



County Hall  
Cardiff  
CF10 4UW  
Tel: (029) 2087 2000

Neuadd y Sir  
Caerdydd  
CF10 4UW  
Ffôn: (029) 2087 2000

## AGENDA

**Committee** GOVERNANCE AND AUDIT COMMITTEE

**Date and Time of Meeting** TUESDAY, 25 JANUARY 2022, 4.30 PM

**Venue** REMOTE VIA MS TEAMS

**Membership** Independent Members: David Hugh Thomas (Chairperson)  
Gavin McArthur, David Price, Janet Wademan

Councillors Cowan, Cunnah, Goodway, Howells, K Jones, Simmons,  
Singh and Williams

*Time  
approx.*

### 1 Apologies for Absence

To receive apologies for absence.

### 2 Declarations of Interest

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

### 3 Committee Membership

To note that Council on 25 November 2021 re-appointed the following Members to this Committee for a further 5-year term:

Independent Members: David Price, Gavin McArthur

### 4 Minutes *(Pages 5 - 20)*

To approve, as a correct record the minutes of the meetings held on 23 November 2021 and 7 December 2021.

### 5 Update on Directorate Control Environment *(Pages 21 - 54)*

4.40 pm

Chris Lee, Corporate Director Resources

### 6 Finance

5.05 pm

### 6.1 Finance Update including Resilience Issues *(Pages 55 - 64)*

- 7 Internal Audit** 5.15 pm
- 7.1 Audit and Investigation Team Progress Update (*Pages 65 - 140*)
- 7.2 Draft Internal Audit Charter and Summary Audit Plan 2022/23 (*Pages 141 - 170*)
- 8 Audit Wales** 5.35 pm
- 8.1 Annual Audit Summary Report (*Pages 171 - 186*)
- 8.2 AW Work Programme and Timetable Update (*Pages 187 - 206*)
- COMFORT BREAK 6.00PM**
- 9 Performance** 6.05 pm
- 9.1 Mid-Year Self-Assessment Report Update (*Pages 207 - 212*)
- 10 Governance and Risk Management** 6.25 pm
- 10.1 Recommendation Tracker - Reports of External Review Bodies (*Pages 213 - 228*)
- 10.2 Update on the working relationship between the Governance and Audit Committee and the Scrutiny Committees (*Pages 229 - 232*)
- 10.3 Senior Management Assurance Statement and AGS Action Plan 2021/22 (Mid-Year) (*Pages 233 - 240*)
- 11 Treasury Management** 6.55 pm
- 11.1 Draft Treasury Management Strategy 2022/23 (*Pages 241 - 276*)
- 12 Outstanding Actions** (*Pages 277 - 278*) 7.05 pm
- 13 Correspondence** (*Pages 279 - 280*)
- 14 Work Programme Update** (*Pages 281 - 282*)
- 15 Urgent Items (if any)**
- 16 Date of next meeting**

The next meeting is scheduled for 15 March 2022.

**Davina Fiore**  
**Director Governance & Legal Services**  
Date: Wednesday, 19 January 2022  
Contact: Graham Porter,

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg

02920 873401, g.porter@cardiff.gov.uk

This page is intentionally left blank

GOVERNANCE AND AUDIT COMMITTEE

23 NOVEMBER 2021

Present: Independent Members: David Hugh Thomas (Chairperson)  
Gavin McArthur, David Price and Janet Wademan  
Councillors Cowan, Cunnah, Howells and Williams

43 : APOLOGIES FOR ABSENCE

No apologies for absence were received.

44 : DECLARATIONS OF INTEREST

No declarations of interest were received.

45 : MINUTES

The minutes of the meeting held on 28 September 2021 were approved as a correct record. The minutes of the meeting held on 9 October 2021 were approved as a correct record, subject to the following amendment:

Minute 40 - Delete

*'The committee members clarified issues relating to: their concerns regarding Appendix 3 but Audit Wales stated there were no concerns; the £25 million of debtors which was due to the classification of agency arrangements and which had now be rectified; the level of materiality which was a percentage of 1% of gross revenue expenditure and the possibility for production of percentage and amount of materiality in future reports.'*

Replace with:

*'The Committee Members requested assurances regarding the summary of corrections set out in Appendix 3 of the report. Members sought clarification on the need to make a £25 million correction relating to debtors and, specifically, whether this was in relation to a technical issue or something more significant in terms of how the Council records and registers debt. Members were advised that the adjustment related to the classification of agency arrangements. Officers confirmed that practices have now been put in place to ensure this correction will not be required in next year's accounts.'*

*Audit Wales confirmed that there were no fundamental concerns with regard to the financial statements, accounting controls or reporting of the Council. The corrections detailed in Appendix 3 of the report were mainly classification errors rather than systemic issues. Audit Wales also confirmed that the level of materiality of £13.2 million was based upon 1% of gross revenue expenditure.'*

46 : ANDREW GREGORY, DIRECTOR OF PLANNING, TRANSPORT & ENVIRONMENT

The Chairperson welcomed Andrew Gregory, Director of Planning, Transport & Environment, to the meeting. The Director was invited to present a report on the control environment within the Directorate.

Members were advised that Cardiff Council's Planning, Transport & Environment Directorate (PTE) has responsibility for a wide and complex range of statutory and discretionary duties, functions and services. The directorate employs circa 460 staff in the following teams:

- Transport policy and delivery
- Planning
- Highways infrastructure and operations
- Energy & sustainability
- Air Quality
- Bereavement and registration
- Finance, Policy and Performance (Business Support)

The Director and Directorate Management Team lead on governance, risk management and internal control to ensure there are processes in place for management, monitoring and control within the directorate. Examples of the control systems in place were outlined in the report together with an explanation of how these are managed. The Director also reported on risk management within the directorate. A summary of the processes in place and the identified directorate and corporate risks was provided.

Members were advised that the directorate works closely with colleagues in Internal Audit in order to ensure the robust management of audits and actions arising. The directorate Audit Champion provides key supporting information to the Audit Team on the audits to be undertaken and reports to the Directorate Management Team on the schedule, outcomes and progress made. An up-to-date position in terms of audits with open recommendations and outstanding actions for the directorate was given.

The Director confirmed that Performance Reviews are undertaken on a quarterly basis in line with the Council's Performance Management Framework. Further detail in relation to the Directorate's Performance Management process was set out in the report. Members were also advised that the directorate has well-established arrangements for working partnership and collaboration with outside agencies. Governance and assurance of this approach is controlled via a number of mechanisms

including programme board management, project reviews, key performance indicators, performance reviews, procurement frameworks and financial monitoring. Examples of partnering and collaborative working were provided. Senior Management and external assurance arrangements were also highlighted.

The Chairperson thanked the Director for a comprehensive report. The Chairperson invited Members to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- A Member welcomed the accolades received in respect of Bereavement Services, and suggested that other departments could learn from Bereavement Services in terms of income generation.

- A Member asked for further details on the Cardiff Food Strategy, Health Streets Initiative and 20mph zones. The Director invited the Member to meet with him in person after the meeting to discuss those issues.
- A Member referred to the SMAS review on page 37 of the report pack. They asked whether the 'mixed application' results were averages and whether there were any outliers that the Committee should be concerned about. The Director stated that a number of the areas have been flagged representing the overall directorate position, including how service areas are delivering their Future Generations Act responsibilities and regional transport projects relationships. An action plan is in place to address the 'mixed application' results.
- A Member asked what criteria are used to decide where air quality monitoring stations were positioned. Officers stated that a risk-based approach is used based on DEFRA Technical Guidance Note 16.
- Officers confirmed that colleagues from the Parks Department have been brought in to assist with a Health and Safety related issue caused by overgrowth of trees on high-speed routes. The service area aims to develop a long terms strategy for addressing tree overgrowth before it becomes too problematic.
- Members asked the Director to confirm that the Directorate's external accreditations are mandatory and whether there were also other voluntary accreditations. The Director agreed to provide a briefing report on the mandatory and voluntary external accreditations across the directorate.
- Members noted the comments made in respect of the governance of partnership arrangements. Members asked how the directorate intends to address those issues. The Director stated that there are governance arrangements in place with the partners the directorate are involved with . The aim is to identify governance risks and agree with partners those which can be addressed. For larger, complex projects, officers map out the governance relationships between the partners.
- The Director accepted that universities were not statutory bodies as stated in the report.
- The Director was asked to comment on how value for money is quantified and how that leads into the decision-making process. The Director stated that each capital project has a business plan and against that there is clear quantified monitoring of income and other revenue and capital implications. Value for money is not only measured in terms of financial income. Account is taken of financial income supporting service benefits, aligned to the corporate priorities. A Member considered that it would be beneficial for the Committee to have sight of what is being achieved in terms of value for money in future reports.
- A Member asked whether there was a defined programme and project management methodology used in the directorate that could provide assurance that risks are covered in a structured way. The Director confirmed that programme management is taking place in the projects being undertaken and officers are trained as required in programme management. A standard business case format

is used.

RESOLVED – That the Committee receive a briefing report on the mandatory and voluntary external accreditations across the directorate.

#### 47 : AUDIT AND INVESTIGATION TEAM - PROGRESS UPDATE

The Audit Manager presented a progress report on the work and performance of the Internal Audit and Investigation Team during the Quarter 2021/22 period.

The Internal Audit Progress Report provided details of performance in relation to the Internal Audit Plan and summarised 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 Governance and Audit Committee. Members were advised that no 'unsatisfactory' audit opinions have been provided during the period.

The Investigation Team Progress Report focused on proactive and reactive fraud awareness, detection and investigation activities, including participation in initiatives, such as National Fraud Initiative (NFI) data matching exercises.

The Chairperson invited comments on the report.

- Members noted the request from the Audit Manager for the Committee to approve a recommendation that 29 audit engagements are not targeted for completion during the current year. Members asked whether the Audit Manager was confident there were sufficient resources in place to enable the Audit team to provide a satisfactory level of assurance to the Committee. The Audit Manager stated that the Audit Plan allows some flexibility on the risk-based audits that are targeted. The report aims to provide the Committee with a level of indication of those audits that will be targeted. The target is to achieve 70% of audits. The team is currently behind target and there were some ongoing capacity issues. The Audit Manager did not consider that there was a material risk in terms of providing a full audit opinion. However, if further resource issues were to arise the position could change. Therefore, the Audit Management Team has looked at bringing in temporary resources to support the delivery of key audits.
- Members noted the audit opinions of 'Insufficient with major improvement needed' in the report. A Member asked whether it would be possible for the Committee to consider those areas in more detail. The Audit Manager referred Members to the detailed audit findings set out in the progress report that highlighted the reason why there are areas for improvement needed. The Audit Manager indicated that he was also happy to discuss audit findings in detail with any Member of the Committee. The Chairperson advised that he would consider the comments raised with the Audit Manager.
- Members noted that 5,700 members of staff have completed the mandatory fraud awareness training. Officers were asked what percentage of the total establishment that figure represented and whether there were any barriers to staff undertaking the training. The Audit Manager advised that each Member of

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg



staff has a number of mandatory training targets and these form part of their annual Personal Review. It was agreed that the Audit Manager report a breakdown of fraud awareness training compliance data to Committee.

- Referring to the audit findings regarding payments to carers, Members considered that cash payments carry inherent risk. Members asked whether the authority has looked at cash payments in general across the authority and made an assessment of its continued appropriateness. The Audit Manager stated that an audit is about to commence on income and debtors and an objective of that audit will be whether there is an efficient means of receiving income targeting those areas where a high level of cash payments are received. Likewise, the issuing of cash would be reviewed as part of a forthcoming purchasing and payments Audit.

RESOLVED – That the Committee:

- (1) notes the contents of the Internal Audit and Investigation Team Progress Reports;
- (2) approves the addition of a corporate audit on performance management;
- (3) approves the deferral of 29 audit engagements from the Audit Plan 2021/22 as identified within the Audit Plan (Appendix B);
- (4) Audit Manager to report a breakdown of fraud awareness training compliance data to the Committee.

#### 48 : FINANCIAL UPDATE INCLUDING RESILIENCE ISSUES

The Corporate Director Resources presented an update on current issues including the Month 6 report to Cabinet and the Budget Strategy 2021/22.

Members received details of the Covid 19 expenditure claims made to the Welsh Government. At 30 September 2021 the authority claimed £13.8 million in expenditure support, of which, in excess of £10 million has been reimbursed. A total of £17,000 has been disallowed with the remainder held under review. Income is claimed on a quarterly basis and claims have been made totalling £9.9 million of which £7.8 million has been reimbursed. No income claims have been disallowed and around £2 million is being held under review. Members were asked to note that the ongoing income shortfall projected for 2022/23 is £4.469 million.

The Corporate Director provided a summary of the Month 6 position which projects a directorate overspend of £3.1 million. The overspend is to be offset by the general contingency and therefore the total council position is on overspend of £397,000.

The Committee also received an update on the Budget Strategy for 2022/23.

Responding to a question from the Committee the Corporate Director stated that at Month 6 claims for income and expenditure from Welsh Government are recognised but any funding that is disallowed by Welsh Government is offset within service area budgets. An assumption is being applied that only 75% of support claims will be received.

49 : DRAFT AUDITED STATEMENT OF ACCOUNTS - ISA 260 AND AUDITED STATEMENT OF ACCOUNTS 2020/21 FOR CARDIFF & VALE OF GLAMORGAN PENSION FUND

The Committee received the audited draft Statement of Accounts for the Cardiff and Vale of Glamorgan Pension Fund 2020/21. The revised draft included agreed amendments arising from the audit and feedback from Governance and Audit Committee.

The report provided an opportunity for Audit Wales to present their audit findings to the Committee in accordance with ISA260 and provide the Committee with the opportunity to consider the audit findings, the audit opinion, seek assurances on the delivery of the audit and any resulting adjustments made to the accounts and Annual Governance Statement.

The final Audit of Accounts Reports (ISA 260) along with the final audited financial statements will be considered by Council at its meeting on 25 November 2021.

The Chairperson invited Julie Rees of Audit Wales to present the report. Members were advised that the audit is substantially complete and only the final checks and reviews remain outstanding. Covid-19 continues to impact on audits, however all works have been completed remotely and there are no issues to report. It is proposed that the Auditor General issues an unqualified opinion.

There were no uncorrected misstatements to report. A number of minor corrected misstatements were identified previously that have been amended and those were set out in Appendix 3 to the report. Members were also asked to note amendments to note 8 and note 14b.

RESOLVED – That the Committee:

- (1) notes the Draft Audited Statement of Accounts for Cardiff and Vale of Glamorgan Pension Fund 2020/21;
- (2) notes the 2020/21 Draft Audit of Accounts Reports (ISA 260) for the Cardiff and Vale of Glamorgan Pension Fund;
- (3) recommends the Draft Audited Statement of Accounts for Cardiff and Vale of Glamorgan Pension Fund 2020/21 for Council approval on 25 November 2021.

50 : NATIONAL AND LOCAL FINANCIAL SUSTAINABILITY REPORTS

The Chairperson invited Phil Pugh and Sara-Jane Byrne of Audit Wales to present the reports.

Sara-Jane Byrne provided a summary of the key findings in the national reports that were pertinent to the role of the Governance and Audit Committee. Members were advised that whilst the financial support provided by Welsh Government has improved the financial position of Councils there are still some longer-term challenges that remain such as increased demand for services and the effects of climate change.

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg

Some authorities are better placed to respond to those challenges. The report emphasises that in order for Councils to continue to deliver key services they need to develop a more sustainable approach to their financial planning over the medium and longer term. Four areas where Councils can do this were set out in the report – Financial Strategy; Reserves; Performance Against Budget; Savings Delivery.

Members were advised that Audit Wales intends to continue monitoring the financial position of Councils and it was also intended that a financial sustainability data tool, that will be updated annually, will be published in January 2022. Audit Wales has engaged with the Society of Welsh Treasurers and will continue to do so.

Phil Pugh outlined the local position for Cardiff. Members were advised that the overarching view was that the authority continues to face a number of financial risks. There was also a significant medium-term funding gap to consider. Audit Wales considered that the arrangements the Council has in place will enable it to manage its financial position. The key proposals for improvement were detailed on page 357 of report. Phil Pugh highlighted that proposal for improvement 2 referred to the capital programme. The capital programme over the next 3 years amounted to £1.3 billion and as a result there was additional pressure to ensure that capital borrowing is repaid.

The Corporate Director Resources provided a commentary on the Council response to the proposals for improvement set out in the report. The Corporate Director Resources agreed to circulate or bring to the next meeting the management response to the Audit Wales sustainability report proposals for improvement.

Members asked whether Wales Audit has any specific advice to offer the Council regarding its proposal for improvement in relation to strengthening its savings planning processes. Phil Pugh stated that in terms of the local position, Wales Audit recognises the significant level of savings that have been achieved by the Council. However, there has been a pattern whereby the level of savings being achieved is below 100%. Savings proposals are underlined by a business plan and where savings are not achieved Wales Audit would question whether the Council has an understanding of why those savings have not been realised – for example, were assumptions over ambitious? Have timelines moved? Are savings taking longer than anticipated? Phil Pugh considered that gaining an understanding of why savings are not being achieved would help to strengthen future business plans.

Responding to those comments Members asked whether there were corporate processes in place to review business plans. The Corporate Director Resources stated there is regular analysis of the reasons for non-delivery of savings. Non delivery of savings can potentially be carried forward. There are reasons why savings are not delivered and these will be identified on monitoring reports.

Members noted that the Council's reserves had increased during the pandemic. Wales Audit were asked to comment on whether the average level of reserves over recent years have been set at a reasonable level. Members also asked whether Wales Audit were assured that the use of reserves to fund one-off investments was a suitable use of reserves. Phil Pugh considered that it was for the Council to take a view on the level of reserves it holds and that the level of reserves is sufficient to manage any unexpected circumstances. The Council's average level of reserves

has remained stable and it incumbent for the Cabinet Member and Corporate Director to ensure that those levels are prudent and appropriate. Similarly, the use of reserves to fund one-off investments is not a matter for Wales Audit to determine. It was for the Council to set its priorities and how it wishes to see services delivered. A Members suggested that Wales Audit could potentially include the median level of reserves in future reports.

The corporate Director of Resources stated that a distinction needs to be made between general reserves and earmarked reserves.

RESOLVED – That a management response to the Audit Wales sustainability report proposals for improvement to be circulated to the Committee or brought to the next meeting.

#### 51 : AW WORK PROGRAMME AND TIMETABLE UPDATE

The Committee received an update on the Audit Wales Work Programme and Timetable.

RESOLVED – That the report be noted.

#### 52 : DRAFT CARDIFF COUNCIL MID YEAR (CORPORATE) COMPLAINTS REPORT 2021-22

The Committee received a report enabling Members to review and assess the authority's ability to handle complaints effectively, and make any associated reports and recommendations.

Members were advised that in 2019 the Ombudsman gained new powers under the Public Services Ombudsman for Wales Act 2019. Part of the act detailed a commitment for Local Authorities to report on complaints to senior management twice a year. The authority will provide its comprehensive Annual Complaints Report annually to Cabinet. A second report will be provided to Informal Cabinet, covering the first six months of the year. Prior to being considered at Cabinet / Informal Cabinet, the Governance and Audit Committee will have an opportunity to consider the complaints reports.

The half-yearly report attached as Appendix A of the report provided information on the operation of the corporate complaints procedure between 1 April 2021 and 30 September 2021.

In addition to the Council's Corporate complaints policy, it is a statutory requirement for Local Authorities to have in place a complaints policy for Social Services. The Council also reports on the operation of the Social Services complaints policy and the report contained information about the number of Social Services complaints received.

Members were asked to note that a total of 2,248 (Corporate) complaints were recorded during Quarters 1 and 2 of 2021/22. Increased pressures continue to be placed on service areas across the Council as a result of Covid-19.

Priorities for the coming six months include a new Council-wide complaints and correspondence system and the improvement of complaints reporting and complaints training. Within the next six to eight months, the Council are to implement a council-wide complaints and correspondence system. The project team have considered 3 systems with the aim of having the preferred solution identified by the end of the year. Implementation of the new solution would then take place between January 2022 and May 2022. The new platform will provide additional functionality which can be harnessed to improve performance.

In terms of complaints handling, Members were advised that each Council service area has a lead officer for complaints. The central corporate complaints team are able to provide advice and support to lead officers and ensure the required standards are being met at regular meetings. The new complaints handling system will lead to improvements as the corporate complaints team will have increased oversight of all complaints and consistency of data entry across the organisation. It will also enable the Council to implement a tracking system for lessons learnt and monitor how improvements are embedded into existing routines/policies within service areas.

The implementation of the council-wide system will lead to further improvements in recording and reporting on complaints received by Cardiff Council. There is also a requirement to meet the Complaints Standards Authority (CSA) standards and a central complaints repository will help in this regard.

The Chairperson invited Isabelle Bignall, Chief Digital Officer to deliver a presentation on the Mid-Year Corporate Complaints Report for 2021-22.

The Chairperson requested that the next complaints report provide an overview of the preferred option for the new complaints handling system, including details of the specification used to inform the procurement process.

Members considered that the role of the Committee was to take a view on the effectiveness of the authority's complaints handling system. The report set out some raw data on the current position but did not include any measures on effectiveness. Members requested an assurance that future reporting will include information that will enable it to assess the effectiveness of the authority's complaints handling processes. A Member also asked whether a route-cause analysis of complaints could be used identify the route cause, learn from complaints and change systems to improve services – The Member also asked whether this could be factored into the specification for the procurement of a new complaints system. The Chief Digital Officer accepted the comments and agreed to reflect upon how the Committee could receive assurance. Members were advised that the new complaints handling system will provide some improvements in terms of the categorisation and identification of causation.

RESOLVED – That:

- (1) the report be noted;
- (2) the Committee receives an overview of the preferred option for the new complaints handling system, including details of the specification used to inform the procurement process.

53 : CORPORATE RISK MANAGEMENT 2021/22 (MID-YEAR)

The Committee received a report providing an update on the risk management position at Quarter 2 2021/22.

A Member requested that, in terms of the actions achieved during the quarter, it would be helpful if all actions included timetables. The Head of Finance stated that the Risk Team work closely with Risk Champions in service areas and an undertaking was given that the Committee's comments will be fed back to service areas and will form part of future conversations.

RESOLVED – That the report be noted.

54 : TREASURY MANAGEMENT HALF YEAR REPORT

The Committee received the Treasury Management Half Year report providing Members with an update on treasury management activities since 1 April 2021 and the position as at 30 September 2021.

RESOLVED – That the report be noted.

55 : OUTSTANDING ACTIONS

RESOLVED – That the report be noted.

56 : CORRESPONDENCE

No correspondence was received.

57 : WORK PROGRAMME UPDATE

RESOLVED – That the report be noted.

58 : URGENT ITEMS (IF ANY)

No urgent items were received.

59 : DATE OF NEXT MEETING

The next meeting of the Committee is scheduled to take place on 25 January 2022.

The meeting terminated at 4.45 pm

## GOVERNANCE AND AUDIT COMMITTEE

7 DECEMBER 2021

Present: Independent Members: Gavin McArthur (in the Chair)  
David Price, Janet Wademan  
Councillors Cowan, Cunnah, Goodway, K Jones and Williams

### 60 : APOLOGIES FOR ABSENCE

No apologies for absence were received.

### 61 : DECLARATIONS OF INTEREST

Prior to the meeting Hugh Thomas declared a personal interest in Agenda Item 3. Hugh Thomas took no part in the meeting. The meeting was chaired by Gavin McArthur.

### 62 : GOVERNANCE, INTERNAL CONTROL, AND RISK MANAGEMENT WITHIN WASTE MANAGEMENT

The Committee received a report providing an update on governance, internal control and risk management in Waste Management. The Committee has maintained an interest in the internal control environment in Waste Management and Members noted that for a number of years the service areas has received lower levels of audit assurance. The service area has also been subject to investigations relating to matters of financial impropriety for which the Committee received confidential briefings.

Members were advised that Waste Management is working closely with colleagues in the Audit team to provide higher levels of assurance. The Committee's previous consideration of these issues was summarised in the report. Furthermore, it was agreed that in respect of the aforementioned investigation that an independent Post Investigation Review will be undertaken at the appropriate time. The Governance and Audit Committee will be informed of the terms of reference and approach of the review.

The report provided members of the Committee with details of the governance, internal control and risk management arrangements in place within the service area.

The Chairperson welcomed Neil Hanratty, Director of Economic Development, to the meeting. The Director was invited to give a presentation providing an overview of the existing arrangements. Following the presentation the Chairperson opened the debate on this item. Members were invited to comment, raise questions or seek clarification on the issues set out in the report. The Chairperson reminded Members to confine comments and questions to within the parameters of the Committee's Terms of Reference. Those discussions are summarised as follows:

- Members asked for further information on the lower self-assessed rating for the compliance category. Officers advised that the compliance issue identified in the SMAS primarily related to a landfill. A risk to the authority's Environmental Permit had recently been identified relating to landfill aftercare. The authority is working

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg

with specialist waste contractors and consultants in order to address concerns regarding leachate emanating from a landfill site. Compliance has been downgraded as a result of the identified risk. Key controls around other high-risk activities, such as weighbridge activity and financial management, were advised to now be embedded, as supported by recent audits. Members welcomed the update and suggested that this level of detail could have been included in the cover report.

- A Member raised concerns at the number of Internal Audit assurance ratings within the Waste Management service that were 'insufficient with major improvement needed'. A particular concern was expressed regarding the Waste Management Health and Safety audit.

*A point of order was raised at this point. A Member considered that the line of enquiry was straying into operational matters and was therefore outside the remit of the Committee. The Chairperson reminded Members of the need to confine their comments and frame any questions in the context of governance, internal controls and risk management matters.*

The Audit Manager advised that there was one outstanding action in respect of the Internal Audit on Waste Management Health and Safety details of which were provided in table 3 of the report. The action related to the 'Papertrail' system which captures health and safety data for reporting purposes.

- The Director of Economic Development accepted that historically there have been concerns regarding the Waste Management Service. Internal controls within the service area are being tightened. As issues are being identified Internal Audit are being invited to review those elements of the service. The categorisation of 'insufficient with major improvement needed' is given where there are some key actions required. A recent audit of waste collection demonstrated that the service is performing well. However, there were some issues highlighted during the audit that need to be addressed. All of the actions resulting from the audit remain within the agreed timelines, and of 82 actions 69 were reported to have been completed.
- The Director asked Members to note that none of the recent audits have returned an 'unsatisfactory' rating and fewer significant recommendations are forthcoming in each new audit. This demonstrates that there is an improved internal control system in place. The Director meets with senior managers monthly and audits are discussed in detail in terms of progress against actions. Some outstanding actions are very low risk, some require procurements to be undertaken and some have been completed and are now being monitored by Internal Audit to ensure that they are embedded before they are closed. The Director considered that a good level of progress has been achieved.
- The Director confirmed that the Health and Safety audit referred to was from 2019/20. The Chairperson asked whether officers were confident that the outstanding action, relating to the introduction of a system, would be delivered. Officers advised that the 'Papertrail' system was a system that monitors on-site compliance against safety checks. The system is over and above what is required and it demonstrates a commitment to an enhanced approach to



compliance within the service area.

- A Member requested further details regarding the scope and nature of the work being undertaken by Audit Wales in respect of Waste Management and whether a further report was merited due to the concerns raised by Members and members of the public over a sustained period of time. Phil Pugh of Audit Wales stated that the Audit Plan reported previously to the Committee indicates that Audit Wales will be following up on previous reports as part of their planned programme of work. The Chairperson requested that Audit Wales provide details of the scope of the planned works to the next meeting of the Committee. Phil Pugh advised that quarterly updated reports to the previous meeting of the Committee provided some level of detail – the review will assess the Council's progress in developing its Waste Strategy to help reduce waste and achieve waste targets. The Chairperson requested that Audit Wales also consider any emerging risks.
- The Director stated that the internal audit findings on Waste Collections were presented to the service area a matter of weeks prior to the meeting. There are 5 associated recommendations and all are well within the agreed timelines for the service area to respond. The recommendations relate to a review of missed collections data; the use of Power BI system (software used to present data); adjusting the waste collection plan to take account of seasonality; to review drivers training; and an accounting categorisation for overtime.
- A Member raised concerns at the suggestion made that the Committee should agree the scope of work to be undertaken by Audit Wales. The Chairperson considered that Audit Wales has been requested to explain the scope of their intended work; there was no suggestion that the Committee was to approve the scope of Audit Wales' review. Phil Pugh advised that Audit Wales would seek to agree the scope of the works to be undertaken with management in the first instance. That assessment would be based on risk-areas. The agreed works are reported to the Committee in the Audit Plan. There is also liaison with Internal Audit to ensure that there is no overlap with work Internal Audit are planning to undertake.
- Members noted the high levels of sickness within the service. Members asked whether the Council's standard sickness absence procedure was being used to review sickness levels and whether those procedures are sufficient. The Director stated that sickness absence was a major concern for the service and it remains a key risk. The Director accepted that the service's sickness absence level was an outlier for the authority and this was because the work was performed outdoors and was physical in nature. The Director considered that the standard sickness absence procedure was adequate and the key issue is to ensure that the procedure is applied in a consistent manner.
- Members requested officers to comment on the use of customer satisfaction and the extent to which that is reflected in performance measures. Officers indicated that customer satisfaction is assessed as part of the annual 'Ask Cardiff' survey. Main key performance indicators (KPIs) relate to the LEAMs surveys which are independently undertaken by Keep Wales Tidy and these are cross-referenced with the Ask Cardiff survey results to identify any correlations. The data is used to inform service provision and PowerBI is used to correlate source data. Officers considered that, in terms of waste collections, customer satisfaction is key and a

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg

missed collections KPI is monitored. In the future this KPI will be factored into PowerBI as recommended by Audit Wales. Furthermore, the Waste Strategy is due to be reported to Cabinet in the near future. As part of the consultation process that will be accompanied by a survey. Customer feedback will be important in terms of shaping future service provision. A waste trial will also be undertaken in January 2022 and feedback from that trial will also be considered.

- Members noted that Waste Collections account for approximately 70% of all complaints received by the Council. Members asked to what extent the performance framework takes account of complaints received and whether complaints are cross-reference with performance measures. Officers stated that at Operational and Business Improvement meetings correspondence is monitored including complaints and the nature of those complaints.
- Members asked how confident officers were that the actions set out in table 3 of the report would be achieved by the set dates and how the Committee can be assured. The Director stated that he has a high level of confidence that those actions can be delivered within agreed timescales. The Audit Manager advised that the existing recommendations will be tracked through the Committee's recommendation tracker reports. Red and Red/Amber recommendations require evidence to be submitted prior to closure so that Internal Audit are satisfied that they have been completed. The Audit Charter requires that any audit with an unsatisfactory rating will have a systematic follow audit after six months. Any audits with a different rating will fall within the normal risk-assessment process for audit planning purposes.
- Members welcomed the progress that has been made in the service area as highlighted in table 1 of the report. A Member asked whether there was a consistent, calibrated approach to the application of senior management assurance ratings. The Director considered that there was a consistent approach and provided a summary of the processes in place.
- Members welcomed service improvements brought about by the digitisation of systems and the greater use of new technologies. Members asked the Director to comment upon journey the service area is on in terms of the introduction of new technology. The Director considered that the service area was at the start of its journey. A major step along that journey was the introduction of 'BarTec' (in-cab GPS) technology which captures data every day and which over a period of time can be used to refine how the service is delivered.

The Chairperson thanked the Director and colleagues for their report.

RESOLVED – That the report be noted.

63 : URGENT ITEMS (IF ANY)

No urgent items were received.

64 : DATE OF NEXT MEETING

The next meeting is scheduled to take place on 25 January 2022.

The meeting terminated at 3.05 pm

This page is intentionally left blank

## **GOVERNANCE & AUDIT COMMITTEE: 25 JANUARY 2022**

---

### **RESOURCES, CONTROL ENVIRONMENT UPDATE**

#### **REPORT OF THE CORPORATE DIRECTOR OF RESOURCES**

**AGENDA ITEM: 5**

---

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

1. This report has been produced in response to the Governance and Audit Committee's request for an update on the Resources Directorate control environment.
2. The Governance and 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.
  - Consider the Council's framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.
  - Consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
  - Review the assessment of fraud risks and potential harm to the council from fraud and corruption.
  - Review the governance and assurance arrangements for significant partnerships or collaborations

#### **Background**

3. The Resources Directorate provides a wide range of support services undertaking a vital role in supporting the Operational Directorates in the delivery of their services, along with itself providing some key front line services. Specific Service areas within the Directorate include customer support to citizens via Connect to Cardiff and 24/7 services as well professional business support and guidance on Finance, HR, Commissioning & Procurement, Digital and Technological issues and Transport needs to all Services.
4. The onset of the pandemic created additional challenges for the Directorate in terms of the way it operated, but it also resulted in the Directorate itself playing a key enabling role in how the Council was able to respond effectively from a service perspective. For example, as homeworking became the default operation for thousands of employees, Digital Services played a key role; and as costs and income shortfalls were experienced, Finance and Procurement officers ensured that the Council remained financially resilient whilst being able to act quickly to commission much needed supplies at an appropriate price. In addition, HR Services were critical where there were needs for amendments to employee policies and solutions were needed for staff to be switched from existing roles to key front line posts.

Services within Resources include:

- **Commissioning & Procurement:** 32.40 FTE, across Operational, Strategic, and Transactional Procurement Teams.
  - **Central Transport Services:** 40.30 FTE, delivering Transport Co-ordination services, Fleet Support, and a vehicle repairs and maintenance workshop.
  - **Customer & Digital Services:** 302.67 FTE, providing 24/7 Services, the C2C Contact Centre, Corporate Customer Services (including technical support services), the Emergency Management Unit, ICT Services, and Rent Smart Wales.
  - **Finance:** 242.4 FTE, delivering Accountancy Services, Transactional Finance, Information Governance, Insurance and Risk, Internal Audit, and Revenue Services.
  - **HR People Services:** 74.5 FTE, across the Cardiff Academy, Corporate Apprenticeships and Traineeships, Employee Relations, Management Support Services, Occupational Health Services, Organisational Development, the People Services Contact Team, Recruitment, and Specialist Support Services.
5. Robust performance management arrangements are in place across Resources at both an individual service and overall management level. Balanced scorecard approaches are adopted across services and the Resources Management Team oversees performance and instigates corrective action where appropriate.
6. The Corporate Director and Directorate Management Team lead on governance, risk management and internal control to ensure there is a process for management surveillance, monitoring and control within the directorate, examples of these systems are outlined in the Report together with an explanation of how these are managed, pertinent areas being, but not limited to:
- Risk Management – Corporate and Directorate Risks (see para 7)
  - Internal Audit Assurance (see para 14)
  - Performance Management (see para 29)
  - Significant Partnership / Collaboration Governance (see para 32)
  - Senior Management Assurance Statements (see para 33)
  - External Assurance (see para 35)
  - Value for Money (see para 36)

## Issues

### (a) Risk Management

7. Risks relevant to the Directorate are managed on an ongoing basis alongside service area delivery plans and reported on a quarterly basis via the Resources Management Team (RMT) and appointed Risk Champions, through the Directorate and Corporate Risk Registers. Escalated Directorate Risks and Corporate Risks for which the Directorate holds responsibility are reviewed by the Council's Senior Management Team and subsequently reported to Cabinet and Governance & Audit Committee.

### High Level Corporate Risks (see Appendix A for full detail)

8. Corporate Risks that are owned by Resources Management include those related to Finance (Financial Resilience, Budget Monitoring, Information Governance, Capital Ambition and Fraud, Bribery and Corruption), ICT (Cyber Security, and ICT Platforms Unsuitable/Outdated) and Business Continuity.
9. As reported to Governance & Audit Committee via the quarterly Corporate Risk Management reporting process, all the above risks are mitigated through a variety of controls, actions and

policies in order to ensure the current (residual) rating is reduced from the inherent rating and is acceptable in respect of the Council's risk appetite. Whilst, the objective is to have targeted further reductions in all risks, the priority over the last two years has been to at least maintain the current residual risk level in the face of increasing challenges such as the impact of the pandemic, cybersecurity and a very uncertain economic outlook. However, a small number, including information governance, fraud awareness and budget monitoring have set targeted reductions within the next twelve months. All other areas are focussed on ensuring that action taken can at least ensure remaining at current risk levels but to continually monitor to ensure that where possible risk reductions are taken where they can be achieved and evidenced.

## High Level Directorate Risks

10. The Directorate Risk Register (DRR) is a strategic document and is directly aligned with the Directorate Delivery Plan and relevant Capital Ambition objectives, as well as capturing any other key risk perspectives, such as:
  - Financial
  - Legal & regulatory
  - Service delivery
  - Reputational
  
11. There are a number of identified directorate inherent risks, of varying severity which are reviewed regularly for assurance on actions undertaken and their impact on the residual risk and any target risks that are in place. In considering the contents of the risk register the focus is on ensuring that all risks are identified with a clear connection to the current and proposed actions designed to reduce or manage the impact / likelihood of the risk. Currently, there are no red residual risks within the Risk Register but there are red / amber residual risks that require careful managing at this time and are set out as follows;
  - Pension Fund Compliance - That Pension Membership data is not recorded accurately and Benefits are not paid on time in accordance with LGPS Regulations
  - Collection Rates - Risk that Council Tax / Business Rates Collection performance reduces compared to previous performance
  - Insufficient assurance across the Council for the Audit Manager to express an unqualified audit opinion on internal control
  - Due to the hardening insurance market there is a risk that insurers will look to increase charges both during the contract and in any new tendering arrangements.
  - Maintaining adequate response capability during times of challenge for the City, and the impact of significant incidents (Covid/Climate change)
  - Malware Prevention- Malicious software, or malware is an umbrella term to cover any code or content that could have a malicious, undesirable impact on systems. Any exchange of information carries with it a degree of risk that malware might be exchanged, which could seriously impact our systems and services.
  - Monitoring - System monitoring provides a capability that aims to detect actual or attempted attacks on systems and business services.
  - To deliver good quality customer service and a fast and efficient service in light of static call volumes but increased customer demands across other channels.
  - Analogue to Digital shift by 2025 for Telecare Customers
  - Shortage/Loss of key staff with critical skills – Business continuity and ability to recruit where vacancies arise.
  
12. The risk appetite for the Directorate is such that red / amber residual risks reflect the significant external challenges within which it operates and that the focus of mitigating actions is to reduce the likelihood of the high impact risk. The risk register primarily highlights the uncertainty and intensity currently faced in areas such as resources and IT security

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

13. The directorate works closely and meets on a regular basis with the Internal Audit Team to ensure robust management of internal audits and actions arising. This includes providing key supporting information to the Audit Team on audits to be undertaken and reports to Directorate Management Team on the schedule, outcomes and progress made.

**Internal Audit Assurance**

14. The Directorate currently has 21 audits with open recommendations, with 22 no. outstanding actions; 1 red, 5 red / amber, 14 amber / green and 2 green. The Directorate has completed 80% of the audit recommendations in the last two years. The Directorate response to some of the recommendations has been affected by the COVID-19 pandemic and this has led to some delays in closing recommendations. It should also be noted that a number of the outstanding actions are in relation to specific projects, therefore the actions will only close in line with the project delivery programme.

15. The Table below summarises the position with respect to Internal Audit recommendations and paragraphs 16 to 27 provide some narrative commentary:

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
<b>2021/22</b>						
Special Leave	Final	Effective with opportunity for improvement	2	0	2	2 recommendations due 31.01.22
Disciplinary Policy	Final	Effective with opportunity for improvement	4	0	4	4 recommendations due 30.09.22
Treasury Management	Final	Effective with opportunity for improvement	2	0	2	2 recommendations due 31.03.22
Establishment Reviews	Final	Insufficient with major improvement needed	3	0	3	3 recommendations due x 31.03.22
<b>2020/21</b>						
Contract Monitoring and Management	Final	Insufficient with major improvement needed	1	0	1	1 recommendation due 31.03.22
Creditor Payments - in-year testing 2020/21	Final	Effective with opportunity for improvement	1	3	4	1 recommendation due 28.02.22
Insurance	Final	Effective with opportunity for improvement	2	1	3	1 recommendation due 31.01.22, 1 due 31.03.22
Cardiff Bus – The governance relationship with Cardiff Council	Final	Insufficient with major improvement needed	3	2	5	3 due 30.06.22
Additional Payroll Payments	Final	Effective with opportunity for improvement	1	0	1	1 recommendation due 31.03.22
Complaints and Compliments	Final	Effective with opportunity for improvement	1	2	3	1 recommendation due 31.03.22
<b>2019/20</b>						
Insurance - In year testing 2018-19	Final	Effective with opportunity for improvement	1	11	12	1 recommendation due 31.03.22
Payroll 2018/19 - In year testing	Final	Effective with opportunity for improvement	1	5	6	1 recommendation due 31.01.22



### **Special Leave**

16. There are two outstanding recommendations regarding documentation and guidance relating to special leave and to ensure that the risk of self authorising special leave is reduced. Both actions are on track to be put in place by the end of January through a combination of effective communication, review of website guidance and review of activity.

### **Disciplinary Policy**

17. There are four recommendations that remain outstanding. These will be picked up as part of a full review of the disciplinary policy and process. This was due to be completed, but due to the prioritisation of pandemic work plus the lack of resource available to carry out this wide ranging review, it is likely that this will be deferred into the 2022/23 financial year. The recommendations consider the reporting requirements for disciplinary cases, the need for guidance to support the production of reliable and prompt data, the need to ensure case management system changes are in place where needed and ensure appropriate engagement across all stakeholders is undertaken and taken into consideration

### **Treasury Management**

18. There are two outstanding recommendations in respect to reviewing the sensitivity of its treasury assets and liabilities to inflation and that treasury management reconciliations are undertaken on a robust monthly and quarterly basis as stated. The Treasury Management Plan will be updated in the next iteration to reflect the risks relevant to the treasury function, whilst acknowledging that inflation is not within the council's control. Both recommendations will be on target for action by the 31 March 2022

### **Establishment Reviews**

19. There are currently three recommendations which cover piloting establishment reviews with schools, a data integrity review and to consider the phasing out the use of HR forms to make / change additions to pay, to support greater direct use of the DigiGOV system by management.
20. The project in respect to schools has been delayed but is on track to be in place by 31 March 2022. The data integrity review is an on going piece of work and phasing out of HR forms is now a project piece of work as it has been established that a number of processes need to be developed and implemented in DigiGOV in order for the forms to be phased out but the integrity of the processes that these relate to remain.

### **Contract Monitoring and Management**

21. The one recommendation relates to an agreed root and branch review of contract management in order to ensure that the level of governance and performance management is consistently applied across the Council. This review is currently on track for 31 March 2022.

### **Creditor Payments**

22. The results of the review on Payments will be finalised in time for the deadline of end of February with actions for improvement already put in place where identified.

### **Insurance**

23. There are three outstanding recommendations which relate to a development of an insurance webpage, increase communication to senior management of the need to provide early information on planned projects and the management of the cyber security risk and having

sub optimal insurance cover in that regard. There are plans in place for all actions to be undertaken by 31 March 2022 particularly in respect to further development of a risk mitigation plan on cybersecurity insurance.

### **Cardiff Bus – The Governance relationship with Cardiff Council**

24. There are three recommendations outstanding which cover the agreed performance reporting requirements with Cardiff Bus, a closer alignment of financial reporting between Cardiff Bus SOA and Cardiff Council accounts and agreed areas of internal control improvements with Cardiff Bus. Work is already in progress to ensure that information can be ready to use for both the publication of the draft 2021/22 accounts and the accompanying Annual Governance Statement. All recommendations will be completed, and the Council continues to work closely with Cardiff Bus as the impact of the COVID-19 Pandemic hopefully subsides and pressure on the Bus Company reduces.

### **Additional Payroll Payments**

25. Management should consider updates in respect to Stand by duty and recall to work in their next review of the Standby Policy. The Standby Policy will be reviewed during 21/22 and the recommendations will form part of that review.

### **Complaints and Compliments**

26. An improved procedure for handling complaints and compliments will be implemented by 1st February 2021. Once implemented, the creation of this central repository will assist the Council to comply with its duties under the Complaints Standards Authority
27. HRPS will work with schools to understand their issues with using DigiGOV in order to ensure that there is more use of the system. Further training will be provided where necessary. This is an area which will be raised as part of the SLA review with schools. A project plan for the development of DigiGOV in schools is to be in place by 31 January 2022
28. In summary, all outstanding recommendations are progressing, 4 actions are due to be complete by the end of January 2022, with 11 remaining actions being complete by 31 March 2022 and 7 recommendations by 30 September 2022

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

### **Performance Management**

29. Performance Reviews are undertaken on a quarterly basis in line with the Council's Performance Management Framework. This comprises a review of Corporate Plan Priorities, Corporate Steps as outlined in item 4 above, Directorate Plan Headline Actions and Corporate Plan Measures (Key Performance Indicators. Each Corporate Step has been allocated an owner Operational Managers) and timescales, and each quarter these are responded to by respective owners to provide details on progress, relevant issues and mitigating actions, as well as providing a RAG rating; **Red** – where serious issues have occurred and it is unlikely that any further progression can be made without some form of assistance from outside of the directorate, **Amber** - where issues have occurred but they are not serious enough to require assistance and **Green** - where there are no issues with progress / performance.
30. The performance of each service of the Resources Directorate is underpinned by a scorecard approach which covers the key objectives and sets out the performance position on a quarterly basis.

