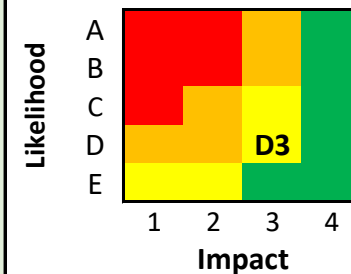
Last Reviewed Q3 2020/21  
Last Revision Q3 2020/21

### Residual (Current) Risk



Movement from prev Qtr ↔

### Target Risk



Target Reduction Date 2022/23

### Risk Owner(s)

Chris Lee  
(Ian Allwood)

Councillor  
Chris Weaver  
Finance, Modernisation and  
Performance

### 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, Anti-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, Audit Committee, Portfolio Cabinet Member 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.
- Briefings developed and disseminated 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 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 2019, with associated Fraud Awareness eLearning was rolled out to all pc users commencing.
- 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 commenced in November 2019, undertaken annually thereafter.
- 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.
- SMT participation in fraud tracker and assessment commenced January 2020, with commitment to full exercise at least annually.

### What we plan to do to meet target

- Authorisation and Protocol Requirements for Review of Work Activities policy and process for undertaking online investigations being reviewed.
- Policy updates underway in respect of money laundering, to include a provision of targeted training.
- Monitoring and reporting completion rates of mandatory fraud awareness training.

### 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

Tudalen 255

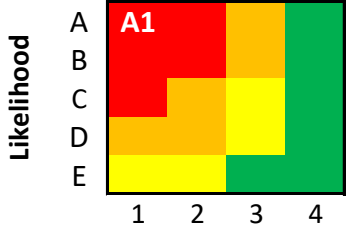
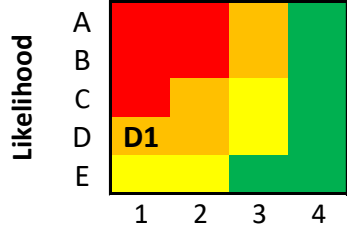
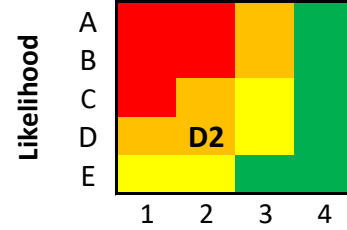
### Type(s) of Impact

- Service Delivery
- Reputational
- Legal
- Financial
- Stakeholder

### Linked Risks

### 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

Information Governance									
<b>Description</b>		<b>Inherent Risk</b>		<b>Residual (Current) Risk</b>		<b>Target Risk</b>		<b>Risk Owner(s)</b>	
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.								<div>Chris Lee (Dean Thomas)</div> <div>Councillor Chris Weaver Finance, Modernisation and Performance</div>	
		Last Reviewed Q3 2020/21		Movement from prev Qtr ↔		Target Reduction Date Q2 2021/22			
		Last Revision Q3 2020/21							
		<b>What we've done/are currently doing to achieve the Residual Risk Rating</b>							
		<ul style="list-style-type: none"><li>• Suite of Information Governance Processes, Policies and Strategies in place and annually updated.</li><li>• Gold level assurance has been achieved through the annual Cyber Security Plus ISAME Accreditation, the next annual accreditation of this process will take place in September 2021.</li><li>• Information Governance Training Strategy in place and training provided to staff with email accounts and access to electronic personal data.</li><li>• 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. Corporate platforms and Information Governance control briefings are provided to the Information Governance &amp; Security Board</li><li>• A corporate Information Asset Register is held which details personal data assets held by each Council directorate.</li><li>• Service Level Agreements in place where Cardiff Council is the Data Controller for regional services, including Rent Smart Wales, National Adoption Service and Cardiff Capital City Deal</li><li>• Advice, guidance and support is provided to all Cardiff Schools.</li><li>• Corporate Retention schedule in place and updated annually in line with any legislative changes.</li><li>• Information Governance Maturity Model established to monitor risks against areas of information governance to feed into corporate risk status.</li><li>• The Digitalisation of Paper Records Strategy and associated business process changes is in place with alternative delivery contracts in place to support increased paper storage demands.</li><li>• Data Protection e-learning training released with an extended period for completion during 2020/21. Compliance is monitored and reported to Directors.</li><li>• An Information Governance Report is provided to Information Governance &amp; Security Board on a quarterly basis. This sets out performance information in respect of data protection and information request compliance for each directorate.</li><li>• National and Regional Information Governance Agreements in place in respect of covid-19 data processes, including Cardiff &amp; Vale TTP Information Governance agreements and National Joint Data Controller Agreements</li><li>• A data processor agreement is being developed with TCS to appropriately manage risks of data processing of employee data. This work is being supported through Legal Services with Information Governance providing guidance to ensure controls are put in place</li><li>• An Information Governance Champions Group has been established. The Group of IG Champions will be responsible for monitoring and reporting IG compliance into the Information Governance &amp; Security Board</li></ul>							
<b>Potential Impact(s)</b>		<b>What we plan to do to meet target</b>							
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 • A Decision Notice could be issued as a result of non compliance with an FOI/EIR request which would require information disclosure • 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. • Compensation unlimited liability claims for damages as a result of a data breach from individuals.		<ul style="list-style-type: none"><li>• A review will be conducted of all directorates Information Asset Registers to ensure that these are accurate and up to date. This work will enable the Council to work towards completing a Record of Processing Activity</li><li>• Monitoring the position in relation to International Transfers as a result of a potential no deal Brexit continues. Data flows have been established to enable any additional measures which may be required in line with any adequacy decision</li><li>• Staff awareness of Information Governance to be provided to energise the importance of staff and managers' responsibilities for ensuring the services comply with corporate policies</li><li>• Information Governance continue to support Legal Services and HR with ensuring that an appropriate agreement is put in place to manage data protection risks associated with employee information data transfers and handling</li><li>• A work plan will be agreed for Informaton Governance Champions to plan out activities over 2021-22 which will require particular focus, this will include the review of directorates</li><li>• A corporate review of the Council's Publication Scheme committments will be provided to Information Governance &amp; Security Board to determine next steps for continued assurance against the Council's publication and open data requirements</li><li>• Processes will be implemented to enable Information Governance &amp; Security Board to have oversight of DPIA's completed against Procurement Contract Awards where personal data is processed</li><li>• An annual review of all Policies and Strategies will take place in March 2021.</li></ul>							
<b>Type(s) of Impact</b>		<b>Key Indicators / Measures used to monitor the risk</b>							
• Service Delivery • Reputational • Legal • Financial		<ul style="list-style-type: none"><li>• Suite of IG Indicators</li><li>• No. of ICO correspondence</li><li>• No. of FOI / SAR Requests</li><li>• No. of individuals trained on GDPR modules</li></ul>							



Cyber Security

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:
<b>Monitoring</b> - 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
<b>Corporate Cloud Security</b> - 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: <ul style="list-style-type: none"><li>financial fraud;</li><li>information theft or misuse,</li><li>activist causes to render computer systems intolerable and to disrupt critical infrastructure and vital services.</li></ul> The impact of a cyber-attack / incident has the potential to involve the realisation of the risks associated with: <ul style="list-style-type: none"><li>An information governance breach (i.e. Stop Now Order, Information Notice, Enforcement Notice, Financial Penalty etc.)</li><li>A business continuity incident – with a potential for major loss of service and legal, health and safety and financial implications.</li><li>A financial / fraud related attack.</li></ul> 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
<div><div><ul style="list-style-type: none"><li>Service Delivery</li><li>Reputational</li><li>Legal</li><li>Financial</li></ul></div><div><ul style="list-style-type: none"><li>Health &amp; Safety</li><li>Stakeholder</li></ul></div></div>

Inherent Risk
<div><div><div>Likelihood</div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>A1</div></div> <div><div>Last Reviewed</div><div>Q3 2020/21</div></div> <div><div>Last Revision</div><div>Q4 2019/20</div></div>

Residual (Current) Risk
<div><div><div>Likelihood</div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>C1</div></div> <div><div>Movement from prev Qtr</div><div>↔</div></div>

Target Risk
<div><div><div>Likelihood</div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>D1</div></div> <div><div>Target Reduction Date</div><div>2022/23</div></div>

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:  <b>Monitoring</b> <ul style="list-style-type: none"><li>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</li></ul> <b>Corporate Cloud Security</b> <ul style="list-style-type: none"><li>Maturing PIA &amp; CIA process used to assess risks to data and technology solutions</li><li>Independent assessment and certification of the council's IT security posture via the National Cyber Security Centre (NCSC) Cyber Essentials Plus scheme</li><li>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</li><li>Staff Cyber Security training programme rolled out to all staff to give guidance on threats and how to spot</li></ul>