31. The reviews are reported to Directorate Management Team meetings where the Director contributes to the overall position and intervenes as required, for example where ratings emerge as Red or Amber the Director challenges and seeks further explanation on the matter to establish the root cause and readjusts as required.

#### Significant Partnership / Collaboration Governance

32. In order to maximise our contribution to delivering the Council's priorities, corporate steps and wellbeing objectives, the Directorate has a well-developed approach for working in collaboration with partners which helps to put the Directorate in a strong position to deliver key pieces of work, indeed this allows it to become more resilient, mitigate risks, fill skill and resource gaps, enrich delivery and reap the benefits of working arrangements as outlined below. Governance and assurance of this approach is controlled via a number of mechanisms including programme board management, project reviews, key performance indicators, performance reviews, procurement frameworks and financial monitoring. Below are some examples of effective collaboration activity:
- Cardiff Bus – this is a 100% owned company and the Council is proactive in ensuring that there is an appropriate level of governance and assurance both in the company itself but also from within the Council. This has developed over the last two years through the development of progress reports on governance and financial matters supplemented by regular meetings with both the Managing Director and the Financial Director of the company. This is a work in progress and currently work is being undertaken to ensure that matters within the risk register are accompanied with appropriate measures and evidence.
  - Cardiff Capital Regional City Deal (CCRCD) – The Council is the Accountable Body for this entity and in order to be effective this has required close working relationships with both officers of the CCRCD and the ten contributing authorities. The statutory responsibilities for the CCRCD of both the S151 Officer and the Monitoring Officer are carried out by Cardiff Council statutory officers. The CCRCD undertakes its own governance assessment and produces an Annual Governance Statement and the work provided by Cardiff officers is managed through a Service Level Agreement. There is a significant amount of close working between officers to ensure that both the contributing authorities and the Welsh (and UK) Government are satisfied that spend and drawdown of funding are undertaken appropriately and in an evidenced manner. In addition, following the creation of Corporate Joint Committees in Wales with new statutory powers, work to transition governance, processes and contracts of existing CCRCD City Deal activities will need to be undertaken during 2022/23 (subject to this transfer being approved by Regional Cabinet at the end of January). Cardiff Council Cabinet received an update report on CJC's on 20 January 2022.
  - The Pension Board provides an oversight function of the administration of Pensions for the Cardiff and Vale Pension fund. Cardiff Council is the largest employer in the fund and is the Administering Authority. The Board has an independent chair, trade union representation and employer representation. The Board does not have any decision making powers but their views and minutes of meetings are routinely reported back to the Pension Committee.

## Senior Management Assurance

33. The Resources Management Team continues to engage in the review of Senior Management Assurance Statements (SMAS), with the most recent review taking place at the half-year stage during November 2021 (see Attached Appendix B). The Directorate uses a cascade approach and encourages each Operational manager to consider for their services the evidence they have in which they can allocate a rating to each statement and whether or not any actions are identified from the exercise. This cascade approach is repeated at Service Head level where an aggregated view of the ratings is considered and actions are agreed. The final stage of this approach is undertaken at RMT where the Corporate Director takes a view of the overall position of the Directorate identifying any actions, any areas of exception and all evidence available.
34. The Directorate for the half yearly review assessed itself as primarily 'Strong' across all areas of the statement whilst identifying areas where there are opportunities for improvement in order to further firm up assurance. The action Plan for Resources is set out below and will be taken forward and monitored via RMT:

<b>SMAS Section</b>	<b>Opportunity for Improvement</b>	<b>Responsibility</b>	<b>Target Date</b>
Future Generations Act (FGA)	1. General Awareness communication across 2. Each Operational Manager considers the further awareness / discussion required with their respective individual teams	RMT	March 2022
Control	To assist a deeper understanding, a database of Controls in place specifically to guard against Fraud is to be drawn up.	RMT	Jan 2022
Budget	Monthly review of the financial model for certain areas of Resources (Digital Services).	Chief Digital Officer	Ongoing
Planning Decisions	Focus on Business plans in the second half of the year to ensure we have a methodology that we are comfortable that we are consistently applying actions against principles set out.	RMT	May 2022
Control	Exercise to be undertaken in order to ensure appropriate level and breadth of assurance. - Specifically, Authorisation process sign offs, agreed audit actions and physical assets.	RMT	March 2022
Performance	An exercise will be undertaken to review current position on Benchmarking and consider any improvements that could be made	RMT	April 2022
Planning Initiation	Review across the directorate to ensure that all key projects when initiated are underpinned by a clear set of outcomes sought and an appropriate and proportionate governance reporting structure	RMT	April 2022

## External Assurance

35. External assurance is an important consideration for the Directorate and to illustrate, two examples are given below:
- The production of the Statement of Accounts is audited by Audit Wales who also produce timely reports on key financial matters not least financial sustainability. The Accountancy team meet with the Auditors on a regular basis both to update on matters arising but also to review timetables and actions in order to ensure that the Accounts process is on track. This timetable covers the period prior to production of the draft Statement of Accounts and goes through to the drafting of the ISA 260 by Audit Wales. The Accountancy lead ensures that information flows between relevant accountants / officers and the auditors in a timely and complete fashion as anticipated by the timetable. This will also include ensuring that relevant officers are aware of improvement actions required such as a particular set of working papers.
  - Over the last 18 months the Council's officers have been working in partnership with an independent Qualified Security Assessor (QSA) our Merchant Acquirers (WorldPay & Global Payments) and the payment brands (Visa, Mastercard etc.) to review the Council compliance with the Payment Card Industry Data Security Standard (PCI DSS). This project has required a significant amount of collaborative working between officers in IT, Finance and those services that receive and take income. An oversight group meets monthly to consider progress to date, reviewing risks and addressing any issues that have been escalated to it. The external assurance has come from two parties, one being the Independent assessor and secondly the payment brand which will provide full assurance by the end of the financial year as per current progress. The performance to compliance currently stands at 91.2% as per December 2021 with a view to being 100% compliant by the end of March 2022.

## **Value for Money**

36. The directorate has responsibility for a wide and complex range of statutory duties, functions and services. Some services are statutory and there are some that rely on income generation. There has also been an increase in the complexity of delivery models across the Council which have required the Finance, Procurement, HR and IT services to ensure that it has the right skills mix in order to support the work.
37. A key priority for the directorate is 'to continue to provide high quality services and excellent value for money'. This means working smarter, driving efficiencies and embracing digitalisation in order to ensure services needed are delivered within the financial constraints in which the directorate operates. Examples of opportunities realised include:
- The implementation of Microsoft 365 and Teams across the Council in order to provide an effective platform for remote working.
  - Introduction of hybrid mail solution across the Council that has enables services to reduce maintenance costs of physical printers, reduced postal costs and staff efficiencies.
  - Implementation of an e billing solution for Council Tax which was implemented in April 2018 and through regular communications has resulted in 37,572 registered to save on printing, stationery and postage costs

## **Legal Implications**

38. There are no direct legal implications from this report.

## **Financial Implications**

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

## **RECOMMENDATIONS**

40. That the Governance and Audit Committee considers and notes the content of the report.

**Chris Lee**  
**Corporate Director Resources**

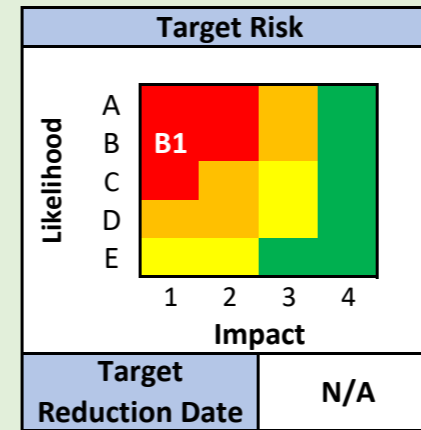
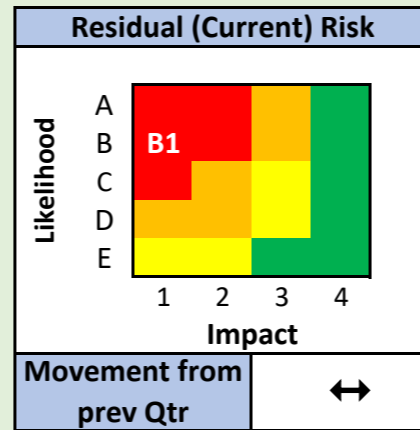
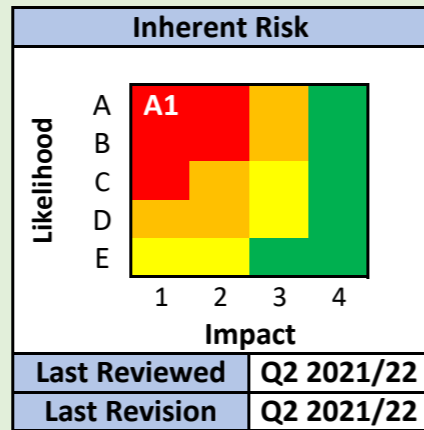
The following are attached:

- Appendix A - Corporate Risk Register (Resources)
- Appendix B - Resources Self-Assessment SMAS
- Appendix C - Presentation

# City Security

**Description**

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



**Risk Owner(s)**

Chris Lee  
(Gavin Macho)

Andrew Gregory

Councillor Huw Thomas  
Leader

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

- All existing identified high-risk, crowded places have been formally assessed
- Some crowded places have an extremely limited and in some cases 'third party managed' access control process to operate them; providing little/no challenge
- CONTEST Protect/Prepare Task & Finish Group maintains the City Gateways Public Realm Enhancement Scheme, with agreed options for suitable PAS 68/69 mitigation for appropriate boundary locations; referred to as 'gateways'
- The work done in the city to address security concerns has been predominantly focused on the provision of physical assets to mitigate against the threat of hostile vehicles
- Areas protected against the threat of hostile vehicles include the Principality Stadium, St Mary Street, Queen Street, St David's Dewi Sant and Cardiff Bay.
- The Cardiff City Centre Access Control Protocol is currently operating at the heightened response level, reflecting the UK National Threat Level; permitting vehicles onto the pedestrianised areas within Cardiff City Centre using strict parameters
- Cardiff has led the way in Wales in relation to adopting comprehensive security measures for its City centre. This has been recognised in the development of new Welsh national structures, the Protective Security Preparedness Group (PSPG), which follows our historic Protect Group.
- The Cardiff PSPG is chaired by the Chief Executive and meets every 3 months. It has commissioned a major strategic review of all City Centre Security matters with reference to how existing arrangements will fit into the new developments coming online. A draft of the Cardiff Infrastructure Report, how we currently manage security infrastructure in the city centre, has been put together. Next steps include incorporating recommendations/ prioritising interventions, as well as seeking input and feedback from key stakeholders. Further discussions will be necessary regarding the report and its findings. It is hoped that a summary of the report and its findings will be presented at the next PSPG meeting in January 2022.
- The development of the PSPG has constituted in a CONTEST Board review which with new governance is providing security a growing focus.

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

- The PSPG Chair has commissioned a Director led review across all relevant Service areas to assess current operational and tactical arrangements for City Security to see if they are effective. All opportunities for improvement to captured and costed.
- The PSPG is broadening its remit by taking on a more comprehensive portfolio of security issues inclusive of Cyber Security, Insider threat and personal security. Training and development being planned, projects managed at director level.
- Consideration to be given to incorporating structured and strategic conversations about security and counter terrorism into pre application stage of major developments.
- The PSPG will try to engage with Government to find funding to improve and develop Cardiff's security arrangement. Shovel ready projects ready to go.
- The Cardiff PSPG to reach out to Swansea and Newport so the 3 cities can support each other in the development of best practice.

**Potential Impact(s)**

**Immediate / Short-Term**

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

**Ongoing / Longer Term**

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

**Type(s) of Impact**

<ul style="list-style-type: none"> <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>
--	--

**Linked Risks**

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

- National Threat Level and period at level
- No of 'Crowded Places' not protected to PAS 68/69 level

## Budget Monitoring (Control)

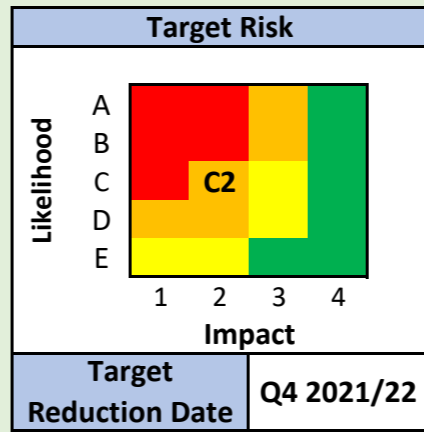
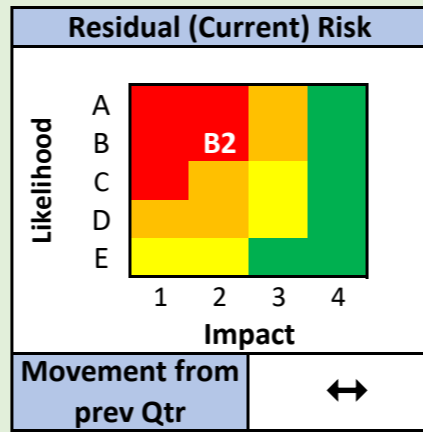
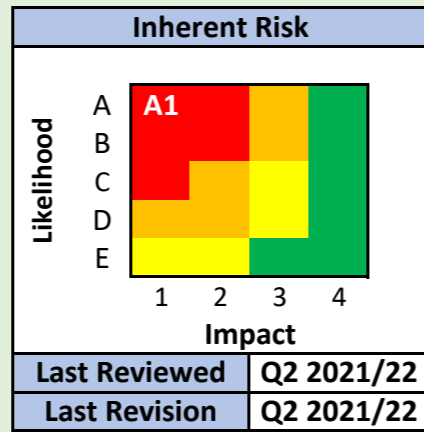
Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)									
<p>Failure to achieve the budget set, inclusive of budgeted spend and savings across Directorates, with increased use of emergency finance measures and the unplanned drawdown of reserves.</p>				<p><b>Chris Lee</b> (Ian Allwood)</p>	<p><b>Councillor Chris Weaver</b> Finance, Modernisation and Performance</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Last Reviewed</td><td>Q2 2021/22</td></tr> <tr><td style="background-color: #d9e1f2;">Last Revision</td><td>Q2 2021/22</td></tr> </table>	Last Reviewed	Q2 2021/22	Last Revision	Q2 2021/22	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Movement from prev Qtr</td><td style="text-align: center;">↔</td></tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Target Reduction Date</td><td>Q4 2021/22</td></tr> </table>	Target Reduction Date	Q4 2021/22		
Last Reviewed	Q2 2021/22												
Last Revision	Q2 2021/22												
Movement from prev Qtr	↔												
Target Reduction Date	Q4 2021/22												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">What we've done/are currently doing to achieve the Residual Risk Rating</td></tr> <tr> <td> <ul style="list-style-type: none"> <li>Clear financial procedure rules that reduce the level of risk of financial commitments being identified late in the financial year. The rules clearly set out the roles and responsibilities for budget management and are an area of interest for internal audit</li> <li>The first six months has seen monthly WG Hardship claims for additional expenditure and the first quarter of lost income. Continued due diligence is in place to ensure that all claims are solely related to the pandemic and follow the terms and conditions of the claims process. Review of assumptions of the rate in which services will return to budgeted levels over the financial year and align it with assumptions on WG Hardship grant. These controls plus regular review with impacted service areas and a sign off process is in place to mitigate against the risk of any payback requirement at a future point.</li> <li>Loss of income claims are also reviewed to ensure they reflect the reality of the time claimed and where applicable adjustments to pay back are made in a timely fashion. The forecast for the latter six months is less uncertain as the year progresses but there remains a level of uncertainty due to incidence of the pandemic, financial and the economic climate.</li> <li>The Corporate Director of Resources, Chief Executive and Cabinet Members have held two challenge meetings in the first six months of 2021/22 in order to ensure there is a focus on understanding any impending financial matters and any mitigations needed to be put in place in order to improve / maintain the respective Directorate financial position where appropriate.</li> <li>Continued monitoring of exceptional price fluctuations in respect to Building, transport, energy and infrastructure materials in order to forecast the extent and duration of these pressures. Close working with Service areas in order to identify cost pressures and compensating mitigation strategies that impact on delivery of Capital Programme and repair schedules to ensure works remain within budget.</li> <li>Risk assessment process put in place for 2022/23 Capital Programme which will identify obstacles to cost and timescale thus encourage early mitigations.</li> </ul> </td> </tr> </table>			What we've done/are currently doing to achieve the Residual Risk Rating	<ul style="list-style-type: none"> <li>Clear financial procedure rules that reduce the level of risk of financial commitments being identified late in the financial year. The rules clearly set out the roles and responsibilities for budget management and are an area of interest for internal audit</li> <li>The first six months has seen monthly WG Hardship claims for additional expenditure and the first quarter of lost income. Continued due diligence is in place to ensure that all claims are solely related to the pandemic and follow the terms and conditions of the claims process. Review of assumptions of the rate in which services will return to budgeted levels over the financial year and align it with assumptions on WG Hardship grant. These controls plus regular review with impacted service areas and a sign off process is in place to mitigate against the risk of any payback requirement at a future point.</li> <li>Loss of income claims are also reviewed to ensure they reflect the reality of the time claimed and where applicable adjustments to pay back are made in a timely fashion. The forecast for the latter six months is less uncertain as the year progresses but there remains a level of uncertainty due to incidence of the pandemic, financial and the economic climate.</li> <li>The Corporate Director of Resources, Chief Executive and Cabinet Members have held two challenge meetings in the first six months of 2021/22 in order to ensure there is a focus on understanding any impending financial matters and any mitigations needed to be put in place in order to improve / maintain the respective Directorate financial position where appropriate.</li> <li>Continued monitoring of exceptional price fluctuations in respect to Building, transport, energy and infrastructure materials in order to forecast the extent and duration of these pressures. Close working with Service areas in order to identify cost pressures and compensating mitigation strategies that impact on delivery of Capital Programme and repair schedules to ensure works remain within budget.</li> <li>Risk assessment process put in place for 2022/23 Capital Programme which will identify obstacles to cost and timescale thus encourage early mitigations.</li> </ul>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">What we plan to do to meet target</td></tr> <tr> <td> <p><b>2021/22 and the Medium Term</b></p> <ul style="list-style-type: none"> <li>Develop with directorates the risk assessments and mitigations for each area of capital spend.</li> <li>Continue an appropriate level of due diligence in respect to Hardship Grant Claims in order to reduce the risk of significant under / over claiming</li> <li>In Early Q3, all Directorate Risk Registers will be reviewed in order to ensure the key financial risks are captured and mitigations are in place.</li> </ul> </td> </tr> </table>		What we plan to do to meet target	<p><b>2021/22 and the Medium Term</b></p> <ul style="list-style-type: none"> <li>Develop with directorates the risk assessments and mitigations for each area of capital spend.</li> <li>Continue an appropriate level of due diligence in respect to Hardship Grant Claims in order to reduce the risk of significant under / over claiming</li> <li>In Early Q3, all Directorate Risk Registers will be reviewed in order to ensure the key financial risks are captured and mitigations are in place.</li> </ul>				
What we've done/are currently doing to achieve the Residual Risk Rating													
<ul style="list-style-type: none"> <li>Clear financial procedure rules that reduce the level of risk of financial commitments being identified late in the financial year. The rules clearly set out the roles and responsibilities for budget management and are an area of interest for internal audit</li> <li>The first six months has seen monthly WG Hardship claims for additional expenditure and the first quarter of lost income. Continued due diligence is in place to ensure that all claims are solely related to the pandemic and follow the terms and conditions of the claims process. Review of assumptions of the rate in which services will return to budgeted levels over the financial year and align it with assumptions on WG Hardship grant. These controls plus regular review with impacted service areas and a sign off process is in place to mitigate against the risk of any payback requirement at a future point.</li> <li>Loss of income claims are also reviewed to ensure they reflect the reality of the time claimed and where applicable adjustments to pay back are made in a timely fashion. The forecast for the latter six months is less uncertain as the year progresses but there remains a level of uncertainty due to incidence of the pandemic, financial and the economic climate.</li> <li>The Corporate Director of Resources, Chief Executive and Cabinet Members have held two challenge meetings in the first six months of 2021/22 in order to ensure there is a focus on understanding any impending financial matters and any mitigations needed to be put in place in order to improve / maintain the respective Directorate financial position where appropriate.</li> <li>Continued monitoring of exceptional price fluctuations in respect to Building, transport, energy and infrastructure materials in order to forecast the extent and duration of these pressures. Close working with Service areas in order to identify cost pressures and compensating mitigation strategies that impact on delivery of Capital Programme and repair schedules to ensure works remain within budget.</li> <li>Risk assessment process put in place for 2022/23 Capital Programme which will identify obstacles to cost and timescale thus encourage early mitigations.</li> </ul>													
What we plan to do to meet target													
<p><b>2021/22 and the Medium Term</b></p> <ul style="list-style-type: none"> <li>Develop with directorates the risk assessments and mitigations for each area of capital spend.</li> <li>Continue an appropriate level of due diligence in respect to Hardship Grant Claims in order to reduce the risk of significant under / over claiming</li> <li>In Early Q3, all Directorate Risk Registers will be reviewed in order to ensure the key financial risks are captured and mitigations are in place.</li> </ul>													
<p><b>Potential Impact(s)</b></p> <ul style="list-style-type: none"> <li>Inability to balance spend against budget, for the financial year</li> <li>Requirement to implement emergency measures to reduce spending during the financial year thus adversely impacting on ability to meet Corporate Plan objectives</li> <li>Requirement to draw down from General Reserves at the year end</li> </ul>													
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Type(s) of Impact</td></tr> <tr> <td> <ul style="list-style-type: none"> <li>Service Delivery</li> <li>Reputational</li> <li>Legal</li> <li>Financial</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Stakeholder</li> </ul> </td> </tr> </table>	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>Stakeholder</li> </ul>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Linked Risks</td></tr> <tr> <td>Financial Resilience</td> </tr> </table>		Linked Risks	Financial Resilience	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #d9e1f2;">Key Indicators / Measures used to monitor the risk</td></tr> <tr> <td> <ul style="list-style-type: none"> <li>Monthly Directorate Monitoring reports detailing likely outturn position and performance against savings accepted</li> <li>Review of use of earmarked reserves and balances - Half Yearly</li> <li>Amount of Hardship Support claimed successfully</li> </ul> </td> </tr> </table>		Key Indicators / Measures used to monitor the risk	<ul style="list-style-type: none"> <li>Monthly Directorate Monitoring reports detailing likely outturn position and performance against savings accepted</li> <li>Review of use of earmarked reserves and balances - Half Yearly</li> <li>Amount of Hardship Support claimed successfully</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>Stakeholder</li> </ul>												
Linked Risks													
Financial Resilience													
Key Indicators / Measures used to monitor the risk													
<ul style="list-style-type: none"> <li>Monthly Directorate Monitoring reports detailing likely outturn position and performance against savings accepted</li> <li>Review of use of earmarked reserves and balances - Half Yearly</li> <li>Amount of Hardship Support claimed successfully</li> </ul>													



# Financial Resilience

**Description**

- Failure to deliver a balanced annual budget and a fully informed Medium Term Financial Plan.
- Lack of appropriate mechanisms to identify and manage unexpected financial liabilities.
- The current outlook is that there is a Budget Gap of £81 million for the period 2022/23 to 2025/26.



**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**

**2021/22 and Medium Term**

- Regular monitoring to understand the in-year position and gain early insight into emerging risks that need to be factored into the MTFP work.
- 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)
- Mechanisms in place such as Treasury Management Reserve and Financial Resilience Mechanism in order to dampen the impact of a worse than anticipated financial climate / settlements.
- 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
- 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.
- Regular review of contingent assets and liabilities, and provisions to ensure the Council has adequate cover for emerging liabilities.
- Robust monitoring of the impact of C19 to ensure all eligible items have been claimed in- year.
- An approved TM Strategy to mitigate risk - incorporates borrowing at fixed rates to reduce exposure to future interest rate fluctuations
- A Major Projects accountancy function supporting the identification of key risks / financial issues in relation to large schemes.
- Maintaining approach to robust financial control mechanisms and strengthening complex / areas of risk through training e.g. VAT.
- Undertaken initial assessment against CIPFA FM code with high level findings
- Work on establishing the financial implications to services both in the short, medium and long term because of the impact of the Covid 19 crisis, and detailed log of budgetary issues affecting 2022/23.

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

**2021/22 and the Medium Term**

- Autumn CEXEC Budget Challenge Sessions focussing on modelling work, COVID impact, 2022/23 savings work to date.
- Consider and take any opportunities to increase earmarked reserves in order to provide first line of defence against financial shocks.
- 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.
- Strengthening links between financial planning and asset management strategies, which consider the current condition of assets and future requirements.
- Identify clear, detailed plans and timescale for delivery of capital receipts targets.
- Enhance focus on a multi-year position (recognising limitations where settlement information is for one year only.)
- Review approach to governance and financial monitoring of special purpose vehicles to ensure liabilities and any financial guarantees are understood and are appropriate.
- Complete self-assessment against the CIPFA FM code and Balance Sheet Review and develop implementation plan in respect of any findings or recommendations, which provide further financial resilience.
- Confirm approach and reporting of commercial investments as part of standard monitoring processes and reports.
- Continue to keep cost pressures arising from BREXIT, supply chains issues and labour / skills shortages under review in terms of their impact on costs, inflation and interest rates and the impact of these for the MTFP and Capital Programme

**Linked Risks**

Budget Monitoring (Control)

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

- Financial Snapshot which highlights historical & current performance with regards budget monitoring, achievability of savings, levels of borrowing, and financial ratios.
- Outturn vs Budget: Main budget lines under or overspend as a % of budgeted expenditure.
- Delivery of planned savings: Total (£) unachieved planned savings as a % of total (£) planned savings.
- Use of reserves: 1) Ratio of useable reserves to Net Revenue Budget (NRB), 2) Amount of useable reserves used to balance budget as % of NRB.
- Council tax: 1) Council tax and other income as % of NRB, 2) Council tax collection rates (in-year actual).
- Borrowing: 1) Total commercial investment income as % of total net general fund budget, 2) Total (£) commercial investments and (£ plus%) amount funded from borrowing, 3) Borrowing related to commercial investments as % of General Fund total borrowing, 4) Capital interest costs and MRP as a proportion of NRB.
- Performance against Budget Timetable.
- Frequency / timeliness of engagement with SMT/Cabinet.
- Proportion of Savings Proposals in Realised or at Delivering stage.
- Section 151 Officer Statement in respect of capital strategy, adequacy of reserves and other statutory commentary.

**Potential Impact(s)**

- Failing to meet statutory obligations and potential for service delivery to be adversely affected.
- Reaching the point where a s114 notice is required to be issued by the S151 Officer.
- Reputational damage to the Council.
- Needing to draw down significant unplanned amounts from reserves.
- Levels of borrowing become unsustainable.
- Inability to progress policy initiatives.
- Inability to manage adverse external factors - e.g. adverse settlements, WG rent policy etc.
- Financial constraints and budget proposals result in unintended consequences such as increased instances of non-compliance and financial impropriety.
- Requirement for significant savings at short notice that are therefore not identified in a coherent, strategic way and which impact on service delivery.
- Level of borrowing limits the ability of future generations to take forward new priorities.

**Type(s) of Impact**

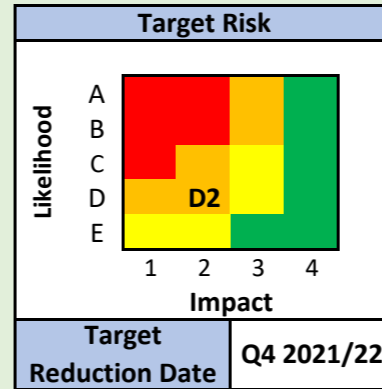
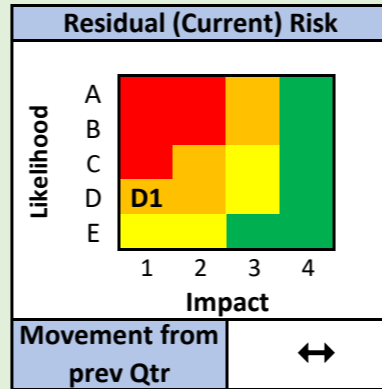
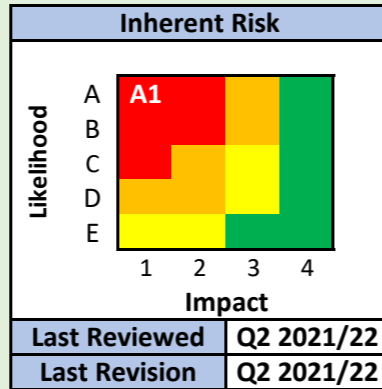
- Service Delivery
- Reputational
- Legal
- Financial
- Stakeholder

## Fraud, Bribery & Corruption

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)								
<p>Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.</p>				<p style="text-align: center;"><b>Risk Owner(s)</b></p> <p style="text-align: center;">Chris Lee (Ian Allwood)</p> <p style="text-align: center;"><b>Councillor Chris Weaver</b> Finance, Modernisation and Performance</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Last Reviewed</td> <td>Q2 2021/22</td> </tr> <tr> <td>Last Revision</td> <td>Q1 2021/22</td> </tr> </table>	Last Reviewed	Q2 2021/22	Last Revision	Q1 2021/22	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Movement from prev Qtr</td> <td style="text-align: center;">↔</td> </tr> </table>	Movement from prev Qtr	↔	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Target Reduction Date</td> <td>2022/23</td> </tr> </table>	Target Reduction Date	2022/23	
Last Reviewed	Q2 2021/22											
Last Revision	Q1 2021/22											
Movement from prev Qtr	↔											
Target Reduction Date	2022/23											
<b>What we've done/are currently doing to achieve the Residual Risk Rating</b>				<b>What we plan to do to meet target</b>								
<ul style="list-style-type: none"> <li>The Council communicates a zero tolerance approach to fraud, bribery and corruption.</li> <li>Regular review of relevant policies and procedures e.g. the Fraud, Bribery and Corruption Policy, Anti-Money Laundering Policy and Disciplinary Policy.</li> <li>Financial Procedure Rules and Contract Standing Orders and Procurement Rules and training.</li> <li>National Fraud Initiative data matching exercises in collaboration with the Cabinet Office and Audit Wales.</li> <li>Receipt and dissemination of fraud intelligence alerts from law enforcement agencies.</li> <li>Regular reports to the Section 151 Officer, Governance and Audit Committee, Portfolio Cabinet Member and the Chief Executive.</li> <li>Governance and Audit Committee review of the risk management, internal control and corporate governance arrangements of the authority.</li> <li>Independent assurance from Internal and External Audit on the effectiveness of governance, risk and control.</li> <li>Briefings developed and disseminated to Schools on fraud and control risks.</li> <li>Provision of disciplinary management information on DigiGOV.</li> <li>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.</li> <li>Fraud Publicity Strategy, to publicise the Council's approach to counter fraud work / sanction activity and explain the roles and responsibilities of key parties.</li> <li>Counter-Fraud and Corruption Strategy approved by Cabinet in July 2019, with associated Fraud Awareness eLearning rolled out to all pc users commencing.</li> <li>Face-to-Face Fraud Awareness training delivered to officers and headteachers in quarter 3 and school governors in quarter 4 2019/20.</li> <li>Participation in International Fraud Awareness week commenced in November 2019, undertaken annually thereafter.</li> <li>Investigation Team participation in SMAS triangulation exercise, commenced in quarter 3 2019/20.</li> <li>Investigation Team provision of investigation and counter-fraud advice, guidance and support to Directorates as required.</li> <li>SMT participation in fraud tracker and assessment commenced January 2020, with commitment to full exercise at least annually.</li> <li>Revised 'Anti-Money Laundering Policy' approved by Cabinet in Q3 2020/21 and eLearning rolled out to officers with key roles and those working in high-risk areas.</li> <li>'Authorisation and Protocol Requirements for Review of Work Activities' approved by Cabinet in Q4 2020/21.</li> </ul>				<ul style="list-style-type: none"> <li>Consultation of an Internet Investigation Procedure.</li> <li>Review the suite of Counter-Fraud Operational Policies alongside the review of the Council's Disciplinary Policy commencing 2021/22.</li> <li>Monitoring and reporting completion rates of mandatory fraud awareness training and anti-money laundering training.</li> </ul>								
<b>Potential Impact(s)</b>				<b>Key Indicators / Measures used to monitor the risk</b>								
<ul style="list-style-type: none"> <li>Increase in frauds and losses to the Council</li> <li>Reputational risk as more frauds are reported</li> <li>Increased time investigating suspected fraud cases impacting on capacity</li> </ul>				<ul style="list-style-type: none"> <li>Mandatory Fraud Awareness eLearning completion and face-to-face attendance rates</li> <li>Anti-Money Laundering eLearning completion rates</li> <li>Delivery of Fraud Awareness week campaign annually</li> <li>Delivery of Policy updates in accordance with associated targets</li> <li>Delivery of mandatory investigating officer training and the note taker training</li> <li>Timely completion of casework and investigations</li> <li>Provision of timely investigation and counter-fraud advice, guidance and support to Directorates</li> <li>Adherence to the NFI Security Policy and annual completion of compliance forms</li> </ul>								
<b>Type(s) of Impact</b>		<b>Linked Risks</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>Stakeholder</li> </ul>										

## Information Governance

**Description**  
 Information handled inappropriately leaves the Council exposed to intervention and financial penalties issued by the Information Commissioner (ICO). This includes information held by Cardiff Schools.



**Risk Owner(s)**

Chris Lee  
 (Dean Thomas)

Councillor  
 Chris Weaver  
 Finance, Modernisation and Performance

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

- Suite of Information Governance Processes, Policies and Strategies in place and annually updated for 2021.
- Gold level assurance has been achieved through the annual Cyber Security Plus ISAME Accreditation in September 2021, the next annual accreditation of this process will take place in September 2022.
- An established Information Governance & Security Board meets quarterly. A quarterly Information Governance Report and briefings of decisions or recommendations for Board are provided on a quarterly basis.
- Processes are established through procurement and ICT for ensuring Data Protection Impact Assessments are completed if personal data is being processed
- A corporate Information Asset Register is held which details personal data assets held by each Council directorate. This is annually reviewed with the next review scheduled for August 2022.
- 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
- Advice, guidance and support is provided to all Cardiff Schools through Service Level Agreements.
- Corporate Retention schedule in place and updated annually in line with any legislative changes.
- Information Governance Maturity Model established to monitor risks against areas of information governance to feed into corporate risk status.
- The Digitalisation of Paper Records Strategy and associated business process changes are in place with alternative delivery contracts in place to support increased paper storage demands, with processes established to support corporate programmes.
- Data Protection e-learning training available for Council staff to complete before 31 December 2021. Managers are able to monitor compliance with information provided as part of the Information Governance Board Report.
- National and Regional Information Governance Agreements in place in respect of covid-19 data processes, including Cardiff & Vale TTP Information Governance agreements and National Joint Data Controller Agreements
- An updated data processor agreement, representing changes to UK laws post Brexit in place to support data processor arrangements and the Council's standard contract terms and conditions
- 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 & Security Board
- Processes have been established to enable Information Governance & Security Board to have oversight of DPIA's completed against Procurement Contract Awards where personal data is processed
- A new streamlined surveillance system DPIA process is established to ensure services manage privacy responsibilities and link into corporate infrastructure solutions

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

- Support Information Governance Champions with a review of their directorates Information Asset Registers to ensure that these are accurate and up to date. Q3
- 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 with TCS. Q3
- Monitor compliance with e-learning training in line with the revised target date for completion and work with the academy to create new content for 2022. Targeted support will be provided to Social Services during Q3 2021/22 to improve compliance within these high level risk areas. Q3
- Work with Childrens Services and implement new service delivery model for management of social services requests. This will improve compliance, accountability and processes for managing social service disclosures. Q3
- Continue to monitor directorate risk registers for information governance risks and reporting any concerns to Governance & Security Board. Q3
- Continue to work with Schools to develop DPIA's on MyConcern and Skodel with support with relevant school. Q3
- Establish processes and reporting of data protection breach claims. Q3
- A project brief outline to be provided in respect of alternative service delivery models for the Council's Records Centre, linked to the Atlantic Wharf Regeneration, Core Offices and Recovery and Renewal Programmes. Q3
- Conduct a review of the Council's Publication Scheme requirements through the Information Governance & Security Board. Q3
- Review with the Head of Assurance how business data, not personal data, risks are managed and link into IG corporate processes, and determine who owns corporate risks for business data Q3
- Release training and education communications to support schools with their Information Governance responsibilities
- Develop an Information Governance awareness week to link into national data protection day and FOI day. Q4

**Potential Impact(s)**

Leads to the Information Commissioner issuing notices of non-compliance

These could consist of:

- A "Stop Now" Order which would mean that no personal data could be processed by the Council in its entirety
- An Information Notice which would mean that a service would have to provide information in a very limited period thereby impacting on service delivery
- 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.

**Type(s) of Impact**

- Service Delivery
- Reputational
- Legal
- Financial
- Stakeholder

**Linked Risks**

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

- Suite of IG Indicators/Service Metrics
- No. of ICO complaints
- No. of FOI /EIR SAR Requests
- No. of individuals trained on Data Protection
- No of Data Protection Impact Assessments being undertaken
- No of data protection breach complaints/claims

# Cyber Security

**Description**

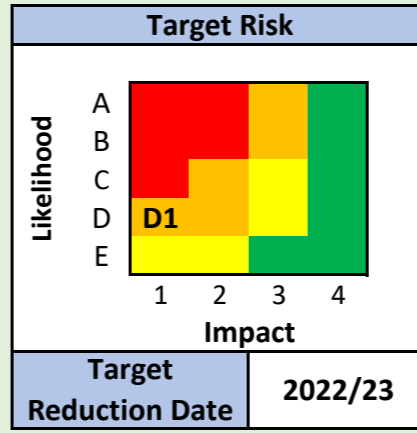
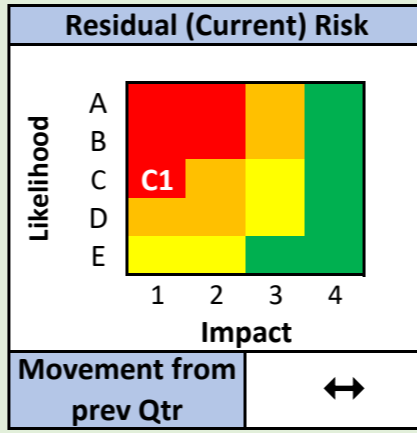
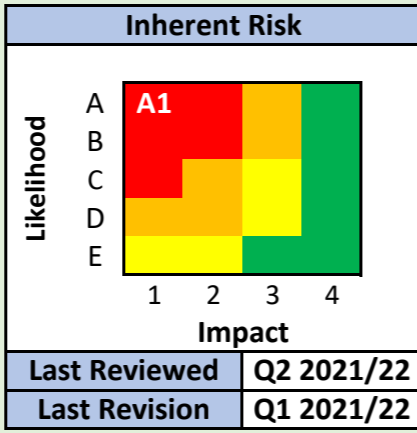
There are 11 areas of potential risk within the National Cyber Security Centre cyber risk model. Of these, nine are assessed as well controlled within the Council

Three of the eleven areas of a Cyber Security assessment underpinning the corporate risk have been identified as high risk as follows:

**Monitoring** - the volumes of systems, applications and audit logs do not lend themselves to easily assess how and when systems are being used, leading to an ineffective response to deliberate attacks or accidental user activity

**Secure Configuration** - Increased risk from malware and ransomware.

**Corporate Cloud Security** - 2018 Internal Audit identified contract, SLA and service management weaknesses in externally hosted services



**Risk Owner(s)**

Chris Lee (Phil Bear)

Councillor Chris Weaver  
Finance, Modernisation and Performance

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

The principal controls for the high risk areas are as follows:

**Monitoring**

- Log analysis is undertaken on a prioritised basis with incident reporting to ISB and discussed with IAO - risk of vulnerabilities could be further mitigated with additional resourcing for log monitoring - this is under continual review

**Secure Configuration**

- Corporate - Procurement of replacement devices and outdated applications
- Above will facilitate management review of cost of replacement and enable greater planning of replacements.
- ICT: Early and clear notification to service and systems owners of when solution will need replacing or upgrading.
- ICT: Tougher stance on removing or blocking systems and services that are not fully supported by suppliers and as such may pose a risk to security and compliance.
- ICT Malware / Ransomware Risk Report has been submitted for review by ICT Management.

**Corporate Cloud Security**

- Maturing PIA & CIA process used to assess risks to data and technology solutions
- Independent assessment and certification of the council's IT security posture via the National Cyber Security Centre (NCSC) Cyber Essentials Plus scheme
- Independent assessment and certification of the Council's Information Governance (GDPR/Data Protection) posture via the ISAME Governance scheme, awarded at the highest level of Gold
- Staff Cyber Security training programme rolled out to all staff to give guidance on threats and how to spot

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

- ICT and Information Governance (IG) Teams to continue to liaise with FM for physical security assurances and to promote an incident reporting culture.
- To ensure strong ICT security, monitoring and cloud security controls:
  - ICT lifecycle and notification targets are being monitored and managed through the 'ICT Platforms' risk actions
  - Collaboration between ICT and IG to develop and map current ICT system providers in phased development of an Information Asset Register
  - Privacy Impact Assessment / Cloud Impact Assessments to be reviewed to ensure compliance with the requirements of the General Data Protection Regulation (GDPR) Action Plan being managed by the Information Governance Team
  - Governance and management requirements to be formalised for periodic and systematic review of all ICT systems.
- SIRO to review / consider Cloud Infrastructure to ensure:
  - Assurance of effective governance and management
  - Resource, risk appetite and outcomes required
  - Education of business systems owners in risk and management of cloud based services.
- ICT Management to review Malware report and implement improvement actions

**Potential Impact(s)**

The intent of cyber attackers includes, but is not limited to:

- financial fraud;
- information theft or misuse,
- activist causes to render computer systems intolerable and to disrupt critical infrastructure and vital services.

The impact of a cyber-attack / incident has the potential to involve the realisation of the risks associated with:

- An information governance breach (i.e. Stop Now Order, Information Notice, Enforcement Notice, Financial Penalty etc.)
- A business continuity incident – with a potential for major loss of service and legal, health and safety and financial implications.
- A financial / fraud related attack.

A malicious attack could result in loss of confidence from those transacting with the Council (reputation), as well as legal, asset, system, operational and financial implications.

**Linked Risks**

Information Governance

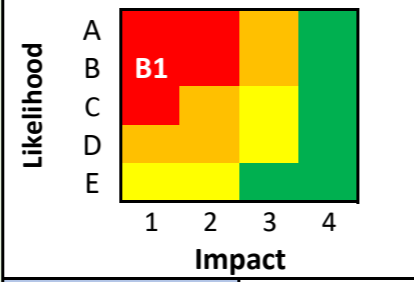
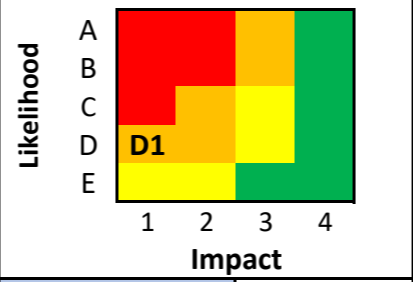
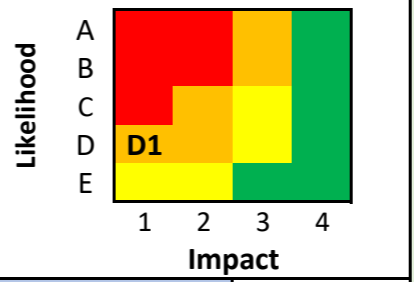
**Key Indicators / Measures used to monitor the risk**

- Threat intelligence from National Cyber Security Centre (NCSC), including national posture and guidance via the National Cyber Security Strategy/Programme
- Threats and risks highlighted by NCSC Cyber Security Information Sharing Partnership (CISP), Cymru WARP (Warning, Advice and Reporting Point) and Welsh Government/WLGA
- General UK posture and issues raised in national and local media
- Number of compromises - breaches are monitored, investigated and reported back via Information Security Board and where applicable the ICO
- Monthly reporting of number of virus attacks via email blocked

**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>
--	--

## Business Continuity

Description	Inherent Risk	Residual (Current) Risk	Target Risk	Risk Owner(s)													
<p>Large scale incident/loss affecting the delivery of services.</p> <p>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.</p>	 <table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr><th colspan="2">Last Reviewed</th><td>Q2 2021/22</td></tr> <tr><th colspan="2">Last Revision</th><td>Q2 2021/22</td></tr> </table>	Last Reviewed		Q2 2021/22	Last Revision		Q2 2021/22	 <table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr><th colspan="2">Movement from prev Qtr</th><td>↔</td></tr> </table>	Movement from prev Qtr		↔	 <table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr><th colspan="2">Target Reduction Date</th><td>N/A</td></tr> </table>	Target Reduction Date		N/A	<p>Chris Lee</p>	<p><b>Councillor Huw Thomas</b> Leader</p>
Last Reviewed		Q2 2021/22															
Last Revision		Q2 2021/22															
Movement from prev Qtr		↔															
Target Reduction Date		N/A															
What we've done/are currently doing to achieve the Residual Risk Rating			What we plan to do to meet target														
<ul style="list-style-type: none"> <li>The Council has a BCM Champion who sponsors BCM at a strategic level</li> <li>We have an approved Business Continuity Policy which is aligned to ISO22301</li> <li>BCM toolkit is now available on CIS</li> <li>The Council employs a Business Continuity Officer who is a qualified ISO22301 lead auditor</li> <li>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.</li> <li>The Council has a 24 hour Incident Management structure for Gold and Silver Officers.</li> <li>Cardiff Council is a member of the Core Cities Business Continuity Group</li> <li>Internal Audit completed an audit of the Business Continuity Risk in September 2018 and the assurance statement was "Effective with opportunity for improvement"</li> <li>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.</li> <li>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.</li> <li>The full corporate incident management team was activated in early March.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul>			<ul style="list-style-type: none"> <li>Work with ICT to ensure our core infrastructure is as resilient as possible and able to support additional agile working capacity.</li> <li>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.</li> <li>The BC 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</li> <li>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.</li> <li>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 a third wave until the threat of the pandemic has fully dissipated.</li> <li>The Resilience Unit will undertake a lessons learned review of key lessons from the first 2 waves of the pandemic and ensure that key risks/lessons/processes that feed into the councils resilience capability are incorporated into our ongoing planning to support us in being ready for ongoing risks. This will, where appropriate, involve a review and update of individual BC plans by Directorates and also a review and update of the councils Emergency Management Plan.</li> <li>The Resilience Unit will support Directorates in their Autumn/Winter 2021 resilience planning with targeted work and support around the councils most time critical activities. As the challenges the pandemic continues to pose for the council along with the other current and emerging risks this work will focus on a continual and sustainable delivery of key services.</li> </ul>														
Potential Impact(s)		Type(s) of Impact		Linked Risks													
<ul style="list-style-type: none"> <li><b>Health and Safety</b> – potential impact on staff and on the public relying on our most, time sensitive, critical services</li> <li><b>Legal action</b> -Failure of key services could lead to Legal action against the council</li> <li><b>Financial</b> - 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</li> <li><b>Reputational</b> - Impact on key services to the public could lead to significant reputational damage to the organisation</li> <li><b>Stakeholder</b> – Impact on key stakeholders as result of failure</li> <li><b>Service delivery</b> – 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</li> </ul>		<ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Stakeholder</li> </ul>		<p>Brexit Risk</p>													
Key Indicators / Measures used to monitor the risk																	
<p>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.</p>																	

This page is intentionally left blank

Description	Chief Digital Officer	HR	Finance	Procurement	CTS	Type	Consolidated
All relevant risks to directorate and corporate priorities and objectives are identified promptly and I receive a complete and comprehensive directorate risk register at least quarterly.	Strong	Strong	Strong	Mixed	Strong	Risk	Strong
My quarterly risk identification, assessment and review processes include effective engagement with all relevant managers, partner organisations, stakeholders and boards, through which I ensure good awareness and use of all relevant risk information.	Strong	Strong	Strong	Mixed	Strong	Risk	Strong
I have at least one dedicated risk champion for my directorate, and I meet with my lead risk champion at least quarterly to review my directorate and corporate risks and ensure all risk registers are complete, accurate, effectively assessed and reported to the Risk Management Team each quarter.	Strong	Strong	Strong	strong	Strong	Risk	Strong
I ensure proportionate risk responses are applied to manage all directorate risks in a timely manner and to an acceptable level, and I escalate all 'red' risks to SMT at least quarterly.	Strong	Strong	Strong	strong	Strong	Risk	Strong
I have strategies in place to ensure that all corporate risks allocated to me are managed to an acceptable risk level in a timely manner.	Strong	Strong	Strong	strong	Strong	Risk	Strong
I can demonstrate that I have a clear understanding of current and future demand pressures and trends that will impact on my service, and that these inform my services priorities and risks.	Strong	mixed	Strong	strong	Mixed	Future	Strong
I can demonstrate that preventative actions that are likely to contribute to better outcomes and use of resources over the longer term are identified, prioritised and resourced , even where this may limit the ability to meet some short-term needs.	Strong	mixed	Mixed	strong	Mixed	Future	Mixed

I can demonstrate an understanding of my service's contribution to delivering the Council's wellbeing objectives, and there is a well developed understanding of how key decisions/ actions impact on other Council departments and public sector bodies. I can evidence that my Directorate management team proactively seek	Strong	Strong	Strong	strong	Mixed	Future	Strong
I can demonstrate that Robust governance, risk management and control arrangements are in place for all partnership / collaborative arrangements. NB. For new arrangements, the assessment should reflect the extent to which governance, risk management and control arrangements are proportionate to the developmental and decision making stage of the partnership / collaboration.	Strong	Strong	Strong	strong	Mixed	Future	Strong
I receive timely and complete reports from all directorate partnership and collaborative arrangements, from which I can report assurance on robust governance, risk management and control.	Strong	Strong	Strong	strong	Mixed	Future	Strong
I can demonstrate that there is an understanding of who needs to be involved in any decision about changes to my services, and why, in any engagement activity, that the views of hardest to reach groups are considered and that all statutory requirements in relation to consultation and engagement are met.	Strong	Strong	Strong	strong	Mixed	Future	Strong
I can present evidence that the views of stakeholders are considered in the decision making procures.	Strong	Strong	Strong	strong	Mixed	Future	Strong
The results of compliance and review reports demonstrate sound compliance with policies, rules, legal and regulatory requirements across my areas of responsibility.	Strong	Strong	Strong	strong	Strong	Compliance	Strong
I am aware of and deliver clear actions promptly to address all areas of non-compliance e.g. training, work instructions, systems development, application of HR policy etc.	Strong	Strong	Strong	strong	Strong	Compliance	Strong



<p>Prior to initiating any new programmes or projects:</p> <ul style="list-style-type: none"> <li>• I demonstrate the rationale and methodology which supports prioritising the project or programme,</li> <li>• Where relevant the broad scope is considered whether or not the resource to manage is within the directorate.</li> </ul>	Strong	Strong	Strong	Mixed	Strong	Project Initiation	Strong
All programmes and projects for which I am responsible have robust briefs, plans and business cases which have been appropriately approved in a timely manner, and include clearly defined financial and non-financial outcomes and benefits	Strong	Strong	Strong	Mixed	Strong	Prodi. Initiation	Strong
All programmes and projects proactively manage the achievement of key milestones and record and manage associated opportunities, risks and issues. This is evidenced in timely and robust reporting to oversight boards.	Mixed	Strong	Strong	Mixed	Mixed	Proj. Initiation	Mixed
Throughout my directorate, there are robust mechanisms in place to deliver the budget with strong and effective budget monitoring and control.	Strong	Embedded	Strong	Embedded	Strong	Budget	Strong
Throughout my directorate, there are robust mechanisms in place to deliver all savings and income targets.	Strong	Embedded	Strong	Embedded	Strong	Budget	Strong
My directorate has worked effectively to deliver the Corporate Plan, and my Directorate Delivery Plan clearly sets our contribution to achieving corporate priorities and objectives and managing associated risks.	Strong	Strong	Strong	strong	Mixed	Planning - Decision	Strong
Robust business cases outline the savings and the mitigation of associated risks such as sale of assets, technology changes, reduced staffing, restructure or alternative service delivery models.	Strong	Strong	Mixed	strong	Mixed	Planning - Decision	Mixed
<p>Clear Roles and Responsibilities</p> <p>Clear and effective authorisation processes</p> <p>Robust and complete policies and procedures</p> <p>Robust monitoring, reporting and review arrangements</p> <p>Timely identification and mitigation of control weaknesses</p>	Strong	Strong	Strong	strong	Mixed	Control	Strong

There is a culture of clear accountability for upholding strong internal controls within the directorate and managing any non-conformance.	Strong	Strong	Strong	strong	Mixed	Control	Strong
Across all functions, partnerships and collaborations, robust safeguards are in place for: <ul style="list-style-type: none"> <li>• Physical and information assets</li> <li>• Financial Stewardship</li> <li>• Authorisation and approval procedures</li> <li>• Systems</li> </ul>	Strong	Strong	Mixed	strong	Mixed	Control	Strong
I have robust controls in place to prevent and promptly detect fraud, bribery and corruption, and	Mixed	Strong	Strong	Strong	Strong	Fraud	Strong
I can evidence effective application of the Fraud, Bribery & Corruption Policy and the Disciplinary Policy	Mixed	Strong	Strong	strong	Strong	Fraud	Strong
KPI and benchmarking data is collected for all key areas of service and are used to measure performance and to drive improvement actions.	Strong	Mixed	Limited	Mixed	Mixed	Performance	Mixed
All relevant staff have completed their Performance Reviews using S.M.A.R.T objectives and clear performance evidence, from which effective development plans have been produced.	Strong	Embedded	Strong	Mixed	Strong	Performance	Strong

# Resources – Control Environment Update

Chris Lee (Corporate Director Resources)

Governance & Audit Committee  
25 January 2022

Page 43



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

# Contents

- Directorate Team outline
- Key Priorities and Remit
- Risks Management
- Internal Audit Assurance
- Performance Management
- Partnership & Collaboration
- Senior Management Assurance Statement Review
- External Assurance
- Value for Money



# Directorate Team



- Chris Lee – Corporate Director Resources
- Isabelle Bignall Chief Digital Officer
- Tracey Thomas Chief HR Officer
- Ian Allwood Head of Finance
- Steve Robinson Commissioning & Procurement OM

Page 45

*Approximately 700 FTE staff across all functions*



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

# Key Priorities and Remit



Directorate has an extensive remit with the Council's Corporate Plan:

Crucial part to play in ensuring Wellbeing Objective 6 and 7  
Modernising and integrating our public services and Managing the  
Pandemic”

Page 46

Wellbeing 7 can be broken down into

- Recovery – Finance
- Digital
- Social Value
- Workforce
- Customer



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

# Risk Management

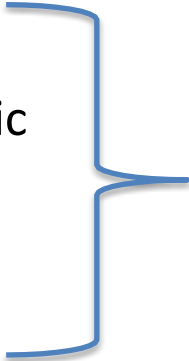
## Key risks include

### Corporate (high level risks): (see Appendix A)

- Financial Resilience / Budget monitoring
- Cyber Security / Information Governance
- City Security / Fraud Bribery & Corruption
- Business Continuity

### Directorate (operational risks)

- Recovering to service levels as a result of pandemic
- Controlling costs and maintaining contracts
- Maintaining access to the right skill
- Resilience of IT systems against attacks



Report sets out the red / amber residual risks



# Internal Audit Assurance



Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
<b>2021/22</b>						
Special Leave	Final	Effective opportunity improvement with for	2	0	2	2 recommendations due 31.01.22
Disciplinary Policy	Final	Effective opportunity improvement with for	4	0	4	4 recommendations due 30.09.22
Treasury Management	Final	Effective opportunity improvement with for	2	0	2	2 recommendations due 31.03.22
Establishment Reviews	Final	Insufficient with major improvement needed	3	0	3	3 recommendations due x 31.03.22
<b>2020/21</b>						
Contract Monitoring and Management	Final	Insufficient with major improvement needed	1	0	1	1 recommendation due 31.03.22
Creditor Payments - in-year testing 2020/21	Final	Effective opportunity improvement with for	1	3	4	1 recommendation due 28.02.22
Insurance	Final	Effective opportunity improvement with for	2	1	3	1 recommendation due 31.01.22, 1 due 31.03.22
Cardiff Bus – The governance relationship with Cardiff Council	Final	Insufficient with major improvement needed	3	2	5	3 due 30.06.22
Additional Payroll Payments	Final	Effective opportunity improvement with for	1	0	1	1 recommendation due 31.03.22
Complaints and Compliments	Final	Effective opportunity improvement with for	1	2	3	1 recommendation due 31.03.22
<b>2019/20</b>						
Insurance - In year testing 2018-19	Final	Effective opportunity improvement with for	1	11	12	1 recommendation due 31.03.22
Payroll 2018/19 - In year testing	Final	Effective opportunity improvement with for	1	5	6	1 recommendation due 31.01.22

22 outstanding actions and commentary is included in paragraphs 16 to 27 of the report





# Performance Management



There is a well embedded Performance Management Framework in place and is subject to review and challenge to ensure adherence

Quarterly monitoring and review process in place for reporting on progress of delivery of Corporate Steps and Measures (KPIs)

Robust governance and assurance in place for reviewing and reporting:

- RAG rating by owners of Corporate Steps and Measures
- Progress, issues and mitigations included in review and reporting
- Outcomes challenged by director and performance team
- Two way communication with performance management team

Any issues are escalated to Senior Management Team



# Partnership & Collaboration



Examples have been provided in the main body of the report on Partnerships, Collaborations and how these are governed, these relate to:

- Cardiff Bus
- Cardiff Capital Region City Deal
- Pension Board

The partnerships and collaborations linked to the above helps to ensure the delivery of mutually beneficial outcomes. It also provides a more resilient base, to mitigate risks and fill skill any resource gaps.



# Senior Management Assurance Statement Review



Half Year Review undertaken in November 21 by Operational Managers, SMAS Champion and Director, including evidence for each statement

Page 51 Vast majority of statement reviews rated as “Strong Application”

The report sets out the actions for improvement to be undertaken by the Resources Directorate. Seven of the nine assurance areas have identified actions

***(Details included at Appendix B of the report)***



# External Assurance



Two key external assessments have been undertaken in the directorate over the past 18 months:

## Audit Wales: Statement of Accounts

- ISA260 issued with an unqualified opinion.
- The need for close working relationship between officers and Auditors

## Payment Card Industry Data Security Standard (PCI DSS)

- Regular assessments in order to track progress to 100% compliance
- Currently at 92.1% compliant and on track for 100% compliance 28 February 2022



# Value for Money



The directorate has itemised a number of Value for Money areas in the main body of the report, some examples are as follows:

- E billing of Council tax bills and the links with the Cardiff App
- Implementing and rolling out Hybrid mail solutions out across the Council
- The implementation of Microsoft 365 and Teams across the Council in order to provide an effective platform for remote working cost-neutral planning services

*Financial Services also plays a key role in challenging council wide that 'Value For Money' is delivered.*





# Questions



# Financial Resilience Update Budget 2022/23 Preparation

## Governance & Audit Committee 25<sup>th</sup> January 2022



# Contents

- Some context
- Provisional Settlement Headlines
- COVID-19 Pandemic
- Budget Modelling Update
- Aspects of the Financial Strategy for Ongoing Review
- Consultation
- Next Steps



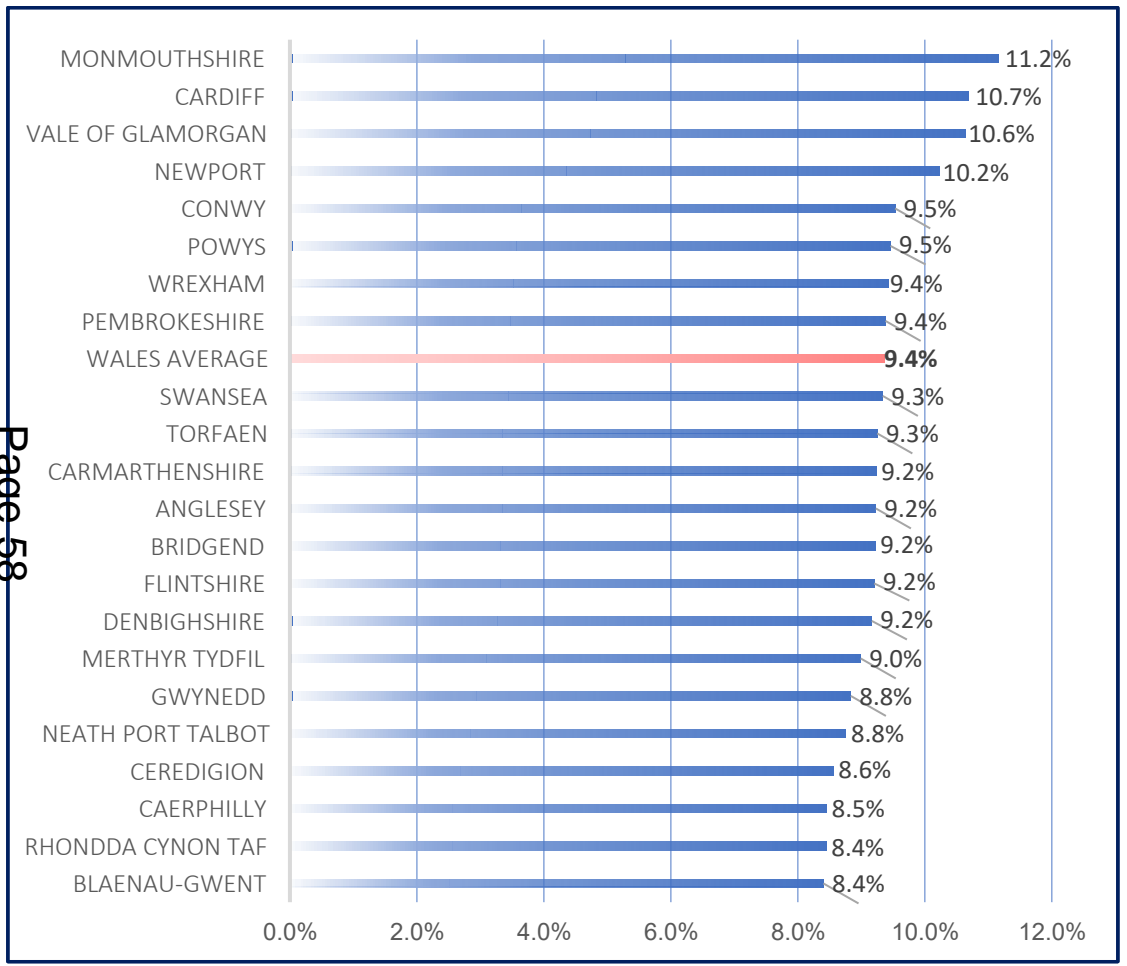


# Some Context

- Budget Strategy work 2022/23 is a key priority currently
- Setting robust budget strategy and MTFP is a key aspect of the Council's Financial Resilience
- The position remains complex and challenging given the continuing Pandemic and other service pressures



# Provisional Settlement Headlines



## Overview of Non-hypothecated Funding

### Wales

- Welsh average increase: 9.4%
- Range: 8.4% - 11.2%
- Indicative settlements for future years: 3.5% (2023/24) and 2.4% (2024/25)
- No floor funding mechanism
- Transfers - Gate Fees & £5m of Social Care Workforce and Sustainability Grant

### Cardiff

- Cardiff: 10.7% - second highest in Wales (Cash £52.6m)
- Favourable but comes with some additional costs to consider
- Real Living Wage for Care Sector, clear emphasis in settlement letter that no 22/23 Hardship Fund, and no further grant allocations for pay award next year

## Overview of Specific Grants

- Need further clarity on specific grants including individual LA allocations
- Notable increases are linked to specific policy announcements
  - Free School Meals (+£40m in 2022/23, further allocations in years 2&3)
  - Childcare (+£22.8m in 2022/23, further allocation in years 2&3)
- All figures above are All Wales
- Listing does not yet include a figure for Sustainable Waste Grant



# Covid-19 Pandemic

- Significant financial impact and ongoing
  - 20/21 Expenditure £47.7M, Income £38.2M
  - 21/22 to November Expenditure £18.7M, Income £9.9M
- Likely to be significant costs and income losses into 22/23
  - PPE, Testing, Social Care Services
  - Income recovery
  - Impact of new variants
- No Welsh Government Covid Hardship Fund from 1<sup>st</sup> April 2022 – all costs / income losses have to be built into the Council's Budget from 2022/23



# Budget Modelling Update

Resources Required	£000	
Base Budget B/F	687,358	Adjusted for transfers
Pay Award and NI changes	6,034	• Assumed 3% NJC award & NI changes
Price Inflation	5,773	• Includes: £4.4m Adult Social Care
Financial Pressures	20,497	• Covid Recovery (£10m) • Real Living Wage (care) sum to be finalised • Social Services staffing pressures
Commitments	3,117	• £1.4m CTRS associated with Ctax increase • £0.550m levies & contributions
Realignments	5,100	• £4.687m Children's Services • Renewable energy, waste, EOTAS, legal
Capital Financing	2,972	• Associated with existing capital programme
Demographic Pressures	8,425	• £5.9m Adults, £1.8m Children's, £0.7m other
Schools Growth	8,685	• Assumed pay awards of (3%) for 22/23 • Pupil Number Growth and LDP implications • Net of Schools contribution to Band B
Savings	(9,123)	
<b>Resources Required</b>	<b>738,838</b>	

	£000	
Aggregate External Finance	544,715	• Per Provisional Settlement
Council Tax	203,122	• With 2022/23 tax base & modelled 4% uplift
<b>Resources Available</b>	<b>747,837</b>	

Based on the modelling, available resources currently exceed resource requirements by £8.999 million

However .....



# Budget Modelling Update

- Ongoing areas of review / risk include:

- The expenditure and income assumptions underlying the budget are continually being reviewed as part of normal budget preparation work.
- There is uncertainty on specific grant levels in some area next year, notably Integrated Care Fund (ICF) funding streams, which are a core area of support for Social Services.
- Work is required to fully quantify the financial impact of supporting the Real Living Wage in commissioned care rates.
- Assumptions regarding pay awards in light of inflation levels, and in the absence of an agreed award for the current financial year.
- Further clarity is required regarding new specific grants announced in support of specific initiatives (Free School Meals for foundation phase pupils and childcare) in order to determine the adequacy of the streams to deliver the required change
- The continually changing picture in relation to COVID19 needs to be further reviewed
- Any areas of targeted investment following feedback from the consultation exercise



# Aspects of the Financial Strategy for Ongoing Review

- Use of Reserves
  - Currently assumes nil used
- Council Tax
  - Modelled increase remains at 4% currently
  - Same as MTFP currently but will be reviewed following the consultation process
- Budget Savings
  - Modelled currently at £9.123M
    - Schools £2.566M
    - Non Schools £6.557M



# Consultation

- Consultation will run 14<sup>th</sup> January to 6<sup>th</sup> February
- Will build on the 2021 'Ask Cardiff' survey, which asked residents to identify their budget priorities for the next financial year, and the longer term
- The priorities identified in Ask Cardiff for 2022/23 were
  - Education and Youth Services
  - Supporting vulnerable children and families
  - Supporting vulnerable adults and older people
  - Recycling and Waste Services
  - Neighbourhood services such as street cleansing
  - Homelessness and housing



# Next Steps

- Ongoing refinement and analysis of base requirements, savings proposals and modelling
- Cabinet considered report on 13<sup>th</sup> that set out the position at Provisional Settlement and instigated a period of consultation
- Consultation - focus on priorities identified in Ask Cardiff to help inform strategy

**The report on the 13<sup>th</sup> January was not the Cabinet's Final Budget for 2022/23 ... this will be considered further over coming weeks and will not be finalised until proposals are put to Council on the 3<sup>rd</sup> March 2022**





**GOVERNANCE & AUDIT COMMITTEE: 25 January 2022**

---

**INTERNAL AUDIT & INVESTIGATION TEAM - PROGRESS REPORT****REPORT OF THE AUDIT MANAGER****AGENDA ITEM: 7.1**

---

**Appendices D and E 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 Terms of Reference of the Governance and Audit Committee requires that Members:
  - Consider reports from the Audit Manager on Internal Audit's performance during the year.
  - Review the assessment of fraud risks and potential harm to the council from fraud and corruption.
  - Monitor the Counter-fraud strategy, actions and resources.
2. A progress report has been prepared to provide the Governance and Audit Committee with an update on the work and performance of the Internal Audit and Investigation Teams. This progress report covers the quarter three period 2021/22, and follows the updates provided in the Committee meeting held on 23 November 2021.

**Background**

3. The Audit Committee (subsequently renamed as a Governance and Audit Committee) approved the Audit Charter and the risk-based Audit Plan 2021/22 on 23 March 2021 at which time the planned activity of the Investigation Team was also provided for consideration.
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 Governance and Audit Committee.
5. The Investigation Team Progress Reports (**Annex 2**) focuses on proactive and reactive fraud awareness, detection and investigation activities, including participation in initiatives, such as National Fraud Initiative (NFI) data matching exercises.
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 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 Governance and Audit Committee for audit-related matters. There have been no impairments of independence or objectivity.

## Issues

### **Delivery 2021/22 (to date)**

#### **a) Audit**

8. Annex 1 outlines how during quarter three the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to progress targeted assurance engagements from the Audit Plan.
9. Following a Control Risk Self-Assessment (CRSA) exercise completed towards the end of the financial year 2020/21, action plans containing recommendations have been issued for all schools sampled. Alongside individual school audits being completed this year, the implementation of recommendations through the CRSA exercise will be tracked, monitored and reported to support effective control environments across schools.
10. The Internal Audit Team has continued to provide advice and guidance on the design and implementation of effective controls in the administration of Welsh Government COVID-19 grants schemes to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.
11. Audits continue to be undertaken predominantly on a desktop basis, and as at 31 December 2021, forty-two new audit engagements had been completed to at least draft output stage and twenty-one audit engagements from the prior year had been finalised. Sixty-nine percent of audit opinions provided were of 'effective' or 'effective with opportunity for improvement'. Further details are provided within section 2.4. 'Current Activities'.
12. Section 2.1 'Resources, outlines that there has been a reduced capacity in the team during quarter three. A member of staff returned from long term sickness on phased return, but there have been two further long-term sickness cases, and as the team is small there has been an impact on the delivery of the audit plan. To support the delivery of the audit plan, two audit engagements have been commissioned with an external provider under the direction and control of the Audit Manager.
13. Section 2.2 'Annual Plan' outlines how the annual Audit Plan is designed to be of sufficient size to enable decisions on the timing and prioritisation of audit engagements to be made as each year progresses. All areas of the audit plan are being progressed, although in allocating and delivering work, the team are mindful of the current crisis in Social Services at the present time in terms of service demands, and the availability and priorities of key officers and management. There will be a continued focus on increasing the coverage of the Audit Plan in quarter four.
14. A number of audits are at a stage of active fieldwork or quality assurance at the time of reporting and substantial planning has taken place to commence further audit engagements. Each auditor has a full allocation of work to progress, subject to regular

monitoring and review processes. Audits are allocated on a basis that provides the greatest assurance and value, and mitigates any impairment to the annual opinion of the Audit Manager on the Council’s control environment for 2021/22.

15. In quarter three 2021/22, one audit output was issued with an opinion of ‘unsatisfactory’ audit assurance and one audit output provided an opinion of ‘insufficient with major improvement needed’. The findings of these audits are outlined within Annex 1, section 2.4 ‘Critical Findings or Emerging Trends (Q3 2021/22)’. Once the management response has been received for the ‘unsatisfactory’ assurance audit and the audit has been finalised, the Governance and Audit Committee will receive an executive summary report of the findings and actions for improvement in the following Committee meeting in accordance with the Audit Protocol.
16. Performance against the indicators set for the financial year is detailed within section 3.2 ‘Performance’. Lower audit delivery than planned is indicative of the lower capacity of the team as outlined in Section 2.2 ‘Resources’. Work is being prioritised and the position is being monitored by Audit Management Team, who will take steps to mitigate any risk to the sufficiency of audit coverage. The target is currently being met for draft outputs delivered within four weeks of completing fieldwork, although performance is lower when compared to the previous reporting periods. The percentage of audit recommendations implemented within the agreed timescales has improved compared to the prior quarter. The position is periodically reported to Senior Management Team, at which time performance and the importance of the timely implementation of agreed actions are discussed.
17. **Appendix A** shows a list of audits and their reporting status in the current year, and the current position for the full Audit Plan is shown in **Appendix B**.
18. The recommendations and progress at the reporting date are provided in the following appendices.

<b>Appendix C</b>	Recommendations Summary
<b>Appendix D</b>	Contains the red & red / amber open recommendations
<b>Appendix E</b>	Contains the red and red / amber recommendations completed since the last Committee meeting in November 2021.

## **a) Investigations**

19. Annex 2 outlines the activities of the Investigation Team in quarter three. For the year as a whole there are four hundred and forty-two chargeable days available based on current resources (2.5 fte), indicatively split between strategic (80 days) and operational activities (362 days).
20. Excluding one-off business grants work, in respect of all other casework in the current financial year (as at 31 December 2021):
  - Three hundred and five cases were identified for investigation, compared to one hundred and forty-one for the same period last year.
  - Eighty-five investigations are ongoing, compared to one hundred and ten for the same period last year.
  - Three hundred and seventeen investigations have concluded, compared to two hundred and fifty-seven over the same period last year.
  - £616,738 has been attributed concluded investigations, compared to £383,743 for the same period last year.
21. In addition to identifying and progressing investigation cases, the team has continued to provide targeted counter-fraud advice, guidance and checks to support the control environment and the prevention and detection of fraud and error in the administration of grants on behalf of the Welsh Government.
22. Through four separate post payment verification and assurance exercises in respect of Welsh Government Business Grants linked to non-domestic properties, one thousand two hundred and fifty-six priority matches were identified for review. Fifteen grant recipients are subject to ongoing review, the Investigation Team is also progressing one criminal investigation at the present time.
23. The summary report in Annex 2 provides further details in respect of the above, in addition to providing compliance data in respect of the completion of fraud awareness training.

## **Legal Implications**

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

## **Financial Implications**

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

## **RECOMMENDATIONS**

26. The Governance and Audit Committee is recommended to:
  - Note and consider the contents of the Internal Audit and Investigation Team Progress Reports.

**CHRIS PYKE  
AUDIT MANAGER**

The following are attached:

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

**Appendix A** Report Status as at 30 December 2021

**Appendix B** Audit Plan

**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 – Summary Report**

This page is intentionally left blank



# Resources Directorate Internal Audit Section



## Internal Audit Progress Report (As at 31 December 2021)

<b><u>INTRODUCTION</u></b>	<b>2</b>
Background	2
Independence and Objectivity	2
Continuing Professional Development	2
<b><u>SUMMARY OF WORK PERFORMED</u></b>	<b>3</b>
Current Activities	3
Resources	7
Annual Plan	8
Critical Findings or Emerging Trends (Q3 2021/22)	10
Value for Money Findings (Q3 2021/22)	12
<b><u>AUDIT PERFORMANCE AND ADDED VALUE</u></b>	<b>12</b>
Added Value	12
Performance	13
Audit Plan Delivery	14
Recommendations	14
<b><u>CONCLUSION</u></b>	<b>16</b>
<b>Appendix A</b>	Report Status as at 31 December 2021
<b>Appendix B</b>	Audit Plan
<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 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 Audit Plan 2021/22 was approved on 23 March 2021. The 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.

This progress report provides a summary account of the audit activities, findings and progress against the Audit Plan as at 31 December 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 Governance and 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 2021/22 in accordance with corporate requirements. Prior to discussing performance, auditors updated their skills assessment in application of the IIA Professional Competencies Framework.

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



## 2. SUMMARY OF WORK PERFORMED

The following audit summary covers the work programme for 2021/22, and the associated activities, resources, findings and measures of performance as at 31 December 2021.

### 2.1 Current activities

During the year to date the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to progress targeted assurance engagements from the Audit Plan.

#### Schools control risk self-assessment (CRSA) action plans

Members will be aware of the Control Risk Self-Assessment (CRSA) exercise completed towards the end of the financial year 2020/21 through which all schools were required to respond to a detailed set of internal 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.

Following this exercise and associated reporting to Headteacher and Chair of Governors forums, action plans containing recommendations for the schools sampled have been issued and a summary report has been issued to the Director of Education. As at the end of quarter three, nearly 80% of the action plans have been finalised with an agreed course of action in each respective school. Responses to the remaining action plans are being sought in order to conclude the exercise. Alongside individual school audits being completed this year, the implementation of recommendations through the CRSA exercise will be tracked, monitored and reported to support effective control environments across schools.

#### COVID-19 related consultancy services

The Internal Audit Team has continued to provide advice and guidance on the design and implementation of effective controls in the administration of Welsh Government COVID-19 grants schemes to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.

In the financial year to date, audit and counter-fraud consultancy has been provided in respect of the following Welsh Government grant schemes:

- Financial Recognition for Social Workers Scheme
- Economic Resilience Fund

- Wales Culture Recovery Fund (round 2) – Freelancer Support.
- Economic Resilience Fund (Extension)
- Cardiff Growth Funds
- Winter Fuel Support Scheme

#### Audits completed

A number of assurance audit engagements have commenced, and this work continues to be undertaken predominantly on a desktop basis.

The table below shows a list of audits and their reporting status as at 31 December 2021, whereby 42 new audit engagements were completed to at least draft output stage and 21 audit engagements from the prior year have been finalised. A summary of the audit outputs and opinions in the year to date is shown below.

**Figure 4.** Audit outputs and opinions (at 31 December 2021)

Status	Number of completed audits	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	14	1	7	3	1	2
Final	49	3	24	12	0	10
<b>TOTAL</b>	<b>63</b>	<b>4</b>	<b>31</b>	<b>15</b>	<b>1</b>	<b>12</b>
	42	<i>New Audit Engagements completed</i>				
	21	<i>Finalised Audit Engagements from 2020/21</i>				

Since the last reporting period, one draft audit output has been issued with an opinion of unsatisfactory and one draft report has provided an opinion of insufficient with major improvement needed. Information on the findings of these audits is provided within Section 2.4 – Critical Findings or Emerging Trends.

**Figure 5.** 2021/22 Audit outputs and opinions (at 31 December 2021)

No.	Assurance Audit Engagement	Audit Opinion
1.	Fraud, Bribery and Corruption	Effective
2.	Housing Rents	
3.	Resources – Income and Debtors	
4.	Homelessness - Temporary Accommodation	Effective with

5.	Education - SOP - Review of Band B	opportunity for improvement	
6.	PTE – Income and Debtors		
7.	Members' Remuneration and Allowances		
8.	Marlborough Primary School		
9.	Mary Immaculate High School		
10.	Special Leave		
11.	Treasury Management		
12.	Governance and Legal Services - Pre-Contract Assurance		
13.	Bilingual Cardiff		
14.	City Deal 2020/21		
15.	Disciplinary Policy		
16.	Purchasing Cards		
17.	Cradle to grave audit		
18.	Glamorgan Archives		
19.	Adults, Housing & Communities - Pre-Contract Assurance		
20.	Libraries		
21.	British Council Grants - Follow up		
22.	Concessionary Travel		
23.	Establishment Reviews		Insufficient with major improvement needed
24.	Joint Equipment Service		
25.	Payments to Care Leavers		
26.	Economic Development - Pre-Contract Assurance		
27.	Waste Collections		
28.	Education and Lifelong Learning - Pre-Contract Assurance		
29.	Planning, Transport and Environment - Pre-Contract Assurance		
30.	Cardiff West Community High School	Unsatisfactory	
Audit Work with 'No Opinion'			
31.	Joint Committees - Prosiect Gwyrdd	Consultancy, certification, advice and guidance	
32.	Joint Committees - Port Health Authority		
33.	Joint Committees - Glamorgan Archives		
34.	Service and Process Consultancy – Welsh Government Grants		
35.	Rumourless Cities Grant		

36.	Cardiff Further Education Trust Fund 20/21	
37.	Norwegian Church Preservation Trust 20/21	
38.	Education Improvement Grant 20/21	
39.	Creditor Payments CRSA 2021/22	Control Risk Self-Assessments
40.	Payroll CRSA 2021/22	
41.	National Fraud Initiative	Data matching counter-fraud exercise
42.	Pre-Contract Assurance – People and Communities	Assurance via wider directorate engagements
Concluded Audits from the Prior Year		
43.	Risk Based Verification	Effective
44.	Audit of scrutiny functions	Effective with opportunity for improvement
45.	Wellbeing of Future Generations	
46.	Follow-up audit - contracts in Waste Management	
47.	Norwegian Church Preservation Trust 2019/20	
48.	Creditor Payments - In year testing 2020-21	
49.	Council Tax	
50.	Housing Benefit / Local Housing Allowances / Council Tax Reduction	
51.	IT Business Continuity	
52.	Follow-up audit - St. Peter's	
53.	Taxation	
54.	Directorate Risk Management	
55.	Programme and projects risk management	
56.	Gatehouse	
57.	Follow-up audit - fly tipping	
58.	Recycling in HWRCs	
59.	St. Cuthbert's RC Primary School	
60.	Payment Card Industry	
61.	Cardiff Bus - governance relationship with Cardiff Council	
62.	Contract Monitoring and Management	
63.	Education - Asset Management	

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

**Figure 6.** Completed audits without an assurance opinion (at 31 December 2021)

Audit	Comments
Joint Committees - Prosiect Gwyrdd	Work to support completion of Statement of Accounts.
Joint Committees - Port Health Authority	
Joint Committees - Glamorgan Archives	
Service and Process Consultancy – Welsh Government COVID-19 Grants	Compliance, control and counter-fraud guidance
Rumourless Cities Grant	Grant certification
Cardiff Further Education Trust Fund 2020/21	
Norwegian Church Preservation Trust 2020/21	
Education Improvement Grant 2020/21	
Creditor Payments CRSA 2021/22	Developing and coordinating a Control Risk
Payroll CRSA 2021/22	Self-Assessment exercise
National Fraud Initiative	Data matching counter-fraud exercise
Pre-Contract Assurance – People and Communities	No recent contact awards to examine, so assurance to be achieved through a sample of contacts relating to Adults, Housing and Communities and Children’s Services (under portfolio of Corporate Director)

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

## 2.2 Resources

There has been reduced capacity in the team during quarter three. A member of staff returned from long term sickness on phased return, but there have been two further long-term sickness cases, and as the team is small there has been an impact on the delivery of the audit plan.

To support the delivery of the audit plan, two audit engagements have been commissioned with an external provider under the direction and control of the Audit Manager. The audits of information governance and cloud computing will be delivered during a six-week period commencing February 2022 to support the assurance work delivered directly by the in-house team. Prior to commissioning the audits, agency adverts were issued, and secondment options were explored via the Welsh Local Authority Chief Auditors Network, through which no suitable candidates were found.

Timesheet data contained 995 chargeable days across the team as at the end of quarter three, against a pro-rata plan of 1,226 days. The primary reasons for the difference were a vacant Principal Auditor post during much of quarter one, long-term sickness, nine weeks of work for accountancy by a CIPFA trainee as part of their development, and more time coded in respect of development activities and general meetings than anticipated across the team, some of which related to participation in wellbeing initiatives.

One auditor continues to have funding for study in place, for the Certified Information Systems Auditor (CISA) Qualification with ISACA.

### 2.3 Annual plan

The Committee approved the Audit Plan 2021/22 in its meeting in March 2021. The annual Audit Plan is designed to be of sufficient size to enable decisions on the timing and prioritisation of audit engagements to be made as each year progresses. Each year a proportion of the Audit Plan is targeted for delivery, and the target for 2021/22 is 70%.

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

In the Committee meeting on 23 November 2021, the Governance and Audit Committee approved the deferral of 29 audit engagement from the Audit Plan 2021/22 and the addition of a corporate performance management audit. This action did not impact the performance target, but instead indicated strategic priorities, focussing on the delivery of all planned audits of fundamental systems, a high level of coverage in areas of core governance and a spread of directorate level systems. The revised Audit Plan contained 75% of the audits approved by Committee at the beginning of the year. The target remained to deliver 70% of the original plan.

Delivery of the Audit Plan 2021/22 is proportionately lower than targeted as at the end of quarter three, for which the reasons primarily relate to resources as outlined in section 2.2 'Resources' for which the position is shown in section 3.2 'performance'.

A greater level of progress has been made in delivering on key audit priorities that the audit statistics may suggest:

- Substantial planning has been made for a review of directorate recovery planning to take place with each directorate management team. An assessment tool has been developed after discussion with management in Performance and Partnerships, wider senior officers and colleagues in Audit Wales.
- A significant proportion of the assurance mapping work has been completed, which will conclude in quarter four leading to a proposed risk-based plan for the year ahead to engage with each Director upon, ahead of the full Senior Management Team and a request for Governance and Audit Committee approval in March 2022.
- A number of audits are at a stage of active fieldwork or quality assurance, for which details are provided in the table below. It is intended for draft reports to be issued for these audits in the early stages of quarter four.

**Figure 7.** Status of ongoing audits

No.	Audit	Status
1.	Ysgol Bro Edern	Review / Quality Assurance
2.	Section 106 Agreements	Review / Quality Assurance
3.	Whistleblowing Processes	Fieldwork
4.	Telecare	Fieldwork
5.	Shared Regulatory Services in Cardiff	Fieldwork
6.	Llanedeyrn Primary	Fieldwork
7.	Value for Money in Digital Initiatives	Fieldwork
8.	Creditor Payments – in-Year Testing	Fieldwork
9.	Payroll – In-year Testing	Fieldwork

It should also be noted that planning is well progressed for two thematic audits of ‘school asset management’ and ‘school health and safety’ which each account for five audit units (representing the numbers of schools sampled) under each study. These audits are scheduled to be delivered during quarter four.

All areas of the audit plan are being progressed, although in allocating and delivering work, the team are mindful of the current crisis in Social Services at the present time in terms of service demands and the availability and priorities of key officers and management. The Council’s Senior Management Team has considered associated risks in recent months and corporate requests have been made for urgent support for continuity of frontline services within the adult social

care service, and for volunteers to support residential and short break provisions. Particular care will be taken during quarter four as audits are progressed, in respect of balancing both the priorities of services and audit assurance, and the position will require ongoing and close monitoring and attention.

There were fourteen audits completed to draft output status during quarter three, of which twelve received an assurance opinion of 'effective', or 'effective with opportunity for improvement'. For the information and assurance of the Governance and Audit Committee, the draft findings of audits with opinions of 'insufficient with major improvement needed' are included in section 2.4 – critical findings and emerging trends, and an executive summary briefing is provided for any 'unsatisfactory' audit report once it has been finalised with management. Over the reporting period one draft 'unsatisfactory' report, and one 'insufficient with major improvement needed' report have been issued.

#### 2.4 Critical findings or emerging trends (Q3 2021/22)

During quarter three, two audit reports were issued with adverse audit opinions for which further details are provided in the paragraphs below. The audits referred to below are at draft status, for which the findings will be discussed with management, and once the audits are finalised, the final opinion and recommendations will be reported to the Governance and Audit Committee.

An audit of 'Cardiff West Community High School' has provided an opinion of 'unsatisfactory'. The school had an agreed deficit budget of £878,203 for 2021/22 for which indications of additional support and challenge were noted during the audit, including the development of a Medium-Term Financial Plan. The report identified gaps in the completeness of declarations of interest, the monitoring of governor training, the availability of sub-committee minutes, documented risk management measures in cases where staff are to start work prior to receipt of a Disclosure and Barring Service (DBS) check, and a need to review and update certain statutory policies. At an operational level, general financial control was reported to require improved oversight and control. This included a need for school private fund account updates and audit following school amalgamation, improvements to the management trail of contracts entered and associated processes followed, income records completeness, and purchasing card record keeping and control. Audit Management has met with the Headteacher, the Chair of Governors and the Chair of Finance to discuss the draft report and a series of recommendations



have been raised for management consideration. Once the management response has been received and the audit has been finalised, the Governance and Audit Committee will receive an executive summary report of the findings and actions for improvement in the following Committee meeting.

An audit of pre-contract assurance in Planning Transport and Environment provided an opinion of insufficient with major improvement needed. The audit identified good working relationships and engagement with Commissioning & Procurement and other professional disciplines, but there were gaps in the completeness of processes followed to achieve an effective level of assurance prior to entering contracts. A small number of procurements plans sampled did not contain assessments of risk. There were also cases where supplier suitability, capability and capacity and financial vetting had not been completed in accordance with corporate guidance. There were some gaps in the completion of internal corporate processes in respect of matters including health and safety, Welsh language, and socially responsible procurement requirements. In one instance, a reduced number of tenders / single supply had not received Commissioning and Procurement approval, and some core procurement documentation was not stored on the Proactis system.

It is pleasing to report that a follow up report in respect of British Council Grants received an opinion of 'effective with opportunity for improvement', for which the original audit provided an 'unsatisfactory' audit opinion, and the associated executive summary was provided to the Committee in its meeting of 23 March 2021. There have been improvements in the governance arrangements in place for British Council grants. Declarations of interest had been recorded and the Director had communicated a comprehensive management instruction to reinforce audit requirements. It is recognised that there have been no trips since the original audit was undertaken, but steps have been taken to improve documentation and reconciliation processes. There has also been a change in the management structure and composition of the ISL team and the team has recently moved into an office in County Hall. A third-party organisation previously operating from a Council premises has relocated and has no association with the Council or its staff. The purchasing card has been closed, although new cards may be required when trips are able to recommence. The directorate has worked with Accountancy and Information Governance to improve data handling and financial administration processes.

## 2.5 Value for Money findings (Q3 2021/22)

There were no value for money themed audits completed within the reporting period, although an audit of value for money in digital initiatives is being progressed at the time of reporting.