What we plan to do to meet target
<ul style="list-style-type: none"><li>ICT and Information Governance (IG) Teams to continue to liaise with FM for physical security assurances and to promote an incident reporting culture.</li><li>To ensure strong ICT security, monitoring and cloud security controls:<ul style="list-style-type: none"><li>ICT lifecycle and notification targets are being monitored and managed through the 'ICT Platforms' risk actions</li><li>Collaboration between ICT and IG to develop and map current ICT system providers in phased development of an Information Asset Register</li><li>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</li><li>Governance and management requirements to be formalised for periodic and systematic review of all ICT systems.</li></ul></li><li>SIRO to review / consider Cloud Infrastructure to ensure:<ul style="list-style-type: none"><li>Assurance of effective governance and management</li><li>Resource, risk appetite and outcomes required</li><li>Education of business systems owners in risk and management of cloud based services.</li></ul></li></ul>

Linked Risks
Information Governance

Key Indicators / Measures used to monitor the risk
<ul style="list-style-type: none"><li>Threat intelligence from National Cyber Security Centre (NCSC), including national posture and guidance via the National Cyber Security Strategy/Programme</li><li>Threats and risks highlighted by NCSC Cyber Security Information Sharing Partnership (CiSP), Cymru WARP (Warning, Advice and Reporting Point) and Welsh Government/WLGA</li><li>General UK posture and issues raised in national and local media</li><li>Number of compromises - breaches are monitored, investigated and reported back via Information Security Board and where applicable the ICO</li><li>Monthly reporting of number of virus attacks via email blocked</li></ul>

ICT Platforms Unsuitable / Outdated

**Description**

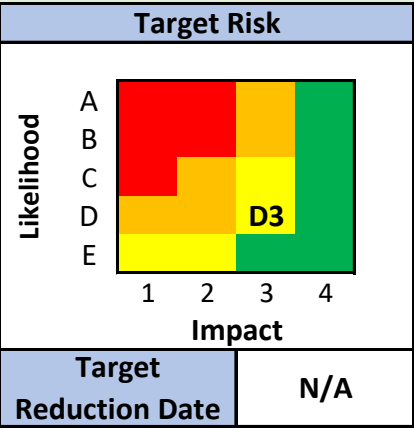
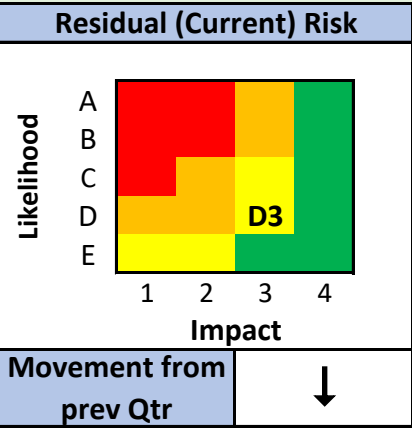
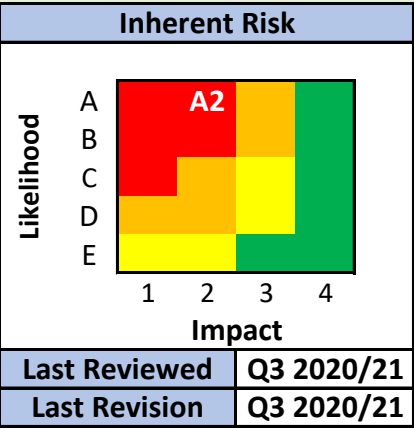
The ICT platforms (desktop, software, network, servers, and telephones) will not be able to support the technologies required by the corporate change programme and deliver effective service to the council, or will not provide a reliable service due to age and condition of equipment and systems.

**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 (poor user experience) from frustrations with inability to deliver services.
- Potential for income losses from revenue collection impacts.
- Unable to corporately meet delivery deadlines on both business as usual and transformation projects.
- Cyber security breach.

**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.

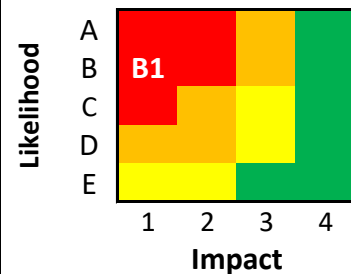
## Business Continuity

### Description

Large scale incident/loss affecting the delivery of services.

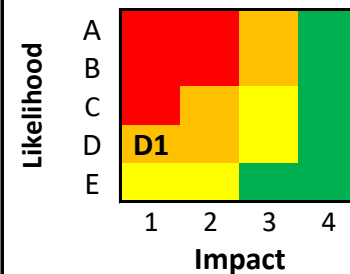
The potential risk is that our most time sensitive activities are not sufficiently resilient and fail, following an incident which impacts on their delivery and that our incident management structure, used in response to internal incidents and external emergencies, also fails in response to an incident.

### Inherent Risk



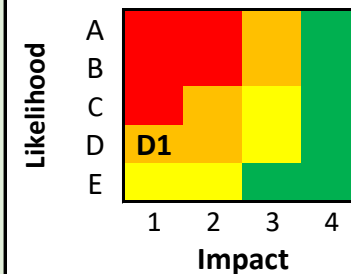
Last Reviewed	Q3 2020/21
Last Revision	Q1 2020/21

### 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)

Chris Lee

Councillor Huw Thomas  
Leader

### 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.
- 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.
- Each Directorate was tasked with reviewing and updating their key business continuity plans in preparation for the emerging COVID19 threat. Each Director/Corporate Director was 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.

### 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"> <li>• Service Delivery</li> <li>• Reputational</li> <li>• Legal</li> <li>• Financial</li> </ul> | <ul style="list-style-type: none"> <li>• Health &amp; Safety</li> <li>• Stakeholder</li> </ul> |
|--|--|

### Linked Risks

Brexit Risk

### Key Indicators / Measures used to monitor the risk

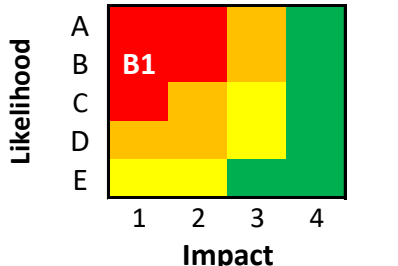
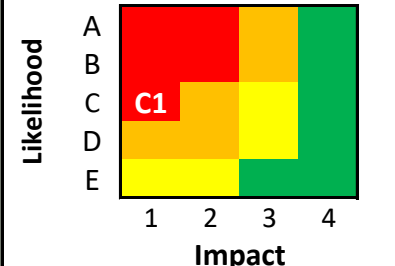
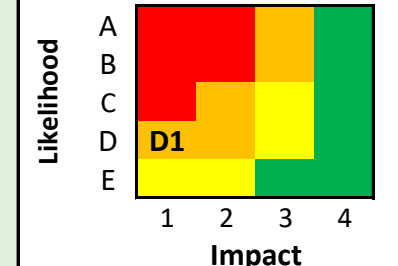
The Red activity BC plan status is reviewed on a quarterly basis via a report to SMT after the CRR submission. Additionally the risk is managed as part of the Corporate Risk Management process via the CRR returns and the BC risk is also audited by Internal Audit . The last Internal Audit of the Business Continuity Risk was in in 2018.