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

### 3. AUDIT PERFORMANCE AND ADDED VALUE

#### 3.1 Added value

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

Feedback from audit clients has been positive in the year to date, high satisfaction rates, although one client reported that their audit did not 'add value'. The audit of pre-contract assurance in Governance and Legal Services did not identify particular issues that the Directorate was not aware of.

**Figure 8.** Client Feedback

	Excellent	Good	Satisfactory	Poor
Communication	17	7	3	0
Advice	10	13	4	0
Report Value	7	16	4	0
Overall Performance	13	11	2	0
Percentages	44%	44%	12%	0%

In the audit outputs issued to date (as at 31 December 2021), there have been 440 recommendations made, of which 287 have been agreed and 153 are being considered by audit clients through draft audit outputs. These are summarised below:

**Figure 9.** Recommendations raised and agreed

Rating	Recommendations made	Recommendations agreed	Recommendations being considered
Red	15	5	10
Red / amber	166	101	65
Amber / green	235	166	69
Green	24	15	9
<b>TOTAL</b>	<b>440</b>	<b>287</b>	<b>153</b>

### 3.2 Performance

The priorities and approach of the audit team are outlined in section 2.1 ('Current Activities'). Figure 10 contains performance indicators and targets for 2021/22, together with the outcomes for 2020/21.

The primary reasons why the audit service is operating at a lower capacity during the quarter are outlined in 2.2 ('Resources'). At the outset of the year, a proposed target for delivery of the Audit Plan was set at 70% and integrated into audit planning and performance management processes. The target was considered to be stretching and achievable, for which slippage against this measure in the year to date has been primarily affected by long-term sickness and greater development / wellbeing initiatives time used by the team. The targets of audit productive days and audits per FTE are in alignment with the audit plan target percentage, for which performance is below target due primarily to the same factors.

The team are working with management to agree audit actions and, whilst performance in finalising audits has improved during quarter three, further progress is required to meet the target set for the year. Alongside Increasing the number of draft reports issued during the remainder of the year, progress in finalising audits will continue to be monitored closely and communicated at both auditor and directorate management levels.

Whilst the percentage of draft outputs delivered within four weeks of completing fieldwork has reduced during quarter three, performance for the year to date is at the target level, and the

position will continue to be closely monitored to ensure prompt reporting and timely management assurance.

The percentage of audit recommendations implemented within the agreed timescale is 69% against a target of 80% for the year overall. The outcome measure, which allows for slippage of two working weeks from the target set for actions to be evidenced as achieved, showed a small improvement against the prior quarter. The Audit Manager attends Senior Management Team to present the recommendation tracker on a periodic basis, at which time performance and the importance of the timely implementation of agreed actions are discussed.

**Figure 10.** Performance against targets for 2021-2022 (to date)

Performance Indicator	2020/21 Outcome	2021/22 Target	Q1 Outcome	Q2 Outcome	Q3 Outcome
The percentage of the Audit Plan completed	55%	70%	13%	24%	36%
The average number of audit productive days per FTE	145	150	32.56	64.29	104.46
The average number of finalised audits per FTE	8.51	9	1.64	3.4	5.74
The percentage of draft audit outputs delivered within four weeks* <i>*indicator changed from within 'six weeks' from 2021/22</i>	97%	90%	100%	100%	90%
The percentage of audit recommendations implemented within the agreed timescale	69%	80%	69%	64%	69%

### 3.3 Audit Plan Delivery

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

Sections 2.1 – Current Activities and 2.3 – Audit Plan set out relevant details and the current position for the full Audit Plan 2021/22 is shown in **Appendix B – Audit Plan**.

### 3.4 Recommendations

To support Committee monitoring and review, **Appendix C** contains a summary of all open audit actions, **Appendix D** contains the detail of all red and red/amber open recommendations and

includes the current management response. **Appendix E** contains the red and red/amber recommendations, which have been completed since the last Committee meeting. Amber / green and green recommendations are provided to Committee via a separate route.

The table below shows the instances where implementation dates have been revised typically by audit clients, for audits which are not recognised as fully addressed (as at 31.12.21).

**Figure 11.** Revised recommendation implementation dates and status

Directorate / Audit Category	Number of recommendations with revised dates	Actions now implemented	Actions still open
Fundamental	15	11	4
Corporate	25	21	4
External and grants	8	4	4
Adult Services, Housing and Communities	29	12	17
Children' Services	2	2	0
Economic Development	26	25	1
Education and Lifelong Learning	70	44	26
Planning Transport and Environment	32	21	11
People and Communities	14	14	0
Resources	33	28	5
Governance and Legal Services	5	5	0
Waste Management	74	69	5
	333	256	77
Schools	264	205	59
<b>TOTAL</b>	<b>597</b>	<b>461</b>	<b>136</b>

**NB** - It should be noted that the table above represents the position as at 31 December 2021, whereas the recommendation tracker appendices show the detailed position against each recommendation at the closest possible date to each Committee meeting.

The position against recommendations is reported in quarterly relationship management meetings to monitor progress and target discussions on effective risk management, and the Audit Manager attends Senior Management Team meetings at periodic intervals during the year to outline and discuss the management response.

## 4. CONCLUSION

### 4.1 Summary

During the year to date, the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to progress targeted assurance engagements from the Audit Plan.

The Internal Audit Team has continued to provide advice and guidance on the design and implementation of effective controls in the administration of Welsh Government COVID-19 grants schemes to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.

There has been reduced capacity in the team during quarter three. A member of staff returned from long term sickness on phased return, but there have been two further long-term sickness cases, and as the team is small there has been an impact on the delivery of the audit plan. To support the delivery of the audit plan, two audit engagements have been commissioned with an external provider under the direction and control of the Audit Manager.

All areas of the audit plan are being progressed, although in allocating and delivering work, the team are mindful of the current crisis in Social Services at the present time in terms of service demands, and the availability and priorities of key officers and management.

There will be a continued focus on increasing the coverage of the Audit Plan in quarter four. A number of audits are at a stage of active fieldwork or quality assurance at the time of reporting and substantial planning has taken place to commence further audit engagements. This work will assist in delivering the plan during quarter four.

Each auditor has a full allocation of work to progress, subject to regular monitoring and review processes. Audits are allocated on a basis that provides the greatest assurance and value, and mitigates any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2021/22.

## Report Status (as at 31 December 2021)

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
<b>Fundamental / High</b>				
Effective	People and Communities – Commissioning & Procurement (cf. 2020/21)			Draft
	Resources – Income and Debtors			Issued
	Risk Based Verification (cf. 2020/21)			
	Housing Rents			
	Fraud, Bribery and Corruption			
Effective with opportunity for	Resources - Health and Safety (cf. 2020/21)			Drafts
	Social Services – Income and Debtors (cf. 2020/21)			Issued
	Adults, Housing and Communities - Pre-Contract Assurance			
	Cradle to grave audit			
	Purchasing Cards			
	Wellbeing of Future Generations (cf. 2020/21)			
	Creditor Payments in-Year Testing (cf. 2020/21)			
	PTE – Income and Debtors			
	Council Tax (cf. 2020/21)			
	Housing Benefit – Local Housing Allowance – Council Tax Reduction Scheme (cf. 2020/21)			
	IT Business Continuity (cf. 2020/21)			
	Education - SOP - Review of Band B			
	Directorate Risk Management (cf. 2020/21)			
	Disciplinary Policy			
	Special Leave			
	Treasury Management			
	Governance & Legal Services – Pre-Contract Assurance			
	Taxation (cf. 2020/21)			
Programme and projects risk management (cf. 2020/21)				
Insufficient with major	Mileage and Subsistence (cf. 2020/21)	1		Drafts
	Economic Development – Pre-Contract Assurance	1		Issued

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)	
		Proposed	Agreed		
improvement	Education & LL – Pre-Contract Assurance	1			
	PTE – Pre-Contract Assurance	1			
	Establishment Reviews				
	Payment Card Industry (chip and pin devices) (cf. 2020/21)				
	Cardiff Bus – Governance relationship with Cardiff Council (cf. 2020/21)	1	1		
	Education – Asset Management (cf. 2020/21)	1	1		
	Contract Monitoring and Management (cf. 2020/21)				
<b>Medium</b>					
Effective with opportunity for improvement	Bilingual Cardiff			Draft	
	British Council Grants - Follow up			Issued	
	Glamorgan Archives				
	Concessionary Travel				
	Follow Up - Contracts in Waste Management (cf. 2020/21)				
	Audit of Scrutiny Functions (cf. 2020/21)				
	Members' Remuneration and Allowances				
	Follow Up - St Peters R.C Primary (cf. 2020/21)	2	2		
	Homelessness - Temporary Accommodation				
	Libraries				
	Marlborough Primary School				
	Mary Immaculate High School				
Insufficient with major needed	Children's Placements (cf. 2020/21)	1			Drafts
	Dominions Way Temporary Stores (cf. 2020/21)	2			Issued
	Waste Collections	1	1		
	Gatehouse (cf. 2020/21)	2	2		
	Follow up – Fly Tipping (cf. 2020/21)	2	2		
	Recycling in HWRCs (cf. 2020/21)	1	1		
	St. Cuthberts (cf. 2020/21)	4	4		
	Joint Equipment Service	1	1		
	Payments to Care Leavers	2	2		



Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Unsatisfactory	Cardiff West Community High School	6		Draft
<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			
	Rumourless Cities Grant			
	Norwegian Church 2020/21			
	Cardiff Further Education Trust Fund 2020/21			
	Education Improvement Grant 2020/21			
Effective with opportunity for improvement	Education Improvement Grant 2019/20 (cf. 2020/21)			Drafts
	Norwegian Church 2019/20 (cf. 2020/21)			Issued
	City Deal 2020/21			
<b>Other assignments</b>				
No assurance opinion given	People and Communities - Pre-Contract Assurance	No recent contact awards – assurance to be obtained via wider audits under portfolio of Corporate Director		Pending wider audits
	Service and Process Consultancy – Welsh Government Grants	compliance, control and counter-fraud guidance		
	Purchasing and Payments - CRSA	Control Risk Self-Assessment (CRSA)		
	Payroll & HR - CRSA			
	National Fraud Initiative	Data matching counter-fraud exercise		

This page is intentionally left blank

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits	Audit Output Status 30.12.2021	Audit Opinion	
<b>Fundamental Audits - S151 Assurance</b>													
Purchasing and Payments	High	Assurance	Chargeable	55	50	CRSA	5	Purchases and Payments are compliant, authorised, accurate and timely				Final Issued	No Opinion
						In-year testing	25						
						P Cards	20						
						0	0	Creditor Payments - In year testing 2020-21 (carried forward from 2020/21)					
Payroll & HR	High	Assurance	Chargeable	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				Final Issued	No Opinion
						In-year testing	15						
						Special Leave	15						
						Establishment Reviews	15						
NNDR	High	Assurance	Chargeable	0	20	NNDR in-year testing	20	Business rate collection and control is working effectively and efficiently					
Treasury Management	High	Assurance	Chargeable	0	20	Treasury Management	20	Effective treasury management strategy, governance, risk management and monitoring framework			Final Issued	Effective with opportunity for improvement	
Main Accounting	High	Assurance	Chargeable	0	20	Main Accounting	20	The main accounting system and processes are well controlled and operating effectively					
Income and Debtors	High	Assurance	Chargeable	0	20	Income and Debtors	20	Operation of appropriate arrangements to record, monitor and recover sundry debts.					
Asset Management	High	Assurance	Chargeable	0	20	Asset Management	20	Effective recording, monitoring, management and control of physical assets					

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits	Audit Output Status 30.12.2021	Audit Opinion	
Housing Rents				0	10	Housing Rents	10	Effective control processes are in place for managing and recovering housing rents			Final Issued	Effective	
Council Tax				20	0	Council Tax (carried forward from 2020/21)	0	Compliance and control, with effective and efficient processes.			Final Issued	Effective with opportunity for improvement	
HB / LHA/ CTRS				20	0	Housing Benefit / Local Housing Allowances / Council Tax Reduction Scheme (carried forward from 2020/21)	0	Effective controls to ensure accurate processing of bona fide claims			Final Issued	Effective with opportunity for improvement	
<b>Total</b>				<b>155</b>	<b>210</b>		<b>210</b>						
<b>Corporate Audit</b>				<i>Original audit plan, 2019/20</i>	<i>Original audit plan</i>	<b>Assignment</b>	<b>Days</b>						
Risk Management	High	Assurance	Chargeable	20	15	Directorate Risk Management	15	Risk management arrangements are effective and operated consistently		yes			
Page 92					0	Directorate Risk Management (carried forward from 2020/21)	0	Risk management arrangements are effective and operated consistently			Final Issued	Effective with opportunity for improvement	
					0	Programme and Project Risk Management (carried forward from 2020/21)	0	Risk management arrangements are effective and operated consistently			Final Issued	Effective with opportunity for improvement	
	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 operating consistently			Final Issued	Effective with opportunity for improvement
							Fraud, Bribery and Corruption	15	Fraud, bribery and corruption policy processes are effective and operating consistently			Final Issued	Effective
	Delegation and decision making			0	20	Delegation and decision making	20	Effective application of delegated authority and decision making		yes			
	Contract Audit				40	40	Cradle to grave audit	20	Effective contract compliance, control and delivery of objectives			Draft Issued	Effective with opportunity for improvement
						Contract Variations	20			yes			

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits	Audit Output Status 30.12.2021	Audit Opinion
					0	Contract Monitoring & Management (carried forward from 2020/21)	0	Effective contract compliance, control and delivery of objectives			Final Issued	Insufficient with major improvement needed
Taxation				20	20	Schools VAT Assurance	15	Effective compliance and control.				
						Adhoc VAT reviews	5					
							0	Taxation (carried forward from 2020/21)				
Procurement				0	20	Procurement	20	Effective and compliance commissioning and procurement compliance and control arrangements		yes		
Mileage & subsistence				15	15	Mileage & subsistence	15	Accurate claiming and authorisation for reasonable expenditure.				
						Mileage & subsistence (carried forward from 2020/21)	0	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.				
						PCI - Process Consultancy	15	Consultancy on process and policy development				
						IT Business Continuity (carried forward from 2020/21)	0	Effective co-ordination, risk management and control.				
						Payment Card Industry (chip and pin devices) (carried forward from 2020/21)	0	Effective compliance and control.				
		Consultation			0							
National Fraud Initiative		Participation		10	10	National Fraud Initiative	10	Data matching counter-fraud exercise.			Final Issued	No Opinion
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				

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits	Audit Output Status 30.12.2021	Audit Opinion		
Stores	High			10	10	Joint Equipment Service	10	Effective and efficient stores management, and stock / equipment control	y		Final Issued	Insufficient with major improvement needed		
				0		Dominions Way Temporary Stores (carried forward from 2020/21)	0	Effective and efficient stores management, and stock / equipment control			Draft Issued	Insufficient with major improvement needed		
Business Continuity				20	20	Business Continuity and Incident Management	20	Effective business recovery and incident management systems.						
Members' allowances				15	15	Members' Remuneration and Allowances	15	Effective governance and management of Members' allowances			Final Issued	Effective with opportunity for improvement		
Education - School Organisation Programme				0	0	Education - SOP - Review of Band B <i>cf</i>	5	Delivery of objectives, with effective compliance and control			Final Issued	Effective with opportunity for improvement		
Partnership / Arm's-length Assurance				10	0	Cardiff Bus - governance relationship with Cardiff Council	0	Section 151 Assurance on governance arrangements			Final Issued	Insufficient with major improvement needed		
Wellbeing of Future Generations				20	0	Wellbeing of Future Generations (carried forward from 2020/21)	0	Effective application of Wellbeing of Future Generations requirements.			Final Issued	Effective with opportunity for improvement		
Pensions and Investments Insurance				0										
Fleet Management (pool cars, grey fleet, etc.)				15										
Governance Arrangements				0										
Performance Management	0	0	Performance Management	20	Performance management arrangements are effective, and operated consistently.									
Digital Services	Medium			0										
Scrutiny Functions				0										
Programmes and Projects				20										
System Development				30										
<b>Total</b>				<b>367</b>	<b>400</b>		<b>425</b>							

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits	Audit Output Status 30.12.2021	Audit Opinion
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			Work Completed (and ongoing)	No Opinion
Resources	High	Assurance		90	65	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes		
				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.			Draft Issued	Effective	
				Resources Health and Safety (carried forward from 2020/21)		0	Directorate health and safety compliance and risk management.			Draft Issued	Effective with opportunity for improvement	
				Telecare		15	Delivery of service objectives with effective compliance and control.					
				Central Transport Service		15		yes				
Governance and Legal Services	High	Assurance		60	50	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes		
				Pre-Contract Assurance		10	Relevant compliance and due diligence checks are undertaken			Final Issued	Effective with opportunity for improvement	
				Electoral Services		15	Effective systems, compliance and control	yes				
				Glamorgan Archives		10	Effective systems, compliance and control			Draft Issued	Effective with opportunity for improvement	
				Audit of scrutiny functions (carried forward from 2020/21)		0	Effective scrutiny activities and outcomes			Final Issued	Effective with opportunity for improvement	
People and Communities	High	Assurance		75	45	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes		
				Pre-Contract Assurance		15	Relevant compliance and due diligence checks are undertaken			Draft Issued	No Opinion	
				Commissioning and Procurement (carried forward from 2020/21)		0	Commissioning and Procurement compliance and control			Draft Issued	Effective	
			Income and debtors - Social Services (carried forward from 2020/21)	0		Operation of appropriate arrangements to record, monitor and recover sundry debts.		Draft Issued	Effective with opportunity for improvement			

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits	Audit Output Status 30.12.2021	Audit Opinion
	Medium					Bilingual Cardiff	15	Effective compliance and control in delivering services in accordance with the Welsh Language Standards			Draft Issued	Effective with opportunity for improvement
Adults, Housing & Communities	High	Assurance		150	145	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes		
						Risk Based Verification (carried forward from 2020/21)	0	Delivery of service objectives with effective compliance and control.			Final Issued	Effective
						Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken			Draft Issued	Effective with opportunity for improvement
	Medium					Mental Health Day Services	15	Delivery of service objective with effective compliance and control		yes		
	Get me home service					15						
	Independent Living					10			yes			
	ICF schemes (incl. Families First)					10						
	Residential Care					15			yes			
	Libraries					10					Final Issued	Effective with opportunity for improvement
	Homelessness - Temporary Accommodation					10					Final Issued	Effective with opportunity for improvement
	Social Services - CHAD					15	Delivery of service objective with effective compliance and control					
	Emergency Duty Team					15			yes			
Childrens' Services	High	Assurance		130	70	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes		
						Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken				
	Medium					Payments to Care Leavers	20	Delivery of service objective with effective compliance and control			Final Issued	Insufficient with major improvement needed
	Youth Offending Service					20						
Children's Placements (including out of county) (carried forward from 2020/21)	0	Delivery of service objective with effective compliance and control				Draft Issued	Insufficient with major improvement needed					
Economic Development	High	Assurance		105	100	Performance Management (inc Waste Management)	15	Performance management arrangements are effective, and operated consistently.		yes		



Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits	Audit Output Status 30.12.2021	Audit Opinion	
	Medium					Pre-Contract Assurance (inc Waste Management)	15	Relevant compliance and due diligence checks are undertaken			Draft Issued	Insufficient with major improvement needed	
						Harbour Authority	10	Effective systems, compliance and control		yes			
						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		yes			
						Waste Collections	15					Final Issued	Insufficient with major improvement needed
						Cardiff Organic Waste Treatment Contract	15			yes			
						Waste Management Enforcement	15						
						Recycling in HWRCs (carried forward from 2020/21)	0	Effective systems, compliance and control				Final Issued	Insufficient with major improvement needed
						Gatehouse (carried forward from 2020/21)	0	Compliance and control in gatehouse / weighbridge systems.				Final Issued	Insufficient with major improvement needed
						Follow-up audit - contracts in Waste Management (carried forward from 2020/21)	0	Follow up Audit				Final Issued	Effective with opportunity for improvement
						Follow-up audit - flytipping (carried forward from 2020/21)	0	Follow up Audit				Final Issued	Insufficient with major improvement needed
Education and Lifelong Learning	High	Assurance		245	190	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes			
						Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken				Draft Issued	Insufficient with major improvement needed

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits	Audit Output Status 30.12.2021	Audit Opinion
						Health and Safety	15	Directorate health and safety compliance and risk management.		yes		
						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.				
						Asset Management (carried forward from 2020/21)	0	Effective Directorate recording, monitoring, management and control of physical assets			Final Issued	Insufficient with major improvement needed
	Medium					Llanedeyrn Primary	5	Audits of systems of governance and internal control within individual schools				
						Marlborough Primary	5				Final Issued	Effective with opportunity for improvement
						Cantonian High School	7					
						primary school audit - tbc	5			yes		
						primary school audit - tbc	5			yes		
						St. Cuthbert's RC Primary School (carried forward from 2020/21)	0	Audits of systems of governance and internal control within individual schools			Final Issued	Insufficient with major improvement needed
						Follow-up audit - St. Peter's (carried forward from 2020/21)	0	Audits of systems of governance and internal control within individual schools			Final Issued	Effective with opportunity for improvement
						Cardiff West Community High School <i>cf</i>	5	Audits of systems of governance and internal control within individual schools			Draft Issued	Unsatisfactory
						Mary Immaculate	7				Final Issued	Effective with opportunity for improvement
						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			Draft Issued	Effective with opportunity for improvement
						Catering in Opted out schools	15	Delivery of objectives, with effective compliance and control		yes		
						School Admissions	15	Effective and well governed arrangements for school admissions		yes		

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits	Audit Output Status 30.12.2021	Audit Opinion		
						Cashless catering in secondary schools	10	Effective and controlled arrangements to receive, record and monitor income		yes				
Planning, Transportation and Environment	High	Assurance		80	55	Performance Management	15	Performance management arrangements are effective, and operated consistently.		yes				
						Pre-Contract Assurance	15	Relevant compliance and due diligence checks are undertaken			Draft Issued	Insufficient with major improvement needed		
						Income and Debtors cf	5	Operation of appropriate arrangements to record, monitor and recover sundry debts.			Final Issued	Effective with opportunity for improvement		
	Medium						S106 Agreements	10	Effective systems, compliance and control					
							Concessionary Travel	10					Draft Issued	Effective with opportunity for improvement
<b>Total</b>				<b>1,135</b>	<b>820</b>		<b>825</b>							
<b>External</b>				<i>Original audit plan, 2019/20</i>	<i>Original audit plan</i>	<b>Assignment</b>	<b>Days</b>							
External clients	High	Assurance	Chargeable	30	35	City Deal 2020/21	10	Scope as per rolling SLA	y		Final Issued	Effective with opportunity for improvement		
	Low	Certification				Cardiff Further Education Trust Fund -- tbc	2	Grant certification / statement of accounts work			Final Issued	No Opinion		
						Norwegian Church Preservation Trust - 2020/21	2				Final Issued	No Opinion		
						Norwegian Church Preservation Trust 2019/20 (carried forward from 2020/21)	0	Grant certification / statement of accounts work			Final Issued	Effective with opportunity for improvement		
						Joint Committees	6	Grant certification / statement of accounts work			Final Issued	No Opinion		
						Education Improvement Grant 2019/20 (carried forward from 2020/21)	0	Grant certification / statement of accounts work			Draft Issued	Effective with opportunity for improvement		
						Education Improvement Grant - 2020/21	5	Grant certification / statement of accounts work			Draft Issued	No Opinion		
						Rumourless Cities Grant	10				Final Issued	No Opinion		
<b>Total</b>			<b>30</b>	<b>35</b>		<b>35</b>								
<b>Contingencies</b>				<i>Original audit plan, 2019/20</i>	<i>Original audit plan</i>	<b>Assignment</b>	<b>Days</b>							

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan, 2020/21	Original Audit Plan 2021/22	Assignment	Days	Audit Scope	National Issue	Deferred Audits	Audit Output Status 30.12.2021	Audit Opinion
General Audit	TBC	TBC	Chargeable	30	10	General Audit (provision for carried forward audits / other work)	0	TBC				
<b>Total</b>				<b>30</b>	<b>10</b>		<b>0</b>					
<b>Management</b>				<i>Original audit plan, 2019/20</i>	<i>Original audit plan</i>	<b>Assignment</b>	<b>Days</b>					
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					
<b>Total</b>				<b>180</b>	<b>160</b>		<b>160</b>					

Time for performance management audit applied from deferred audits -20

**Total chargeable days**

**1,897**      **1,635**

**1,635**

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 N/A	No. of Recs with Amended Action Date	No. of Recs where action date has passed	Current target date not yet due	
Economic Development	1		1			1			1	0	1	
Economic Development - Waste /RNS	6	2	6		1	6		1	5	0	8	1 N/A action related to instance where Directorate was sampled as part of a wider corporate report, and an opinion was not provided at a directorate level.
Education & Lifelong Learning - Schools	21	4	48		46	6			28	31	21	The 31 actions where implementation date passed relates to: * 2 overdue actions for an area subject to an ongoing audit, which will be updated/closed when final report issued. * 15 overdue actions which are reported as complete for which evidence has been requested to verify their completion prior to closure. * 3 overdue actions for which evidence has been received, and is under review by Audit. * 3 overdue actions where an update has been requested. * 8 overdue actions for which there is ongoing engagement with the respective schools.
Education & Lifelong Learning	10	4	16		7	9		4	11	1	19	1 overdue action for which an update has been requested. 4 N/A actions relates to instance where Directorate was sampled as part of a wider corporate report, and an opinion was not provided at a directorate level.
External and Grants (Resources)	1		4		4				4	4	0	The 4 actions where date has passed relates to an area currently being audited. The action will be updated/closed when the final report is issued.
Governance & Legal Services	2		3		3				1	1	2	1 overdue action reported as complete for which evidence has been requested to verify completion prior to closure.
Planning, Transport & Environment	5		6		3	3			5	1	5	1 overdue action for which an update has been requested.
Fundamental (Resources)	2		3		1	2			1	0	3	
Other Assurance (Resources)	1	1	2			3			1	2	1	2 overdue actions for which an update has been requested.
People and Communities	1		1		1				1	0	1	
Resources (CTS)	1		2			2			2	0	2	1 overdue action reported as complete, for which evidence has been requested to verify completion prior to closure.
Corporate Governance (Resources)	1		1			1			0	0	1	
Adults Social Services, Communities & Housing	5	1	12		6	7			6	1	12	1 action where implementation date has passed subject to ongoing engagement with service area.
Social Services - General	1	1	2			3			3	0	3	
<b>TOTALS</b>	<b>58</b>	<b>13</b>	<b>107</b>	<b>0</b>	<b>72</b>	<b>43</b>	<b>0</b>	<b>5</b>	<b>69</b>	<b>41</b>	<b>79</b>	

This page is intentionally left blank

By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



# Resources Directorate Internal Audit Section



## Investigation Team Progress Report

(As at 31 December 2021)

2021/22

### Planning & Resources



For the year as a whole there are four hundred and forty-two chargeable days available based on current resources (2.5 fte), indicatively split between strategic (80 days) and operational activities (362 days). Since quarter two an Investigator's request to temporarily reduce their working time by 3 hours per week, has continued, in accordance with the Council's Flexible Working Policy.

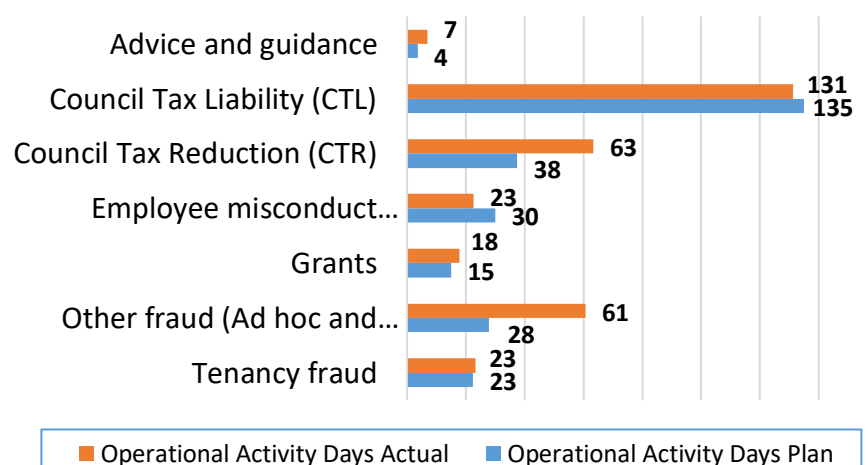
### Activities

In the financial year to 31 December 2021, the team have applied 370 days as follows:

#### Strategic Activity Days



#### Operational Activity Days



\*Additional time applied against 'other fraud (ad hoc and contingency)', related primarily to proactive data matching exercises targeting Payroll, Creditors and VAT.

Mandatory Fraud Awareness training continues to be delivered to all staff within the Council, the following table identifies compliance across Directorates for active PC (DigiGov) users:

<b>Directorate</b>	<b>% Compliance</b>
Resources	83%
Governance & Legal	73%
Economic Development*	66%
People & Communities	63%
Planning Transport and Environment	60%
Adults Housing & Communities	48%
Education and Lifelong Learning**	32%
Childrens Services	23%

\*within Economic Development - Street Scene attained 85% compliance

\*\*school posts have been excluded for the purposes of this report

Compliance with mandatory training forms part of each employee’s Personal Review through the Council’s performance management framework. Schools complete Fraud Awareness training online individually or via group sessions on school inset days, for which full data is not held centrally, but the position is reviewed during school audits.

As referred to in the quarter one update, the Audit and Investigation Teams, as directed by the Audit Manager, continue to provide counter-fraud advice, guidance and checks to support the control environment and the prevention and detection of fraud and error in the administration of grants on behalf of the Welsh Government.

**Business Grants**

As reported previously, members of Internal Audit supported colleagues across the organisation to administer business grants on behalf of Welsh Government, linked to non-domestic properties.

Post payment verification and assurance processes for Business Grants consisted of four exercises:

- Manual system checks (open-source information)
- Electronic system checks (utilising Experian’s commercial database)
- Participant in Pilot NFI data matching exercise, working with Audit Wales and the Cabinet Office
- Participant in the national NFI data matching exercise

One thousand two hundred and fifty-six priority matches were identified for review through the above activities. Investigation Team staff have worked with the Business Rates Team, to review the matches generated.

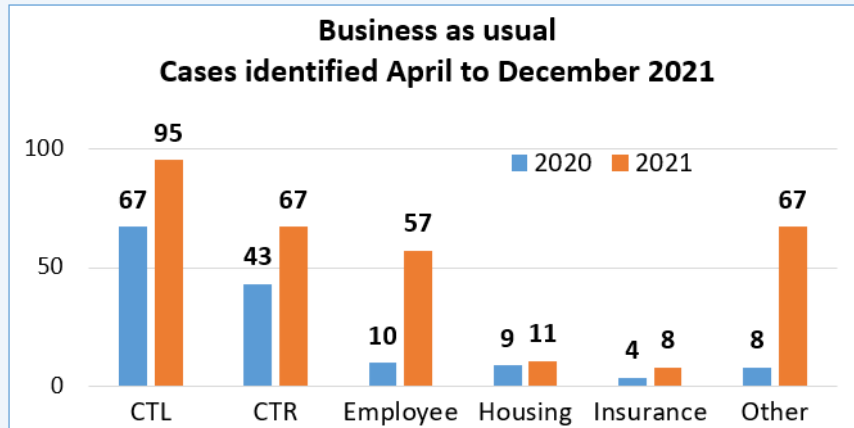
Fifteen grant recipients are subject to ongoing review, the Investigation Team is also progressing one criminal investigation at the present time. A further update will be produced as the matter progresses.

**Current Outcomes**

As a result of Audit, Investigation and Business Rate colleagues interrogating systems, records, and data matching output, eighty-seven grants have been identified as paid in error with a total value of £875,000. Of this, £509,000 has been recovered and work continues to recover the remainder.

**'General' Cases Identified for Investigation**

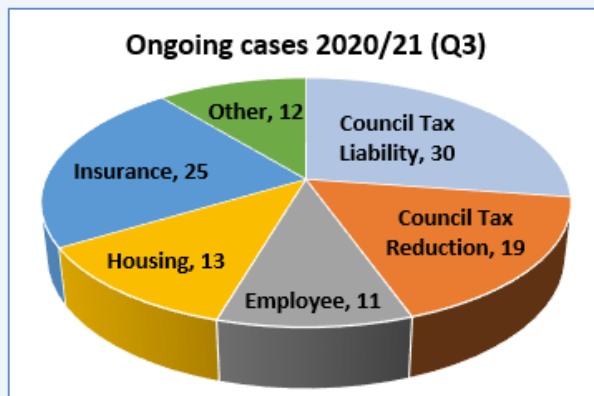
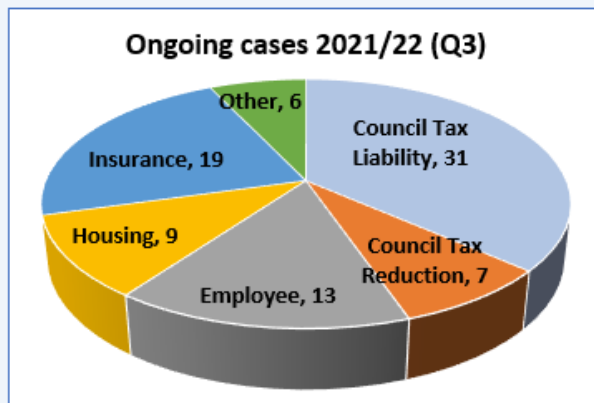
Excluding the stand-alone Business Grants work, as detailed above, three hundred and five cases have been identified for investigation so far this year, compared to one hundred and forty-one for the same period last year:



The cases designated as Other in 2021 related to two grants, NFI creditor / payroll and VAT overpaid.

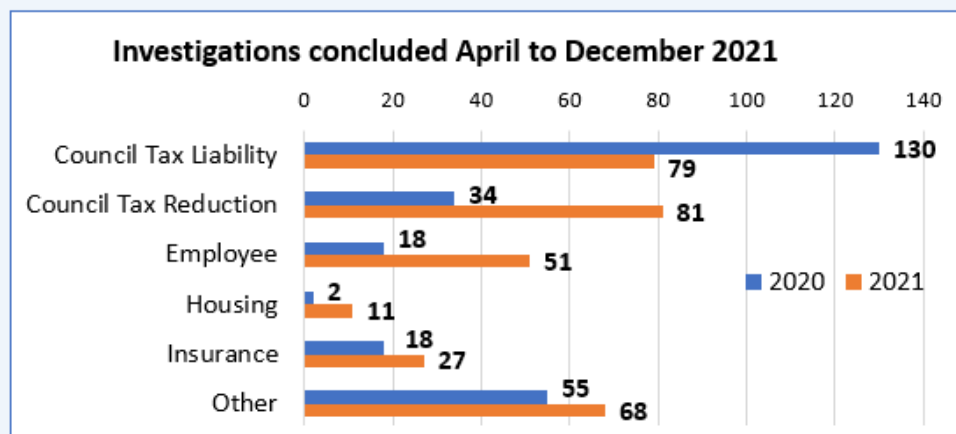
**'General' Ongoing Cases**

Excluding the stand-alone Business Grants work, there are currently eighty-five investigations ongoing, compared to one hundred and ten, for the same period last year:



**'General'  
Concluded  
Cases**

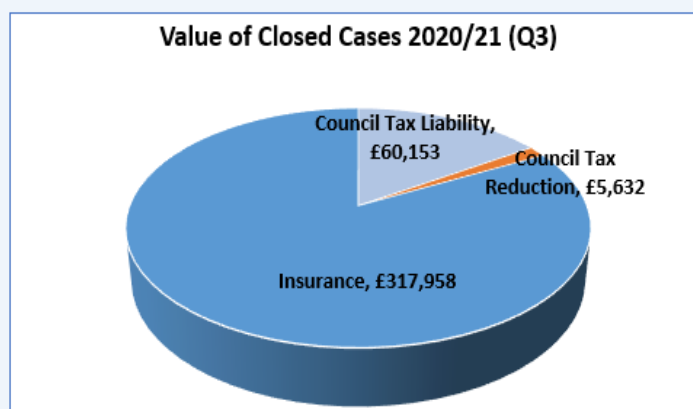
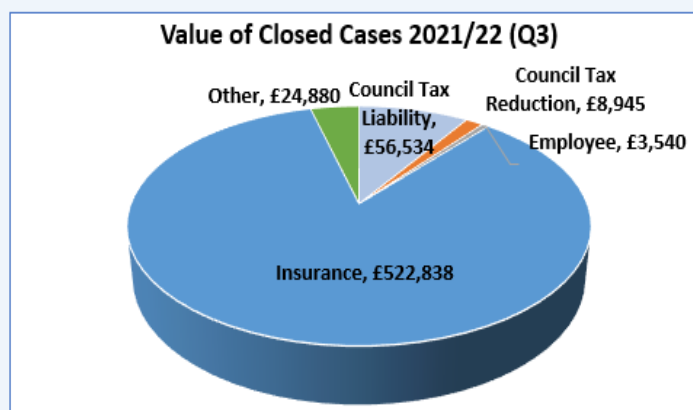
Excluding the stand-alone Business Grants work, as detailed separately, three hundred and seventeen investigations have concluded so far this year, compared to two hundred and fifty-seven over the same period last year:



*\*64 of the concluded 'other' cases related to NFI creditor / payroll and VAT overpaid matches.*

**Financial  
Value**

Excluding the stand-alone Business Grants work, £616,738 has been attributed to concluded cases in the 2021/22 year to date, compared to £383,743 for the same period last year:



- Insurance cases relate to contrived, exaggerated, fictitious misrepresented, and staged claims.
- 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**



Further to the above activities, on-street enforcement activity continues, this year fifty badges were seized, there are thirty-eight cases ongoing which are at various stages of investigation, including being prepared for / due to go to Court. Between April and the 31 December 2021 twenty-four sanctions were administered (two cautions and twenty-two prosecutions).

This page is intentionally left blank



**GOVERNANCE & AUDIT COMMITTEE: 25 JANUARY 2022**

---

**DRAFT INTERNAL AUDIT CHARTER AND DRAFT AUDIT PLAN 2022/23****REPORT OF THE AUDIT MANAGER****AGENDA ITEM: 7.2**

---

**Reason for the Report**

1. The Terms of Reference for the Governance and 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 Governance and Audit Committee has a responsibility to review its Terms of Reference annually.
3. This report has been prepared to provide Governance and Audit Committee Members with the Draft Internal Audit Charter for 2022/23 and appendices, including a draft Committee Terms of Reference. The report also provides the Draft Summary Audit Plan for 2022/23.

**Background**

4. At the commencement of each financial year, consideration is given to updating key documents which form part of the Internal Audit function. The draft documents are submitted to Governance and Audit Committee at the January meeting to enable members of the Committee to consider and feed in comments which will support the development of final documents to be approved on 15 March 2022 in respect of the new financial year.
5. Under the PSIAS (standard 1110 – organisational independence), the Governance and Audit Committee is required to approve the Internal Audit Charter and the risk based Internal Audit Plan. These documents are attached for 2022/23 in draft form, with the audit plan presented at a summary level of detail prior to the detailed review and population of audit engagements in quarter four 2021/22. Accompanying the Charter is a draft version of the proposed Committee Terms of Reference for 2022/23.

## Issues

### Audit Charter

6. The Draft Internal Audit Charter set out in **Annex 1** is a formal document which establishes the Internal Audit Service's position within the organisation, the Audit Manager's functional reporting relationship with the Governance and Audit Committee, authorises access to records, personnel, physical properties relevant to the performance of engagements, and defines the scope of internal audit activities. Governance and Audit Committee formally approved the Internal Audit Charter 2021/22 on 23 March 2021.
7. The Draft Audit Charter 2022/23 has been reviewed by the Audit Manager and has been subject to minor update. The areas in the Draft Audit Charter that have been adjusted are shown in red font. Contained within the Draft Internal Audit Charter are six appendices, which detail the parameters within which Internal Audit and the Governance and Audit Committee operate.
8. Appendix A sets out the Code of Ethics for Internal Auditors and is focussed on the four key principles of Integrity, Objectivity, Confidentiality and Competence. This appendix is formally used in the quality assurance process as part of each audit, and as part of ongoing performance reviews.
9. Appendix B sets out the Core Principles which taken as a whole, articulate internal audit effectiveness. These 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'* in recognition of best practice from the IIA.
10. Appendix C sets out the staffing resources allocated to the Internal Audit function as well as outlining the reporting lines between the Audit Manager, the Section 151 Officer and the Governance and Audit Committee. This section also outlines the skill base of the team and the commitment to developing staff further through Audit or Investigation qualifications.
11. Appendix D suggests the Terms of Reference for the Governance and Audit Committee 2022/23, which continues to reflect the current best practice CIPFA guidance as published in 2018 and the provisions of the Local Government and Elections (Wales) Act 2021. CIPFA is intending to publish updated Committee guidance in April 2022 which will incorporate the requirements of the Act, as already reflected in the Governance and Audit Committee's Terms of Reference in Cardiff. The author of the guidance has advised that the substantive updates to the guidance will relate to the Act. Accordingly, as such updates have already been reflected in the Committee's existing Terms of Reference, there are no proposed changes for the year ahead.
12. Appendix E sets out the Quality Assurance and Improvement Programme (standard 1300), which 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. The QAIP is built around a performance management approach which involves 'setting expectations', 'reviewing performance', and 'reporting performance' at individual auditor and team levels.

13. Appendix F contains the Audit Protocol, which represents an outline of the audit process from planning to reporting.

### **Audit Plan, 2022/23**

14. Contained within both the Draft Internal Audit Charter and the Terms of Reference are sections outlining the submission of a risk based audit plan to be approved by Committee. **Annex 2** contains the preliminary draft plan for 2022/23, which will be developed into further detail over the financial quarter to be submitted for approval by Governance and Audit Committee on 15 March 2022.
15. The draft Audit Plan for 2022/23 is based on a team of 9.28 officers overseen by the Audit Manager. The available time is 0.25 FTE less than in the previous financial year, during which time the team benefitted from a CIPFA trainee at the final stages of their study. There is a possibility of further CIPFA trainee support during 2022/23, but for prudence in planning no expectation has been built into the Plan. Available time also accounts for a Senior Auditor request to continue to work reduced hours from 37 to 32 hours per week for a fourth year, to support their work life balance.
16. The number of available operational audit days has decreased (from 1635 to 1555) since last year, largely due to the headcount in the team being slightly lower, as referred to above. In addition, a more prudent provision has been allocated for sickness, and there is an increase in the anticipated use of carried forward leave and purchased additional leave. The Governance and Audit Committee will be aware of the ongoing impact of the pandemic on the capacity of Auditors, which is expected to continue to affect the operational audit days in the year ahead.
17. The Investigation Team Plan is based on 2.42 FTEs. The available resource reflects the wishes from an investigator to work 34 hours per week (3 hours less than their substantive post), following a trial of this arrangement during the current financial year. Planning adjustments have been made in respect of sickness and Covid related absences on a consistent basis with those applied for the Audit Team.
18. Members will note that the Audit Manager has not been included in the head count of FTE for either team, as this work focusses on strategy, and overseeing the quality, delivery and output across both audit and investigations teams.
19. The draft Audit Plan has been prepared at a summary-level following consideration of a risk based methodology. The detailed components of the audit planning approach take place throughout quarter four, and will result in the full risk-based audit plan for 2022/23. Audit planning to date has accounted for the audits which were formally deferred from the Audit Plan 2021/22 in November 2021, following an in-year assessment of risk and audit coverage. It is not intended to automatically roll forward undelivered audits, as a range of risk-based factors are considered as part of audit planning processes. The approach is designed to be risk based and co-ordinated in application of an assurance mapping exercise based on the IIAs “three lines model”.
20. The audit planning 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.

- Audit category - 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. Health and Safety, Performance Management etc.) and (3) Operational audits, such as a school or standard system audit.
- SMAS submissions - The Directorate self-assessments of maturity in a number of core areas of governance, risk management and internal control are considered and used to moderate the inherent prioritisation of audit engagements.

(b) **Coordination and Reliance** - After considering the inherent need for an audit, further sources of assurance and indicators of risk are accounted for, such as:

- 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. The above two stages are in the process of development through relationship management and audit link officer mechanisms in directorates.

21. Section 2010 of the PSIAS specifies that the risk-based plan takes into account the organisation's assurance framework and that the work of Internal Audit addresses both local and national issues. This is achieved through the approach as summarised above, with the assurance available from both within and outside the Council assessed to enable informed decisions regarding the audits to be undertaken in 2022/23. The Governance and Audit Committee will be aware that the Audit Plan is responsive to emerging risks and issues as they arise during the year, and these changes are brought to the Governance and Audit Committee as they arise.
22. The "three lines model" is an important part of the Council's internal control environment. Senior managers, as the first line of defence, have a joint and individual responsibility for risk management, governance and the control environment within their directorate; they use their SMAS as a primary disclosure of their delivery of the management controls and report and disclose on the management of their risks and performance. The second line of defence consists of the arrangements in place to monitor and support internal governance through functions which develop, embed and monitor policies and strategies, such as Risk Management, ICT, Information Governance and Health and Safety functions.
23. As the third line of defence, Internal Audit accounts for the assurance of the first two lines of defence together with external audit and regulatory sources of assurance and indicators of risk (e.g. Audit Wales and Estyn work), in developing a risk-based audit plan. The Summary Plan, as set out in Annex 2, will be fully developed during quarter 4 and supported by an assurance map to recognise and account for the respective internal and external sources of assurance and allocate audit resources to enable the

Audit Manager to provide a comprehensive opinion on the overall Council control environment.