Welfare Reform

Description		Inherent Risk		Residual (Current) Risk		Target Risk		Risk Owner(s)	
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 and size restrictions for social tenants. 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.		<div><div>Likelihood</div><div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>A2</div></div>		<div><div>Likelihood</div><div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>B2</div></div>		<div><div>Likelihood</div><div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div><div><div>1</div><div>2</div><div>3</div><div>4</div></div></div><div>B2</div></div>		<div><div>Sarah McGill</div><div>(Jane Thomas)</div></div> <div><div>Councillor Lynda Thorne</div><div>Housing &amp; Communities</div></div>	
		<div><div>Last Reviewed</div><div>Q3 2020/21</div></div> <div><div>Last Revision</div><div>Q3 2020/21</div></div>		<div><div>Movement from</div><div>prev Qtr</div></div> <div><div>↔</div></div>		<div><div>Target</div><div>Reduction Date</div></div> <div><div>N/A</div></div>			
Potential Impact(s)		What we've done/are currently doing to achieve the Residual Risk Rating						What we plan to do to meet target	
<div><div>• Benefit claimants are priced out of the private rented sector market</div><div>• Private landlords stop renting to benefit claimants</div><div>• Private landlords leaving the rental housing market</div><div>• Social housing rents become unaffordable to some claimants, in particular those with large families</div><div>• Increased homelessness and demand for temporary accommodation – increased numbers seeking help with homelessness due to loss of private sector accommodation has already been seen.</div><div>• Increased rough sleeping</div><div>• Increased rent arrears, increased evictions - The impact on Council tenant rent arrears has already been considerable and is having an on the HRA, this will continue to increase as more tenants move to Universal Credit.</div><div>• Redeployment / Severance for housing benefits staff</div><div>• Changing demands on Council stock resulting in increased voids and/or undersupply of smaller properties</div><div>• Increased council rent arrears could impact on HRA and lead to barriers to building additional affordable housing</div><div>• 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.</div><div>• Increase in poverty and child poverty, potentially an increase on demand of social services</div></div>		<div><div>• Communities staff continue to work closely with private landlords and advice agencies to mitigate wherever possible the reduction in benefit and prevent eviction. The new Landlord portal will be operational</div><div>• 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.</div><div>• 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.</div><div>• 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.</div><div>• A new rent rescue pathway has been launched to support any clients who disclose rent arrears with Hub, Money Advice and Cardiff and Vale Credit union and HOC working together to support those identified. Letters have also been sent to landlords advising them of the support the HOC can provide them if their tenants are in arrears.</div><div>• 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.</div><div>• 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 to provide this service, the sustainability of this is therefore in question.</div><div>• 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. 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.</div><div>• DHP process has been reviewed to ensure that all those who request a DHP are given budgeting, income maximisation and debt advice</div><div>• 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.</div><div>• 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.</div><div>• The Inclusive Growth Board and subgroups are coordinating multi-agency activity and developing appropriate interventions during a difficult transition period for many people affected. (Paused during Covid but Economic taskforce set up to support people affected by the economic downturn due to the pandemic.)</div><div>• Briefings continue to be provided to Members on Welfare Reform and further information is sent as appropriate.</div><div>• Digital inclusion training and Universal Credit Support has been rolled out across all the new Community Wellbeing Hubs.</div><div>• Into Work Services has been expanded to include Adult Learning and Cardiff Works, providing more pathways into work. The team can provide help and support to anyone in the city from light touch support to intensive one to one mentoring.</div><div>• Adviceline resource increased over since March 2020 so support can be provided throughout the pandemic. This has been vital to support residents during some very hard times</div><div>• New Money Advice Website launched providing local, up to date information in money related issues and help.</div></div>						<div><div>• 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.</div><div>• Work has being undertaken to cost the potential risks of Universal Credit to the HRA and this will continue to be updated as more information is known.</div><div>• Regular meetings are held with social housing providers to monitor and improve processes.</div><div>• DHP spend is being monitored carefully. Expenditure for 2020/21 will continue focusing on the most vulnerable individuals, helping people with the transition into work and mitigating the risk of homelessness.</div><div>• Services for private landlords are being further developed to help prevent them withdrawing from the market.</div><div>• 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.</div><div>• 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</div><div>• Attendance at monthly meetings to discuss clients affected by Welfare Reform in order that early support can be offered.</div><div>• 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.</div><div>• 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.</div><div>• Dedicated phone line for landlords will mean easier contact with above team.</div><div>• 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.</div><div>• 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</div><div>• 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</div><div>• Extensive publicity campaign to be launched early 2021 promoting the Advice Services to encourage people to seek sooner rather than later and to raise awareness of the service.</div></div>	
Type(s) of Impact		Linked Risks		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					

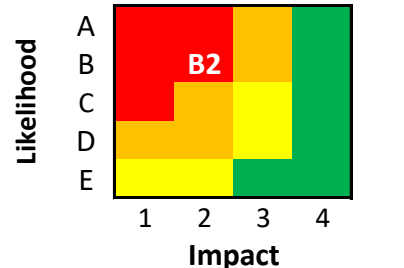
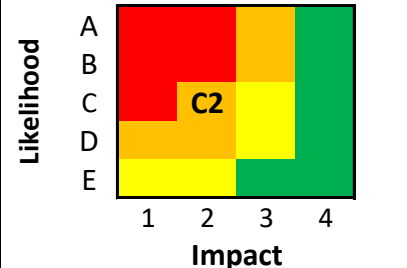
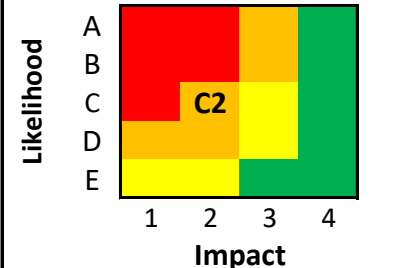


## Increase in Demand (Children's Services)

<b>Description</b>		<b>Inherent Risk</b>		<b>Residual (Current) Risk</b>		<b>Target Risk</b>		<b>Risk Owner(s)</b>	
Failure to effectively manage demand resulting in increase in number of children looked after and the service and financial pressures this presents.								Sarah McGill (Deborah Driffield)  Councillor Graham Hinchey Children & Families	
		<b>Last Reviewed</b> Q3 2020/21 <b>Last Revision</b> Q3 2020/21		<b>Movement from prev Qtr</b> ↔		<b>Target Reduction Date</b> 12 mths +			
		<b>What we've done/are currently doing to achieve the Residual Risk Rating</b>							
		<ul style="list-style-type: none"><li>• Early Help Strategy</li><li>• Cardiff Family Advice and Support Service</li><li>• Information, Advice and Assistance functions (including Dewis Cymru)</li><li>• Locality working</li><li>• Interface Protocol for Children's Services with Children's Team Around Family (TAF) and Disability Team Around the Family (DTAF)</li><li>• Flying Start</li><li>• Rapid Response Service</li><li>• Adolescent Resource Centre</li><li>• Legal tracker</li><li>• Decision making panels</li><li>• Direct Payments</li><li>• Young Carers Action Plan</li><li>• Families First Services recommissioned</li><li>• Signs of Safety implementation plan</li><li>• "Delivering Excellent Outcomes" Children's Services Strategy</li><li>• Recruitment and retention strategy in place to address children's workforce issues.</li><li>• Flexible approach to the deployment of staff utilising people's skills and capacity to solve problems / take projects forward and reduce "silo" working.</li><li>• Focussed on what ONLY social workers can do and identified what tasks can be completed by other workers – further work on skill mix is ongoing.</li><li>• Working hours flexible to meet service and personal needs.</li><li>• Referrals to Safe Families.</li><li>• Referrals to Ymbarel.</li><li>• Provision and analysis of performance information being tailored to meet arising issues (e.g. monitoring domestic violence).</li><li>• Managed Team resource secured - graduated exit plan in place.</li><li>• Care &amp; Support staff resources secured until 31st March 2021.</li><li>• Care &amp; Support Plan Reviewing Officers.</li><li>• Work to develop a Reunification Framework.</li></ul>							
		<b>What we plan to do to meet target</b>							
		(Relevant DDP 2019/20 actions noted in brackets.) <ul style="list-style-type: none"><li>• Improving Outcomes for Children Programme Board and project groups beneath it</li><li>• Children's Commissioning Strategy and Market Position Statement being developed to address placement quality and sufficiency (CP 12 - CS)</li><li>• Fostering project and residential care projects supporting delivery of the emerging needs from the Commissioning Strategy (CP 12 - CS)</li><li>• Partnership arrangements for delivery of Child and Adolescent Mental Health Service (CAMHS) to be reviewed (CP 5 - CS)</li><li>• Transformation and ICF proposals developed to enhance services at the edge of care and support proactive improvement (DP 21 - SS)</li><li>• Deliver a three year plan that combines service and financial planning for Adult and Children's Social Services (CP 24 - SS)</li><li>• Implement new senior management arrangements to ensure that we are able to meet the current and future challenges (DP 22 - SS)</li><li>• 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.</li><li>• Potential for backlog of private law cases noted.</li></ul>							
<b>Potential Impact(s)</b>									
<ul style="list-style-type: none"><li>• Family breakdown leading to children becoming looked after</li><li>• Growth in the number of children entering the looked after system and associated costs for the Authority</li><li>• Insufficient placements to meet need</li><li>• Children are less likely to achieve their potential and to be fully participating citizens</li><li>• Life chances for children are reduced</li><li>• Delays in issuing care proceedings because of existing capacity in both Children's and Legal Services</li><li>• Challenges in improving outcomes for children</li><li>• Challenges in effectively managing service and financial pressures</li><li>• Significant increase in demand for residential and foster care placements for children looked after resulting in increase in numbers living outside Cardiff</li></ul>									
<b>Type(s) of Impact</b>									
<ul style="list-style-type: none"><li>• Service Delivery</li><li>• Reputational</li><li>• Legal</li><li>• Financial</li></ul>		<ul style="list-style-type: none"><li>• Community &amp; Environment</li><li>• Stakeholder</li></ul>							
		<b>Linked Risks</b>				<b>Key Indicators / Measures used to monitor the risk</b>			
		<ul style="list-style-type: none"><li>• Workforce Planning (Social Services)</li><li>• Safeguarding</li></ul>				Children's Services: <ul style="list-style-type: none"><li>• Early Help 1 - Number of people supported through the Family Gateway</li><li>• Early Help 2 - Number of people supported by the Family Help Team</li><li>• Early Help 3 - Number of people supported by the Family Support Team</li><li>• Contacts 1 - Number of Contacts / Referrals Received</li><li>• SSWB 24 - Percentage of assessments completed for children within statutory timescales</li><li>• CS LAC 3e - Number of children looked after</li></ul>			

Safeguarding	
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<ul style="list-style-type: none"><li>Increase in number of challenges and complaints with consequences in terms of already stretched resources and impact of adverse decisions</li><li>Implementation of decisions delayed due to challenges and potentially totally disrupted</li><li>Impact on projects if reputation for sound management and implementation of projects is damaged</li><li>Major incident</li><li>Adverse press/media reaction</li><li>Involvement from Welsh Government in terms of performance standards or measures</li><li>Increased costs</li><li>Impact on capacity to deal with proactive legal work</li></ul>		<ul style="list-style-type: none"><li>Professional internal legal and financial advice provided to a high standard</li><li>Maintaining robust decision making process with legal implications on all Council, Cabinet and Committee reports and Officer Decision Reports at Director level</li><li>Appropriate use of NPS Legal Services by Solicitors Framework to increase resilience</li><li>Dedicated teams in specialist areas e.g. equalities, FOI / DPA</li><li>Sharing training/publications received</li></ul>				<ul style="list-style-type: none"><li>Further development of standard precedents with guidance for use in cases of low value/low risk/repetitive matters</li><li>Provide legal training to Directorates to develop knowledge within Directorates of specific statutory functions.</li><li>Encourage Directorates to ensure reports are discussed at preliminary stage in development to ensure all legal issues are addressed early</li></ul>											
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Mae'r dudalen hon yn wag yn fwiadol

## 2021 Audit Plan – Cardiff Council

Audit year: 2021-22

Date issued: March 2021

Document reference: 2331A2021-22

This document has been prepared as part of work performed in accordance with statutory functions.

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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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# 2021 Audit Plan

## About this document

- 1 This document sets out the work I plan to undertake during 2021 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

## My duties

- 2 I complete work each year to meet the following duties.

## Audit of financial statements

- 3 Each year I audit Cardiff Council's financial statements to make sure that public money is being properly accounted for.

## Value for money

- 4 Cardiff Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

## Continuous improvement

- 5 Under the Local Government (Wales) Measure 2009 (the Measure) the Council has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) meet these requirements. Some requirements of the Measure will cease during 2021-22 due to changes in legislation arising from the Local Government and Elections (Wales) Act 2021. However, I anticipate that during 2021-22 I will still be required to audit the Council's published assessment of its performance that covers the 2020-21 year.

## Sustainable development principle

- 6 Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.



## Impact of COVID-19

- 7 The COVID-19 pandemic continues to have a significant impact across the United Kingdom and on the work of public sector organisations. As in 2020, it is likely to significantly impact on the preparation of the 2020-21 accounts and my financial audit and performance audit work.
- 8 Recent developments in relation to a vaccine programme indicate that the Welsh Government's restrictions on movement and anticipated sickness absence levels are expected to ease through 2021. However, I recognise that there remains significant uncertainty and I understand that many local authorities may 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 my statutory responsibilities as the Auditor General, my 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.
- 9 Audit Wales staff will continue to work flexibly to deliver the audit work set out in this plan. In response to the government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.
- 10 Consequently, while this audit plan sets out an initial timetable for the completion of my audit work, the ongoing uncertainties around the impact of COVID-19 on the sector mean that some timings may need to be revisited. My audit team will discuss any amendments required to the proposed timetable with the authority as the 2021 position becomes clearer.

## Audit of financial statements

- 11 It is my responsibility to issue a certificate and report on the financial statements. This includes:
  - an opinion on the 'truth and fairness' of the Council's and the Group's financial statements for the financial year ended 31 March 2021; and
  - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Council.
- 12 In addition to my responsibilities for auditing the Council's financial statements, I 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 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 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes 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 Full Council prior to completion of the audit.
- 14 Any misstatements below a trivial level (set at 5% of materiality) I generally judge as not requiring consideration by those charged with governance and therefore will not report them.
- 15 There have been no limitations imposed on me in planning the scope of this audit.
- 16 I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities, along with further information about my work.

## Audit of financial statements risks

- 17 The following table sets out the significant risks I have identified for the audit of Cardiff 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
<b>Significant risks</b>	
<p><b>Risk of Management Override</b></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"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
<p><b>Contingent Liabilities</b></p> <p>As reported in previous years, 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 the year has confirmed that, currently, this matter 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"> <li>• continue to meet with management to obtain updates on the status of the investigation;</li> <li>• review correspondence with HMRC and any key documents arising from its investigation process; and</li> <li>• ensure that any known or potential liabilities as at 31 March 2021, are appropriately accounted for and disclosed within the Council's financial statements.</li> </ul>
<p><b>Cardiff City Transport Services Ltd</b></p> <p>Our discussions with management during 2020-21 have confirmed that the Council has provided additional funding to its 100% subsidiary, Cardiff City Transport Services Ltd and that the</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• review the accounting entries made in respect of the additional funding to ensure compliance with the Code; and</li> </ul>

Audit risk	Proposed audit response
<p>Council has now assumed the responsibility as the Principal Employer of the Cardiff City Transport Services Ltd pension scheme liabilities.</p> <p>These are complex matters and there is a risk that the Council will not account for these correctly or make adequate disclosures in the accounts.</p>	<ul style="list-style-type: none"> <li>ensure appropriate disclosures are made in the accounts for the Council's contingent liability in respect of the pension fund liabilities.</li> </ul>
<p><b>Impact of COVID-19</b></p> <p>The COVID-19 national emergency continues and the pressures on staff resource and of remote working may impact on the preparation, audit 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>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team, and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
<p>The COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and approach to my audit. The Welsh Government has made available various funding streams to the Council. In some cases, these monies provide financial support to the Council itself. In other cases, the funds have been administered by the Council, making payments to third parties on behalf of the Welsh Government. The amounts involved are material to the accounts.</p> <p>Examples of audit risks include:</p> <ul style="list-style-type: none"> <li>Incorrect accounting treatment for COVID-19 funding, ie principal or agency arrangements;</li> <li>fraud/error risks;</li> </ul>	<p>We will review the funding streams received from the Welsh Government and confirm the appropriate accounting treatment with the Council.</p>

Audit risk	Proposed audit response
<ul style="list-style-type: none"> <li>• potential year-end valuation uncertainty (Property, Plant &amp; Equipment, Inventories – including Cardiff Harbour Authority and Pooled Property Investments etc; and</li> <li>• estimation of accrued annual leave provisions.</li> </ul>	
Other audit risks	
<p><b>McCloud judgement</b></p> <p>In 2015, the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015.</p> <p>In December 2018, the Court of Appeal ruled that the ‘transitional protection’ arrangements amounted to unlawful discrimination.</p> <p>Consultations on proposed remedies for the Local Government, Police and Fire pensions schemes closed in October 2020.</p> <p>The Government recently announced that for unfunded schemes, the underpin will be the deferred choice model for the remedy. No announcement has yet been made on the Local Government Pension Scheme. Final details are expected to be published during 2021.</p> <p>The impact of the judgement is likely to have a significant impact on the IAS 19 disclosed liabilities.</p>	<p>My audit team will review the provision previously 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 pension scheme.</p>

## Other matters

- 18 There are two further matters on which my audit team will undertake early work in preparation for the 2021-22 audit.

### Exhibit 2: Other matters

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Other matters	
<p><b>Leases</b></p> <p>CIPFA/LASAAC has once again deferred the introduction of IFRS 16 until 1 April 2022. The authority will, however, need to undertake considerable work to identify leases, and the COVID-19 pandemic may pose implementation risks.</p>	<p>My team will undertake some early work to review preparedness for the introduction of IFRS 16 Leases.</p>
<p><b>Corporate Joint Committee</b></p> <p>The Local Government and Elections Bill includes provisions for the establishment of a Corporate Joint Committee (CJC) to deliver some services currently provided by the authority.</p>	<p>My team will undertake an early review of the preparations the authority is making for accounting arrangements related to the transfer of any services to the CJC.</p>

## Performance audit

- 19 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out on **page 4** in relation to value for money and sustainable development.
- 20 In response to the pandemic, I have adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. My work on recovery planning, COVID-19 learning; and my assurance and risk assessment work are examples of this. This has enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 21 For 2021-22, I intend to build on this approach to help enable my work to be responsive and timely and, where possible, to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.
- 22 Given the high degree of commonality in the risks facing councils at this time, I also intend to deliver a number of thematic projects examining risks common to all councils.
- 23 I have consulted public bodies and other stakeholders on how I will approach my duties in respect of the Wellbeing of Future Generations (Wales) Act 2015. This consultation was extended due to the pandemic.
- 24 In my consultation I have set out and sought views on proposals to:
- continue to undertake specific examinations to assess the setting of well-being objectives and how steps are being taken to meet them, respectively;
  - integrate the examination of steps alongside value for money studies and local audit work, wherever possible; and
  - strengthen and expand the co-ordination of work with the Future Generations Commissioner.
- 25 I will be writing to the 44 public bodies designated under the Act setting out the results of the consultation and how I intend to approach this work over the reporting period 2020-2025.
- 26 In view of the above factors I intend to retain a high degree of flexibility in my local performance audit programme at Cardiff Council and will continue to update the Council as the audit programme changes.
- 27 For 2020-21 this work is set out below.