24. At this incremental stage of audit plan development, the proposed area for thematic review in 2022/23 is Performance Management. This thematic review was originally scheduled for the existing financial year, but with the agreement of the Governance and Audit Committee on 23 November 2021, it was replaced with a single corporate audit of performance management this year, and an intention to defer the thematic review until the year ahead. This decision was made when reflecting on audit coverage and priorities in respect of the Audit Plan 2021/22 at the mid-year stage.
25. It is proposed to undertake fundamental audits in 2022/23 in relation to creditor payments and processing, payroll and HR, council tax, and housing benefit / local housing allowances / council tax reduction scheme. However, if there are any major system or operational changes during the year in systems that are not included in the plan, an audit of that system will be added to the Audit Plan (and this change reported to a meeting of this Committee).

### **Legal Implications**

26. The Local Government and Elections (Wales) Act 2021 introduces new performance and governance requirements for local authorities and gives additional responsibilities to the Committee in these matters. These provisions are reflected in the Committee's updated Terms of Reference at Appendix D.

### **Financial Implications**

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

### **Recommendations**

28. To consider and provide comments on the Draft Internal Audit Charter and the accompanying appendices including the draft terms of reference for the Governance and Audit Committee for 2022/23, at the current stage of development.
29. To consider and provide comments on the direction of the draft 2022/23 Internal Audit Plan.

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

The following are attached:

- Annex 1:** Draft Internal Audit Charter 2022/23  
**Annex 2:** Draft Summary Audit Plan 2022/23

This page is intentionally left blank

Cardiff Council

# DRAFT INTERNAL AUDIT CHARTER 2022/23

## *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

## CONTENTS

<b>Internal Audit Charter</b>	<b>1</b>
• Definition, Objective and Scope of Internal Audit	1
• Role and Professionalism	1
• Authority	1
• Organisation	1
• Independence and Objectivity	2
• Responsibility	2
• Internal Audit Plan	3
• Reporting and Monitoring	3
• Quality Assurance and Improvement Programme - QAIP	4
<u>Appendix A:</u> Code of Ethics	5
<u>Appendix B:</u> Core Principles	8
<u>Appendix C:</u> Audit Activity & Resources	9
<u>Appendix D:</u> Governance and Audit Committee Terms of Reference	10
<u>Appendix E:</u> Quality Assurance and Improvement Programme	14
<u>Appendix F:</u> Audit Protocol	17



## **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, and this is set out in Appendix D. The Terms of Reference are reviewed on a periodic basis.

### **Internal Audit Plan**

24. At least annually, the Audit Manager will submit to the 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.

Internal auditors must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life, information on which can be found at [www.public-standards.gov.uk](http://www.public-standards.gov.uk)

**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** - 9.28 FTE - who undertake system based audits, financial audits, provide advice and guidance to clients on a wide range of matters, and undertake work around efficiency and value for money.
3. **Investigation Team** - 2.42 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 three qualified Accountants, one Chartered Internal Auditor, two Certified Internal Auditors and most other auditors are qualified Accounting Technicians. 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, and make any appropriate recommendations for changes.
- To 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's 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.

DRAFT

## **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.

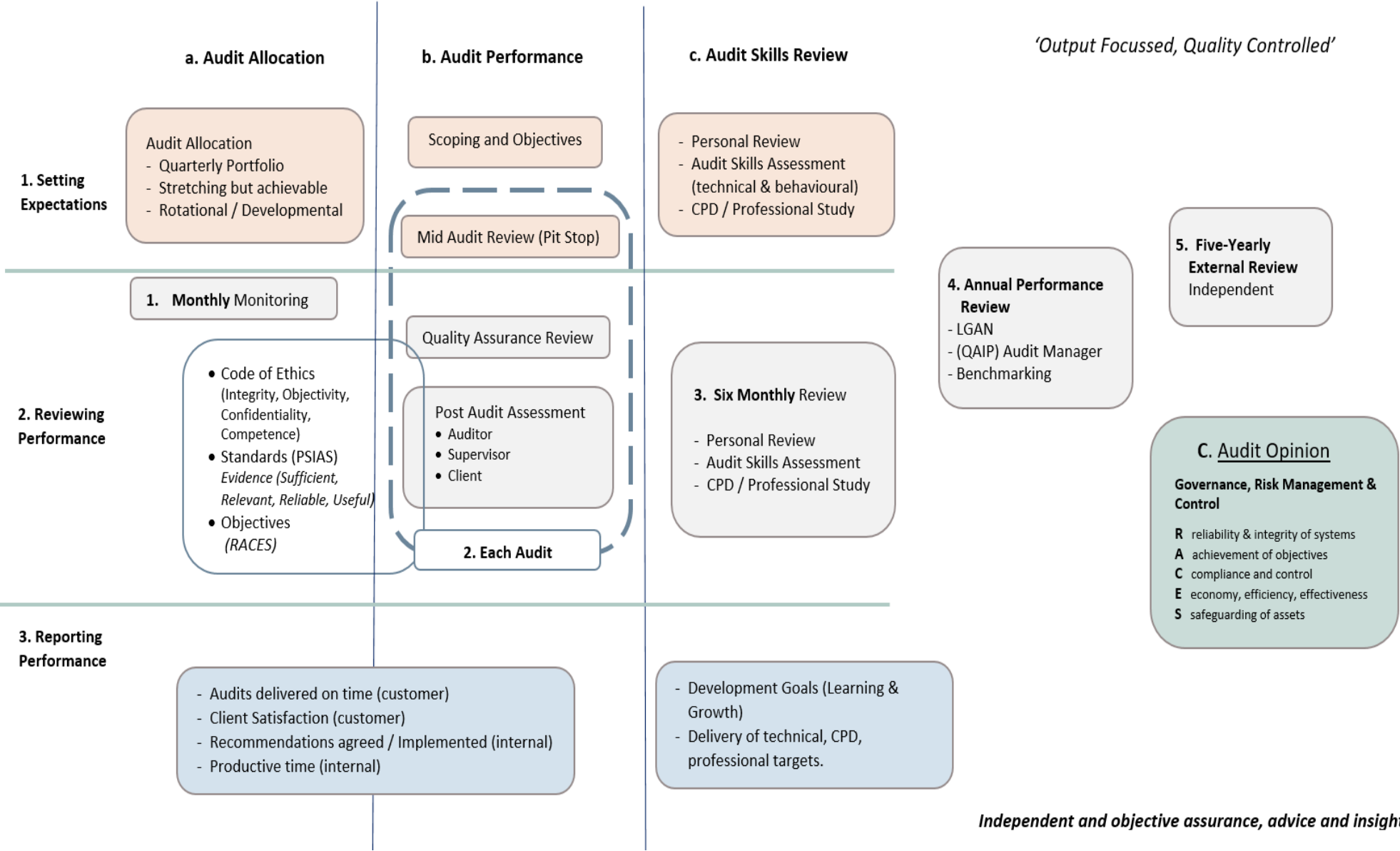
- ✓ **Monitoring** - Each auditor attends a monthly monitoring meeting, through which the delivery of their 'Audit Allocation' is reviewed, issues are identified and addressed.
- ✓ **Quality Assurance Review** - Each audit is subject to a quality assurance review by a member of the audit management team,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

Page 164





*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.

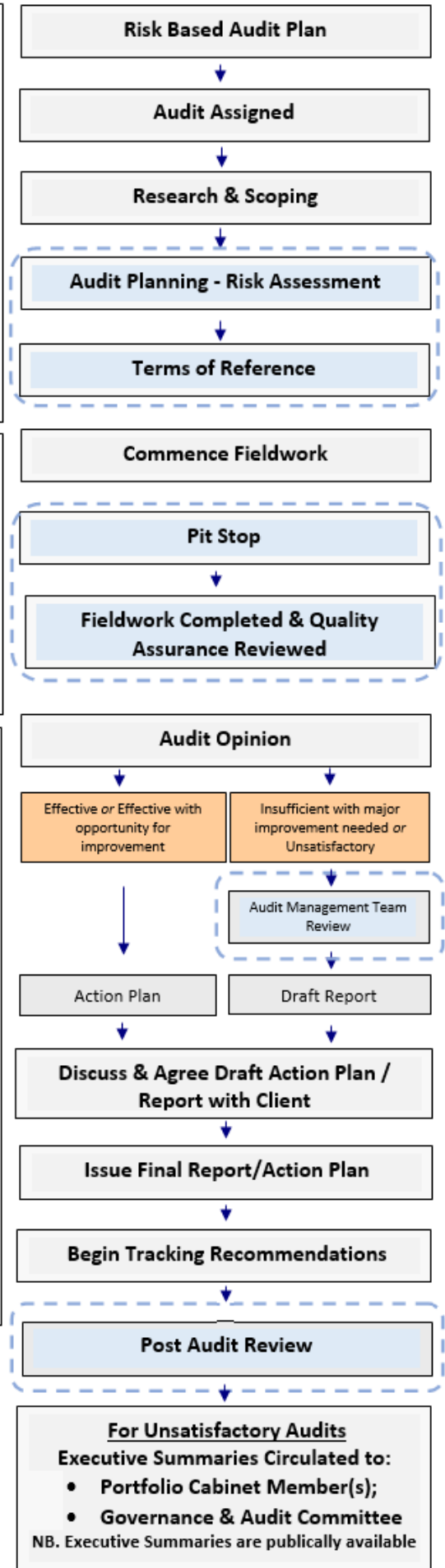
Control Stage 4 (Post Audit Review) – Upon conclusion of each audit, the auditor, and a senior team member review the auditor’s performance. A client satisfaction survey is used to identify the audit delivery and value from the client’s perspective. Development needs are progressed.

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.



This page is intentionally left blank

**DRAFT SUMMARY AUDIT PLAN, 2022/23**

<b>Fundamental Audits - S151 Assurance</b>	<b>Type of engagement</b>	<b>CIPFA classification</b>	<b>Audit plan 2021/22</b>	<b>Audit plan 2022/23</b>
Creditor Payments & Processing	Assurance	Chargeable	50	50
Payroll & HR	Assurance	Chargeable	50	50
Council Tax	Assurance	Chargeable	0	20
NNDR	Assurance	Chargeable	20	0
Housing Benefit / Local Housing Allowances / CTRS	Assurance	Chargeable	0	20
Treasury Management	Assurance	Chargeable	20	0
Main Accounting	Assurance	Chargeable	20	0
Income and Debtors	Assurance	Chargeable	20	0
Asset Management	Assurance	Chargeable	20	0
Housing Rents	Assurance	Chargeable	10	0
<b>Total</b>			<b>210</b>	<b>140</b>
<b>Corporate Audit</b>	<b>Type of engagement</b>	<b>CIPFA classification</b>	<b>Audit plan 2021/22</b>	<b>Audit plan 2022/23</b>
Risk Management Arrangements	Assurance	Chargeable	15	15
Governance Arrangements	Assurance	Chargeable	0	20
Scrutiny	Assurance	Chargeable	0	0
Ethics and Values	Assurance	Chargeable	15	20
Wellbeing of Future Generations Act	Assurance	Chargeable	0	20
Performance Management	Assurance	Chargeable	0* (20 days in adjusted plan)	0
Health and Safety	Assurance	Chargeable	20	0
Safeguarding	Assurance	Chargeable	20	0
Information Governance	Assurance	Chargeable	20	0
Delegation and decision making	Assurance	Chargeable	20	20
Programmes and projects	Assurance	Chargeable	0	20
Investigation Processes	Assurance	Chargeable	30	0
Contract Audit	Assurance	Chargeable	40	40
Partnership / Arm's-length Assurance	Assurance	Chargeable	0	20
Education – SOP	Assurance	Chargeable	0	20
Directory Recovery Planning	Assurance	Chargeable	30	0
ICT Audit	Assurance	Chargeable	30	30
Value for Money studies	Assurance	Chargeable	30	30
Taxation (incl. VAT)	Assurance	Chargeable	20	20
System Development	Assurance	Chargeable	0	30
National Fraud Initiative	Assurance	Chargeable	10	10
Pensions and Investments	Assurance	Chargeable	0	20
Insurance	Assurance	Chargeable	0	0
Mileage & subsistence	Assurance	Chargeable	15	15
Fleet Management (pool cars, grey fleet, etc.)	Assurance	Chargeable	0	0

Procurement	Assurance	Chargeable	20	20
Stores	Assurance	Chargeable	10	10
Business Continuity	Assurance	Chargeable	20	0
Members Allowances	Assurance	Chargeable	15	0
Welsh Government Covid Grants - Assurance	Assurance	Chargeable	20	20
TBA	TBC	Chargeable	0	0
<b>Total</b>			<b>400</b>	<b>400</b>
<b>Service specific audits</b>	<b>Type of engagement</b>	<b>CIPFA classification</b>	<b>Audit plan 2021/22</b>	<b>Audit plan 2022/23</b>
Service / Process Consultancy	Consultation	Chargeable	40	40
Resources	TBC	Chargeable	65	60
Governance and Legal Services	TBC	Chargeable	50	50
People and Communities	TBC	Chargeable	45	40
Adults, Housing & Communities	TBC	Chargeable	145	130
Childrens' Services	TBC	Chargeable	70	60
Economic Development	TBC	Chargeable	100	80
Economic Development (Waste Management)	TBC	Chargeable	60	60
Education and Lifelong Learning	TBC	Chargeable	190	180
Planning, Transportation and Environment	TBC	Chargeable	55	40
<b>Total</b>			<b>820</b>	<b>740</b>
<b>External</b>	<b>Type of engagement</b>	<b>CIPFA classification</b>	<b>Audit plan 2021/22</b>	<b>Audit plan 2022/23</b>
External clients	Assurance	Chargeable	20	20
Grants	Assurance	Chargeable	15	15
<b>Total</b>			<b>35</b>	<b>35</b>
<b>Contingencies</b>	<b>Type of engagement</b>	<b>CIPFA classification</b>	<b>Audit plan 2021/22</b>	<b>Audit plan 2022/23</b>
General Audit		Chargeable	10	40
<b>Total</b>			<b>10</b>	<b>40</b>
<b>Management</b>	<b>Type of engagement</b>	<b>CIPFA classification</b>	<b>Audit plan 2021/22</b>	<b>Audit plan 2022/23</b>
Corporate work – Committee, Audit Wales etc.	Consultation	Chargeable	50	50
Assurance mapping	Consultation	Chargeable	10	15
CRSA development	Consultation	Chargeable	0	10
Process development	Consultation	Chargeable	15	15
Work for Audit Manager	Consultation	Chargeable	30	30
Planning, monitoring & reporting	Consultation	Chargeable	30	30
Review of financial rules etc.	Consultation	Chargeable	15	40
General advice and guidance	Consultation	Chargeable	10	10
<b>Total</b>			<b>160</b>	<b>200</b>

<b>Audit Team Non Chargeable Leave/Sickness/Training</b>	<b>Type of engagement</b>	<b>CIPFA classification</b>	<b>Audit plan, 2021/22</b>	<b>Audit plan 2022/23</b>
Annual and Additional / Unpaid Leave (incl. use of carry forward leave)		Non-chargeable	327	365
Public Holidays		Non-chargeable	81	75
Maternity / Paternity / Parental Leave		Excluded	0	0
COVID related absences		Non-chargeable	142	139
Sickness		Non-chargeable	47	65
Professional Studies		Non-chargeable	50	35
Courses and seminars		Non-chargeable		
<b>TOTAL AUDIT TEAM NON CHARGEABLE LEAVE/SICKNESS/TRAINING DAYS</b>			<b>647</b>	<b>679</b>
<b>Audit Team Non Chargeable Other</b>	<b>Type of engagement</b>	<b>CIPFA classification</b>	<b>Audit plan, 2021/22</b>	<b>Audit plan 2022/23</b>
General Admin. (no identifiable client)		Non-chargeable	80	79
General management		Non-chargeable	17	17
Staff Development		Non-chargeable	24	23
Internal Audit meetings (such as team meetings)		Non-chargeable	45	44
Non-audit duties		Non-audit	5	13
<b>TOTAL AUDIT TEAM NON CHARGEABLE OTHER DAYS</b>			<b>171</b>	<b>176</b>
<b>TOTAL AUDIT TEAM CHARGEABLE DAYS</b>			<b>1,635</b>	<b>1,555</b>
<b>TOTAL AUDIT TEAM NON CHARGEABLE DAYS</b>			<b>818</b>	<b>855</b>
<b>TOTAL DAYS</b>			<b>2,453</b>	<b>2,410</b>
<b>Investigations</b>			<b>Audit plan, 2021/22</b>	<b>Audit plan, 2022/23</b>
General			650	629
<b>Total</b>			<b>650</b>	<b>629</b>
<b>Investigations Non Chargeable Leave/Sickness/Training</b>	<b>Type of engagement</b>	<b>CIPFA classification</b>	<b>Audit plan, 2021/22</b>	<b>Audit plan, 2022/23</b>
Annual Leave (incl. use of carry forward leave)		Non-chargeable	83	78
Public Holidays		Non-chargeable	20	19
COVID-related absences		Non-chargeable	37	36
Sickness		Non-chargeable	12	17
Professional Studies		Non-chargeable	5	5
Courses and seminars		Non-chargeable		
<b>TOTAL INVESTIGATIONS NON CHARGEABLE LEAVE/SICKNESS/TRAINING DAYS</b>			<b>157</b>	<b>155</b>

			Audit plan, 2021/22	Audit plan, 2022/23
<b>Investigations Non Chargeable Other</b>				
General Admin.		Non-chargeable	8	8
General management		Non-chargeable	10	10
Staff Development		Non-chargeable	15	15
Internal Audit meetings		Non-chargeable	18	18
<b>TOTAL INVESTIGATIONS NON CHARGEABLE OTHER DAYS</b>			<b>51</b>	<b>51</b>
<b>TOTAL INVESTIGATIONS CHARGEABLE DAYS</b>			<b>442</b>	<b>423</b>
<b>TOTAL INVESTIGATIONS NON CHARGEABLE DAYS</b>			<b>208</b>	<b>206</b>
<b>TOTAL DAYS</b>			<b>650</b>	<b>629</b>



## City of Cardiff Council Annual Audit Summary 2021

This is our audit summary for Cardiff Council.

It shows the work completed since the last Annual Audit Summary, which was issued in May 2021. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

## About the Council

### Some of the services the Council provides



#### Key facts

The Council is made up of 75 councillors who represent the following political parties:

- Labour 39
- Conservative 21
- Liberal Democrats 11
- Propel 3
- Independent 1

The Council spent £749.1 million on providing services<sup>1</sup> during 2020-21, the highest spending of the 22 unitary councils in Wales.

<sup>1</sup> We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

## Key facts

At 31 March 2021, the Council had £116.8 million of useable financial reserves<sup>2</sup>. This is equivalent to 15.6% of the Council's annual spending on services, which is the 18th-highest percentage of the 22 unitary councils in Wales<sup>3</sup>.

The City has 39 (18%) of its 214 areas deemed the most deprived 10% of areas in Wales, this is the joint-third highest of the 22 unitary councils in in Wales<sup>4</sup>.

The City's population is projected to increase by 5.6% between 2020 and 2040 from 366,311 to 386,861, including a 5.3% decrease in the number of children, a 3.6% increase in the number of the working-age population and a 29.2% increase in the number of people aged 65 and over<sup>5</sup>.

## The Auditor General's duties

### We completed work during 2020-21 to meet the following duties

- **Continuous improvement**

The Council put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General had to assess whether the Council met these requirements during 2020-21.
- **Audit of Accounts**

Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
- **Value for money**

The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.
- **Sustainable development principle**

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.

<sup>2</sup> We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

<sup>3</sup> Source: 2020-21 Statement of Accounts

<sup>4</sup> An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

<sup>5</sup> Source: Stats Wales





We continue to recognise the huge strain on public services and to work in a way that seeks to reduce the impact on public bodies' response to COVID-19, while still meeting our statutory duties.



**To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.**

## What we found

### Audit of Cardiff Council's 2020-21 Accounts

Each year we audit the Council's financial statements.

#### For 2020-21:

- the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 28<sup>th</sup> October 2021.
- the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- the quality of the draft statements presented for audit on 15<sup>th</sup> June 2021 was generally good.
- a number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Audit Committee in our Audit of Financial Statements Report on 19<sup>th</sup> October 2021.
- in addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work to date has not identified any significant issues.
- the Auditor General issued the certificate confirming the audit of accounts for 2020-21 has been completed.

## Our work in response to the COVID-19 pandemic

In response to the COVID-19 pandemic, we changed the approach and focus of our performance audit work in local government and other bodies. Below is a summary of some of the work we have undertaken in response to the pandemic across a number of sectors, much of which is of relevance to local government.

We undertook a project to support public sector efforts by sharing learning through the pandemic. The project aims to help prompt some thinking, and practise exchange. [Further information is available on our website.](#)

In March 2021, we published a [national report](#) setting out an overview of progress to date on Test, Trace, Protect in Wales. In December 2020, we also published some [observations](#) of the Auditor General on the procurement and supply of PPE during the COVID-19 pandemic, followed by a [report](#) in April 2021. In June 2021, we also published our [report](#) on the rollout of the COVID-19 vaccination programme in Wales.

## Continuous improvement

The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

As part our examination of councils' performance assessments covering the 2020-21 financial year, we noted a reduced reference to comparative performance information although we recognise that the pandemic led to the suspension of some national data collection. The ability to compare data and performance with other organisations will continue to be an important element of arrangements to secure value for money and will be a challenge for councils to consider, particularly as they continue to implement the requirements relating to self-assessment set out in the Local Government and Elections Act (Wales) 2021.

## Financial sustainability

During 2020-21, we examined the financial sustainability of each council in Wales. In Cardiff Council, we concluded that the Council faces a number of key financial risks and has a significant medium-term budget gap but has arrangements in place to manage its financial sustainability.

We also published two national summary reports: the [first report](#) in October 2020 and the [second report](#) in September 2021.

## Recovery planning

During 2020-21, we reviewed the arrangements that each council in Wales was putting in place to support recovery planning. We undertook this work on an ongoing basis, providing real-time and ongoing feedback where appropriate. Our key findings were that the Council effectively resumed and adapted its democratic and its governance arrangements early in the pandemic thereby securing agreement of its Recovery Strategy. It also worked hard to support home working, while achieving high levels of staff satisfaction with little or no drop in productivity and reductions in sickness absence.

## Modernisation of workforce

A review looking at workforce modernisation, linking to the Council's estate, digital and post-COVID plans for delivering future services. We provided ongoing feedback to the Council through specific liaison meetings with the Corporate Director Resources and have presented our findings to the Recovery Programme Coordinating Group.

## Other inspectorates

We also took into account Assurance Check findings undertaken by Care Inspectorate Wales (CIW) and Estyn reports as well as any subsequent actions taken by the Council in response. CIW and Healthcare Inspectorate Wales published their joint National review of the use of Deprivation of Liberty Safeguards (DoLS) in Wales. They identified a number of key findings and recommendations in their [full report](#). In November 2021, CIW also published its [national overview report of assurance checks in Wales](#) and [Let me flourish](#), a national review of early help, care and support and transition for disabled children in Wales.

Estyn recently undertook an inspection of Education Services in Cardiff in November 2021. The findings have yet to be reported.

## Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector making recommendations for improving value for money. Since the last annual improvement report, we have published the following reports:

### Discretionary services (April 2021)

Financial pressures have led to councils reducing spending and cutting services, but the pandemic has shown local government services are essential to keeping people safe and healthy. We focussed on how councils define services, the systems and processes they have used to review services and how robust these are. Demand for some essential services is continuing to increase and councils are not confident that they can continue to deliver these services in the face of this rising and complex demand. Councils need to take the opportunity to refresh, reevaluate and reset what they do and to learn from the pandemic to build a better future. Our [report](#) was published in April 2021.

### Regenerating town centres in Wales (September 2021)

Between 1950 and 1980, local authorities prioritised regeneration of town centres creating new and greater retail space. However, past policy choices, changing consumer expectations and technological advances are now adversely affecting many Welsh town centres. And the pandemic has created challenges for local government and central government, with one in seven shops on Welsh high streets now empty, despite the Welsh Government investing and leveraging in £892.6 million in the last seven years. Local authorities do not have the capacity to respond to this situation and are not always using the powers they have to help regenerate towns. To deliver the best local outcomes, policies and joint working need to be aligned and integrated, and resources prioritised on town centres. Our [report](#) was published in September 2021.

## Planned work for 2021-22

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

The most significant risk and issue facing councils and the wider public sector during 2021-22 continues to be the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our planned work for 2021-22 includes:

- Assurance and risk assessment including a focus on:
  - The Local Government and Elections Act (Wales) 2021
  - Recovery planning
  - Carbon reduction plans
  - Self-assessment arrangements
  - Financial position
  - Statutory building compliance
- Springing Forward – as the world moves forward, learning from the 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. We will build on our findings from the Modernisation of Workforce Review when delivering this work.
- Improvement reporting audit – we issued a certificate of compliance on 22 October 2021 to confirm discharge of duty to publish an assessment of performance.
- 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.
- 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.

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission, and National Health Service bodies in Wales.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

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.

This document is also available in Welsh.

This page is intentionally left blank

## Cyngor Dinas Caerdydd

### Crynodeb Archwilio Blynyddol 2021

Dyma ein crynodeb archwilio ar gyfer Cyngor Caerdydd.

Mae'n dangos y gwaith a gwblhawyd ers y Crynodeb Archwilio Blynyddol diwethaf a gyhoeddwyd ym mis Mai 2021. Mae ein crynodeb archwilio'n rhan o ddyletswyddau Archwilydd Cyffredinol Cymru.



Ceir rhagor o wybodaeth am y dyletswyddau hyn ar ein [gwefan](#).

## Ynglŷn â'r Cyngor

### Rhai o'r gwasanaethau y mae'r Cyngor yn eu darparu



#### Ffeithiau allweddol

Mae gan y Cyngor 75 o gynghorwyr sy'n cynrychioli'r pleidiau gwleidyddol canlynol:

- Llafur 39
- Ceidwadwyr 21
- Democratiaid Rhyddfrydol 11
- Propel 3
- Annibynnol 1

Gwariodd y Cyngor £749.1 miliwn ar ddarparu gwasanaethau<sup>1</sup> yn ystod 2020-21, y gwariant uchaf o'r 22 o gynghorau unedol yng Nghymru.

<sup>1</sup> Rydym yn diffinio gwariant ar wasanaethau fel cost gwasanaethau a godir ar y gronfa gyffredinol o'r Dadansoddiad Ariannu Gwariant, namyn costau unrhyw wasanaethau a ariennir o'r Cyfrif Refeniw Tai, gan ychwanegu praeseptau, ardollau a llog ar ddyledion.

## Ffeithiau allweddol

O ran y sefyllfa ar 31 Mawrth 2021, roedd gan y Cyngor £116.8 miliwn o gronfeydd ariannol wrth gefn defnyddiadwy<sup>2</sup>. Mae hyn yn cyfateb i 15.6% o wariant blynyddol y Cyngor ar wasanaethau, y 18fed ganran uchaf o'r 22 o gynghorau unedol yng Nghymru<sup>3</sup>

Mae 39 (18%) o'r 214 o'r ardaloedd yn y Ddinas yn rhai yr ystyrir eu bod ymhlith y 10% o ardaloedd mwyaf amddifadus yng Nghymru gan wneud y Cyngor yn gydradd drydydd o'r 22 o gynghorau unedol yng Nghymru<sup>4</sup>.

Rhagamcanir y bydd poblogaeth y Ddinas yn cynyddu 5.6% rhwng 2020 a 2040, o 366,311 i 386,861, gan gynnwys gostyngiad o 5.3% yn nifer y plant, cynnydd o 3.6% yn nifer y boblogaeth o oedran gweithio a chynnydd o 29.2% yn nifer y bobl 65 oed a throsodd<sup>5</sup>.

## Dyletswyddau'r Archwilydd Cyffredinol

### Fe wnaethom gwblhau gwaith yn ystod 2020-21 i gyflawni'r dyletswyddau canlynol

- **Gwella'n barhaus**

Roedd rhaid i'r Cyngor sefydlu trefniadau i wneud gwelliannau parhaus, gan gynnwys cynlluniau ac adroddiadau cysylltiedig, ac roedd yn rhaid i'r Archwilydd Cyffredinol asesu a wnaeth y Cyngor ateb y gofynion hyn yn ystod 2020-21.

- **Archwilio'r Cyfrifon**

Bob blwyddyn mae'r Archwilydd Cyffredinol yn archwilio datganiadau ariannol y Cyngor i wneud yn siŵr y rhoddir cyfrif priodol am arian cyhoeddus.

- **Gwerth am arian**

Mae'r Archwilydd Cyffredinol yn archwilio pa un a yw'r Cyngor wedi sefydlu trefniadau i gael gwerth am arian am yr adnoddau y mae'n eu defnyddio, a rhaid iddo fod wedi'i argyhoeddi ei fod wedi gwneud hyn.

- **Yr egwyddor datblygu cynaliadwy**

Mae angen i gyrrff cyhoeddus gydymffurfio â'r ddyletswydd datblygu cynaliadwy wrth bennu eu hamcanion llesiant a chymryd camau i'w cyflawni. Rhaid i'r Archwilydd Cyffredinol asesu i ba raddau y maent yn gwneud hyn.

<sup>2</sup> Rydym yn diffinio cronfeydd ariannol wrth gefn defnyddiadwy fel cronfeydd wrth gefn y gellir eu defnyddio ar gyfer costau refeniw, lle nad yw'r diben wedi'i ddiogelu gan y gyfraith. Mae hyn yn golygu cyfanswm y gronfa gyffredinol, cronfeydd wrth gefn wedi'u clustnodi a balansau ysgolion. Nid yw'n cynnwys cronfeydd wrth gefn y Cyfrif Refeniw Tai, derbyniadau cyfalaf na grantiau cyfalaf anghymwysedig.

<sup>3</sup> Ffynhonnell: Datganiad Cyfrifon 2020-21

<sup>4</sup> Diffinnir ardal yn y cyd-destun hwn fel 'Ardal Gynnyrch Ehangach Haen Is'. Ffynhonnell: Stats Cymru

<sup>5</sup> Ffynhonnell: Stats Cymru





Rydym yn parhau i gydnabod y straen enfawr ar wasanaethau cyhoeddus ac i weithio mewn ffordd sy'n ceisio lleihau'r effaith ar ymateb cyrff cyhoeddus i COVID-19, gan ddal i gyflawni ein dyletswyddau statudol.



**I gyflawni dyletswyddau'r Archwilydd Cyffredinol rydym yn cwblhau prosiectau penodol, ond rydym hefyd yn dibynnu ar waith archwilio arall, a gwaith cyrff rheoleiddio megis Arolygiaeth Gofal Cymru ac Estyn (yr arolygiaeth addysg). Rydym yn cymryd canfyddiadau ein gwaith archwilio i ystyriaeth wrth asesu pa un a yw'r Cyngor wedi sefydlu trefniadau i sicrhau gwerth am arian. Caiff ein canfyddiadau a'n casgliadau eu crynhoi isod.**

## Yr hyn a ganfuom

### Archwiliad o Gyfrifon Cyngor Caerdydd ar gyfer 2020-21

Bob blwyddyn rydym yn archwilio datganiadau ariannol y Cyngor.

#### Ar gyfer 2020-21:

- rhoddodd yr Archwilydd Cyffredinol farn ddiamod bod datganiadau ariannol y Cyngor yn gywir a theg ar 28 Hydref 2021.
- cafodd Datganiad Llywodraethu Blynyddol ac Adroddiad Naratif y Cyngor eu paratoi yn unol â Chod CIPFA a chanllawiau perthnasol. Roeddent hefyd yn gyson â'r datganiadau ariannol a baratowyd gan y Cyngor ac â'n gwybodaeth ni am y Cyngor.
- roedd ansawdd y datganiadau drafft a gyflwynwyd i'w harchwilio ar 15 Mehefin 2021 yn dda ar y cyfan.
- fe wnaed nifer o newidiadau i ddatganiadau ariannol y Cyngor a gododd o'n gwaith archwilio, gyda'r rheiny'n cael eu dwyn i sylw'r Pwyllgor Archwilio yn ein Hadroddiad ar yr Archwiliad o'r Datganiadau Ariannol ar 19 Hydref 2021.
- yn ogystal â chyfrifoldebau'r Archwilydd Cyffredinol am archwilio datganiadau ariannol y Cyngor, mae ganddo gyfrifoldeb hefyd am ardystio nifer o hawliadau am grantiau a ffurflenni grantiau. Nid yw ein gwaith hyd yma wedi canfod unrhyw faterion arwyddocaol.
- cyhoeddodd yr Archwilydd Cyffredinol y dystysgrif a oedd yn cadarnhau bod yr archwiliad o'r cyfrifon ar gyfer 2020-21 wedi cael ei gwblhau.

## Ein gwaith mewn ymateb i bandemig COVID-19

Mewn ymateb i bandemig COVID-19, fe newidiom ni ddull a ffocws ein gwaith archwilio perfformiad mewn llywodraeth leol a chyrrff eraill. Isod ceir crynodeb o rywfaint o'r gwaith yr ydym wedi'i wneud mewn ymateb i'r pandemig ar draws nifer o sectorau, y mae cryn dipyn ohono'n berthnasol i lywodraeth leol.

Fe gynhaliom ni brosiect i ategu ymdrechion y sector cyhoeddus trwy rannu gwersi a ddysgwyd trwy'r pandemig. Nod y prosiect yw ysgogi rhywfaint o feddwl, a chyfnewid ymarfer. [Ceir rhagor o wybodaeth ar ein gwefan.](#)

Ym mis Mawrth 2021, fe gyhoeddodd ni [adroddiad cenedlaethol](#) a oedd yn nodi trosolwg o'r cynnydd hyd yma o ran Profi, Olrhain, Diogelu yng Nghymru. Ym mis Rhagfyr 2020, fe wnaethom hefyd gyhoeddi rhai o [arsylwadau'r](#) Archwilydd Cyffredinol ar gaffael a chyflenwi Cyfarpar Diogelu Personol yn ystod pandemig COVID-19, ac yna [adroddiad](#) ar hynny ym mis Ebrill 2021. Ym mis Mehefin 2021, fe wnaethom hefyd gyhoeddi ein [hadroddiad](#) ar gyflwyno rhaglen frechu COVID-19 yng Nghymru.

## Gwella'n barhaus

Fe wnaeth yr Archwilydd Cyffredinol ardystio bod y Cyngor wedi cyflawni ei ddyletswyddau sy'n weddill dan Fesur Llywodraeth Leol (Cymru) 2009 ar gyfer blwyddyn ariannol 2020-21, fel y'u harbedwyd gan orchymyn a wnaed dan Ddeddf Llywodraeth Leol ac Etholiadau (Cymru) 2021.

Fel rhan o'n harchwiliad o asesiadau cynghorau o'u perfformiad ar gyfer blwyddyn ariannol 2020-21, fe wnaethom nodi bod llai o gyfeirio at wybodaeth gymharol am berfformiad er ein bod yn cydnabod bod y pandemig wedi arwain at atal gwaith i gasglu peth data ar lefel genedlaethol am y tro. Bydd y gallu i gymharu data a pherfformiad â sefydliadau eraill yn dal i fod yn elfen bwysig o drefniadau i sicrhau gwerth am arian a bydd yn her i gynghorau ei ystyried yn enwedig wrth iddynt barhau i weithredu'r gofynion sy'n ymwneud â hunanasesu a nodir yn Neddf Llywodraeth Leol ac Etholiadau (Cymru) 2021.

## Cynaliadwyedd ariannol

Yn ystod 2020-21, fe wnaethom archwilio cynaliadwyedd ariannol pob cyngor yng Nghymru. Yng Nghyngor Caerdydd, daethom i'r casgliad bod y Cyngor yn wynebu nifer o risgiau ariannol allweddol a bod ganddo fwllch sylweddol yn ei gyllideb ar gyfer y tymor canolig ond bod ganddo drefniadau i reoli ei gynaliadwyedd ariannol.

Fe wnaethom hefyd gyhoeddi dau adroddiad cryno cenedlaethol: yr [adroddiad cyntaf](#) ym mis Hydref 2020 a'r [ail adroddiad](#) ym mis Medi 2021.

## Cynllunio adferiad

Yn ystod 2020-21, fe wnaethom adolygu'r trefniadau yr oedd pob cyngor yng Nghymru'n eu rhoi ar waith i gefnogi gwaith cynllunio adferiad. Fe wnaethom y gwaith yma ar sail barhaus, gan ddarparu adborth mewn amser real ac yn barhaus lle'r oedd yn briodol. Ein canfyddiadau allweddol oedd bod y Cyngor wedi mynd ati'n effeithiol i adfer ac addasu ei drefniadau democrataidd a llywodraethu yn gynnar yn y pandemig gan felly sicrhau cytundeb ynghylch ei Strategaeth Adfer. Gweithiodd yn galed hefyd i gefnogi trefniadau gweithio gartref, gan

gyflawni lefelau uchel o fodlonrwydd ymhlith staff gyda gostyngiad bach neu ddim gostyngiad o gwbl mewn cynhyrchiant a gostyngiadau mewn absenoldeb oherwydd salwch.

## Moderneiddio'r gweithlu

Cynhaliwyd adolygiad a oedd yn bwrw golwg ar foderneiddio'r gweithlu, gan gysylltu ag ystâd y Cyngor, technoleg ddigidol a chynlluniau ar ôl COVID i ddarparu gwasanaethau yn y dyfodol. Fe ddarparom ni adborth parhaus ar gyfer y Cyngor trwy gyfarfodydd cyswllt penodol gyda'r Cyfarwyddwr Corfforaethol ar gyfer Adnoddau ac rydym wedi cyflwyno ein canfyddiadau i Grŵp Cydgysylltu'r Rhaglen Adfer.

## Arolygiaethau eraill

Fe wnaethom hefyd ystyried canfyddiadau Archwiliadau Sicrwydd a gwblhawyd gan Arolygiaeth Gofal Cymru (AGC) ac adroddiadau Estyn yn ogystal ag unrhyw gamau dilynol a gymerwyd gan y Cyngor mewn ymateb. Fe gyhoeddodd AGC ac Arolygiaeth Gofal Iechyd Cymru eu hadolygiad Cenedlaethol ar y cyd o ddefnyddio'r Trefniadau Diogelu wrth Amddifadu o Ryddid yng Nghymru. Fe wnaethant nodi nifer o ganfyddiadau ac argymhellion allweddol yn [eu hadroddiad](#). Ym mis Tachwedd 2021, fe wnaeth AGC hefyd gyhoeddi ei hadroddiad trosolwg cenedlaethol o archwiliadau sicrwydd yng Nghymru a [Gadewch imi ffynnu](#), adolygiad cenedlaethol o gymorth cynnar, gofal a chefnogaeth a threfniadau pontio ar gyfer plant anabl yng Nghymru.

Cynhaliodd Estyn arolygiad diweddar o Wasanaethau Addysg yng Nghaerdydd ym mis Tachwedd 2021. Nid yw wedi cyhoeddi adroddiad ar y canfyddiadau eto.

## Astudiaethau llywodraeth leol

Yn ogystal â gwaith lleol ym mhob cyngor, bob blwyddyn rydym hefyd yn cynnal astudiaethau ar draws y sector llywodraeth leol i wneud argymhellion ar gyfer gwella gwerth am arian. Ers yr adroddiad gwella blynyddol diwethaf, rydym wedi cyhoeddi'r adroddiadau canlynol:

## Gwasanaethau dewisol (Ebrill 2021)

Mae pwysau ariannol wedi peri i gynghorau ostwng gwariant a thorri gwasanaethau, ond mae'r pandemig wedi dangos bod gwasanaethau llywodraeth leol yn hanfodol i gadw pobl yn ddiogel ac yn iach. Fe wnaethom ganolbwyntio ar sut y mae cynghorau'n diffinio gwasanaethau, y systemau a'r prosesau y maent wedi'u defnyddio i adolygu gwasanaethau a pha mor gadarn yw'r rhain. Mae'r galw am rai gwasanaethau hanfodol yn dal i gynyddu ac nid yw cynghorau'n hyderus y gallant barhau i ddarparu'r gwasanaethau hyn yn wyneb y galw cynyddol a chymhleth hwn. Mae angen i gynghorau achub ar y cyfle i adnewyddu, ailgioriannu ac ailosod yr hyn y maent yn ei wneud a dysgu o'r pandemig i greu dyfodol gwell. Cyhoeddwyd ein [hadroddiad](#) ym mis Ebrill 2021.

## Adfywio canol trefi yng Nghymru (Medi 2021)

Rhwng 1950 a 1980, fe wnaeth awdurdodau lleol roi blaenoriaeth i adfywio canol trefi gan greu mannau adwerthu newydd a mwy. Fodd bynnag, mae dewisiadau polisi blaenorol, disgwyliadau newidiol defnyddwyr a datblygiadau technolegol bellach yn effeithio'n andwyol ar

ganol sawl tref yng Nghymru. Ac mae'r pandemig wedi creu heriau i lywodraeth leol a'r Llywodraeth ganolog, gydag un siop ymhob saith ar strydoedd mawr Cymru bellach yn wag, er bod Llywodraeth Cymru wedi buddsoddi ac ysgogi buddsoddiadau gwerth £892.6 miliwn yn y saith mlynedd ddiwethaf. Nid oes gan awdurdodau lleol y capasiti i ymateb i'r sefyllfa hon ac nid ydynt wastad yn defnyddio'r pwerau sydd ganddynt i helpu i adfywio trefi. I gyflawni'r deilliannau lleol gorau, mae angen i bolisiâu a threfniadau cydweithio gael eu halinio a'u hintegreiddio, ac mae angen i adnoddau gael eu blaenoriaethu ar ganol trefi. Cyhoeddwyd ein [hadroddiad](#) ym mis Medi 2021.

## Gwaith sydd yn yr arfaeth ar gyfer 2021-22

Fe wnaethom hefyd fwrw golwg ar yr heriau a chyfleoedd allweddol sy'n wynebu'r Cyngor. Gallai'r rhain gael effaith ar allu'r Cyngor i gyflawni ei rwymedigaethau cyfreithiol mewn perthynas â'r egwyddor datblygu cynaliadwy a'r modd y mae'n defnyddio'i adnoddau.

Y risg a'r mater mwyaf arwyddocaol sy'n wynebu cynghorau a'r sector cyhoeddus ehangach o hyd yn ystod 2021-22 yw pandemig COVID-19. Rydym wedi trefnu ein gwaith i ddarparu sicrwydd a her mewn ffordd sy'n helpu i gefnogi'r Cyngor trwy'r cyfnod hwn. Mae ein gwaith arfaethedig ar gyfer 2021-22 yn cynnwys:

- Sicrwydd ac asesu risg gan gynnwys ffocws ar y canlynol:
  - Deddf Llywodraeth Leol ac Etholiadau (Cymru) 2021;
  - Cynllunio adferiad;
  - Cynlluniau lleihau carbon;
  - Trefniadau hunanasesu;
  - Y sefyllfa ariannol
  - Cydymffurfio â rheolau adeiladu statudol
- Llamu Ymlaen – wrth i'r byd symud yn ei flaen, gan ddysgu o'r pandemig, mae'r adolygiad hwn yn ystyried pa mor effeithiol y mae cynghorau'n cryfhau eu gallu i drawsnewid, addasu a pharhau i ddarparu gwasanaethau, gan gynnwys y rhai a ddarperir mewn partneriaeth gyda rhanddeiliaid allweddol a chymunedau. Byddwn yn adeiladu ar ein canfyddiadau o'r Adolygiad o Foderneiddio'r Gweithlu wrth wneud y gwaith yma.
- Archwiliad o adrodd ar wella – fe gyhoeddodd ni dystysgrif cydymffurfio ar 22 Hydref 2021 i gadarnhau bod y ddyletswydd i gyhoeddi asesiad o berfformiad wedi'i chyflawni.
- Adolygiad dilynol o wasanaethau hamdden – i asesu cynnydd y Cyngor o ran mynd i'r afael â'r cynigion ar gyfer gwella a nodwyd yn ein hadroddiad ar wasanaethau hamdden a gyhoeddwyd ym mis Tachwedd 2020.
- Adolygiad dilynol o reoli gwastraff – adolygiad dilynol i asesu cynnydd y Cyngor o ran datblygu ei strategaeth gwastraff i helpu i leihau gwastraff a chyrraedd y targedau ailgylchu cenedlaethol.

Mae'r Archwilydd Cyffredinol yn annibynnol ar y llywodraeth, ac fe'i penodir gan Ei Mawrhydi'r Frenhines. Mae'r Archwilydd Cyffredinol yn gwneud ei waith gan ddefnyddio staff ac adnoddau eraill a ddarperir gan Swyddfa Archwilio Cymru, sy'n fwrdd statudol a sefydlwyd at y diben hwnnw ac i fonitro a chynghori'r Archwilydd Cyffredinol. Caiff Swyddfa Archwilio Cymru ei dwyn i gyfrif gan y Senedd.