### Exhibit 3: Performance Audit Programme 2021-22

This table summarises the performance audit programme for 2021-22

Performance audit programme	Brief description
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Work to be discussed with Council.
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance.
Assurance and Risk Assessment	<p>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.</p> <p>At Cardiff Council the project is likely to focus on:</p> <ul style="list-style-type: none"><li>• financial position</li><li>• self-assessment arrangements</li><li>• recovery planning</li><li>• implications of the Local Government and Elections (Wales) Act</li><li>• carbon reduction plans</li><li>• statutory building compliance</li></ul>
Thematic work - Springing Forward – Examining the building blocks for a sustainable future	As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
Follow-up leisure review	Assess the Council's progress in addressing the proposals for improvement set out in our leisure services report issued in November 2020.



Performance audit programme	Brief description
Follow-up waste management review	Follow-up review to assess the Council's progress to develop its waste strategy to help reduce waste and achieve the national recycling targets.

## Certification of grant claims and returns

- 28 I have been requested to undertake certification work on the Council's grant claims and returns.
- 29 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 2020-2021 is expected to be in line with those audited in 2019-20.
- 30 My audit fee for this work is set out in **Exhibit 4**.

## Statutory audit functions

- 31 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.
- 32 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

- 33 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 taking into account the impact of COVID-19, 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.

34 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee

35 Your estimated fee for 2021 is set out in **Exhibit 4** which remains the same as your proposed fee for 2020.

### Exhibit 4: audit fee

This table sets out the proposed audit fee for 2021, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) <sup>1</sup>	Proposed fee last year (£)
Audit of accounts <sup>2</sup>	273,664	273,664
Performance audit work <sup>3</sup>	108,470	108,470
Grant certification work <sup>4</sup>	50,000	50,000
<b>Sub-total</b>	<b>432,134</b>	<b>432,134</b>
<b>Other financial audit work<sup>5</sup>:</b>		
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
<b>Total fee</b>	<b>452,084</b>	<b>452,084</b>

<sup>1</sup> Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>2</sup> Payable November 2020 to October 2021.

<sup>3</sup> Payable April 2021 to March 2022.

<sup>4</sup> Payable as work is undertaken.

<sup>5</sup> Payable November 2019 to October 2020.

## Exhibit 5: analysis of main fee by grade

### Analysis of main fee by grade

Grade	Cost (£)	Days	% of total Days
Engagement lead	22,680	20	2.50
Audit manager	80,801	97	12.13
Audit lead	130,368	194	24.25
Senior auditor	74,382	138	17.25
Auditor	51,656	122	15.25
Graduate trainee	56,448	168	21.00
Apprentice	15,799	61	7.62
<b>Total</b>	<b>432,134</b>	<b>800</b>	<b>100.00</b>

- 36 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.
- 37 Further information on my [fee scales and fee setting](#) can be found on our website.

## Audit team

- 38 The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

### Exhibit 6: 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	<a href="mailto:ann-marie.harkin@audit.wales">ann-marie.harkin@audit.wales</a>
Huw Rees	Engagement Lead – Performance Audit	02920 320599	<a href="mailto:huw.rees@audit.wales">huw.rees@audit.wales</a>

Name	Role	Contact number	E-mail address
Phil Pugh	Financial Audit Manager	07964 118615	<a href="mailto:phil.pugh@audit.wales">phil.pugh@audit.wales</a>
Steven Stark	Financial Audit Lead	07590 586895	<a href="mailto:steve.stark@audit.wales">steve.stark@audit.wales</a>
Jon Martin	Senior Financial Auditor	02920 320692	<a href="mailto:jon.martin@audit.wales">jon.martin@audit.wales</a>
Sara-Jane Byrne	Performance Audit Manager	07786 111385	<a href="mailto:sara-jane.byrne@audit.wales">sara-jane.byrne@audit.wales</a>
Samantha Clements	Performance Audit Lead	07837 825175	<a href="mailto:samantha.clements@audit.wales">samantha.clements@audit.wales</a>

## Timetable

- 39 The key milestones for the work set out in this plan are shown in **Exhibit 7**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.
- 40 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Council's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act. The current COVID restrictions may impose restrictions on the Council's ability to facilitate the inspection of accounts. Therefore, we have not yet set a date for the exercise of electors' rights and will continue to monitor the situation before confirming a date with you. We anticipate that we will be in a position to agree a date with you in late May 2021.

## Exhibit 7: Audit timetable

Planned output	Work undertaken	Report finalised
2021 Audit Plan	January to March 2021	Mar 2021
<b>Audit of Financial statements work:</b> <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> <li>• Financial Accounts Memorandum</li> </ul>	June to September 2021 September 2021 October 2021	30 September 2021 30 September 2021 31 October 2021
<b>Performance audit work:</b> <ul style="list-style-type: none"> <li>• Annual Audit Summary</li> <li>• Well-being of Future Generations</li> <li>• Assurance and risk assessment</li> <li>• [local projects]</li> </ul>	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each study.	
<b>Annual Audit Summary</b>	January to October 2021	November 2021
2022 Audit Plan	January to March 2022	March 2022

- 41 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 its senior 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.



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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.

## 2021 Audit Plan – Cardiff and Vale of Glamorgan Pension Fund

Audit year: 2020-21

Date issued: March 2021

Document reference: 2332A2021-22

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# 2021 Audit Plan

## Summary

- 1 This document sets out the work I plan to undertake during 2021 to discharge my statutory responsibilities as your external auditor and to fulfil 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 pandemic continues to have a significant impact across the United Kingdom and on the work of public sector organisations. As in 2020, it is likely to significantly impact on the preparation of the 2020-21 accounts and my financial audit and performance audit work.
- 5 Recent developments in relation to a vaccine programme indicate that the Welsh Government's restrictions on movement and anticipated sickness absence levels are expected to ease through 2021. However, I recognise that there remains significant uncertainty and I understand that many local authorities may 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 my statutory responsibilities as the Auditor General, my priority is to ensure the health, safety and wellbeing of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 6 Audit Wales staff will continue to work pragmatically to deliver the audit work set out in this plan. In response to the government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.
- 7 Consequently, while this audit plan sets out an initial timetable for the completion of my audit work, the ongoing uncertainties around the impact of COVID-19 on the sector mean that some timings may need to be revisited. My audit team will discuss any amendments required to the proposed timetable with you as the 2021 position becomes clearer.

## Audit of Pension Fund accounts

- 8 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.
- 9 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes 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 full Council prior to completion of the audit.
- 10 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 11 I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities, along with further information about my work.

## Financial audit risks

- 12 The following table sets out the significant risks I have identified for the audit of the Pension Fund accounts.

### Exhibit 1: financial audit risks

This table summarises the key financial audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
<b>Management Override</b> 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].	My audit team will: <ul style="list-style-type: none"><li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li><li>• review accounting estimates for biases; and</li></ul>

Audit risk	Proposed audit response
	<ul style="list-style-type: none"> <li>• evaluate the rationale for any significant transactions outside the normal course of business;</li> </ul>
<p><b>Impact of COVID-19</b></p> <p>The COVID-19 national emergency continues and the pressures on staff resource and of remote working, may impact on the preparation, audit 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>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
Other areas of audit attention	
<p><b>Private Equity Investments</b></p> <p>Cardiff and Vale of Glamorgan Pension Fund held £88.7 million of private equity investments at 31 March 2020.</p> <p>The year-end valuation is provided by investment managers, is based upon forward-looking estimates, judgements and industry guidelines. As there is no quoted market process, there is a greater risk regarding the reasonableness of the year-end valuations bases of these investments.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• confirm the investment valuation to audited financial statements of the private equity managers; and</li> <li>• seek additional assurance over the valuation basis from control assurance reports.</li> </ul>
<p><b>Pooled Property Unit Trust Investments</b></p> <p>The Pension Fund held pooled property unit trust investments totalling £165.2 million as at 31 March 2020.</p> <p>Fund valuers included reference to 'Material Estimation Uncertainty', as a</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• confirm the investment valuation to fund manager reports and establish whether any of the pooled property unit trust investments remains subject to any disclaimers placed against the year-end valuation;</li> </ul>

Audit risk	Proposed audit response
<p>result of the pandemic, in respect of investments totalling approximately £106 million of these investments at 31 March 2020. As the investments comprise assorted property holdings, the disclaimer covered risks of the valuations being inaccurate to an unknown degree owing to the uncertain state of the global property markets. Due to the ongoing nature of the pandemic, these assets could again be the subject of material estimation uncertainty.</p>	<ul style="list-style-type: none"> <li>• seek additional assurance over the valuation basis from control assurance reports; and</li> <li>• confirm that any material estimation uncertainties have been appropriately disclosed in the accounts.</li> </ul>
<p><b>Wales Pension Partnership</b></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. The pension fund has transferred funds into several new arrangements over recent years. There is a risk that these investment fund balances will not be adequately disclosed in the 2020-21 financial statements.</p>	<p>My team will work with the auditors of the joint governance committee to obtain the assurances needed on the valuation of the funds transferred into the Wales Pension Partnership arrangements.</p>

## Statutory audit functions

- 13 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.
- 14 As this work is reactive, I have not included an estimated fee in **Exhibit 2** below. If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

- 15 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, taking into account the impact of COVID-19, 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;
  - 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 control weaknesses

## Fee

- 16 Your estimated fee for 2021 is set out in **Exhibit 2** which is in line 2019-20.