Mae'r Archwilydd Cyffredinol yn archwilio cyrff llywodraeth leol yng Nghymru, gan gynnwys awdurdodau unedol, yr heddlu, awdurdodau tân ac achub, parciau cenedlaethol a chynghorau cymuned. Mae hefyd yn cynnal astudiaethau o werth am arian mewn llywodraeth leol, yn asesu cydymffurfiaeth â'r gofynion sy'n weddill o Fesur Llywodraeth Leol (Cymru) 2009 a gall gynnal arolygiadau arbennig dan Ddeddf Llywodraeth Leol ac Etholiadau (Cymru) 2021.

Y tu hwnt i lywodraeth leol, yr Archwilydd Cyffredinol yw archwilydd allanol Llywodraeth Cymru a'r cyrff cyhoeddus a noddir ganddi ac sy'n gysylltiedig â hi, Comisiwn y Senedd a chyrff y Gwasanaeth Iechyd Gwladol yng Nghymru.

Archwilio Cymru yw'r enw cyfunol anstatudol ar gyfer Archwilydd Cyffredinol Cymru a Swyddfa Archwilio Cymru, sy'n endidau cyfreithiol ar wahân sydd â'u swyddogaethau cyfreithiol eu hunain, fel a ddisgrifir uchod. Nid yw Archwilio Cymru yn endid cyfreithiol.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Saesneg.

This page is intentionally left blank

## Audit Wales Work Programme and Timetable – Cardiff Council

Quarterly Update: 31 December 2021

### Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in January 2021.	January 2022	Draft Report issued to Council December 2021

### Financial Audit work

Description	Scope	Timetable	Status
<b>Audit of the Council's 2020-21 statement of accounts including:</b>	<p>The authority's draft statement of accounts for 2020-21 were received on 15 June 2021. These include the Council's:</p> <ul style="list-style-type: none"> <li>• Core financial statements</li> <li>• Group Accounts</li> <li>• Housing Revenue Account</li> <li>• Cardiff Harbour Authority</li> <li>• Cardiff Port Health Authority</li> <li>• Project Gwyrdd</li> </ul>	October 28th (December 7th for Project Gwyrdd)	Audits have been completed and certified by the Auditor General

	<ul style="list-style-type: none"> <li>Glamorgan Archives</li> </ul> <p>Our audit of the above are now complete.</p>		
<b>Audit of the Cardiff &amp; Vale of Glamorgan Pension Fund 2020-21 statement of accounts</b>	<p>The draft financial statements for Cardiff &amp; Vale of Glamorgan Pension Fund were received on 22 June 2021.</p> <p>Our audit of the pension fund is now complete</p>	November 30th	Audit has been completed and certified by the Auditor General

## Performance Audit work

<b>2020-21 Performance Audit Work</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
<b>Financial Sustainability</b>	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges building on work undertaken during 2019-20.	Spring/Summer 2021	<p>Final local report issued to the Council in August 2021.</p> <p>National Summary Report published 30 September 2021</p>
<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.	Letter issued 23 April 2021	Complete.
<b>Modernisation of workforce</b>	A review looking at workforce modernisation, linking to the Council's estate, digital and	July-December 2021	Complete. Will form basis for



post-Covid plans for delivering future services.

Springing Forward Review.

2021-22 Performance audit work	Scope	Timetable	Status
<b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</b>	We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan.	N/A	N/A
<b>Improvement reporting audit</b>	Audit of discharge of duty to publish an assessment of performance.	Issued certificate 22 <sup>nd</sup> October 2021	Complete
<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.	Present SCG 3 <sup>rd</sup> February 2022	Underway
<b>Springing Forward – Examining the building blocks for a sustainable future</b>	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.	Date TBA	Planning

<b>Follow-up leisure review</b>	Assess the Council's progress in addressing the proposals for improvement set out in our leisure services report issued in November 2020.	Spring 2022	Not yet started
<b>Follow-up waste management review</b>	Follow-up review to assess the Council's progress to develop its waste strategy to help reduce waste and achieve the national recycling targets.	Spring 2022	Not yet started

### Local government national studies planned / in progress

Study	Scope	Timetable	Status	Fieldwork planned at Cardiff Council
<b>Direct Payments</b>	Review of how local authorities manage and promote the use of Direct payments	Publication Winter 2021-22	Drawing conclusions mid-October, drafting and publication early 2022	No – work being delivered via Direct Payment Forum and a selection of follow up interviews
<b>Emergency Services</b>	Review of how well emergency services (blue light) collaborate	Publication winter 2021-22	Clearance with publication end of January 2022	N / A
<b>Follow up on People Sleeping Rough</b>	Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGWs	N/A	N/A	This work is not progressing in 2021-22

	report of July 2020			
<b>Poverty</b>	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	Autumn 2021 - Autumn 2022	Fieldwork	Yes - interview with nominated officer at the council
<b>Social Enterprises</b>	Review of how local authorities are supporting and utilising social enterprises to deliver services	Autumn 2021 - Autumn 2022	Fieldwork	Yes - interview with nominated officer at the council
<b>Community Resilience</b>	Review of how local authorities can build greater resilience in communities	Autumn 2021 - Autumn 2022	Fieldwork	Yes - interview with nominated officer at the council

## Estyn

<b>Estyn planned work 2021-22</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
<b>Local Government Education Services Inspections</b>	Estyn have worked closely with Directors of Education to review their inspection guidance for local government education services to reflect the experiences of the pandemic. The updated guidance (published on 1 July) will be piloted on the first inspection and feedback will be sought on	LGES inspections to resume from late Autumn term	N/A

	whether any further refinements need to be made.		
<b>Curriculum Reform thematic review</b>	Regional consortia and local authority support for curriculum reform.	Evidence collecting in Sept/Oct - publish in early February	N/A

## Care Inspectorate Wales (CIW)

<b>CIW planned work 2021-22</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
<b>National Assurance Check 2020-21</b>	CIW has now published all assurance check letters CIW has published its national assurance check report highlighting key findings and recommendations	Published	Complete
<b>Programme 2022-23</b>	CIW will run an annual programme of assurance checks, performance evaluation inspections and risk based inspections	April 2022- March 2023	Planning
<b>National review</b>	Support for disabled children and their families.	Published	Complete
<b>Follow-up</b>	CIW will be following up on areas for improvement identified in the Assurance Checks or through risk based inspection activity with individual local authorities where necessary.	ongoing	One follow up risk based inspection has occurred and due to be published.  Two further follow up assurance

			checks have occurred and due to be published in due course
<b>Inspection</b>	Risk based inspection activity will continue where required.	As required	No inspections are scheduled at this time (up until April 2022)
<b>Development</b>	CIW will continue to develop its approach to inspection and review of local authorities	April 2022	In progress
<b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2020-21</b>	Annual monitoring report in draft format currently – this is a joint report with Health Inspectorate Wales	December 2021	In progress
<b>Annual meeting with Statutory Directors of Social Services</b>	CIW will meet with all Directors of Social Services	Dec 2021 and Jan 2022	In progress

## Audit Wales national reports and other outputs published since 1 April 2021

Report title	Publication date and link to report
<b>Care Home Commissioning for Older People</b>	<a href="#">December 2021</a>
<b>The Welsh Government's Warm Homes Programme</b>	<a href="#">November 2021</a>
<b>Taking Care of the Carers?</b>	<a href="#">October 2021</a>

<b>How NHS bodies supported staff wellbeing during the COVID-19 pandemic</b>	
<b>Financial Sustainability of Local Government</b>	<a href="#"><u>September 2021</u></a>
<b>NHS summarised accounts infographic</b>	<a href="#"><u>September 2021</u></a>
<b>Picture of Public Services<sup>1</sup></b>	<a href="#"><u>September 2021</u></a>
<b>Town Centre Regeneration</b>	<a href="#"><u>September 2021</u></a>
<b>Student finances</b>	<a href="#"><u>August 2021</u></a>
<b>NHS finances data-tool 2020-21</b>	<a href="#"><u>June 2021</u></a>
<b>Rollout of the COVID-19 vaccination programme in Wales</b>	<a href="#"><u>June 2021</u></a>
<b>Quality governance arrangements at Cwm Taf UHB – follow up</b>	<a href="#"><u>May 2021</u></a>
<b>Welsh Health Specialised Services Committee governance arrangements</b>	<a href="#"><u>May 2021</u></a>
<b>At your Discretion - Local Government Discretionary Services</b>	<a href="#"><u>April 2021</u></a>
<b>Procuring and Supplying PPE for the COVID-19 Pandemic</b>	<a href="#"><u>April 2021</u></a>

<sup>1</sup> Main report published 15 September. Over the following six weeks we published five short sector commentaries: [A picture of local government](#), [A picture of healthcare](#), [A picture of social care](#), [A picture of schools](#), [A picture of higher and further education](#).

## Audit Wales national reports and other outputs due to be published during 2021-22 (and other work in progress/planned)<sup>2</sup>

Title	Anticipated publication date
Welsh Government accounts commentary	February 2022
Welsh Government setting of well-being objectives	February 2022
Unscheduled care – data tool and commentary	February/March 2022
Collaborative arrangements for managing local public health resources	February 2022
COVID response & recovery / Welsh Government grants management – third sector support	February 2022
NHS waiting times data-tool and planned care commentary	March 2022
Welsh Government workforce	February/March 2022
Orthopaedic services	March 2022
Curriculum reform	Spring 2022
Equality impact assessment	Spring 2022
Climate change – baseline review	Spring/summer 2022

<sup>2</sup> We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for the new Public Accounts and Public Administration Committee.

<b>COVID response &amp; recovery / Welsh Government grants management - other</b>	TBC
<b>Affordable housing</b>	TBC
<b>Broadband infrastructure</b>	TBC
<b>Flood risk management</b>	TBC

### **Forthcoming Good Practice Exchange events and publications**

<b>Title</b>	<b>Anticipated publication/event date</b>
<b>Post event resources including session recordings for the Springing Forward event on organisational resilience held on 9/12/21</b>	Late January 2022
<b>Direct Payments Event (title TBC)</b>	March 30 2022



## Rhaglen Waith ac Amserlen Archwilio Cymru – Cyngor Caerdydd

Diweddariad Chwarterol: 31 Rhagfyr 2021

### Crynodeb Archwilio Blynyddol

Disgrifiad	Amserlen	Statws
<b>Adroddiad yn crynhoi'r gwaith archwilio a gwblhawyd ers y Crynodeb Archwilio Blynyddol diwethaf, a gyhoeddwyd ym mis Ionawr 2021.</b>	Ionawr 2022	Adroddiad Drafft a gyhoeddwyd i'r Cyngor Rhagfyr 2021

### Gwaith Archwilio Ariannol

Disgrifiad	Cwmpas	Amserlen	Statws
<b>Archwiliad o ddatganiad cyfrifon 2020-21 y Cyngor gan gynnwys:</b>	<p>Derbyniwyd datganiad cyfrifon drafft yr awdurdod ar gyfer 2020-21 ar 15 Mehefin 2021. Mae'r rhain yn cynnwys:</p> <ul style="list-style-type: none"> <li>• Datganiadau ariannol craidd</li> <li>• Cyfrifon Grŵp</li> <li>• Cyfrif Refeniw Tai</li> <li>• Awdurdod Harbwr Caerdydd</li> <li>• Awdurdod Iechyd Porthladd Caerdydd</li> <li>• Prosiect Gwyrdd</li> </ul>	28 Hydref (7 Rhagfyr ar gyfer Prosiect Gwyrdd)	Mae archwiliadau wedi'u cwblhau a'u hardystio gan yr Archwilydd Cyffredinol

	<ul style="list-style-type: none"> <li>Archifau Morgannwg</li> </ul> <p>Mae ein harchwiliad o'r uchod bellach wedi'i gwblhau.</p>		
<b>Archwiliad o ddatganiad cyfrifon Cronfa Bensiwn Caerdydd a Bro Morgannwg 2020-21</b>	<p>Derbyniwyd y datganiadau ariannol drafft ar gyfer Cronfa Bensiwn Caerdydd a Bro Morgannwg ar 22 Mehefin 2021.</p> <p>Mae ein harchwiliad o'r gronfa pensiwn bellach wedi'i gwblhau</p>	30 Tachwedd	Mae archwiliadau wedi'u cwblhau a'u hardystio gan yr Archwilydd Cyffredinol

## Gwaith Archwilio Perfformiad

<b>Gwaith Archwilio Perfformiad 2020-21</b>	<b>Cwmpas</b>	<b>Amserlen</b>	<b>Statws</b>
<b>Cynaliadwyedd Ariannol</b>	<p>Prosiect sy'n gyffredin i bob cyngor lleol a fydd yn asesu cynaliadwyedd ariannol yng ngoleuni'r heriau presennol a'r heriau a ragwelir yn y dyfodol gan adeiladu ar waith a wnaed yn ystod 2019-20.</p>	Gwanwyn/Haf 2021	<p>Adroddiad lleol terfynol a gyhoeddwyd i'r Cyngor ym mis Awst 2021</p> <p>Adroddiad Cryno Cenedlaethol a gyhoeddwyd 30 Medi 2021</p>
<b>Cynllunio Adferiad</b>	<p>Rydym yn bwriadu ategu a herio cynllunio adferiad mewn amser real. Gyda'n gilydd, mae angen sicrwydd arnom fod adferiad yn rhoi ystyriaeth briodol i'r lluo o risgiau, ond hefyd ei fod yn manteisio ar y cyfleoedd ar gyfer dyfodol gwahanol a chynaliadwy. Rydym wedi penderfynu disodli'r gwaith ar thema 'atal' a nodwyd gennym mewn cynlluniau archwilio gyda'r gwaith hwn ar gynllunio adferiad.</p>	Llythyr a gyhoeddwyd 23 Ebrill 2021	Wedi'i gwblhau.

<b>Moderneiddio'r gweithlu</b>	Adolygiad yn edrych ar foderneiddio'r gweithlu, gan gysylltu â chynlluniau ystâd, digidol ac ôl-COVID y Cyngor ar gyfer darparu gwasanaethau yn y dyfodol.	Gorffennaf-Rhagfyr 2021	Wedi'i gwblhau. Bydd yn sail ar gyfer Adolygiad Llamu Ymlaen.
--------------------------------	--	-------------------------	---

<b>Gwaith archwilio perfformiad 2021-22</b>	<b>Cwmpas</b>	<b>Amserlen</b>	<b>Statws</b>
<b>Archwiliadau Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015 (y Ddeddf LICD)</b>	Byddwn yn ceisio integreiddio'r gwaith o gyflawni ein harchwiliadau LICD o'r camau i gyflawni amcanion lles ynghyd â'n gwaith archwilio arall. Byddwn yn trafod hyn gyda'r cyngor wrth i ni gwmpasu a chyflawni'r prosiectau archwilio a restrir yn y cynllun hwn.	Amherthnasol	Amherthnasol
<b>Archwiliad adrodd ar welliannau</b>	Archwiliad o gyflawni dyletswydd i gyhoeddi asesiad o berfformiad.	Cyhoeddwyd tystysgrif ar 22 Hydref 2021	Wedi'i gwblhau
<b>Sicrwydd ac Asesu Risg</b>	Prosiect i nodi lefel y sicrwydd archwilio a/neu lle y gallai fod angen gwaith archwilio ychwanegol yn y dyfodol mewn perthynas â risgiau i'r Cyngor roi trefniadau priodol ar waith i sicrhau gwerth am arian wrth ddefnyddio adnoddau.	Cyflwyno i'r SCG 3 Chwefror 2022	Mynd rhagddo
<b>Llamu Ymlaen – Archwilio'r blociau adeiladu ar gyfer dyfodol cynaliadwy</b>	Wrth i'r byd fynd yn ei flaen, gan ddysgu o'r pandemig byd-eang, mae'r adolygiad hwn yn edrych ar ba mor effeithiol y mae cynghorau'n cryfhau eu gallu i drawsnewid, addasu a chynnal y	Dyddiad i'w gadarnhau	Cynllunio

	broes o ddarparu gwasanaethau, gan gynnwys y rhai a ddarperir mewn partneriaeth â rhanddeiliaid a chymunedau allweddol.		
<b>Adolygiad dilynol ar hamdden</b>	Aseu cynnydd y Cyngor o ran mynd i'r afael â'r cynigion ar gyfer gwella a nodir yn ein hadroddiad gwasanaethau hamdden a gyhoeddwyd ym mis Tachwedd 2020.	Gwanwyn 2022	Heb ddechrau eto
<b>Adolygiad dilynol ar reoli gwastraff</b>	Adolygiad dilynol i aseu cynnydd y Cyngor i ddatblygu ei strategaeth wastraff i helpu i leihau gwastraff a chyflawni'r targedau ailgylchu cenedlaethol.	Gwanwyn 2022	Heb ddechrau eto

## Astudiaethau cenedlaethol llywodraeth leol wedi'u cynllunio / ar y gweill

Astudiaeth	Cwmpas	Amserlen	Statws	Gwaith a gynlluniwyd yng Nghyngor Caerdydd
<b>Taliadau Uniongyrchol</b>	Adolygiad o sut mae awdurdodau lleol yn rheoli ac yn hybu'r defnydd o daliadau Uniongyrchol	Cyhoeddi yng Ngaeaf 2021-22	Dod i gasgliadau canol mis Hydref, drafftio a chyhoeddi yn gynnar yn 2022	Na – gwaith yn cael ei gwblhau drwy'r Fforwm Taliadau Uniongyrchol a detholiad o gyfweiliadau dilynol
<b>Gwasanaethau Brys</b>	Adolygiad o ba mor dda y mae'r gwasanaethau brys (golau glas) yn cydweithio	Cyhoeddi yng ngaeaf 2021-22	Clirio, gyda chyhoeddiad ddiwedd Ionawr 2022	Amherthnasol

<b>Gwaith dilynol ar Bobl sy'n Cysgu Allan</b>	Adolygiad o sut yr ymatebodd awdurdodau lleol i anghenion pobl sy'n cysgu allan yn ystod y pandemig yn dilyn adroddiad yr Archwilydd Cyffredinol ym mis Gorffennaf 2020	Amherthnasol	Amherthnasol	Nid yw'r gwaith hwn yn mynd rhagddo yn 2021-22
<b>Tlodi</b>	Deall sut mae awdurdodau lleol yn sicrhau eu bod yn darparu eu gwasanaethau i leihau tlodi.	Hydref 2021 - Hydref 2022	Gwaith maes	Ie – cyfweiliad gyda swyddog a enwebwyd yn y Cyngor.
<b>Mentrau Cymdeithasol</b>	Adolygiad o'r modd y mae awdurdodau lleol yn cefnogi ac yn defnyddio mentrau cymdeithasol i ddarparu gwasanaethau	Hydref 2021 - Hydref 2022	Gwaith maes	Ie – cyfweiliad gyda swyddog a enwebwyd yn y Cyngor.
<b>Cydnherthedd Cymunedol</b>	Adolygiad o sut y gall awdurdodau lleol feithrin mwy o gydnerthedd mewn cymunedau	Hydref 2021 - Hydref 2022	Gwaith maes	Ie – cyfweiliad gyda swyddog a enwebwyd yn y Cyngor.

## Estyn

<b>Gwaith arfaethedig Estyn 2021-22</b>	<b>Cwmpas</b>	<b>Amserlen</b>	<b>Statws</b>
<b>Arolygiadau Gwasanaethau Addysg Llywodraeth Leol</b>	Mae Estyn wedi gweithio'n agos gyda Chyfarwyddwyr Addysg i adolygu eu canllaw arolygu ar gyfer gwasanaethau addysg llywodraeth leol i adlewyrchu profiadau'r pandemig. Bydd y canllaw sydd wedi'i ddiweddarau (a gyhoeddir ar 1 Gorffennaf) yn cael eu treialu yn yr arolygiad cyntaf a gofynnir am adborth ynghylch a oes angen gwneud unrhyw fireinio ychwanegol.	Arolygiadau Gwasanaethau Addysg Llywodraeth Leol i aildddechrau tuag at ddiwedd tymor yr Hydref	Amherthnasol
<b>Adolygiad thematig Diwygio'r Cwricwlwm</b>	Consortia rhanbarthol a chymorth awdurdodau lleol i ddiwygio'r cwricwlwm.	Casglu tystiolaeth ym mis Medi/Hydfref - cyhoeddi ddechrau mis Chwefror	Amherthnasol

## **Arolygiaeth Gofal Cymru (AGC)**

<b>Gwaith arfaethedig AGC 2021-22</b>	<b>Cwmpas</b>	<b>Amserlen</b>	<b>Statws</b>
<b>Gwiriad Sicrwydd Cenedlaethol 2020-21</b>	Mae AGC bellach wedi cyhoeddi pob llythyr gwirio sicrwydd Mae AGC wedi cyhoeddi ei adroddiad gwirio sicrwydd cenedlaethol sy'n tynnu sylw at ganfyddiadau ac argymhellion allweddol	Wedi'i gyhoeddi	Wedi'i gwblhau
<b>Rhaglen 2022-23</b>	Bydd AGC yn cynnal rhaglen flynyddol o wiriadau sicrwydd, arolygiadau gwerthuso perfformiad ac arolygiadau sy'n seiliedig ar risg	Ebrill 2022- Mawrth 2023	Cynllunio

<b>Adolygiad cenedlaethol</b>	Cymorth i blant anabl a'u teuluoedd.	Wedi'i gyhoeddi	Wedi'i gwblhau
<b>Gwaith dilynol</b>	Bydd AGC yn cynnal gwaith dilynol ar feysydd i'w gwella a nodwyd yn y Gwiriadau Sicrwydd neu drwy weithgarwch arolygu sy'n seiliedig ar risg gydag awdurdodau lleol unigol lle bo angen.	Parhaus	Mae un arolygiad dilynol sy'n seiliedig ar risg wedi digwydd ac mae i'w gyhoeddi.  Mae dau wriad sicrwydd dilynol ychwanegol wedi digwydd ac mae i'w cyhoeddi maes o law.
<b>Arolygiad</b>	Bydd gweithgarwch arolygu sy'n seiliedig ar risg yn parhau lle bo angen.	Yn ôl y gofyn	Ni threfnir unrhyw arolygiadau ar hyn o bryd (hyd at fis Ebrill 2022)
<b>Datblygiad</b>	Bydd AGC yn parhau i ddatblygu ei dull o arolygu ac adolygu awdurdodau lleol.	Ebrill 2022	Ar waith
<b>Trefniadau Diogelu rhag Colli Rhyddid Adroddiad Monitro Blynyddol ar gyfer Iechyd a Gofal Cymdeithasol 2020-21</b>	Adroddiad monitro blynyddol ar ffurf drafft ar hyn o bryd – mae hwn yn adroddiad ar y cyd ag Arolygiaeth Iechyd Cymru	Rhagfyr 2021	Ar waith
<b>Cyfarfod blynyddol gyda Chyfarwyddwyr Statudol y Gwasanaethau Cymdeithasol</b>	Bydd AGC yn cyfarfod â'r holl Gyfarwyddwyr Gwasanaethau Cymdeithasol	Rhagfyr 2021 a Ionawr 2022	Ar waith

## Adroddiadau cenedlaethol Archwilio Cymru ac allbynnau eraill a gyhoeddwyd ers 1 Ebrill 2021

Teitl yr adroddiad	Dyddiad cyhoeddi a doleri'r adroddiad
Comisiynu Cartrefi Gofal i Bobl Hŷn	<a href="#">Rhagfyr 2021</a>
Rhaglen Cartrefi Clyd Llywodraeth Cymru	<a href="#">Tachwedd 2021</a>
Gofalu am y Gofalwyr? Sut roedd cyrff y GIG yn cefnogi lles staff yn ystod pandemig COVID-19	<a href="#">Hydref 2021</a>
Cynaliadwyedd Ariannol Llywodraeth Leol	<a href="#">Medi 2021</a>
Ffeithlun cyfrifon cryno'r GIG	<a href="#">Medi 2021</a>
Darlun o Wasanaethau Cyhoeddus <sup>1</sup>	<a href="#">Medi 2021</a>
Adfywio Canol Trefi	<a href="#">Medi 2021</a>
Cyllid myfyrwyr	<a href="#">Awst 2021</a>
Offeryn data cyllid y GIG 2020-21	<a href="#">Mehafin 2021</a>
Gweithredu rhaglen frechu COVID-19 yng Nghymru	<a href="#">Mehafin 2021</a>
Trefniadau llywodraethu ansawdd ym Mwrdd Iechyd Prifysgol Cwm Taf Morgannwg: gwaith dilynol	<a href="#">Mai 2021</a>

<sup>1</sup> Cyhoeddwyd y prif adroddiad ar 15 Medi. Dros y chwe wythnos a ganlynodd, cyhoeddwyd pum sylwebaeth sector byr: [Darlun o lywodraeth leol](#), [Darlun o ofal iechyd](#), [Darlun o ofal cymdeithasol](#), [Darlun o ysgolion](#), [Darlun o addysg uwch ac addysg bellach](#).



Trefniadau Llywodraethu Pwyllgor Gwasanaethau Iechyd Arbenigol Cymru	<a href="#">Mai 2021</a>
Yn ôl eich Doethineb - Gwasanaethau Dewisol Llywodraeth Leol	<a href="#">Ebrill 2021</a>
Caffael a Chyflenwi Cyfarpar Diogelu Personol ar gyfer Pandemig COVID-19	<a href="#">Ebrill 2021</a>

## Adroddiadau cenedlaethol ac allbynnau eraill Archwilio Cymru i'w cyhoeddi yn ystod 2021-22 (a gwaith arall sy'n mynd rhagddo/a gynllunir)<sup>2</sup>

Teitl	Dyddiad cyhoeddi disgwylidig
Sylwadau cyfrifon Llywodraeth Cymru	Chwefror 2022
Llywodraeth Cymru yn pennu amcanion llesiant	Chwefror 2022
Gofal heb ei drefnu – offeryn data a sylwebaeth	Chwefror/Mawrth 2022
Trefniadau cydweithredol ar gyfer rheoli adnoddau iechyd cyhoeddus lleol	Chwefror 2022
Ymateb ac adferiad COVID / Rheoli grantiau Llywodraeth Cymru – cymorth trydydd sector	Chwefror 2022
Offeryn data amseroedd aros y GIG a sylwebaeth gofal wedi'i chynllunio	Mawrth 2022

<sup>2</sup> Byddwn yn parhau i adolygu ein cynlluniau'n gyson, gan ystyried yr amgylchedd allanol sy'n esblygu, ein blaenoriaethau archwilio, cyd-destun ein hadnoddau ein hunain a gallu cyrff archwiliedig i gyfathrebu â ni. Mae hyn yn cynnwys cynnal rhywfaint o hyblygrwydd er mwyn inni ymateb i ddatblygiadau ym mhollisi Llywodraeth Cymru a meysydd sydd o ddiddordeb posibl i'r Pwyllgor Cyfrifon Cyhoeddus a Gweinyddiaeth Gyhoeddus newydd.

<b>Gweithlu Llywodraeth Cymru</b>	Chwefror/Mawrth 2022
<b>Gwasanaethau orthopedig</b>	Mawrth 2022
<b>Diwygio'r cwricwlwm</b>	Gwanwyn 2022
<b>Asesiad o'r effaith ar gydraddoldeb</b>	Gwanwyn 2022
<b>Newid hinsawdd – adolygiad sylfaenol</b>	Gwanwyn/haf 2022
<b>Ymateb ac adferiad COVID / rheoli grantiau Llywodraeth Cymru - arall</b>	I'w gadarnhau
<b>Tai fforddiadwy</b>	I'w gadarnhau
<b>Seilwaith band eang</b>	I'w gadarnhau
<b>Rheoli perygl llifogydd</b>	I'w gadarnhau

## Digwyddiadau a chyhoeddiadau y Gyfnewidfa Arfer Da yn y dyfodol

<b>Teitl</b>	<b>Dyddiad cyhoeddi/digwyddiad disgwylidig</b>
<b>Adnoddau ar ôl y digwyddiad gan gynnwys recordiadau sesiwn ar gyfer digwyddiad Llamu Ymlaen ar gadernid sefydliadol a gynhaliwyd ar 9 Rhagfyr 2021</b>	Diwedd Ionawr 2022
<b>Digwyddiad Taliadau Uniongyrchol (teitl i'w gadarnhau)</b>	30 Mawrth 2022



## **GOVERNANCE & AUDIT COMMITTEE: 25 JANUARY 2022**

---

### **HALF-YEAR SELF ASSESSMENT REPORT UPDATE REPORT OF HEAD OF PERFORMANCE AND PARTNERSHIPS**

**AGENDA ITEM: 9.1**

---

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

1. This report provides an overview of the half-year self-assessment process and outcomes.
2. The terms of reference of the Governance and Audit Committee requires it:
  - To review the Council's draft annual Self-Assessment Report and make any appropriate recommendations for changes.
  - To 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's 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.

#### **Background**

3. The Local Government and Elections (Wales) Act 2021 established a new legislative framework for local government performance management, with an emphasis on self-improvement through a system based on self-assessment and panel performance assessment.
4. The purpose of the Act, in relation to performance, is *"to provide a framework which supports councils, through an ongoing process of review, to think about their performance and effectiveness now and for the future; to encourage more inquisitive organisations willing to challenge themselves to do more, to be more innovative and more ambitious in what they do"*.
5. The Local Government and Elections (Wales) Act introduces five specific requirements in relation to performance management:

- A duty to keep performance under review: The council must keep under review the extent to which it is fulfilling the 'performance requirements' that is, the extent to which:
  - it is exercising its functions effectively;
  - it is using its resources economically, efficiently and effectively; and
  - its governance is effective for securing the above.
- A duty to consult on performance: The council must consult a range of people at least once in each financial year about the extent to which the council is meeting the performance requirements.
- A duty to report on performance: The council must produce a self-assessment report in respect of each financial year. The report must set out its conclusions on the extent to which it met the performance requirements during that financial year, and any actions it intends to take, or has already taken, to increase the extent to which it is meeting the performance requirements.
- A duty to arrange a panel performance assessment: The council must arrange for a panel to undertake an assessment, at least once during the period between two consecutive ordinary elections of councillors to the council, of the extent to which the council is meeting the performance requirements.
- A duty to respond to a panel performance assessment report: The council must prepare a response to each panel performance assessment report, setting out the extent to which it accepts the conclusions in the report, the extent to which it intends to follow any recommendations in the report, and any actions the council intends to take to increase the extent to which it is meeting the performance requirements.

## Issues

### Responding to the Act: A Strengthened Planning and Performance Framework

6. In response to the new requirements, the Council has implemented a series of measures to strengthen its Planning and Performance Management Framework, with a focus on:
  - Strategic leadership from the Leader and Cabinet in Corporate Plan development and performance management, and the involvement of non-executive members and officers from across the Council.
  - Greater involvement of Scrutiny in planning and performance, through the creation of the Performance Panel, which includes the chairs of each of the Council's five Scrutiny Committees.
  - An evaluative assessment of performance, based on a wide range of performance information<sup>1</sup>, including:
    - Progress against the steps and Key Performance Indicators included within the Council's Corporate Plan, which is reported on a quarterly basis.

---

<sup>1</sup> All of the performance information considered is subject to robust data collection processes as well as independent consideration by the Council's political governance, including Cabinet, Scrutiny Committees and Governance & Audit Committee.

- The judgements of external regulatory bodies, including Audit Wales, Care Inspectorate Wales and Estyn.
  - Financial Monitoring as set out in the Council's Outturn Report.
  - Feedback from citizens, particularly the findings of the annual Ask Cardiff Survey.
  - The Council's Annual Complaints and Compliments Report.
  - Feedback from the Council's Scrutiny Committees and the Governance & Audit Committee.
  - Corporate and directorate risk.
  - The Annual Governance Statement, supported by the Senior Management Assurance Statement.
- An enhanced self-assessment approach with greater use of data and evidence.
  - Greater integration with the Council's corporate governance arrangements and closer alignment with other major performance, financial and governance reports.
  - More timely consideration of performance reports; with the Well-Being Report now considered by Cabinet and Council in July rather than September, which is closer to financial year end, and quarterly performance reports on the Corporate Plan also shared nearer the end of each quarter.
7. A report will be considered by Cabinet in February 2022 which sets out the amendments to the Council's Planning and Performance Framework, which has been the subject of engagement with the Governance and Audit Committee, Policy Review and Performance Scrutiny Committee and the Chairs of Scrutiny.

### Self-Assessment Approach

8. The Welsh Government's guidance<sup>2</sup> summarises self-assessment as *"...a way of critically, and honestly, reviewing the current position in order to make decisions on how to secure improvement for the future. Self-assessment is more than stating what arrangements are in place; it is about considering how effective these arrangements are and how they can be improved. Self-assessment of how the council is meeting the performance requirements places ownership of performance and improvement firmly with councils...It is about a council being self-aware, understanding whether it is delivering the right outcomes, and challenging itself to continuously improve."*
9. Recognising the requirement of the Act to take a more rounded view of performance, a Half-Year and an End-of-Year Self-Assessment of Performance have been introduced. This provides an opportunity to make rounded judgements on the performance of the Council, drawing on more than the progress made against the Corporate Plan.
10. Arrangements for developing the Council's Half-Year and End-of-Year Self-Assessments of Performance include:

---

<sup>2</sup> [Statutory guidance \(gov.wales\)](https://gov.wales)

- Directorate self-evaluation of service performance, governance & financial challenges and priorities;
  - Performance and budget challenge sessions with each Director that are convened by the Chief Executive and Section 151 Officer to consider findings of directorate self-assessment;
  - Progress and performance session with Cabinet and the Council's Senior Management Team;
  - The Performance Panel, convened by the Chair of the Policy Review and Performance (PRAP) Scrutiny Committee, and involving the Chairs of each of the Council's Scrutiny Committees and members of PRAP;
  - Consideration by the Policy Review and Performance Scrutiny Committee.
  - Consideration by Governance and Audit Committee.
  - Consideration of the End-of-Year Assessment (the Annual Well-being Report) by Council.
11. Where improvement is identified, then corrective actions are discussed and agreed as part of the 6 monthly self-assessment process. The proposed interventions can be rehearsed between the Council's Senior Managers, Cabinet and wider political governance. Once any corrective actions have been agreed, the actions will be included in, and reported through, existing Corporate Reporting Frameworks. This ensures that performance issues are dealt with as part of a dynamic improvement process. Performance issues and the identified improvement action may, therefore, be included in Directorate Delivery plans, added to the risk register or identified as a budget challenge. In areas where further analysis and understanding is required, the Council's Performance and Insight Team commissioned and report to the appropriate Director of Service on the outputs of the work.

#### Role of Governance & Audit Committee

12. The legislation established a new and enhanced role for the Governance & Audit Committee.

#### In relation to the Self-Assessment:

- The council must make a draft of its self-assessment report available to its governance and audit committee.
- The committee must review the draft report and may make recommendations for changes to the conclusions or action the council intends to take.

#### In relation to the Panel Performance Assessment:

- The council must make a draft of its response to the panel performance assessment available to its governance and audit committee
- The Committee must review the draft response and may make recommendations for changes to the response to the panel assessment.

13. At the Governance and Audit Committee of 28 September 2021 it was agreed that the Committee would

- Receive the draft Annual Well-being Report each July for formal consideration, thus discharging its statutory responsibility.
- Receive a briefing on the Self-Assessment approach and output of the Half-Year Self-Assessment exercise each January.

14. The half-year Self-Assessment is not a statutory requirement but is considered best practice by the Council. The Council therefore receives the Self-Assessment for noting. Receiving the Mi-Year Self-Assessment allows the Committee to be appraised of the system of review undertaken by scrutiny, how it was received and considered by Cabinet and the respective outcomes and actions.

#### Half Year Assessment for 2021/22

15. The process outlined above was followed to develop the Half-Year Assessment. The Half-Year Self-Assessment was formally considered by Performance Panel on 6 December 2021, formally received by the Policy Review and Performance Scrutiny Committee on 14 December 2021 and agreed by Cabinet on 16 December 2021.
16. The Performance Panel formally responded to Cabinet, making 31 comments in total, with 6 direct recommendations and 15 observations with suggested actions. All 6 recommendations and all 15 observations with suggested actions were accepted. A total of 11 amendments were made to the Half-Year Performance Assessment itself.
17. The Governance and Audit Committee has direct oversight over a number of the processes which provide the evidence base for the Self-Assessment, such as the Council's Risk Management Framework and Compliments and Complaints Process. The Committee are invited to note the comments of the report.
18. The Cabinet Report summarises the process followed, the progress made against the Council's policy agenda, strategic risks and challenges identified by the self-assessment process and priorities for the period ahead. This is supported by the appendices, with the Half-Year Assessment providing detailed assessment by Wellbeing Objective. A copy of the Cabinet Report, Half-Year Self Evaluation Report, Scrutiny Letter and Cabinet Response can be accessed below:
- [Cabinet Report](#)
  - [Half Year Self-Assessment](#)
  - [Scrutiny Performance Panel Letter](#)
  - [Cabinet Response](#)

#### **Legal Implications**

19. The report sets out the statutory requirements as set out in The Local Government and Elections (Wales) Act 2021. Members are merely asked to note the contents of this report. There are therefore no additional legal implications in this report.

#### **Financial Implications**

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

## **RECOMMENDATIONS**

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

**Gareth Newell**  
**Head of Performance and Partnerships**



## **GOVERNANCE & AUDIT COMMITTEE: 25 January 2022**

---

### **RECOMMENDATION TRACKER -**

### **REPORTS OF EXTERNAL REVIEW BODIES**

### **REPORT OF HEAD OF PERFORMANCE AND PARTNERSHIPS**

### **AGENDA ITEM: 10.1**

---

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

1. This report provides an overview of the management and delivery of recommendations received from Audit Wales, Estyn, Care Inspectorate Wales and Her Majesty's Inspectorate for Prisons.
2. The purpose of the Governance and Audit Committee in accordance with its terms of reference is to provide independent assurance to the members of Cardiff Council, and its wider citizens and stakeholders, on the risk management framework, the internal control environment, and the performance assessment of the Council. Its terms of reference requires the Governance and Audit Committee to:
  - Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
  - Consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
  - Consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
  - Consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
  - Comment on the scope and depth of external audit work, and to ensure it gives value for money.

#### **Background**

3. The Governance and Audit Committee receives regular updates on the work of the Council's external auditors and information in respect of the reports underway and completed as part of Committee meetings.
4. In January 2021, an external audit recommendation tracker was introduced to provide a biannual overview of the progress made in delivering agreed Audit Wales recommendations, for the information and assurance of the Committee. Further to this, and as part of Audit Relationship Management meetings with Directors, senior management are asked to advise if there are any concerns with the delivery of

improvement actions identified through the reports of external review bodies. The Chair of the Governance and Audit Committee will be notified if any concerns are raised.

- This approach responds to the expectation of the Audit Director of Audit Wales that the Governance and Audit Committees consider relevant reports and recommendations from external review bodies, and to receive assurances on the arrangements for their oversight and delivery. The approach for recording the recommendations of external regulatory bodies positions the Council well to respond to the requirements of the Audit Director of Audit Wales

## Issues

- In considering the item in January 2021, the Committee was advised of the intentions to expand the information provided in future reports to include progress against Audit Wales national reports (where appropriate) and recommendations made by other external regulatory bodies, including Estyn, Care Inspectorate for Wales and Her Majesty's Inspectorate for Prisons. This has been done, and the Audit Tracker now reflects the position in relation to all the aforementioned external regulatory bodies.
- It was also agreed that the Audit Tracker would include details of 'accountability / reporting to' arrangements, for each External Audit. This approach will be adopted ahead of the Governance and Audit Committee's next consideration of the tracker, on 8 July 2022.

## Overview

- Since the Committee last reviewed the tracker, two regulatory reports have been received by the Council, including the [Financial Sustainability Assessment](#) conducted by Audit Wales and a [Risk based inspection of Cardiff Council social services](#) conducted by Care Inspectorate Wales (CIW).
- Table 1 below shows the progress made in closing recommendations since the tracker approach was adopted in January 2021. Table 2 shows the balance of RAG ratings in relation to responding to recommendations over the same period. Both demonstrate that progress has been made responding to recommendations received from external regulators since the introduction of the tracker approach.

Table 1: Total recommendations open/closed January 2021 - January 2022

Date	Total Recommendations	Total Open	Total Closed	% Open
January 2022	64	27	37	42%
July 2021	61	29	32	47%
January 2021	61	46	15	76%

Table 2: Overview of RAG status for recommendations January 2021 – January 2022

Date	Total Recommendations	Green	Amber	Red
January 2022	64	54	10	0
January 2021	61	38	22	1

\*Excludes recommendations from Care Inspectorate Wales Risk report.

10. An overview of the progress against the External Regulators' Programme of work is included as Appendix 1, with full details of the recommendations and the Council's response is included as Appendix 2.

### **Legal Implications**

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

### **Financial Implications**

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

### **RECOMMENDATIONS**

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

**Gareth Newell**  
**Head of Performance and Partnerships**

The following Appendices are attached:

Appendix 1 - Summary: Progress against External Regulatory Body Programme January 2022  
Appendix 2 - Detailed: Progress against External Regulatory Body Programme January 2022

This page is intentionally left blank

## Appendix 1:

### Summary: Progress against External Regulatory Body Programme January 2022

2020-21 Performance Audit Work							
Audit Wales Inspections							
Title	Overview	Status		Position July 2021 (RAG)	Position January 2022 (RAG)	Position July 2021 (Open/Closed)	Position Jan 2022 (Open/Closed)
<b>Financial Sustainability Assessment</b>	An assessment undertaken as financial sustainability continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources.	Report issued August 2021	Recommendations	N/A	3	N/A	Open: 1 Closed: 2
			Green	N/A	3		
			Amber	N/A	0		
			Red	N/A	0		
Her Majesty's Inspectorate of Prisons (HMIP)							
<b>HMIP Inspection of Youth Offending Services</b>	This inspection is part of a four-year programme of youth offending service (YOS) inspections. Cardiff YOS inspected and rated across three broad areas: the arrangements for organisational delivery of the service, the quality of work done with children sentenced by the courts, and the quality of out-of-court disposal work.	Report issued July 2020	Recommendations	12	12	Open: 7 Closed: 5	Open: 7 Closed: 5
			Green	10	11		
			Amber	2	1		
			Red	0	0		

Care Inspectorate Wales (CIW)							
Title	Overview	Status		Position July 2021 (RAG)	Position January 2022 (RAG)	Position July 2021 (Open/Closed)	Position Jan 2022 (Open/Closed)
<b>Risk Based Inspection of Cardiff Council Social Services</b>	This risk based inspection was informed by concerns laid out in our letter to the Director of Social Services in 2019-2020. We reviewed how well children's social services has progressed on its journey of improvement, and how well social services continue to help and support adults and children.	Report issued February 2021	Recommendations	N/A	17	N/A	Open: 14 Closed: 3
			Green	N/A	N/A		
			Amber	N/A	N/A		
			Red	N/A	N/A		
<b>2019-20 Performance Audit Work</b>							
<b>Audit Wales Inspections</b>							
Title	Overview	Status		Position July 2021 (RAG)	Position January 2022 (RAG)	Position July 2021 (Open/Closed)	Position Jan 2022 (Open/Closed)
<b>Review of Leisure Services</b>	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet its Priority for 2019-20 to Support Sports, Leisure, Culture and Green Spaces.	Final report issued November 2020	Recommendations:	6	6	Open: 6 Closed: 0	Open: 6 Closed: 0
			Green	6	6		
			Amber	0	0		
			Red	0	0		
	A project common to all local councils that will assess		Recommendations:	2	2	Open: 0 Closed: 2	Open: 0 Closed: 2
			Green	2	2		

<b>Financial Sustainability Assessment</b>	financial sustainability in light of current and anticipated future challenges.	Final report issued 3 <sup>rd</sup> April 2020.	<b>Amber</b>	0	0		
			<b>Red</b>	0	0		
<b>2018-19 Performance Audit Work</b>							
<b>Audit Wales Inspections</b>							
<b>Title</b>	<b>Overview</b>	<b>Status</b>		<b>Position July 2021 (RAG)</b>	<b>Position January 2022 (RAG)</b>	<b>Position July 2021 (Open/Closed)</b>	<b>Position Jan 2022 (Open/Closed)</b>
<b>Review of Corporate safeguarding arrangements of Children</b>	Review of the effectiveness of corporate safeguarding arrangements building on the study previously undertaken by the Auditor General in this area.	Final report issued 27 <sup>th</sup> June 2019  Presented to CYP Scrutiny Committee 24 <sup>th</sup> September 2019	Recommendations:	9	9	Open: 8 Closed: 1	Open: 5 Closed: 4
			<b>Green</b>	1	4		
			<b>Amber</b>	8	5		
			<b>Red</b>	0	0		
<b>Well-being of Future Generations Examination - Transport and Clean Air Vision</b>	Examination of the extent to which the Council has acted in accordance with the sustainable development principles when taking the following step: "Develop and launch a new Transport and Clean Air Vision for the City" which sits under the Council's Well-being objective of 'Cardiff grows in a resilient way'.	Final report issued 22 <sup>nd</sup> July 2019	Recommendations:	15	15	Open: 1 Closed: 14	Open: 1 Closed: 14
			<b>Green</b>	15	15		
			<b>Amber</b>	0	0		
			<b>Red</b>	0	0		
<b>Delivering with Less - Environmental</b>	Review of the arrangements the Council has put in place to deliver environmental health	Final report issued 17 <sup>th</sup>	Recommendations:	9	9	Open: 7 Closed: 2	Open: 7 Closed: 2

<b>Health Services</b>	services building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies. The review will seek to answer the question: Is the Council's environmental health service continuing to deliver its statutory obligations given the financial challenges?	September 2019.	<b>Green</b>	5	5		
			<b>Amber</b>	4	4		
			<b>Red</b>	0	0		
<b>Review of the arrangements to support the Capital Ambition Delivery Programme</b>	Review to consider whether the Council's arrangements to support the delivery of its four-year 'Capital Ambition' Delivery Programme enabling it to address its key financial and organisational challenges?	Final report issues 29 <sup>th</sup> April 2019	Recommendations:	3	3	Open: 0 Closed: 3	Open: 0 Closed: 3
			<b>Green</b>	3	3		
			<b>Amber</b>	0	0		
			<b>Red</b>	0	0		
<b>2017-18 Performance Audit Work</b>							
<b>Audit Wales Inspections</b>							
<b>Title</b>	<b>Overview</b>	<b>Status</b>		<b>Position July 2021 (RAG)</b>	<b>Position January 2022 (RAG)</b>	<b>Position July 2021 (Open/Closed)</b>	<b>Position Jan 2022 (Open/Closed)</b>
<b>Scrutiny: Fit for the Future</b>	National review that explored arrangements for scrutiny in all 22 local authorities.	Final report issued July 2018	Recommendations:	5	5	Open: 0 Closed: 5	Open: 0 Closed: 5
			<b>Green</b>	5	5		
			<b>Amber</b>	0	0		
			<b>Red</b>	0	0		



## Progress

Date	Total Recommendations	Total Open	Total Closed	% Open
January 2022	64	27	37	42%
July 2021	61	29	32	47%
January 2021	61	46	15	76%

Date	Total Recommendations	Green	Amber	Red
January 2022	64	54	10	0
January 2021	61	38	22	1

\*Excludes recommendations from Care Inspectorate Wales Risk report.