### Exhibit 2: audit fee

This table sets out the proposed audit fee for 2021, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) <sup>1</sup>	Proposed fee last year (£)
Audit of pension fund accounts <sup>2</sup>	£32,256	£32,256

<sup>1</sup> Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>2</sup> Payable November 2020 to October 2021.

- 17 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.
- 18 Further information on my fee scales and fee setting can be found on our website.

## Audit team

- 19 The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

### Exhibit 3: 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	02920 320562	<a href="mailto:ann-marie.harkin@audit.wales">ann-marie.harkin@audit.wales</a>
Phil Pugh	Audit Manager (Financial Audit)	07964 118615	<a href="mailto:phil.pugh@audit.wales">phil.pugh@audit.wales</a>
Jon Martin	Audit Lead (Financial Audit)	02920 320692	<a href="mailto:jon.martin@audit.wales">jon.martin@audit.wales</a>

## Timetable

- 20 The key milestones for the work set out in this plan are shown in **Exhibit 4**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.

#### Exhibit 4: Audit timetable

Planned output	Work undertaken	Report finalised
2021 Audit Plan	February to March 2021	March 2021
<b>Audit of Pension Fund accounts:</b> <ul style="list-style-type: none"><li>• Audit of Financial Statements Report</li><li>• Opinion on Financial Statements</li></ul>	March to September 2021 October 2021	October 2021 October 2021
2022 Audit Plan	January to March 2022	March 2022

- 21 I can confirm that my team members are all independent of the Pension Fund and the Council's senior 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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We welcome correspondence and  
telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a  
galwadau ffôn yn Gymraeg a Saesneg.

## Cardiff Council – Audit Committee update 23 March 2021

### Performance Audit work

2020-21 Performance audit work	Scope	Status
<b>Improvement Plan audit</b> <b>Performance audit</b>	Compliance with Local Government Measure (Wales) 2009.	Certificates issued May and October 2020
<b>Annual Audit Summary</b>	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'. Also now combined with the Annual Audit Letter	June/July 2021
<b>Assurance and risk assessment</b>	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.	Joint presentation with CiW and Estyn to Senior Management Team 26 January 2021
<b>Recovery Planning</b>	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.	Ongoing

<b>Financial Sustainability</b>	<ul style="list-style-type: none"> <li> <b>Phase 1</b> 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.         </li> <li> <b>Phase 2</b> 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 of Phase 2 we will produce a local output for each council and a national summary report.         </li> </ul>	<p>Phase 1 – Published 6 October 2020 Link is found <a href="#">HERE</a></p> <p>Phase 2 – underway</p>
<b>Modernisation of workforce</b>	<p>A review looking at workforce modernisation, linking to the Council's estate, digital and post-Covid plans for delivering future services.</p>	<p>At the request of the Council, we have agreed to postpone this review. Our 2021-22 programme of work includes a thematic review Springing Forward – Examining the building blocks for a sustainable future. We are currently scoping this thematic review and will discuss with the Council whether a separate review on workforce modernisation will still be needed. In the meantime, we are meeting regularly with officers to understand the Council's workforce modernisation plans.</p>

<b>Covid 19 learning project</b>	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.	Ongoing - Covid Learning Digests <a href="#">LINK</a> .
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## Local Government Studies

<b>2020-21 Local Government Studies work programme</b>	<b>Scope</b>	<b>Status</b>
<b>The impact of austerity on discretionary services in local government</b>	Looking at councils approaches to sustaining discretionary services and identify if councils are ensuring changes in provision or cessation of activity do not adversely impact future generations or those with protected characteristics. The review will take a strong focus on risk management and consider how well councils manage the transition from direct service providers towards a different role based on what will be affordable in the future.	Report currently being cleared. Due to be published April 2021.
<b>Follow up review – rough sleeping</b>	Follow up our report published in July 2020 which looked at how public bodies can help to end people sleeping rough in Wales. In the first three months of the pandemic the Welsh Government supported councils to rehouse over 800 people sleeping rough or at risk of homelessness. One of the unexpected outcomes of the lockdown is that rough sleeping has been significantly reduced.	Setting up fieldwork
<b>2021-22 Local Government Studies Programme</b>	<b>Scope</b>	<b>Status</b>
<b>Emergency services</b>	The review will primarily focus on the three main 'blue-light' services but will also consider how they collaborate with allied emergency responders and council emergency planning departments. We will	Phase 1 data collection – ongoing

	also consider national policy and guidance, and the range of local, regional, and national structures, collaborative and partnership architecture, and funding and delivery arrangements.	
<b>Town centre regeneration</b>	The review will primarily focus on the activities of local authorities in regenerating town centres but will also consider how they collaborate with their public sector partners and other stakeholders, including businesses and citizens. We will also consider national policy and guidance, and the range of local, regional, and national structures, collaborative and partnership architecture, and funding and delivery arrangements.	Fieldwork underway
<b>Direct payments study</b>	Focusing on value for money, we will review how Local Authorities are overcoming barriers that need to be addressed in increasing the take-up of Direct Payments, including any potential challenges around the local workforce. We will consider what Local Authorities are doing to ensure equitable access to Direct Payment, as well as the arrangements they have in place to gain assurance on whether Direct Payments are delivering what is intended	Fieldwork underway

# Audit Committee Action Plan

(Updated following meeting held on 26 January 2021)

Minute No. /Agenda No.	Actions	Timeline	Action Owner
<b>Finance (Budget)</b>			
<b>Governance &amp; Risk Management</b>			
21.01.20	The Head of Finance to provide an aggregated action plan of the future generation significant governance issue responses from directorates.		IA
<b>Audit Wales (AW)</b>			
<b>Internal Audit</b>			
26..01.21	The Audit Committee Chair to write to the Director of Education and Lifelong Learning and the Director of Economic Development, for information and assurance on their respective responses to internal audit recommendations.	Completed Letters sent 27.01.21	HT/ CP
26.01.21	Audit Committee to receive a final version of the draft Monitoring Employees at Work Policy, once engagement with Trade Unions has concluded.	Completed 2.02.21	CP
<b>Treasury Management</b>			
<b>Operational Items</b>			
26.01.21	Committee to invite the Director of Economic Development to attend the March 2021 Audit Committee meeting, to report on the approach to contract governance and control in leisure partnerships, and the directorate response to audit recommendations.	Completed 23.03.21	DHT
28.07.20	Audit Committee to engage with the Director of Education and Lifelong Learning as part of its work programme.	Completed 26.01.21	DHT
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.		
<b>AW Tracker/Other Studies</b>			
26.01.21	The external audit recommendation tracker to be expanded for future reports to Audit Committee, to include 'accountability / reporting to' arrangements, in respect of relevant Committees or Boards.		GN
<b>Work Programme</b>			
<b>Outstanding Actions</b>			
<b>Correspondence</b>			
08.09.20	The Committee requested that at least annually, Audit Committee to receive a listing of forthcoming external assurance / regulatory / inspection reports, the assurance ratings of reports received, and an indication of progress in the delivery of improvement actions.	Ongoing Initially, Audit Wales 'Recommendation Tracker' item received on 26 January 2021	GN
<b>Scrutiny Letters</b>			

Mae'r dudalen hon yn wag yn fwriadol





Neuadd y Sir  
Caerdydd,  
CF10 4UW  
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County Hall  
Cardiff,  
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Tel: (029) 2087 2087  
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My Ref: AC.21.2

Date: 27<sup>th</sup> January 2021

Melanie Godfrey  
Director of Education and Lifelong Learning  
Cardiff Council  
County Hall  
Cardiff  
CF10 4UW

Dear Melanie Godfrey,

## Re: Internal Audit Recommendations

At its meeting yesterday, the Audit Committee has noted that there are certain high / medium risk Internal Audit recommendations outstanding within your directorate for which the agreed implementation date has passed.

We receive all Internal Audit recommendations, management responses, and agreed target dates in each Committee meeting until the point that the recommendations are confirmed as completed. We also take the opportunity to consider the status in delivering audit recommendations when we meet with you, and other directors, to discuss the control environment in each directorate.

In delivering our responsibility to monitor the progress in addressing risk-related issues reported to the Committee, as a Committee, we would appreciate an account for any 'red' and 'red/amber' recommendations for which the action date has passed in respect of Schools and the wider Education and Lifelong Learning directorate.