This page is intentionally left blank

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Accountability/Reporting to	Previous updates	Mid Year Assessment update 2021/22	Year End Assessment Update 2021/22	Current RAG Status	Open/Closed
2017-18	Scrutiny Fit for the Future	Gary Jones	G&L	The Council should build on its experience of using different ways of working to consider more innovative methods for undertaking scrutiny activity.				Feb 2020 - Scrutiny undertook an internal review of the existing ways of working to consider their feasibility for future use. This review was then supplemented at a regional workshop designed to share good practice and to identify innovative ways of working in the future. Appropriate methods of working would be used, although these may be need to be adapted to reflect the situation and available resources.		Green	Closed	
2017-18	Scrutiny Fit for the Future	Gary Jones	G&L	The Council should consider the skills and training that scrutiny members may need to better prepare them for current and future challenges and develop and deliver an appropriate training programme, including providing additional training on the Well-Being of Future Generations (Wales) Act.				Feb 2020 - The rollout of the corporately delivered Member learning sessions has been delayed as a result of the Covid-19 pandemic. The Member development programme for 2021 is being developed and will include the delivery of this Member Development activity. Dec 2020 - An initial member development pilot session relating to the Wellbeing of Future Generations Act has been undertaken. Further sessions are planned to be delivered corporately.	April 2021 - Opportunities to deliver Wellbeing of Future Generations Act training will be included in the 2021/22 Member development programme. A detailed programme for Member induction in 2022 is being developed to incorporate all relevant training for Elected Members.	Green	Closed	
2017-18	Scrutiny Fit for the Future	Gary Jones	G&L	The Council should make scrutiny committees' forward work programmes more accessible to the public and consider how it can involve the public in its scrutiny activity more effectively.				Feb 2020 - Scrutiny Work Programmes have been made available online since January 2019 although the original procedure was subsequently reviewed and a less burdensome process has been put in place.		Green	Closed	
2017-18	Scrutiny Fit for the Future	Gary Jones	G&L	The Council should publish final versions of scrutiny committee meeting minutes on its website in a more timely manner.				Feb 2020 - The timely production of minutes has been monitored and revised. However, recent increases in workload from Educational Appeals have required the process to be reviewed again, as the original timelines became unworkable. Following a further period of monitoring, it is anticipated that the timeliness of the production of minutes may not improve significantly, but the consistency of their production will. Dec 2020 - Regulation changes arising from the Covid-19 pandemic have led to the introduction of a revised arrangement for the production and publication of a normal set minutes within 5 days of the meeting. Following the end of the Covid regulations, a panel of management monitoring will be required to determine a suitable timescale for the production of minutes.	April 2021 - Management data is being collected to identify appropriate timescales for the production and publication of draft minutes for all Committees.	Green	Closed	
2017-18	Scrutiny Fit for the Future	Gary Jones	G&L	The Council should review the type of scrutiny support required to enable the scrutiny function to respond to current and future challenges.				Feb 2020 - The W&A report concluded that scrutiny arrangements are well-developed and supported by a culture that makes them well-placed to respond to current and future challenges. There is an ongoing assessment of the type of scrutiny support required to respond to future challenges.		Green	Closed	
2018-19	Delivering Capital Ambition	Dean Thomas / Gary Jones	G&L	The Council needs to strengthen the role of scrutiny in engaging with and challenging the delivery and impact of the Programme to increase accountability and help provide momentum.						April 2021 - The Council's Scrutiny function considered the Council's Recovery and Renewal Framework, which presents a revised updated approach to organisational change, with the 'Organisational Recovery and Renewal' report focusing specifically on public service reform. The Scrutiny Work Programme processes will reflect the new priorities and commitments established with the reports. Audit Wales has also identified that the Scrutiny Service is 'Fit for the Future' which will ensure that there is effective challenge and accountability of this programme.	Green	Closed
2018-19	Delivering Capital Ambition	Gareth Newell	F&C	The Council would benefit from a review of the Capital Ambition Delivery Programme management arrangements alongside others that support delivery of the Corporate Plan such as the Directorate Delivery Plans					The Council reviewed the management arrangements for the Delivering Capital Ambition team in early 2020 leading to the creation of a new Performance and Insight team aligning data analytical and service change capacity in the Delivering Capital Ambition team with that in the corporate performance and research teams.	April 2021 - In May 2021 the Cabinet established a 12 month 'Capital Ambition: Recovery and Renewal Programme' that will support the Council in adopting its core operating model in response to the new challenges and opportunities of the post-pandemic operating environment. <a href="https://cardiff.moderngov.co.uk/lets/Documents.aspx?C=153&amp;M=4316&amp;V=14">https://cardiff.moderngov.co.uk/lets/Documents.aspx?C=153&amp;M=4316&amp;V=14</a>	Green	Closed
2018-19	Delivering Capital Ambition	Dean Thomas	Resourcos	The Council could do more to assess the extent to which the Capital Ambition Delivery Programme is contributing to the achievement of the Council's ERM savings target and make links to the medium term financial plan				December 2020 Delivering Capital Ambition programme and capacity, and refocused them around corporate improvement priorities, as defined in the Corporate Plan and budget.			Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Long Term (The Council has a good understanding of current and future need. However, the potential impact of the Metro and the Council's other priorities should be factored into any long-term interventions)	Benchmarking of transport solutions with national and international cities	Ongoing		Dec 2020 - Work on the Transport White Paper programme is progressing, with development/delivery of some White Paper schemes (e.g. cycleways) underway. The response to Covid-19 has had a marked impact on delivery programmes, acting as a spur to the delivery of a number of elements - namely app use, cycleways, School Streets and rollout of 20mph limits. In order to support requirements for social distancing and safe access to outdoor space. The urgent need to support sustainable travel as part of the emergency response to the pandemic has kept delivery of the long term goals of the White Paper in focus while accelerating progress of a number of White Paper priorities, such as strategic cycleways. This work has been assisted by the development of the Council's draft One Planet Strategy, a strategic response to the Climate Emergency, with Transport as one of seven key themes. Benchmarking of best practice in cities has been ongoing during the response to Covid-19, with ideas from global cities sought during the development of Cardiff Recovery Strategy. Partnership working with major employers and other key stakeholders has also been integral to identifying and delivering measures to support the programme for a safe recovery response. Close working relationships with the Welsh Government, Transport for Wales, Local Authorities and City Region have been maintained throughout on major projects, including the South East Wales Metro and other initiatives, such as School Streets, which have been a notable aspect of Cardiff's Covid-19 transport response. Cardiff's leadership in delivering 9 new School Street projects since lockdown and preparing plans for a further 13 schemes has resulted in WG providing a new funding stream for the roll out of School Streets across Wales. Cardiff Council is helping Welsh Government to prepare the guidance for this and providing technical advice and support to local authorities in the Cardiff Capital Region and across Wales.	April 2021 - This action is now closed. The below actions are embedded in policy and scheme development. Benchmarking of best practice in other cities is a well-established practice within the transport teams and is carried out on an ongoing basis. It is integral to the design and development of projects including the consideration and assessment of options, through the WorldFit appraisal process and the design of solutions. For example, the integrated projects are being designed with reference to design solutions and learning developed in other UK cities with respect to specific technical features such as low level signals and footfall bus stops. Similarly, the approach being taken to the development of Smart Corridors draws upon the experience from schemes implemented in other UK cities. Knowledge and learning from these schemes is gained through engagement with consultants/officers responsible for their delivery including specialist technical workshops.	Green	Closed	
2018-19	Transport Vision	Matthew Price	PT&E	Long Term	Fully articulate in the White Paper the interdependencies between the long-term transport plan for the City and the successful implementation of the Metro.	Sep-19		The Council published Cardiff's Transport White Paper 'Transport Vision to 2030'. 'Changing how we move around a growing city' in January 2019. The paper acknowledges the importance of the Metro and other long term interventions, and its preparation involved benchmarking of best practice in cities around the world, as well as a scoping study of potential funding mechanisms. The White Paper has informed the Council's vision of Capital Ambition, with the response to the Climate Emergency being pushed up to the top of the policy agenda. Regular close working relationships with the Welsh Government, Transport for Wales, Local Authorities and City Region are progressing, along with a programme of study work and preparation of business cases for short, medium and long-term investment in active travel, bus and train-train Metro improvements. The cross-cut and critical improvements are key priorities identified to be progressed.			Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Long Term	Work with the Welsh Government, Cardiff City Region and partners supported by Cardiff Council match funding to ensure long-term investment in sustainable travel behaviour change activities and initiatives.	Ongoing				April 2021 - This action is now closed. The White Paper provides a sound basis for programming future project delivery and securing the long-term investment required via Welsh Government and other sources. In the most recent round of annual bidding for WG transport grants, the Council secured over £15m towards delivery of key Transport White Paper projects in 2021/22 which is more funded than ever received by the Council for a single financial year. Council officers have well-established working relationships with key officials in Welsh Government, Transport for Wales and neighbouring local authorities both individually and collectively through the working arrangements of the Cardiff Capital Region. Officers are working through these networks to develop a number of projects geared towards supporting sustainable travel behaviour. Examples of this include the collaboration between Cardiff Council and Rhondda Ceredigion Council to develop proposals for the North West Corridor that will facilitate sustainable travel from Cardiff from the wider region and the current collaboration on a W&A2 corridor study between officers from Cardiff, Newport and Vale of Glamorgan Councils and Transport for Wales in part of work to implement the Burns Commission recommendations. The partnership arrangements supporting this work are well established and will continue.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Integration (There is clear integration of the sustainable development principle in the Council's policy priorities focusing on critical public health issues and sustainable transport solutions, but there is scope to strengthen its approach to integration, for example with neighbouring councils)	Ensure that the White Paper is explicit in order to reduce car travel into Cardiff the transport plans for Cardiff, City Region and nationally will be interdependent.	Sep-19		Dec 2020 - Cardiff's Transport White Paper emphasises the national and regional importance of improving access to regional destinations. The Chapter 'A Capital City that works for Wales: supporting the wider region' recognises how rapid bus links and new Metro line/extension across the South East Wales region could change the way people travel. It emphasises that it encourages the action of Wales and past towards the actions we will have to take to save the planet for our children and grandchildren. Through the partnership working in the region that a high speed rail line will be put in place to provide real choices for people travelling into Cardiff from the wider region. The joint WorldFit study work with partners is ensuring that the five ways of working and aspirations of the Well-being of Future Generations Act are being supported. Current key joint studies include the North West Corridor, Cross Rail, Cilewale and Central Station. Additionally, the Council is collaborating with the Welsh Government, Transport for Wales, local authorities, City Region, Public Health Wales, professional institutions and key stakeholders in the promotion and adoption of best practice in relation to active travel, public transport, sustainable initiatives and regeneration (Cardiff Barrage Link/Pennarth Headland Link and Neerby with the Vale of Glamorgan, North West Corridor, Luff Trail and P&W with Rhondda Cynon Taf, Eastern Corridor study and Active Travel Corridor with Newport).	April 2021 - This action is now closed. Cardiff's Transport White Paper explicitly highlights the interdependence of Cardiff's transport plans and the plans for the city region in reducing travel into Cardiff. It states "While both, these proposals are also necessary, especially if we are to manage the city's growth in a sustainable way. Given its importance in shaping the Capital City - and the city region - moving and working - then these proposals are of national importance". Chapter 1 of the Cardiff Metro plan 2022 "A Capital City that works for Wales: supporting the wider region" recognises how rapid bus links and new Metro line/extension across the South East Wales region could change the way people travel. Working arrangements with the transport industry, other local authorities, Transport for Wales and Welsh Government are well established to ensure key strategic infrastructure projects such as the South Wales Metro will be delivered in a way which addresses Cardiff's key transport challenges and helps drive the economy of South Wales into a new growth era.	Green	Closed	
2018-19	Transport Vision	Matthew Price	PT&E	Integration	Ensure that the White Paper is specific about how the aspirations of the Well-being of Future Generations Act will be supported and the five ways of working applied.	Sep-19		The aspirations of the Well-being of Future Generations Act and five ways of working are being applied through the development and delivery of all schemes. Collaboration is continuing with key partners through the joint key studies outlined previously and the delivery of initiatives such as the expansion of the Healthy Generations Act will be supported and the five ways of working applied. Additionally, a Resilient Growth Programme Board has now been established to take forward planning, transport and environment related actions in partnership with the member organisations of the Public Service Board, and the Healthy Travel Charter developed and promoted in partnership with Public Health Wales. Within the Council itself, the Council's transport team is working very closely with the Schools Organisation Planning team to ensure that delivery of the new school developments remains fully integrated with the transport and environment related actions in partnership with the member organisations of the Public Service Board. The Healthy Travel Charter developed and promoted in partnership with Public Health Wales. Within the Council itself, the Council's transport team is working very closely with the Schools Organisation Planning team to ensure that delivery of the new school developments is fully integrated with the Council's Capital Ambition commitment to ensuring that every Cardiff School has an Active Travel Plan by 2022 and that access to new schools by active modes is maximised through the provision of infrastructure which meets the quality requirements of the Active Travel Act.	April 2021 - This action is closed. As per December Update: The aspirations of the Well-being of Future Generations Act and the five ways of working are being applied through the development and delivery of schemes. Collaboration is continuing with key partners through the joint key studies outlined previously and the delivery of initiatives such as the expansion of the Healthy Generations Act will be supported and the five ways of working applied. Additionally, a Resilient Growth Programme Board has now been established to take forward planning, transport and environment related actions in partnership with the member organisations of the Public Service Board. The Healthy Travel Charter developed and promoted in partnership with Public Health Wales. Within the Council itself, the Council's transport team is working very closely with the Schools Organisation Planning team to ensure that delivery of the new school developments is fully integrated with the Council's Capital Ambition commitment to ensuring that every Cardiff School has an Active Travel Plan by 2022 and that access to new schools by active modes is maximised through the provision of infrastructure which meets the quality requirements of the Active Travel Act.	Green	Closed	
2018-19	Transport Vision	Matthew Price	PT&E	Integration	Build upon emerging city regional governance arrangements, alongside the Welsh Government and Transport for Wales and key stakeholders to agree priorities for transport and land use investment in the Capital Region.	Ongoing				April 2021 - This action is closed. Regular steering and working groups have been established and Cardiff Council continues to participate in their work in cooperation with the Welsh Government, Transport for Wales, Local Authorities and City Region to progress studies and the preparation of business plans for Cardiff Metro improvements. For example, there are four working groups established through the Bus Emergency Scheme involving WG, TfW, local authorities and bus operators, to reform the bus network.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Involvement (Extensive, independent and well-resourced consultation process undertaken with significant response to the 'Big Ideas'. However, there is scope for clearer involvement of the full diversity of citizens in the design of interventions)	Create opportunities for the full diversity of stakeholders and underrepresented groups to be involved in the design of transport interventions.	Ongoing		Dec 2020 - The Council has been actively involved in developing Cardiff's Child Friendly City programme, working with key stakeholders and having with the Cardiff Youth Council to identify opportunities for involving children and young people in the development and design of transport interventions. Extensive stakeholder engagement has informed the development and design of the major transport infrastructure projects currently planned for the City Centre, including road safety, reorganised cycleway and bus priority improvements associated with addressing poor air quality as part of the Clean Air Plan. Engagement plans include involvement to include disabled, BME, Hearing, Age Groups, Ethnicity, Gender equality, LGBT, Religion, Charities, Businesses, Transport Operators, Emergency Services, Travelers, Cyclists, Councils, Communities and Interest Groups, Property Developers, Universities, Public Health Wales, Library/Sport, Hotels, Retail, Press/Social Media and General Public. The Council is also working closely with Public Health Wales to engage with Public and Private Sector organisations in the implementation of the jointly developed Healthy Travel Charter. The Council has undertaken extensive engagement with children and young people in the preparation and promotion of the Active Travel Schools and School Streets programmes, with increased staff resources dedicated to deliver it. Opportunities to improve engagement with citizens are being developed utilising best practice advice from sources such as www.communityplanning.net, the Well-being of Future Generations website and National Priorities for Public Engagement. In some circumstances, it needs to be recognised that the delivery timescale and funding allocations limit the scope of the engagement that may be achievable. Overcoming consultation/engagement overheads has been challenging and partly addressed through targeted sessions, which have proven successful, albeit highly time and resource intensive. Despite the challenges presented by Covid-19 and the need for an urgent response to the impacts arising from this, consultation and engagement have been carried out on a significant range of schemes, both pre-programmed and those developed as part of the Covid response. This work has included the road transition from one-way to two-way routes. Extensive stakeholder engagement has continued on major cycle routes schemes, in addition to pre-emptive and more localised schemes, such as footway widening and School Streets. The Active Travel to Schools programme has undergone significant development during the last quarter, again with a transition to online support and with the visible response of the School Street programme and measures to facilitate the safe return to school (e.g. supporting social distancing). Welsh Government support has enabled the use of the 'Communiplan' online mapping tool to support the development of the Active Travel Integrated Network Map.	April 2021 - This action is closed. The Council continues to provide tailored and iterative design processes for co-production of transport schemes and initiatives that provide opportunities for citizen involvement. An example of this is the recent early engagement on route options for Cilewale 4 which included online comments and stakeholder engagement sessions. The feedback from this exercise is now shaping the routing and design options. Similarly, the use of the Communiplan online engagement tool to obtain public input to the new Active Travel Network Plan that the Council is developing for submissions to WG in December 2021. These examples demonstrate the principle of early citizen involvement in plan and scheme development is now well established.	Green	Open	
2018-19	Transport Vision	Matthew Price	PT&E	Involvement	Establish tailored and iterative design processes for co-production of transport schemes and initiatives that provide opportunities for citizen involvement.	Ongoing				April 2021 - This action is closed. The Council continues to provide tailored and iterative design processes for co-production of transport schemes and initiatives that provide opportunities for citizen involvement. An example of this is the recent early engagement on route options for Cilewale 4 which included online comments and stakeholder engagement sessions. The feedback from this exercise is now shaping the routing and design options. Similarly, the use of the Communiplan online engagement tool to obtain public input to the new Active Travel Network Plan that the Council is developing for submissions to WG in December 2021. These examples demonstrate the principle of early citizen involvement in plan and scheme development is now well established.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Collaboration (The Council is collaborating with P&B partners to develop long-term solutions for active travel and public health. The Council would benefit from introducing a similar approach to collaboration with other Capital Region Councils)	Build upon emerging city regional governance arrangements, alongside the Welsh Government and Transport for Wales to enable multi-joint, establishing on the Cardiff Metro Investments.	Ongoing		Dec 2020 - Regular steering and working groups have been established in cooperation with the Welsh Government, Transport for Wales, Local Authorities and City Region to progress studies and the preparation of business plans for Cardiff Metro improvements. For example, there are four working groups established through the Bus Emergency Scheme involving WG, TfW, local authorities and bus operators, to reform the bus network.	April 2021 - This action is closed. Regular steering and working groups have been established and Cardiff Council continues to participate in their work in cooperation with the Welsh Government, Transport for Wales, Local Authorities and City Region to progress studies and the preparation of business plans for Cardiff Metro improvements. For example, there are four working groups established through the Bus Emergency Scheme involving WG, TfW, local authorities and bus operators, to reform the bus network.	Green	Closed	
2018-19	Transport Vision	Matthew Price	PT&E	Collaboration	Explore opportunities to build upon the existing relationships with Natural Resources Wales through the Public Services Board, Air Quality Forum and Schools Monitoring Programme.	Ongoing		Dec 2020 - Regular steering and working groups have been established in cooperation with the Welsh Government, Transport for Wales, Local Authorities and City Region to progress studies and the preparation of business plans for Cardiff Metro improvements. For example, there are four working groups established through the Bus Emergency Scheme involving WG, TfW, local authorities and bus operators, to reform the bus network.	April 2021 - This action is closed. The Council has established a Climate Emergency Programme Board to achieve carbon reduction and enhance social value of projects in collaboration with PW, NRW, P&B, third sector organisations (e.g. CSCS), large employers such as Western Power and other utilities companies, NHS, Cardiff University, South Wales Police, South Wales Fire Services. The Board sets actions to reduce carbon emissions, for example, relating to converting fleets to low emission vehicles and staff travel.	Green	Closed	
2018-19	Transport Vision	Matthew Price	PT&E	Collaboration	Continue to work with Public Health Wales during the preparation of the White Paper.	Ongoing				April 2021 - The White Paper integrates the public health agenda	Green	Closed

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Accountability/Reporting to	Previous updates	Mid Year Assessment update 2021/22	Year End Assessment Update 2021/22	Current RAG Status	Open/Closed
2018-19	Transport Vision	Matthew Price	PT&E	Prevention (Prevention activity is at the centre of the Green Paper with targets established to monitor the impact of preventative interventions and solutions)	Prepare a monitoring strategy that identifies the effectiveness of sustainable travel and air quality interventions and quantifies the variance and accuracy in the measures.	Sep-19		Dec 2020 - Cardiff Transport White Paper has identified more ambitious sustainable travel targets, with 63% of Cardiff residents travelling to work by sustainable modes in 2025 and 75% in 2030. The methodology for measuring achievement towards the target was independently audited in November and December 2019. The audit identified that although the techniques and sample sizes used in the surveys are sound, some unintended consequences of the self-selection survey methodology may have introduced bias. Therefore, a more robust methodology will now be developed to minimise bias. Cardiff is participating in the South East Wales Transport Model Working Group with Transport for Wales, which may present opportunities for joint data collection and the development of a more comprehensive monitoring programme. The Council's sustainable travel targets and method of data collection will also be reviewed as part of the comprehensive review of Cardiff's Local Development Plan. The LDP review will also seek to maximise opportunities to introduce alternatives to private car use from the outset of the occupation of development, potentially through 'Mobility As A Service' or other technology solutions/initiatives and early deliverable infrastructure interventions. Scheme specific monitoring plans are also included within each project. The Clean Air Plan in the city centre will include the installation of a full real time monitoring station on Cathedral Street and five other part real-time locations to measure changes in dispersion. The Healthy Travel Charter, developed in partnership with Cardiff Public Services Board and Cardiff and Vale University Health Board, is providing a platform for the promotion of the health and environmental benefits for modal shift. The Council has published an updated 'Keeping Cardiff Moving' website, www.keepingcardiffmoving.co.uk to provide information and promote sustainable travel. The Council is working closely with the Welsh Government, Transport for Wales, Traveline Cymru and its partners on a publicity campaign to encourage the use of sustainable travel during the period of construction works in the city centre associated with the Clean Air Plan. The LDP review is underway, although due to Covid-19, it has an altered timescale. It is still anticipated that the Council's sustainable travel targets and method of data collection will be reviewed as part of this process. Scheme specific monitoring plans are ongoing. Keeping Cardiff Moving has been further developed to provide additional resources, particularly in relation to active travel to schools, and the Healthy Travel Charter has been rolled out more widely. Work to improve air quality is ongoing, although some interventions have been impacted as a result of Covid-19, such as the planned works in Cardiff city centre. Conversely, other elements have been accelerated (the 'top-up' software) and reviewed (access for vehicles). Messaging on sustainable travel has altered during Covid-19, due to concerns about use of public transport and UK government guidance advising against using these modes of transportation. An appropriate response to this issue is being considered as part of the wider recovery plans, which includes communicating messages about the safety measures/training regimes which are in place. The uptake of walking and cycling during the lockdown/Covid restrictions, particularly in local communities, has provided an opportunity to expand messaging about the benefits of active modes in improving air quality/reducing traffic noise.		April 2021 - This action is ongoing. The Council's sustainable travel targets and method of data collection and scheme monitoring will be reviewed in conjunction with the development of Cardiff's new Local Development Plan. Ongoing monitoring is now embedded in strategic projects to measure the impacts on sustainable travel and air quality. For example, the Castle Street project incorporates a detailed monitoring plan.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Prevention	Continue to plan and monitor the prioritized phasing of sustainable transport interventions for new developments to prevent reliance on car use from the outset.	Ongoing		April 2021 - This action is ongoing. The Council's sustainable travel targets and method of data collection will be reviewed as part of the comprehensive review of Cardiff's Local Development Plan. The LDP review will also seek to maximise opportunities to introduce alternatives to private car use from the outset of the occupation of development, potentially through 'Mobility As A Service' or other technology solutions/initiatives and early deliverable infrastructure interventions. Scheme specific monitoring plans are also included within each project. The Clean Air Plan in the city centre will include the installation of a full real time monitoring station on Cathedral Street and five other part real-time locations to measure changes in dispersion. The Healthy Travel Charter, developed in partnership with Cardiff Public Services Board and Cardiff and Vale University Health Board, is providing a platform for the promotion of the health and environmental benefits for modal shift. The Council has published an updated 'Keeping Cardiff Moving' website, www.keepingcardiffmoving.co.uk to provide information and promote sustainable travel. The Council is working closely with the Welsh Government, Transport for Wales, Traveline Cymru and its partners on a publicity campaign to encourage the use of sustainable travel during the period of construction works in the city centre associated with the Clean Air Plan. The LDP review is underway, although due to Covid-19, it has an altered timescale. It is still anticipated that the Council's sustainable travel targets and method of data collection will be reviewed as part of this process. Scheme specific monitoring plans are ongoing. Keeping Cardiff Moving has been further developed to provide additional resources, particularly in relation to active travel to schools, and the Healthy Travel Charter has been rolled out more widely. Work to improve air quality is ongoing, although some interventions have been impacted as a result of Covid-19, such as the planned works in Cardiff city centre. Conversely, other elements have been accelerated (the 'top-up' software) and reviewed (access for vehicles). Messaging on sustainable travel has altered during Covid-19, due to concerns about use of public transport and UK government guidance advising against using these modes of transportation. An appropriate response to this issue is being considered as part of the wider recovery plans, which includes communicating messages about the safety measures/training regimes which are in place. The uptake of walking and cycling during the lockdown/Covid restrictions, particularly in local communities, has provided an opportunity to expand messaging about the benefits of active modes in improving air quality/reducing traffic noise.		April 2021 - This action is closed. Sustainable transport interventions needed to mitigate the impacts of development are assessed through the development control process. The phasing of the improvements and initiatives are established through Section 106 agreements and included in the delivery programme and financial monitoring for new developments.	Green	Closed
2018-19	Transport Vision	Matthew Price	PT&E	Prevention	Continue to target sustainable and active travel interventions where the air quality is worst.	Ongoing		April 2021 - This action is closed. The Council's interventions to increase active and sustainable travel continues to be informed by ongoing air quality monitoring carried out in support of the Council's Clean Air Plan.		Green	Closed	
2018-19	Transport Vision	Matthew Price	PT&E	Prevention	Expand messaging on the benefits to health and the environment being key takeaways for modal shift.	Ongoing		April 2021 - This action is ongoing. The Council continues to promote the health and the environment as key takeaways for modal shift through its all its messaging in respect of its transport agenda. For example, the health benefits of active travel are being actively promoted as part of the Active Travel Schools Team's engagement with schools.		Green	Closed	
2018-19	Corporate Safeguarding	Finn Madell	P&C	The Council should improve its approach to safeguarding training in the following ways: • Get staff through mandatory safeguarding training more quickly and take forward the work identified by the Corporate Safeguarding Board to collate a percentage breakdown of safeguarding training compliance with each Council Directorate				March 2020 - Mechanisms are in place for PC Users, Directorate/Service Areas, understand requirements for compliance. Policy and Performance monitors and provides monthly compliance reports to individual Directorate/Service Areas. Mechanisms are in place for Non-PC Users, and a process flow chart is under development for dissemination to all Directorate/Service Areas to achieve compliance. Directorate/Service Areas are to send Directorate/Service to Policy Performance and Academy for monthly compliance monitoring. Policy and Performance collate a percentage breakdown of each Directorate on a quarterly basis. Third Quarter figures have been completed and Fourth Quarter figures will be available in April 2020. A video is being developed to support awareness raising of safeguarding to staff in an engaging way. December 2020 Performance reporting will be on a monthly basis for all directorates from December 2020. Target set at 85% by the end of March 2020 for employees and members - this does not include non-employees (i.e. Agency staff and governors, needs resolution).		Training staff developed and will be piloted on directorate area. • Training compliance breakdown now complete and can be seen on developing dashboard by managers	Amber	Open
2018-19	Corporate Safeguarding	Finn Madell/Treacy Thomas	Resources/P&C	• Ensure it centrally collates safeguarding training records for those staff and volunteers who have had face to face safeguarding training as well as the e-learning safeguarding training	Training records centrally located for all staff in Digigov. Volunteer training to be part of the volunteer module which will be implemented as soon as those changes have been made which were a late requirement.			March 2020 - Information centrally collated by the Academy for all staff and volunteers. Dec 2020 - Academy collates training for the e-module for permanent employees, including non desk-based staff. Managers are to record on Digigov for employees, but the system needs developing for non-employees, such as agency staff and governors. Additionally, the Digigov volunteer recording function is being built.	Academy and Digigov now linked for training. Governor and non-perm employees being developed	Amber	Open	
2018-19	Corporate Safeguarding	Finn Madell	P&C	• Clarify when mandatory safeguarding training for staff and members needs to be refreshed				March 2020 - Training levels are being drafted in line with roles and responsibilities. A brief video is being developed to raise staff awareness of safeguarding Council wide in an accessible way. Those who work directly with citizens will have ongoing CPD requirements. There is reference to individual and manager responsibility to ensure CPD of all of the workforce will be expected to undertake the e-learning safeguarding training module and any other training relevant to the position that they hold and to renew their qualifications to the highest level. Dec 2020 - For decision at CSR/SMT in Jan 2020; recommended for every three years.		It was agreed at the Corporate Safeguarding Board in May 2021 that a 3 year training cycle would be implemented, commencing in March 2022.	Green	Closed
2018-19	Corporate Safeguarding	Finn Madell	P&C	• Consider ways in which it could extend its safeguarding training offer, for example building on the planned Child Sexual Exploitation Awareness training to be given to taxi drivers, and to provide safeguarding training to for example those working in the night time economy				Mar 2020 - Corporate Safeguarding meets with relevant colleagues to promote the Safeguarding Training. A S&AR exists in relation to recommendations for Safeguarding training for escorts and drivers (School Transport). A piece of work is underway with licensing, police and children's services to see how training be strengthened, including taxi drivers. Vulnerability training is being delivered by the police to night-time economy staff and planning is underway to strengthen this collaboration with the police. Dec 2020 - Covid-19 has delayed progress, however work is underway with key employees to progress in December 2020, linking in licensing, safeguarding, community safety and partnerships and exploitation lead.		This work is now a workshop in the Night time economy task and finish group. We are meeting as a smaller group to pull together the various training packages that exist to provide a more cohesive approach. Both Transport Police have undertaken some training with hotel staff in conjunction with the NSPCC and this is compressive. The police are in communication with me about 'Hotspots' (currently a cinema in the city centre, some hotels and late night food establishments) Licensing are a part of this conversation. Next meeting scheduled for 12th November.	Amber	Open
2018-19	Corporate Safeguarding	Natalie Southgate	Adult Services, Housing & Communities	• Accelerate the mandatory completion of Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 (VAMWASV) training.				Dec 2020 - Group 1 - completion into 61% (education figures are excluded). One online session was offered as part of White Ribbon Calendar of Events, but was cancelled due to low numbers, however individuals due to attend were provided with the online link to complete the training. The Council is awaiting guidance on how to reach staff without access to IT Group 2 - training rolled out in November. <b>November</b> Sessions offered - 16 Number of places - 220 across Cardiff Council, Vale of Glamorgan Council and Velindre Hospital Numbers attended - 127 (Cardiff figures only) Sessions cancelled - 0 <b>December</b> Sessions offered - 18 Number of places - 360 (across the 3 organisations) Numbers attended - 75 with a further 46 booked on (Cardiff figures only) Sessions Cancelled - 3 (2 due to low attendance and 1 due to tutor illness) <b>January</b> Sessions to be offered - 31 Number of places available - 620 (across the 3 organisations) *These sessions will be advertised in December 2020. Group 3 - Train the Trainer undertaken in Jan 2021; roll out during March 2021. Trainers - The Council require more trainers across departments for Group 2 and Group 3. RISE specialist VAMWASV service are providing the majority of specialist support required for delivery. Atal Y Frio in the Vale of Glamorgan and the Velindre Safeguarding lead are also providing specialist support, which involves co-facilitation of sessions. <b>April 2021</b> Group 1 e-learning is progressing with 70% completion. Focus is on schools staff where is the largest non-compliance. HR now included in all Directorate Delivery Plans, with quarterly performance by 'team' allowing active management and targeted action Group 2 Ask and Act training roll-out began Q3 2021. During Q4 906 staff across the Cardiff and Vale of Glamorgan region were trained.		Group 3 continues to be progressed, with a particular focus on school staff, using a variety of methods. Currently waiting on guidance from Welsh Government regarding how to target harder to reach groups of staff (e.g. cleaners. Group 2 continues to be successful, but is now being affected by a loss of trainers. Group 3 will begin roll-out in Q3. Waiting for publication of independent report into the National Training Framework which may require consideration of changes to delivery.	Amber	Open
2018-19	Corporate Safeguarding	Finn Madell	P&C	The Council's corporate safeguarding internet pages could be strengthened by providing: • a link to the Corporate Safeguarding Policy; • information on the lead officer for corporate safeguarding, the lead member for corporate safeguarding and the Corporate Safeguarding Board; and • information on where to report concerns or to find out further information.							Green	Closed
2018-19	Corporate Safeguarding	Tracy Thomas	Resources	The Council should strengthen its Recruitment and Selection Policy in relation to safeguarding and safe recruitment.	April 2021 update - Recruitment and selection policy being finalised for consultation with SMT and Trade Unions during May 21.			Mar 2020 - The policy is being reviewed by the HR OM by March 2020. Safe Recruitment is promoted through Corporate Safeguarding Team via Directorate/Service Area and OSO forums. Dec 2020 - Currently in draft and being commented on - will be finalised March 2021. The lead officer is Tracy Thomas.	The Council's Recruitment and Selection Policy has been strengthened in relation to safeguarding and safe recruitment. A series of changes were made to the policy following engagement with Children's and Adults Safeguarding teams, and the amendments to the policy were considered and agreed by Corporate Safeguarding Board in September 2021.	Green	Closed	
2018-19	Corporate Safeguarding	Steve Robinson	Resources	The Council should strengthen its safeguarding contractual provisions by being more explicit about its safeguarding training requirements.	April 2021 update - Task and Finish Group established and due to report by June 2021. Agreed key actions include reviewing existing procurement practice in relation to safeguarding, developing a tender risk based safeguarding set of procurement templates/guidance, developing a Contractors Safeguarding Policy and reviewing safeguarding training provision / requirements for contractors.			Mar 2020 - The Council includes within the specification for all social care tenders, and other relevant tenders, standard questions on safeguarding and DBS checking of staff. In terms of DBS checks and safeguarding training in particular, all tenders need to provide a detailed plan for ensuring all staff are DBS-checked and have received the relevant safeguarding training before they are involved in service or project delivery or go on a construction site. Dec 2020 - As identified in the previous update, an update has been requested from Steve Robinson, the lead officer and OAM Commissioning and Procurement, to confirm, then can be closed.		Task and Finish Group established. Key documents have been reviewed, including existing procurement practice in relation to safeguarding, development of a tiered risk based safeguarding set of procurement templates/guidance, development of a Contractors Safeguarding Policy and a review of safeguarding training provision / requirements for contractors. Consultation and feedback is being undertaken with the wider team and will be incorporated into the documents following on from this. An update on progress was presented to Corporate Safeguarding Board by the Head of Procurement in May 2021.	Green	Closed
2018-19	Corporate Safeguarding	Tracy Thomas	Resources	The Council should ensure it is able to record and monitor volunteer information centrally, including any training records and Disclosure and Barring Service checks for volunteers.	Volunteer module in final draft following late request for it to also contain training records. Expected delivery June 2021.			March 2020 - The Manager must register the volunteer using the appropriate application on Digigov to ensure that there is a central record kept. This will record how often the individual volunteers and record the roles that they are undertaking. This will then determine whether they are in regulated activity, as well as the recruitment checks to be followed in line with the Council's DBS Policy. The volunteer Digigov platform is being developed and nearing sign-off. Tracy Thomas, HR, is the lead officer.		Volunteer module in final draft. Expected delivery Summer 2021.	Amber	Open
2018-19	Environmental Health	Dave Holland	Economic Development	The Council should subject any future changes to environmental health services to a more rigorous analysis of costs, benefits and impacts. We found some evidence of cost/benefit/impact analysis being performed to enable decision-making around savings and changes to services. Whilst some consideration was given to the impact of staffing restrictions over the period between 2018-2021, members and officers acknowledged that the real impact of this will be largely unknown until £498k of savings begin to take effect.				March 2020 - This proposal for improvement comments upon the delivery of SRS savings across the three Councils only and not budget reductions from the other services within Cardiff. Future SRS changes/savings will undergo rigorous analysis across the three Councils. This process will begin again in May 2020, as the SRS sets out to meet three year financial programme covering 2021 to 2024. Proposals will be considered by the SRS Management Board, Elected Members, through the review mechanisms at each Council, the Trade Unions and SRS officers. Changes to the other Environmental health services delivered by the Council will also be assessed through the established Council mechanisms and that process will pay heed to the requirements of this proposal. Both processes will also take into account the recommendation presented in Proposal 8. April 2021 - The budget for the financial year 2021/22 was set following discussions with the partner councils. It was agreed that the budget should remain unchanged in light of the demands placed upon the service by the Coronavirus outbreak. The proposed analysis set out in volume 6 will be initiated in August 2021.			Green	Open
2018-19	Environmental Health	Dave Holland	Economic Development	The Council should investigate further possibilities for commercialisation and income generation for environmental health services in order to provide additional financial capacity / funding reduces in the future.				March 2020 - The SRS will as part of the budgeting process for 2021/24 undertake a full assessment of existing income streams and determine what additional income might be generated without impacting upon service delivery to local people. Income generation on Environmental Health functions is an important part of the SRS model. SRS has generated new, and increasing, income arising through training and the operation of the Primary Authority scheme. However, Income Generation has limitations, while it will provide some receipts if funding for service delivery reduces in the future, it is not a complete panacea for the challenges facing service delivery in the future. April 2021 - The Coronavirus outbreak has caused many of the businesses in the area to close or reduce significantly their activities. New income generating opportunities have therefore been few, but existing Primary Authority relationships have been maintained with SRS offering detailed advice on Covid-19 safe practices at offices, shops, etc.			Amber	Open