I kindly request:

- A brief explanation of the circumstances which have led to a delay in implementing the agreed actions, or providing evidence of this, for each particular audit, and;
- A commitment and timeframe for the delivery of these recommendations, drawing attention to any additional capacity or oversight mechanism you may apply.

If there are any particular recommendations for which circumstances have changed, and the original agreed action may require review, please draw these to my attention and make arrangements to discuss the position with the Audit Manager.

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ATEBWCH I / PLEASE REPLY TO: C/O Internal Audit, Audit Manager, Room 345, County Hall, Cardiff, CF10 4UW  
Tel: (029) 2087 3455 email: [cpyke@cardiff.gov.uk](mailto:cpyke@cardiff.gov.uk)

**GWEITHIO DROS GAERDYDD, GWEITHIO DROSOCH CHI**  
Mae'r Cyngor yn croesawu gohebiaeth yn Gymraeg, Saesneg neu'n ddwyieithog. Byddwn yn cyfathrebu â chi yn ôl eich dewis, dim ond i chi roi gwybod i ni pa un sydd well gennych. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

#### WORKING FOR CARDIFF, WORKING FOR YOU

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Tudalen 301



Yours Sincerely



Hugh Thomas  
Chairperson, Audit Committee  
Cardiff Council

cc Chris Lee, Corporate Director Resources  
Ian Allwood, Head of Finance  
Chris Pyke, Audit Manager  
Audit Committee Members

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Tudalen 302



Cyf/My Ref:: MG/HAE  
Eich Cyf/Your Ref:: AC.21.2

Dyddiad/Date: 16<sup>th</sup> March, 2021

Mr H. Thomas,  
Chairperson,  
Audit Committee,  
Cardiff Council

Dear Hugh,

### Internal Audit Recommendations – Education and Schools

Thank you for your recent letter in which you draw my attention to certain high/medium risk Internal Audit recommendations outstanding in my directorate for which the agreed implementation date has passed.

As the incoming new Director of Education and Lifelong Learning I was aware of these and over the last few months have started to put in place actions to ensure that each one is followed up and completed within a reasonable time.

At your next Audit Committee meeting on the 23<sup>rd</sup> March 2021 you will receive an updated analysis of these recommendations. This will show that each of the recommendations for the central directorate has been recently reviewed and now has an amended completion date. These updates have been discussed and agreed with the Council's Audit Manager. I have put in place arrangements that each one of these will be followed up through my weekly Education Management Team meetings and responsible officers will held to account for meeting these revised timeframes.

Additionally, to support this, following a restructure of the Business Support Team within the Directorate I have created and appointed to a new post of Performance and Governance Manager who will going forward, oversee our Risk Management, Compliance and Governance work across the Directorate.

The pandemic has impacted hard on schools ability to work to any sort of normality, however as part of the school recovery and restart process I intend to review each individual schools outstanding recommendations with them during the Summer Term of 2021 to ensure all are completed before the new academic year starts in September 2021.

Thank you for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. J. Godfrey', with a long, sweeping horizontal stroke extending to the right.

**Melanie Godfrey**  
**Director of Education and Lifelong Learning/**  
**Cyfarwyddwr Addysg a Dysgu Gydol Oes**

c.c      Chris Lee, Corporate Director Resources  
         Ian Allwood, Head of Finance  
         Chris Pyke, Audit Manager

**Cyf/ My Ref:** AC.21.2  
**Eich Cyf/Your Ref:** MG/HAE

**Dyddiad / Date:** 17<sup>th</sup> March 2021

Melanie Godfrey  
Director of Education and Lifelong Learning  
Cardiff Council  
County Hall  
Cardiff  
CF10 4UW

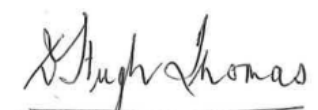
Dear Melanie

**Re: Internal Audit Recommendations – Education and Schools**

I write to acknowledge your response letter dated 16<sup>th</sup> March 2021, in respect of addressing Internal Audit recommendations.

Your letter will be made available to Audit Committee Members at our next meeting on 23 March 2021.

Yours sincerely



Hugh Thomas  
Chairperson, Audit Committee  
Cardiff Council

Mae'r dudalen hon yn wag yn fwriadol

My Ref: AC.21.1

Date: 27<sup>th</sup> January 2021

Neil Hanratty  
Director of Economic Development  
Cardiff Council  
County Hall  
Cardiff  
CF10 4UW

Dear Neil Hanratty,

## Re: Internal Audit Recommendations

At its meeting yesterday, the Audit Committee has noted that there are certain high / medium risk Internal Audit recommendations outstanding within your directorate for which the agreed implementation date has passed.

We receive all Internal Audit recommendations, management responses, and agreed target dates in each Committee meeting until the point that the recommendations are confirmed as completed. We also take the opportunity to consider the status in delivering audit recommendations when we meet with you, and other directors, to discuss the control environment in each directorate.

In delivering our responsibility to monitor the progress in addressing risk-related issues reported to the Committee, as a Committee, we would appreciate an account for any 'red' and 'red/amber' recommendations for which the action date has passed in respect of Economic Development and Waste Management audits.

I kindly request:

- A brief explanation of the circumstances which have led to a delay in implementing the agreed actions, or providing evidence of this, for each particular audit, and;
- A commitment and timeframe for the delivery of these recommendations, drawing attention to any additional capacity or oversight mechanism you may apply.

If there are any particular recommendations for which circumstances have changed, and the original agreed action may require review, please draw these to my attention and make arrangements to discuss the position with the Audit Manager.

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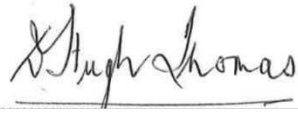
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Tudalen 307



Yours Sincerely



Hugh Thomas  
Chairperson, Audit Committee  
Cardiff Council

cc Chris Lee, Corporate Director Resources  
Ian Allwood, Head of Finance  
Chris Pyke, Audit Manager  
Audit Committee Members

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Tudalen 308





Your Ref: AC.21.1

Hugh Thomas  
Chairperson, Audit Committee  
Cardiff Council



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5<sup>th</sup> March 2021

Dear Hugh Thomas,

Re: Internal Audit Recommendations

Thank you for your recent letter dated 27<sup>th</sup> January 2021. In response to your questions, I have provided an explanation below on each of the outstanding red and red/amber actions that have passed the original deadline for completion. I have also set out a commitment and timescale for achieving completion.

The directorate currently has 10 audits with open recommendations, of which there are 4 red and 25 red/amber recommendations. Across these 10 audits, 29 red/amber and 4 red (27 in Recycling Neighbourhood Services plus 6 from the Film Office audit) recommendations have been addressed and closed since July 2019 to date.

The service area's response to some of the recommendations has been affected by the COVID-19 pandemic and this has led to some delays in closing recommendations.

I have provided an update against each audit below:

#### Cardiff Film Office

An audit of the Cardiff Film Office was undertaken in September 2020. One red/amber recommendation remains outstanding and is being addressed against a revised completion date of 31<sup>st</sup> March 2022. A Service Level Agreement for permit holders and Terms and Conditions of Trade for permit holders was submitted to Internal Audit on 19<sup>th</sup> January 2021. The SLA will be reviewed in 2022 (3 years) and be approved by Legal / OM and a new business model is under review. We are hopeful that these steps will lead to an agreement that this action will be closed by the agreed revised completion date of 31<sup>st</sup> March 2022.

#### Brindley Road Depot

A red/amber recommendation was identified from a Stocktake Observation in July 2019. This recommendation advised that a stock recount, where practically possible, should be undertaken by different officers to the original count. Internal Audit has been advised that the service has initiated a process of in-year stock verification and this recommendation will

#### GWEITHIO DROS GAERDYDD, GWEITHIO DROSOCH CHI

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Tudalen 309



be fully incorporated into the year-end stock take prior to 31<sup>st</sup> March 2021. The recommendation was not implemented at the end of the 2019/20 financial year as originally intended due to the impact of the pandemic. Again, it is anticipated these steps will lead to the action being closed by the agreed revised completion date of 31<sup>st</sup> March 2021.

#### Corporate Landlord

An audit has recently been completed with an agreed course of action to complete the recommendations by the agreed completion date of 30<sup>th</sup> June 2021.

#### Follow-up audit - Fly tipping

Two red and six red/amber recommendations relate to the follow-up fly tipping audit. Due to the impact of the pandemic, these outstanding actions have taken longer than anticipated to complete.

The manager for this area is proactive in ensuring that the appropriate measures are put into place for all of the outstanding actions and we are anticipating that the majority of these actions will be completed by the revised completion date of 31<sup>st</sup> March 2021. Regular updates are provided to the auditor and a meeting is scheduled with the manager and auditor next week to review and hopefully finalise some of these actions.

#### Asset Management

One red and one red/amber recommendation relate to asset management. An asset register is currently being developed with priority given to portable, desirable, high value items. The register will then be extended to ensure that all relevant assets are appropriately recorded. It is anticipated that the portable appliance high value asset register will be in place by March 2021 with the extension to the register completed shortly after.

A waste restructure is progressing and the officers responsible for developing the asset management strategy/policy have recently been appointed to their roles. The work on the strategy has recently commenced and the officers are working towards the action date of 31 March 2021. This action date may need extending, but we are working closely with the senior auditor to monitor and extend action dates where necessary.

#### Health and Safety

One red and four red/amber recommendations relate to health and safety. This audit was undertaken in December 2020. The target date to close four of these recommendations is 31<sup>st</sup> March 2021 with a target date of 30<sup>th</sup> April 2021 for the remaining recommendation.

One recommendation relates to “task and finish” where the collections employee would stand down once their round was completed. This action is being addressed with the implementation of the four day working week recently introduced. It is hoped that the action date of 31<sup>st</sup> March 2021 will be achieved for this action.

The Depot & Infrastructure Manager has recently been appointed to position and will take responsibility for three of the remaining actions.

Progress is underway to review whether Papertrail - the current database for recording health and safety training and inspection reports can be relied upon to provide robust and accurate exception reporting data for management to address Health and Safety compliance. The target date for this action is 31<sup>st</sup> March 2021.

Lamby Way Stores and Follow Up Lamby Way Stores Three red/amber recommendations relate to stores.

One of these recommendations is that management review the Lamby Way stores capacity and organisational layout to ensure suitably controlled access arrangements are in place for all areas where stock is held and there is effective fire and safety arrangements.

The site plan is currently being reviewed as part of the service redesign and as part of this process, a review will be undertaken of all storage areas and a plan put in place. The revised action date for this recommendation is 31<sup>st</sup> May 2021.

The current restructure within Waste Management will see the recruitment of a Stores Supervisor who will deliver on the red/amber recommendation regarding the recording of non-stock items on the inventory as described in the Financial Procedure Rules. The recruitment of this position is hoping to be finalised by the end of May 2021 and the action date for this recommendation has been extended to 31<sup>st</sup> December 2021 to allow for this recruitment.

Work on the remaining red/amber recommendation is underway. The Business Team are working with Commissioning and Procurement to ensure that the purchasing commitment accurately reflects the requirements.

#### Review of Contracts in Waste Management

Six red/amber risks remain open from the original Review of Contracts audit in Waste Management. A follow up audit has recently taken place within the service area and an updated audit report will supersede the original Contract Management audit.

Work has focused on the implementation of a contract register on SharePoint and has been delivered through management team meetings and close interaction with Commissioning and Procurement. Outgoing spend is also monitored and variance analysis conducted. One of the risks relates to Commercial Waste (Trade Waste) customer contracts. The recommendation states that the customer contracts and amendments should be appropriately checked and authorised and a formal discounts policy should be developed.

This recommendation has progressed well. The policy has been agreed and signed off via an officer decision report. In addition, informal procurement stages for the replacement of Trade Waste's database for Whitespace began in September 2020. Suppliers in the market place have been offered an opportunity to undertake initial presentations via Teams. The formal procurement process will be initiated in Quarter 4 2020/21 with a planned implementation date synchronised with the expiry of the current software contract (Q3 2021/22)

#### Payroll Review

A red/amber recommendation to review workforce needs, ensure appropriate arrangements are in place for general office cover and reserve acting up provisions for matters of urgent service requirements in accordance with the Acting up Scheme has led to a new 6 month rotation of 'In day acting up' being introduced.

The full implementation of this recommendation will go hand in hand with the restructure in Waste Management. All payroll processes for Collections and the MRF and now handled via the central resourcing team. A procedure is currently being drawn up to support the change to this process. The action date for this recommendation has been extended to 31<sup>st</sup> March 2021.

A recent audit of Gatehouse has been received, it contains two red and two red/amber recommendations, and management are considering the report in full. Since an initial audit considerable work has been undertaken to tighten up the data recording on the Gatehouse system. However, the current Gatehouse system does not currently provide a full audit trail for the two super users. Accordingly, as a priority the Depot & Infrastructure Manager and Weighbridge Supervisor are developing a specification for a new Gatehouse software system with the assistance of ICT.

In terms of the 'Control' environment, the Economic Development service is managed through bi-weekly senior management team meetings involving myself, Assistant Directors, Operational Managers and performance/business management officers. A review of outstanding Audit actions is a standing item on the agenda for these meetings. I also meet quarterly with the Economic Development service area Internal Audit representative Sue Powell to review progress. The service area business and performance team also meets with the audit management team every 2 weeks.

I hope the above provides you with an assurance that Internal Audit recommendations relating to the Economic Development service are managed effectively and addressed as promptly as is possible.

Kind Regards

A handwritten signature in blue ink, appearing to read 'N Hanratty', with a stylized flourish at the end.

Neil Hanratty  
Director of Economic Development

**Fy Nghyf / My Ref:** AC.21.1

**Dyddiad / Date:** 15<sup>th</sup> March 2021

Neil Hanratty  
Director of Economic Development  
Cardiff Council  
County Hall  
Cardiff  
CF10 4UW

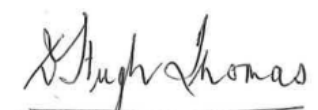
Dear Neil

**Re: Internal Audit Recommendations**

I write to acknowledge your response letter dated 5<sup>th</sup> March 2021, in respect of addressing Internal Audit recommendations.

Your letter will be made available to Audit Committee Members at our next meeting on 23 March 2021.

Yours sincerely



Hugh Thomas  
Chairperson, Audit Committee  
Cardiff Council

Mae'r dudalen hon yn wag yn fwriadol

Governance and Audit Committee Work Programme 2021-22

1. Current Work Programme 2021/22:

Area	Tuesday 20.07.21 (4:30pm) TBC	Tuesday 28.09.21 (2:00pm) TBC	Tuesday 23.11.21 (2pm) TBC	Tuesday 25.01.22 (4:30pm) TBC	Tuesday 29.03.22 (2pm) TBC	Tuesday 19.07.22 (2pm) TBC
Audit Wales (AW)		ISA 260 and Audited Statement of Accounts 2020/21 for Cardiff Council including; Cardiff Harbour Authority and Trust Funds		Annual Audit Summary Report	Annual Audit Plan 2022	
		ISA 260 and Audited Statement of Accounts 2020/21 for Cardiff & Vale of Glamorgan Pension Fund			Cardiff & Vale Pension Fund Audit Plan 2022	
	AW Activity/Report Progress Update		AW Activity/Report Progress Update		AW Activity/Report Progress Update	AW Activity/Report Progress Update
Performance	Planning and Performance Framework – Update and Overview on the Role of Governance and Audit Committee		Draft Mid-Year Self-Assessment Report			Draft Year-End Self-Assessment Report 2021/22
	Council Complaints and Compliments – Policy and Annual Report 2020/21		Council Complaints & Compliments – Mid Year Report			Council Complaints and Compliments – Policy and Annual Report 2021/22
Treasury Management		Annual Report	Half Year Report	Draft Strategy 2022/23	Treasury Management Practices	
Finance	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues
	Draft Statement of Accounts 2020/21				Statement of Accounts 2020/21: Accounting Policies and Timescales	Draft Statement of Accounts 2021/22
Internal Audit	Audit and Investigation Team - Progress Update		Audit and Investigation Team - Progress Update	Audit and Investigation Team - Progress Update & Summary Audit Plan 2022/23	Audit and Investigation Team - Progress Update	Audit and Investigation Team - Progress Update
	Internal Audit Annual Report 2020/21	Counter-Fraud Annual Report 2020/21			Audit Charter and Audit Plan 2022/23	Internal Audit Annual Report 2021/22
Governance and Risk Management	Audit Committee Annual Report 2020/21					Governance and Audit Committee Annual Report 2021/22
		Draft Annual Governance Statement 2020/21		Senior Management Assurance Statement and AGS Action Plan 21/22 (Mid-Year)		
	Corporate Risk Management Year-End		Corporate Risk Management 2021/22 (Mid-Year)		Corporate Risk Management (Quarter 3)	Corporate Risk Management (Year-End)
		External Audit Recommendation Tracker			External Audit Recommendation Tracker	
Senior Officer Updates (Operational Matters / Key Risks / Other)		TBC - Director – Update on Directorate Control Environment	TBC - Director – Update on Directorate Control Environment	TBC - Director – Update on Directorate Control Environment	TBC - Chief Executive – Update on the Council’s Control Environment	

2. Matters to be addressed outside of formal Committee meetings during 2021/22:

<b>Audit Committee</b> <ul style="list-style-type: none"><li>Annual self-assessment workshop (25.01.22)</li><li>Training and development sessions.</li></ul>	<b>General</b> <ul style="list-style-type: none"><li>Correspondence, publications and reports for information purposes</li><li>Time sensitive consultation.</li></ul>	<b>Director / Senior Officer Assurance</b> <ul style="list-style-type: none"><li>Use of letters, correspondence, and video / telephone meetings as necessary.</li></ul>
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Mae'r dudalen hon yn wag yn fwiadol