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Accountability/Reporting to	Previous updates	Mid Year Assessment update 2021/22	Year End Assessment Update 2021/22	Current RAG Status	Open/Closed
2018-19	Environmental Health	Dave Holland	Economic Development	When considering how environmental health services may need to change in the future, the Council should ensure that the distinction between statutory and non-statutory services is clearly documented and understood by decision-makers. This will help ensure that statutory responsibilities and powers are weighed and prioritised appropriately alongside discretionary services.				<p><b>October 2019</b> - Understanding the distinction between statutory and non-statutory services will provide elected members with some insight into which service are highly monitored. However, to date, the SRS business plans are geared toward outcomes, achieving those outcomes involves using all the tools available. This includes statutes that bestow powers upon the Council, but not duties. When the Joint Working Arrangement was created, it defined services in terms of ensuring public health, helping customers to access information and knowledge and securing a safe, healthy, fair, environment. From the outset, the Councils agreed that this required the use of both statutory and non-statutory legislation to achieve service and corporate goals, going forward the SRS will incorporate into the Business Plans an indication of the "status" of the services being delivered and a rationale for the prioritisation of those activities. Additionally, when the actions identified in Proposal 1 above are undertaken, officers and decision makers are apprised of the nature of the service being delivered.</p> <p><b>April 2021</b> - The 2021/22 SRS Business Plan will seek to articulate in a clearer manner the distinction between statutory and non-statutory services. However, as indicated in previous years, the SRS business plans are geared toward outcomes, achieving those outcomes involves using all the tools available. This includes statutes that bestow powers upon the Council, and not only duties.</p>			Green	Open
2018-19	Environmental Health	Gary Jones	G&L	The Council should introduce greater independent challenge of the level and quality of services provided by the SRS under the Joint Working Agreement.	Mechanisms are in place for PC Users, Directorate/Service Areas understand requirements for compliance. Policy and Performance Indicators and provides monthly compliance reports to relevant Directorate/Service Areas. Mechanisms are in place for Non PC Users, and a process flow chart is under development for dissemination to all Directorate/Service Areas to achieve compliance. Directorate/Service Areas are to send Attendance Sheets to Policy Performance and Academy for monthly compliance monitoring. Policy and Performance collate a percentage breakdown of each Directorate on a quarterly basis. Third Quarter figures completed. Fourth Quarter figures available in April 2020. A video is in development to support awareness raising of safeguarding to staff in an engaging way.			<p><b>April 2021</b> - Audit Wales has identified that the Scrutiny Service is Fit for the Future. Effective prioritisation of the Scrutiny Work Programmes is undertaken at each meeting and relevant topics are progressed. Collaboration will be undertaken with partner Authorities to ensure appropriate application of the Joint Working Agreement. Targets have been set within the Scrutiny Service to complete this action by 31st March 2022</p>	Allocation of tasks to progress this recommendation within the scrutiny service have been completed and this recommendations is on track towards completion.		Amber	Open
2018-19	Environmental Health	Dave Holland	Economic Development	The Council should work with SRS to undertake a review of business continuity and succession planning arrangements in relation to the SRS to mitigate the risk of over-reliance on key individuals, such as the head of SRS and operational managers.				<p><b>October 2019</b> - In 2020, the SRS will produce a four year review of the service to supplement the Annual reports. That review will examine trends in service delivery and service demand since inception in 2015. It will also look forward to the likely delivery mechanisms for the next three years, in line with the budget proposals. An examination of the robustness of the operating and succession planning arrangements will form part of that review.</p> <p><b>April 2021</b> - This process has begun through the employing authority's succession planning protocols.</p>			Amber	Open
2018-19	Environmental Health	Gary Jones	G&L	The Council should strengthen elected member oversight of its environmental health services, for example, through more regular scrutiny of services provided by third parties including the SRS.	Actions identified in improvement proposals EHM above and EHT below will support the achievement of this improvement proposal.						Green	Closed
2018-19	Environmental Health	Gary Jones	G&L	The Council should consider introducing more structured and targeted development and training opportunities for relevant members, which may be beneficial in the event of changes in personnel and in areas experiencing changes in environmental health legislation, eg air pollution/food safety/infectious diseases.	The Head of Shared Regulatory Services will work closely with the Head of Democratic Services to identify and deliver a programme of briefing and learning opportunities that would benefit members across the footprint of the SRS in relation to up and coming legislative and policy developments. These briefing sessions/workshops will be incorporated as part of the Member Development Programme.						Green	Closed
2018-19	Environmental Health	Dave Holland	Economic Development	The Council should more clearly link any future decisions on changes to service levels to an assessment of impact on relevant stakeholders, including service users and residents. Whether consultation is necessary, and the most appropriate means of consulting should be decided on a case-by-case basis. However, where changes are likely to impact service users, businesses and local residents, they should be aware of and consulted on those decisions.				<p>March 2020 Currently, dialogue with stakeholders is delivered through the annual consultation on the SRS Business Plans where the programme of activities is articulated and developed through that engagement exercise. This process does not currently extend to residents and businesses. It is proposed to extend the customer satisfaction process to include the opportunity to comment upon any proposed changes to service delivery and to engage the corporate consultation mechanisms to collect more information to form part of the decision making process.</p> <p><b>April 2021</b> - The consultation process on the SRS Business Plans will commence again this month. The plan is likely to address the means by which the SRS receives "top ground" as a consequence of the coronavirus outbreak. Any discussions on changes which may impact service users are more likely to be considered through the budget review process of August 2021</p>			Green	Open
2018-19	Environmental Health	Dave Holland	Economic Development	The Council needs to build on initiatives, such as the Noise app, to ensure that future funding reductions can be mitigated by innovation and transformation in service delivery and that environmental health services are able to benefit from new technologies.				<p>March 2020 The SRS is undertaking an ICT review in 2020 that will examine how technology can be deployed further to improve service delivery and where possible make financial savings.</p> <p><b>April 2021</b> - The ICT review scheduled for 2020/21 has been delayed, but will address the use of new technology to improve service delivery.</p>			Amber	Open
2019-20	Review of Leisure	Steve Morris	Economic Development	Establish a clear strategy, vision and clear priorities for leisure services, which incorporates consideration of the W&G Act. This should be used to guide the delivery of services provided by GLL.	<p><b>ACCEPT:</b> The need for a Sport, Health and Physical Activity Strategy was identified and included in the Corporate Plan 2020 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 of these set out. A number of stakeholder forums have taken place and a strategy group has been established to include Public Health, HELE, NAGS, Vale of Glamorgan, GLL and other delivery partners. The aim is to have a finalised strategy by March 2022.</p>			<p><b>Dec 2020</b> The strategy group has been supported with funding from Public Health to engage an independent consultant with experience of delivering 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. Furthermore, the establishment of a board of cross services professionals will help steer the strategy towards completion in September 2021. Attendance and collaboration has been strong with positive engagement, and the partnership with Public Health covering the Cardiff and Vale of Glamorgan health board area is proving particularly positive.</p> <p><b>April 2021</b> - The findings of the consultation have been summarised by the working group and presented to the Director of Public Health and the OIM for Sport, Leisure and Development at the Council. Next steps have been agreed to develop the draft strategy document and associated key action plans demonstrating clear risks to other high level internal and external priorities. The high level aims will be presented to the Public Service Board scheduled for July 2021 and taken to Cabinet to ratify the strategy in the Autumn. The final document is still on schedule for a September completion.</p>	The draft Strategy is complete and will be tested with a number of stakeholder forums throughout October with a view to presenting to Scrutiny and Cabinet in December.		Green	Open
2019-20	Review of Leisure	Steve Morris	Economic Development	Consider how it can strengthen application of the sustainable development principle through the services delivered by GLL, including: <ul style="list-style-type: none"> <li>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 and other leisure services at a local and regional level.</li> <li>Further integrate the planning and delivery of GLL Leisure Services with other public bodies and Council services, such as Education and Social Care.</li> <li>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.</li> </ul>	<p><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 attendance in GLL facilities. A number of partnerships are in place to target specific hard to reach and under-represented groups, which bring 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 delivery of GLL and leisure services to ensure they represent the needs and aspirations of the full diversity of local communities they serve.</p> <p><b>ACCEPT:</b> 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.</p>			<p><b>Dec 2020</b> 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 OIM. Closer alignment to the emerging 21st Century Schools programme is being pursued to ensure duplication is avoided and collaboration is explored, as is further work on the integration of programmes for people with disabilities and alignment to the Disability Sport Wales accreditation programme to achieve Silver status. This involvement in the Strategy's 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. Additionally, 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 forms a key part of the Business Planning process for each centre. Q&amp;A accreditation also requires robust customer survey information which all centres are working towards.</p> <p><b>April 2021</b> - Stronger links are being forged with Public Health in terms of developing better integrated services and shared facility usage. Existing partnerships have been targeted to understand their needs post COVID-19 lockdown in terms of a return to facilities and any changes in programming are required as a result. As examples, the immunisation centre for the East of Cardiff is set up in Parkers Leisure centre and discussions are ongoing for a NHS physio centre in Llanelli LC. The partnership with Public Health and NHS continues to develop positively.</p> <p>The review of the Service Specification has been initiated and has identified opportunities to be far more targeted to meet customer and partner needs by adapting opening and closing times on a centre by centre basis to respond to need and demand. Further external review will be undertaken through the Local Partnerships Review.</p> <p>The "listen and involve" processes will continue as the centres re-open post lockdown and intelligence used to shape programming and customer priorities.</p>	Local Partnerships have been engaged to carry out a full independent review of the contract including the potential for improved partnership and collaboration. The work will consider both internal and external opportunities as well as benchmarking with neighbouring Local Authorities and Core Cities. A number of group forums and one to one sessions have taken place and a workshop is scheduled for October to bring back the initial findings to the Senior Group with a view to completing the report and recommendation in November.		Green	Open
2019-20	Review of Leisure	Steve Morris	Economic Development	Improve contract management arrangements to ensure they monitor delivery of the revised specification in a transparent and systematic way.	<p><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 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.</p>			<p><b>Dec 2020</b> 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.</p> <p><b>April 2021</b> - Following the Audit Wales review and as a consequence of the pandemic, the Council has decided to commission Local Partnerships to undertake an independent review of the contract and as part of this to review current governance and contract management arrangements. In advance of the review, the Council has introduced some new arrangements, based on an "open-book" approach, including new monthly meetings between GLL and the Council's Finance Department, and new monthly meetings between the Council's responsible Director, the Head of Finance and the Client Management team with corresponding representatives from GLL. These new meetings are in addition to the established quarterly Partnership Board meetings and the weekly Client Management meetings. It has been agreed to continue with these new arrangements once COVID related restrictions are eased and normal service resumes. The Local Partnership review will provide an external view on governance arrangements and in particular will consider how the arrangements in Cardiff compare with similar partnership arrangements in other core/city/area sites.</p>	The impact of COVID is still being understood and therefore the governance arrangements that are in place continue but, with a focus on restarting facilities and reviewing finances to seek support from the Hardship Fund. Monitoring of the reopening of centres has been a key function of the Client Team who are looking to reset KPIs based on a comparable year which is now likely to be 2022/23 for a realistic post COVID benchmark. Local Partnership have included a review of client management and monitoring and are comparing with other similar contracts in Wales and the UK. Report due to be completed in November.		Green	Open
2019-20	Review of Leisure	Steve Morris	Economic Development	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 W&G Act, and contributes to the Act where possible.	<p><b>ACCEPT:</b> The contract has been running for 4 years with the initial years focusing on partnership, compliance, introduction of new systems, implementing capital improvements and developing new ways of working down that the Service Specification was written before the introduction of the Wellbeing of Future Generations Act, it has been agreed that a review is essential to see whether it is still fit for purpose, meets current trends and needs, and contributes to the Act where possible.</p>			<p><b>Dec 2020</b> The Service Specification is now under review, with weekly meeting taking place between GLL and the Client Management team. The update was taken to Scrutiny and a Cabinet report is being forwarded in November seeking authority to make recommendations for varying the Specification to facilitate a more sustainable model of delivery going forward. A number of key changes are being recommended to Cabinet for consideration, such as the transfer of Premier Leisure Centre from GLL to Cardiff Council, which would reduce the financial deficit to GLL by circa £700,000. A staff restructuring is also proposed, aimed at reducing the without adverse impacts on service provision. Receptionists will change to foyer concierge to be more responsive and customer facing, and changes in programming and opening times at each centre will ensure resources are applied to areas of the highest customer need and demand. A Cabinet Report is scheduled for March 2021.</p> <p><b>April 2021</b> - A report was presented to Cabinet in March to escalate the current risks associated with the GLL contract and to attain authority to undertake a comprehensive review of the contract and service specification. Local Partnerships are in the process of being appointed to undertake an independent review that will consider the sustainability of the contract and the effectiveness of the service specification in delivering the Council's vision for its leisure services in accordance with the W&amp;G Act. In due course the findings will be presented to SMT, Cabinet, Scrutiny Committee and Audit Committee. At the March meeting, Cabinet also provided authority to progress some initial changes to improve the sustainability of the contract and the service specification.</p>	The Local Partnerships work, as aforementioned, is near completion and will be presented as a report with recommendations in November. Legal, Procurement and Finance are testing and advising on the ability to make contract variations to improve financial risk as a result of any transfer of facilities or amendments to contractual obligations.		Green	Open
2019-20	Review of Leisure	Steve Morris	Economic Development	Ensure that the Council effectively considers the long term financial and well-being risks of the leisure contract in its corporate risk management processes.	<p><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.</p>			<p><b>Dec 2020</b> 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. Furthermore, the Cabinet report in November highlighted the current financial difficulties and another report will be taken to Cabinet in March setting out mitigating recommendations, as mentioned above. Additionally, Welsh Government have supported issues in 2022 through the Hardship Fund.</p> <p><b>April 2021</b> - Following the Audit Wales review, new arrangements have been put in place to ensure risks associated with the Leisure Services contract are properly embedded into the Council's corporate risk management processes. New steps have been added to the Directorate Delivery Plan. Performance against these steps and associated risks are reported as part of the Council's Quarterly Performance monitoring. An annual report is now presented to Scrutiny Committee covering performance and risks. Significant risks have been escalated to the Council's SMT. A report was presented to Cabinet in March to transparently escalate current risks to the contract relating to the pandemic. The Local Partnerships review will also consider further improvements to governance and reporting arrangements.</p>	Risks continue to be reported through Directorate Delivery Plan and Corporate Risk quarterly processes. The financial sustainability of the contract is continually under review with lobbying in Finance with GLL, with more robust, longer term financial projections completed. Social value and wellbeing targets are aligned to our own Capital Ambition and various policies in the Council. The Hardship Fund has been extended to March 2022 which is being scrutinised and reported through Finance prior to submission to WG.		Green	Open
2019-20	Review of Leisure	Steve Morris	Economic Development	Improve reporting arrangements to ensure members receive a full and timely account of contract performance which includes relevant expenditure.	<p><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.</p>			<p><b>Dec 2020</b> Financial performance is a key measure at the P&amp;L, 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-19 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.</p> <p><b>April 2021</b> - As described above, new arrangements have been put in place following the Audit Wales review, and will be further refined by the Local Partnership review, to ensure Members have full and transparent sight of the performance of the GLL contract, including any relevant financial information. Management of the contract is now embedded into the Council's performance management framework with new steps included in the Directorate Delivery Plan enabling performance and risks to be reported as part of the corporate quarterly performance reporting. Updates are now presented to SMT and regular reports are made to Cabinet to raise awareness of issues and opportunities. The decision scrutiny undertaken by Scrutiny Committee on Cabinet reports and an annual report at the end of the financial year will also be presented to Scrutiny Committee.</p>	In Q3 an Officer Workshop was held with Local Partnerships to discuss initial review findings, which will inform service improvements. A Cabinet briefing to present on findings is scheduled for November 2021.		Green	Open

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Accountability/Reporting to	Previous updates	Mid Year Assessment update 2021/22	Year End Assessment Update 2021/22	Current RAG Status	Open/Closed
2019-20	Financial Sustainability	Ian Allwood	Resources	The Council has a medium term financial plan based on reasonable assumptions but needs to consider how it is going to meet its longer term funding gap, including strengthening the links between its transformation programme and its medium term financial plan.	Agreed - More robust savings methodology introduced in advance of the 2020/21 budget with a focus on: a) Efficiency 2) Transformation/ Service Change - Business case development strengthened, and no savings included in the budget strategy 2020/21 'at planning stage' - Focus on identification and delivery of savings in year, not just as part of an annual budget setting process.			December 2020 - The Report and Findings were taken to Audit Committee on 17 November 2020. Awaiting Provisional Settlement on 22 December 2020. Intended Cabinet Report on Consultation for January 2021.		Green	Closed	
2019-20	Financial Sustainability	Ian Allwood	Resources	The Council has a track record of achieving the majority of its overall savings, but it will become increasingly challenging to deliver them in the future and the Council needs to strengthen its savings planning process.	Agreed - Closer working is underway between Performance, Finance, Risk and Service Planning, both in terms of strategy planning and reporting. The critical issue remains the annual nature of budget settlements, inhibiting the ability to provide sufficiently robust longer term planning.			December 2020 - The Report and Findings were taken to Audit Committee on 17 November 2020. Awaiting Provisional Settlement on 22 December 2020. Intended Cabinet Report on Consultation for January 2021.		Green	Closed	
2020-21	HMP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff Youth Offending Service Management Board should ensure it sets the strategic direction for the YOS by having a clear vision that is communicated to staff and key stakeholders.					April 2021 - All Our Futures Strategy created and launched during the year. Briefings for staff, young people and partners held.		Green	Closed
2020-21	HMP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff Youth Offending Service Management Board should review its membership, role and function to make sure that its representatives have the seniority to make decisions and commit necessary resources to the YOS.					April 2021 - Advocacy Panel, Management Board and Sub-Committee set up, refreshed and refocused with new terms of reference and new membership to ensure the appropriate representatives are in place with seniority to make decisions and commit resources.		Green	Closed
2020-21	HMP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff Youth Offending Service Management Board should make sure that all members of the YOS partnership and other partner agencies provide appropriate support and services.					April 2021 - Management Board workplan in place including quarterly board meetings, focus sessions and pairing sessions between members of board and YOS staff. Each Board meeting receives a financial report, performance report and Head of Service report. Board members all contribute on behalf of their partner agency to ensure that appropriate support and services are provided.		Green	Closed
2020-21	HMP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff Youth Offending Service Management Board should develop members' knowledge and understanding of their role as Board members and the service's work and provide effective challenge to partners.				April 2021 - Heads of partner agencies meet with YOS staff in pairing meetings to share knowledge and ensure understanding of issues, challenges and the YOS Framework. A Board Handbook has been developed and will be published to set out the role of each Board member. The Board and sub committee both provide appropriate challenge and remove barriers to effective service provision.	October 2021 - The Board Members Handbook has been updated and distributed. There is a regular schedule of quarterly meetings. Month 1, Board meeting, then Month 2, Focus Session, then Month 3, pairing session. The focus of the pairing and focus sessions this year is on National standards. The Board chair provides monthly briefings to Board members and staff.		Green	Open
2020-21	HMP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff Youth Offending Service Management Board should provide the management team with the necessary resources and support to manage the service effectively.				April 2021 - Permanent dedicated Operational Manager post created and appointed to. An interim Service Manager post was appointed to immediately to cover the period while the permanent OM was created, advertised and recruited to. A temporary 3rd Team Manager is in post whilst the planned restructure consultation is ongoing. Board pushed for Health post that had been vacant for some time to be filled - this has been achieved.	October 2021 - The Board has agreed the new Management structure. The posts are out to advert and then the interviews will commence. The Board use the Risk Register to maintain oversight of wider management capacity.		Green	Open
2020-21	HMP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff Youth Offending Service Management Board should develop robust plans to drive service improvement in response to findings from audits and inspections and communicate these more effectively to staff.				April 2021 - Implementation of All Our Futures Strategy and YOS development plan ongoing.	October 2021 - The Terms of the Subcommittee has been revised, there are arrangements in place for sub-committee to oversee the YOS Development plan.		Green	Open
2020-21	HMP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff YOS Manager should ensure that all staff have appropriate induction, training, supervision and management oversight of their work.					April 2021 - An induction pack was created as well as an induction policy. A supervision policy has also been agreed. A 360-degree was completed and mandatory training identified, commissioned and delivered - including MAPPA, MASH, CareFirst and AusetPlus training. Weekly staff briefing sessions take place and a workforce development strategy has been written. Management oversight is evidenced via ChildView recordings and supervision notes. The supervision format has been updated and supervision levels are reported to the CV Board on a quarterly basis.		Green	Closed
2020-21	HMP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff YOS Manager should establish a service level agreement, protocols, performance frameworks and guidance in relation to commissioned services for out of court disposal work.					April 2021 - The contract with MAC has been agreed and signed and a service specification is in place. Partnership meetings currently take place on a monthly basis but will be taking place quarterly going forward with a renewed focus on positive outcomes in relation to joint working.		Green	Closed
2020-21	HMP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff YOS Manager should review the management structure, communication and lines of accountability to ensure that the quality of safeguarding and public protection work improves.				April 2021 - The management structure is currently under review. There are two interim team managers in place and a permanent OM started in December 2020. The Duty YOS Team Manager has a recorded daily discussion with MASH and the YOS OM sits on the Children's Management Team (CMT) and chairs high risk panels on a rota basis. The CFF and CE MASH process is under review and are being amalgamated. The YOS ensures representation at MASH and MAPPA forums. The YOS has a named safeguarding lead and safeguarding is a standing agenda item on the monthly All YOS meetings.	October 2021 - The new management structure has been agreed, the posts are out to advert.		Amber	Open
2020-21	HMP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff YOS Manager should develop and update policies, procedures and guidance that will enable all staff to deliver quality work.				April 2021 - All stage 1, 2 and 3 policies have been agreed at the Board. Stage 4 policies are due to be agreed at the June 2021 Board meeting.	October 2021 - The stage 4 policies were agreed at CYB in June 2021. Stage 1 and 2 policies have been reviewed, stage 3 policies will be due for review in March 21. Stage 5 policies will be presented to Board in December 21.		Green	Open
2020-21	HMP Inspection of Youth Offending Services	Deborah Driffield	Childrens	The Cardiff YOS Manager should have oversight of all YOS cases where there are safeguarding and public protection issues, making sure that appropriate referrals are made, and joint work takes place as needed.				April 2021 - A joint CS and YOS scorecard has been implemented and is seen at CMT every 5 weeks. Team Managers chair the Case Planning Forums (CPFs) and any concerns are escalated to High Risk Panel - the YOS OM chairs high risk panels on a rota basis. Individual case discussions take place in case managers supervision with staff in relation to safeguarding and child protection. The Duty YOS Team Manager has a recorded daily discussion with MASH and the YOS OM sits on the Children's Management Team (CMT). The CFF and CE MASH process is under review and are being amalgamated. The YOS ensures representation at MASH and MAPPA forums. The YOS has a named safeguarding lead and safeguarding is a standing agenda item on the monthly All YOS meetings.	October 2021 - The YOS OM is contributing to the SAFE pilot and rollout regarding children's risk of exploitation.		Green	Open
2020-21	HMP Inspection of Youth Offending Services	Deborah Driffield	Childrens	Local authority education services should develop effective strategies to encourage children who speak Welsh to access services in their preferred language, and to use, develop and recognise the value of the language as an employment skill.				April 2021 - A staff briefing session was held in April 2021 around Welsh language awareness and further work is ongoing to ensure the ChildView database has up to date information regarding which children are in Welsh medium schools. The YOS Sub-Committee have commissioned an in-house exercise to report on the number of Welsh speaking children and young people known to the YOS, both first language and those who attend Welsh medium schools. Looking at how we initially evidence the active Welsh language offer and continue this offer. There are 5 members of staff who are able to correspond in the medium of Welsh, including administrative staff.	October 2021 - Following a report by the YOS OM, a work plan has been put in place by the YOS OM to ensure a gold standard offer to all those young people who wish to receive tech service in Welsh. This has been shared with YOS subcommittee as well as the YOS HWB Doeth and taken forward via education as joint piece of work.		Green	Open
2020-21	Financial Sustainability Assessment	Ian Allwood	Resources	Addressing the budget gap and savings planning P1 The Council needs to formulate and progress its plans to meet the medium term budget gap, including: <ul style="list-style-type: none"> <li>Continuing to strengthen its savings planning process;</li> <li>Identifying the level of savings it can achieve through its transformation programme;</li> <li>Taking into account its other plans, for example about its estate, workforce and use of digital;</li> <li>Factoring in any medium to long term implications and opportunities from the pandemic; and</li> <li>Evaluating why savings have not been achieved in order to learn lessons and inform future plans.</li> </ul>	Agreed - The Council has strengthened its savings planning work and savings are no longer included 'at planning stage' within final budgets. Delivery against savings will continue to be monitored and reported to Cabinet and Strategic Committee. Lessons learned will be part of the challenge and have already been considered for example in terms of strengthening the business case approaches taken. Estates and workforce issues are seen as critical, in particular in response to the Transformation/ Hybrid Working agenda for example. The Budget Strategy and Corporate Plan due to be reported on in February and March of this year will include linkages to the estate and workforce challenges and future reports, in particular around Organisational Recovery post pandemic will also be prepared in the coming months. The medium term impact of the pandemic will be a key consideration for the budget strategy work in respect of 2022/23 given the ending of support through the Welsh Government hardship fund and this will be reported on in the Spring	Ongoing					Green	Open
2020-21	Financial Sustainability Assessment	Ian Allwood	Resources	Capital programme P2 The Council needs to ensure that its capital programme remains affordable in the medium to long term.	Agreed - The Council's Capital Programme is underpinned by a robust Capital Strategy that sets out priorities and mechanisms to fund the programme established. Governance and Audit Committee, through its role with respect to Treasury Management will continue to receive reports on performance against Prudential indicators that ensure the programme remains affordable and robust. The action is to be closed as the required governance arrangements are established, and will be closely monitored and maintained	Ongoing					Green	Closed

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Accountability/Reporting to	Previous updates	Mid Year Assessment update 2021/22	Year End Assessment Update 2021/22	Current RAG Status	Open/Closed
2020-21	Financial Sustainability Assessment	Ian Allwood	Resources	Pattern of overspending To drive the pattern of managing in some key services, the Council needs to maintain its focus on understanding and addressing the reasons for their overspend to ensure they do not have a negative impact on its medium-term financial sustainability, particularly given its forecasted medium-term budget gap and increasing demand pressures.	Agreed: Monitoring processes and the ability to respond quickly to budget variations are being constantly reviewed and where appropriate improved. The modelling work, in particular within high demand areas is also an area where work continues although it is noted that volatility will always exist in some areas and this has been magnified during the pandemic and resultant impact on service demands. The action is to be closed as the required governance arrangements are established, and will be closely monitored and maintained.	Ongoing				Green	Closed	
2020-21	CW Risk Based Inspection November 2020	Deborah Driffield	Children's Services	Care and Support Plans These are variable in quality. Some of the weaker plans lack clarity of purpose and must include transition actions needed to support parents to understand what needs to be done in order to improve their children's lives.	What we will do: To improve consistency of quality of Care and Support Plans via QA and management oversight: Review care plans pro-forma with staff to ensure fit for purpose and supports permanency. Agree timeline for introducing WBA alongside eAT. Reintroduce QA processes paused during COVID-19 to monitor quality of plans, include child/ family feedback in audit cycle and annual audit plan 2021-22. Introduce care and support review mechanism	See Mid-year assessment updates		Update December 2021 Monitor via good practice and QA actions in DDP. Monitoring of progress of SMMT objectives will be reviewed. (to be complete by Spring 2022) To be taken forward via implementation of Edgip. To be taken forward via implementation of Edgip. (to be complete by Spring 2022) To be taken forward via implementation of Edgip. (Completed) Being taken forward via implementation of Reviewing Hub. DM appointed (31/12/2021)			Open	
2020-21	CW Risk Based Inspection November 2020	Deborah Driffield/Lane Thomas	Children's Services/Adult Services	Advocacy Children's Services There was evidence of people being supported by informal advocates to participate in assessments and decisions that affect them. Some practitioners were aware of arrangements to commission formal advocacy whilst others were not. The local authority must ensure consistent consideration is given to both informal and formal advocacy as outlined in Part 10 Code of Practice for 2014 Act. Adult Services Some practitioners were aware of arrangements to commission formal advocacy whilst others were not. The local authority must ensure consistent consideration is given to both informal and formal advocacy as outlined in Part 10 Code of Practice for 2014 Act.	What we will do - Children's Services To ensure children and young people understand their rights ensure that all children and young people have access to a trusted adult who can support their voice being heard: Review access to Advocacy. Update policy - share widely with staff and promote. Update policy - share widely with staff and promote. Ensure focus on all advocacy not just active offer. Include advocacy in 6-monthly audit and annual audit plan 2021-22. What we will do - Adult Services Ensure consistent approach to advocacy across the teams by: Implement advocacy strategy following consultation Undertake awareness raising sessions for teams re gateway and range of advocacy services available Ensure clear guidance is available based on code of practice Reintroduce monitoring reports to ensure advocacy is used appropriately across the teams Re-commission IPA arrangements to meet identified needs - based on an analysis of data provided by the Gateway.	See Mid-year assessment updates		Update December 2021 Children's Services Monitor via workforce action in DDP. (Completed) The Independent Visitors offer has been increased and the NVAS Service has been expanded to provide better service user engagement. MOMO app has gone live. This is a digital platform open to every child involved in Children's Services and Early Help to communicate directly with their social worker and Children's Services 24/7. (Completed) Drop in sessions offered: NVAS have attended Extended CMT and are now attending individual Team Meetings to raise awareness. Guide to advocacy published. (Spring 2022) Regular reviews issued to all staff. Risk members via performance dashboard and contact monitoring. (Completed) To be taken forward via implementation of Edgip Update December 2021 Adult Services Final draft of the Advocacy Strategy currently with the working group for final comments. Strategy includes development of a Communication Plan which will ensure consistent understanding and use of the Advocacy referral pathways and services Plans in place to include Advocacy Strategy as part of the Adult Services Strategy and include in Cabinet sign off arrangements planned for December 2021. Advocacy Recommendation Project Plan is currently being drafted. Advocacy Strategy has been finalised and will be signed off by Cardiff Council via an Officer Decision Report. The Vale of Glamorgan Cabinet have reviewed the Strategy and we have been advised this was received well. It has since been agreed this strategy will not form part of the Adult Services Strategy, as this strategy will focus on older persons, whilst Advocacy is cross cutting for all Adult Services. An Officer Decision Report for the tender of Advocacy Services is currently being drafted. It is expected the model will include particular lots for specialist population groups that can be supported by advocacy (e.g. BME groups etc.) The Advocacy Gateway and services will remain regional; however the services will be tendered by each LA separately. The Services will be required to ensure they advertise and publicise advocacy services to adult services. It is expected new arrangements will be in place by July 2022.			Open	
2020-21	CW Risk Based Inspection November 2020	Deborah Driffield	Children's Services	Recruitment and retention The local authority remains committed to this improvement, however, despite this effort its ability to recruit suitably qualified practitioners remains a challenge.	What we will do: Workforce action plan to be agreed. Workforce action plan implemented.	See Mid-year assessment updates		Update December 2021 Monitor via workforce action in DDP. (Completed) Engagement is taking place with the Community Care Forum to not only engage with the wider social work sector by using research as a way to influence recruitment activity, but also to showcase the innovative practice which goes on in Cardiff. Intervention hub practice, IFAC, IFSS and Strengthening Localities. Staff have provided presentations at national workforce recruitment and market fairs. There is also an recruitment and retention framework which engages with both permanent and agency strategies to recruit the right skillsets. (31/03/22)			Open	
2020-21	CW Risk Based Inspection November 2020	Deborah Driffield	Children's Services	Recruitment and retention The local authority must take steps to address the negative impact of persistent change of workers on team working and relationship building particularly with young people and families in addition to the financial implications for the authority.	What we will do: Workforce action plan to be agreed. Workforce action plan implemented.	See Mid-year assessment updates		Update December 2021 Monitor via workforce action in DDP. (Completed) Permanent workforce has been increased to 80% by introducing a market supplement and developing a continuous professional development framework. Work is taking place with universities to encourage newly-qualified staff to come in. Action steps are being taken to retain agency workers with specialist skills to help to upskill the wider workforce, developing proof of concept roles which assist with the wider implementation of current practice and development. (31/03/22)			Open	
2020-21	CW Risk Based Inspection November 2020	Deborah Driffield	Children's Services	Communication with and involvement of staff Whilst there are indicators the local authority is starting to stabilise the workforce, some practitioners who responded to our survey and some we met during the inspection continued to be anxious and uncertain about further structural changes, especially to certain teams within Children's services. Although operational, some key decisions on proposed changes had already been made. Senior managers should continue to prioritise and develop the ways in which they involve and engage with practitioners, particularly at a time when transformational change is happening at pace.	What we will do: Senior managers to continue to prioritise and develop the ways in which they involve and engage with practitioners, particularly at a time when transformational change is happening at pace: Practice Development Group Extended CMT. Team meetings Ambassador meetings. Newsletters to be developed.	See Mid-year assessment updates		Update December 2021 In place. A number of surveys have been undertaken, the Practice Development Forum and Reunification Forum continue to be used and the 5 key priorities and lessons for practice for engaging staff in continuous professional development. Ambassador meetings are being re-introduced, Extended CMTs are held regularly, including a workshops with staff and managers regarding the Children's Services Strategy, feedback being given at Extended CMT and the Strategy document amended accordingly. Staff are included in recruitment fairs enabling the sharing of experience of what it is to work for Cardiff. (Completed) In place. (Completed) In place. (Completed) In place. (Completed) In place. (Completed) Developed. (Completed)			Closed	
2020-21	CW Risk Based Inspection November 2020	Deborah Driffield/Lane Thomas	Children's Services/Adult Services	Supervision Children's Services Whilst many practitioners reported receiving supervision and support from managers, we did not see evidence of critical evaluation in the sample of supervision records we reviewed. Supervision should provide opportunity for personal and professional reflection, constructive challenge and direction setting. Managers must ensure high quality supervision and management support is evident across all service areas. Consistent and well-recorded staff supervision should be a priority for improvement. Adult Services SUPERVISION: Did not see evidence of critical evaluation in the sample of supervision records we reviewed. Supervision should provide opportunity for personal and professional reflection, constructive challenge and direction setting. Managers must ensure high quality supervision and management support is evident across all service areas.	What we will do: Children's Services Implement new supervision policy. Implement supervision modules on Edgip. Introduce reflective supervision. Practice development groups to monitor and develop process to ensure that setting of standards and reviewing mechanisms are integral to the QA and supervision process. Adult Services Review supervision policy and update to strengthen arrangements and promote consistency of approach Develop arrangement for monitoring compliance regarding quantity and quality of supervision taking place	See Mid-year assessment updates		Update December 2021 Children's Services Pilot ongoing. (Completed) Reflective supervision training has been undertaken and most teams are doing peer supervision/peer learning reviews. (31/03/2022) Structured learning pods take place weekly. Practice Leads post have been created to lead practice and support staff to upskill knowledge and experience re specific pieces of work. (Completed) A system is in place for monitoring supervision. All staff had the opportunity to be involved in developing this. A Key Decisions document has been developed and introduced. (Completed) Funding for module approved - timeline TBC by supplier. Back to basics approach agreed - whatsapp channelled. Adult Services Completed (May 2021) Supervision audits have been included as part of the new Quality Assurance Framework. Work on this will continue once new QA Manager is in place. (September 2021)			Open	
2020-21	CW Risk Based Inspection November 2020	Deborah Driffield	Children's Services	Audits Whilst Children's Services auditing of work is undertaken on a regular basis and is strengthened by a moderation system that gives the local authority a clear understanding of practice consistency, actions arising from audits do not always focus sufficiently on outcomes for children, and this is a necessary step to help the move to good practice. The planned introduction of a Framework for Quality Assurance for Children's Services has been delayed due to the pandemic.	What we will do: Reintroduce QA processes paused during COVID-19.	See Mid-year assessment updates		Update December 2021 Monitor via QA action in DDP. (Completed)				Closed
2020-21	CW Risk Based Inspection November 2020	Deborah Driffield	Children's Services	Placement Sufficiency Sufficiency of suitable accommodation for young people remains a challenge.	What we will do: Launch Assessment Centre (Falconwood) Complete registration of residential provision (Oakway). Undertake a needs analysis to inform development of residential provision. Continue to develop relationships with IFAs to ensure placement sufficiency and consider the development of parent and child placements and step down from residential Implement central oversight of commissioning and governance of semi independent accommodation. Continue to monitor and develop Gateway accommodation provision in order to meet need. Introduction of review procedure to ensure step down and move on managed appropriately. Development of a 5 year plan to increase in house residential provision by a further 4 units	See Mid-year assessment updates		Update December 2021 Monitor via Commissioning Strategy actions in DDP. (Completed) Decisions re: development of residential provision have been based on presenting need and existing cohort of children in residential care. (Completed) Needs analysis being completed. Cardiff is committed to adopting the North Yorkshire County Council "No Wrong Door" model of residential care provision and any future substitute care provision will be based on the concept of this model of delivery. (Ongoing) Discussions re: potential for finance staff to move to sit alongside the Placements team commenced. This will support central monitoring of all independent living accommodation. (Ongoing) Second batch of Young Person's Gateway provision on stream with 4 young people accommodated. Residential review panel piloted in North locality and now being rolled out to East and South. Resource Panel implemented to oversee decisions re: placements. (Complete) Plan developed - includes changes to Crosslands, the opening of Falconwood and Oakway, and 4 new 3 bed properties, 2 of which will be used to house young people currently in Crosslands whilst renovation work is undertaken on the building.			Open	
2020-21	CW Risk Based Inspection November 2020	Deborah Driffield/Lane Thomas	Children's Services/Adult Services	Children's Services Communicating with our children and families Some people who responded to our survey told us of difficulties in contacting the service. We heard of calls not being returned and of long delays before calls are returned. Concerns were raised about the attitude of some members of staff. The local authority must ensure it has robust arrangements to communicate effectively with people. Adult Services COMMUNICATION: Some people who responded to our survey told us of difficulties in contacting the service. We heard of calls not being returned and of long delays before calls are returned.	What we will do: Children's Services Participation Framework to be developed. Learning from complaints and enquiries to feed into service development. Adult Services Review and improve current contact arrangements with care providers, ensuring contact arrangements and expected response times are clearly communicated. Continue to hold regular forum meetings with providers and smaller meeting with provider association committee members with attendance from case-management services to promote open dialogue. Develop an escalating process for providers so that they are aware who to contact if they are dissatisfied with a response or are unable to secure a response from a staff member.	See Mid-year assessment updates		Update December 2021 Children's Services Monitor via participation and QA actions in DDP. Draft has been developed. Adult Services Complete A survey has been carried out with providers to determine the most effective way they would like the LA to communicate with them. Email was the preferred option but it was acknowledged that the range of communication methods currently deployed were meeting needs. This included virtual meetings, newsletters, telephone calls as well as e-mail. Using the Contacts mailbox as a single point of contact for correspondence was felt to be working well. (September 2021) A specific communication has been sent out to providers detailing the contact details of case management team and operational managers to contact in the event that providers need to escalate matters regarding specific cases. Meetings with providers continue - fortnightly meetings with care home association and quarterly care home provider forums / monthly meetings with care home association and wider sector and quarterly dom care provider forums. Specific consultation undertaken for key areas of development - e.g. Fee Setting Strategy for Dom care / cost of Care exercise for MNU/LSU care homes.			Open	
2020-21	CW Risk Based Inspection November 2020	Deborah Driffield	Children's Services	Transfers between teams We heard of delays in case transfer between teams and this was a particular area of concern raised by staff and young people where teams had a high turnover of staff.	What we will do: Implement transfer protocol.	See Mid-year assessment updates		Update December 2021 QA quarterly report established in Q1 triangulates this information - the report structure will be further developed (Complete)				Closed

Year of Audit	Name of Audit	Lead Officer	Directorate	Recommendation	Management Response	Action Date	Accountability/Reporting to	Previous updates	Mid Year Assessment update 2021/22	Year End Assessment Update 2021/22	Current RAG Status	Open/Closed
2020-21	CW Risk Based Inspection November 2020	Deborah Driffield	Children's Services	Strong meetings - risk identification and planning Child protection strategy meetings provide effective forums for partners to share information that enables the right threshold decisions to be made for children who are at risk. In contrast, as plans were developed the focus on risk diminished, the taking out of detail and drawing in support network of family and friends was not always evident.	What we will do: Review the focus on risk in plans / meetings and the involvement of key supportive networks and family	See Mid year assessment updates			Update December 2021 Introduction of Family Group Conferences. (Completed) Section on support networks and professionals included in the plan along with the actions they will be taking to support the family as part of the development of Eclipse. In interim, social workers to use existing documents to record risk and networks. (Ongoing 2022) Following audits on joint Section 47s practice guidance has been developed re strategy discussions and what needs to be included in those. The strategy discussion will then tie up into the Section 47 outcome actions to pick up the risks identified. This will be introduced alongside the Wellbeing Section 47 to be used in line with Eclipse.			Open
2020-21	CW Risk Based Inspection November 2020	Deborah Driffield	Children's Services	Child Protection plans Review the focus on risk in CP plans.	What we will do: Ensure the perspective of all statutory partners in the development of plans is embedded.	See Mid-year assessment updates			Update December 2021 Monitor via care planning action in DDP. (31/12/21) 5 key priorities being implemented alongside a review by the Practice Development Groups.			Open
2020-21	CW Risk Based Inspection November 2020	Jane Thomas	Adult Services, Housing & Communities	DIRECT PAYMENTS: In adults services we found direct payments not routinely offered. The local authority must ensure people are routinely offered and supported to make informed choices about accessing direct payments and how the level of control they wish to maintain over their own care and support can be achieved.	Ensure people are consistently and correctly advised about direct payments Monitor data on direct payments offered / in place - on a team basis Explore opportunities to include mandatory fields for DP on Carefirst / Eclipse to ensure offer is appropriately captured Review information on DP and update to ensure clear written information is available Set out communication strategy for citizens, professionals and other colleagues Review procedures including safeguarding arrangements to give confidence to professionals on the use of direct payments Review current arrangements for Direct Payments and complete options appraisal for future arrangements.	See Mid-year assessment updates		Update December 2021 Direct Payments Project Group initiated, with project plan currently being drafted. Project Plan will have two main focuses for the review: 1) Internal processes for the referral and use of Direct Payments 2) Review of the Direct Payment Service with options appraisal and recommendations for future provision. (March 2022) The Direct Payment project group have been progressing and are considering training options with a Cardiff contact for Social Workers: training around the practical and financial elements has already been rolled out to some teams. Additional work is being looked at to map current processes and review the policy and procedures for direct payments. (March 2022) Strengthening of contract monitoring arrangements in place with DPs support provider - awareness raising of DPs undertaken via advice service and the Comms team. (March 2022) In progress An initial data analysis has been completed in relation to hours and related costs. KPI will be developed as part of the ongoing review.			Open	
2020-21	CW Risk Based Inspection November 2020	Jane Thomas	Adult Services, Housing & Communities	CARERS ASSESSMENTS: In adults services some carers were refusing carers assessments wanting the focus to be on the needs of the care for. Managers need to consider the variation in practice between teams and promote learning from its own areas of positive practice. The local authority must ensure carers are provided with the right information, advice and assistance to support them	Review how carers assessments are carried out and communicated Review monitoring of carers assessments Consider increased intervention at First Point of Contact Review how carers assessments are communicated to ensure the potential benefits to carers are promoted Consider approach currently used and context/life of document. Consult with appropriate partners to establish carer friendly system. Run the full approach from initial referral and onward into locality team and link assessment with Cardiff/Eclipse work Carers Gateway currently provides support, ensure this fully promotes carers assessments Provide additional community support groups through the Hubs and promote carers assessment as part of this.	See Mid-year assessment updates		Update December 2021 This work is taking place as part of the locality working project, access work to services. (March 2022) A review of carers assessments has taken place. We are making better use of the carers gateway, and it has been agreed to relocate the service into ILS The service will be located in the First Point of contact, by January 2022. Every call into the first point of contact will have an explanation of the benefits of a carers assessment, and an active offer to speak with an assessor at that point, or an appointment made. From Feb: we will ensure all carers assessments are offered, either by phone, virtually or face to face. The assessors will be fully trained on all links to the ILS community connections teams, which actively supports isolation and access to community support, income maximisation, life time improvements and much more Our holistic visiting service will ensure they actively offer carers assessment, and we will work with our hubs, to ensure when they identify with an informal carer, they can sign post to the first point of contact, we will then look to develop services to support the informal carer, and the cared for person within hubs and local community groups We will then look to further develop services to support the informal carer, and the cared for person within hubs and local community groups, and in association with a citizen engagement and carers			Open	
2020-21	CW Risk Based Inspection November 2020	Jane Thomas	Adult Services, Housing & Communities	RELATIONSHIPS: Concerns were raised about the attitude of some members of staff	Better understand and monitor the cause of complaints Managers to proactively address any complaints about attitude and support staff to communicate more positively Ensure themes arising from complaints are identified and lessons learned sessions undertaken for staff Support staff to communicate negative decisions in a positive way Ensure all staff are aware of the wide range of positive offers that can be made to support people Continue to roll out collaborative conversations training and monitor impact Consider further customer service training Consider merits of providing Motivational Interviewing Training for teams Communicate and value compliments Regularly report on both compliments and complaints	See Mid-year assessment updates		Update December 2021 Annual report on complaints has recently been finalised for Adults and Children's Services. Complaints are considered at Adult Services Management Team (March 2022) The complaints process is being reviewed and is being restructured to sit within adult services with a new complaints manager and additional resource. A new complaints and engagement officer role is currently going through HR. The remit for this role will include strengthening our engagement with the workforce via surveys and focus groups etc. As set out in QA section above work is underway to strengthen complaints arrangements in Adult Services to make them more closely aligned to training and policy development. Work is progressing on a restructure for the training unit which will strengthen the training arrangements within Adults and Children's Services. It is expected that consultation on the proposed new structure will commence at the beginning of November. These new arrangements will allow for better training plans and monitoring.			Open	
2020-21	CW Risk Based Inspection November 2020	Jane Thomas	Adult Services, Housing & Communities	COMMUNICATION: Providers are not always informed of changes to people's care and support plans and personal circumstances. It is of concern that this involved people discharged from hospital. This is an area the local authority should review as good communication with providers is key to ensure people's well-being and safety particularly following a period in hospital.	Review communication with care providers as part of the wider review of SPA & CRT: Ensure continuity of care wherever possible Clear pathways for hospital discharge to be developed and fully understood by all partners "warm" handover to be carried out between CRT Homecare and domestic agency Encourage feedback from providers.	See Mid-year assessment updates		Update December 2021 A full review of SPA and CRT is underway, proposals for the future should be complete by January. This project will then move into the implementation phase. The "to be" model for CRT and FPOC Hospitals has been developed in Q2. In conjunction with the @home locality programme where we have explored a number of "to be" options. An options paper is to be presented to the locally board with a decision expected in Q3. This also includes the tender, procurement and commencing implementation of the new call monitoring and scheduling system for CRT. We have set up weekly working groups with CRT Health, Local authority and Social Care. From which we have put together proposals for a To Be model interfacing the pink army with SPA and discharge services in to the community setting. The next steps are to agree the process and milestones, system support, in conjunction with staff, out of which will come a full written process along with a MoU, for both organisations. January to March we intend to begin a trial of the proposed services, which will be located on site in UHW, on 3 trial wards. We will build in bi-weekly evaluation of the impact and benefits, to compare with the current system, if the trial model is found to be beneficial, we will scale up across all our hospital sites.			Open	
2020-21	CW Risk Based Inspection November 2020	Jane Thomas	Adult Services, Housing & Communities	SAFEGUARDING: Further work is required to embed the key areas identified in the local authority's Adult Safeguarding Audit Report in February 2020. We identified, however, the need to strengthen and quality information gathered during the course of managing safeguarding reports and undertaking section 126 enquiries.	Develop a comprehensive improvement plan for Safeguarding arrangements with clear actions and milestones Development of clear practice guidance which: Embeds the language of the Act Sets clear thresholds for action Ensures the voice of the individual is heard Ensures consistent assessment of risk / recording / information gathering	See Mid-year assessment updates		Update December 2021 Service Improvement plan has been developed. Will be updated for the last 1% of the financial year (March 2022) Practice guidance has been completed in draft and presented to Adult Services Management Team for comments. This should be finalised shortly Pending consultation with ASMT Self and peer auditing has been introduced Reviewing and developing a local protocol for Large Scale Enquiries within and Adult Safeguarding Context Introduction of weekly team development hour to embed good practice and consistency across the service Quantitative data collection has been used to monitor timescales			Open	



**GOVERNANCE & AUDIT COMMITTEE: 25 JANUARY 2022**

---

**UPDATE ON THE WORKING RELATIONSHIP BETWEEN THE GOVERNANCE  
AND AUDIT COMMITTEE AND SCRUTINY COMMITTEES****AGENDA ITEM: 10.2****REPORT OF THE AUDIT MANAGER**

---

**Reason for this Report**

1. This report has been prepared in relation to the Governance and Audit Committee's responsibility 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.
  - 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.
  - 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.
  - 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
2. The report provides details of recent engagement between the Chair of the Governance and Audit Committee and the Chairs of the Council's Scrutiny Committees, and a proposal for working together in partnership for which Committee approval is sought.

**Background**

3. The Local Government and Elections (Wales) Act 2021 places performance responsibilities on the Governance and Audit Committee. The Committee is to review and make recommendations on the Annual Wellbeing report (the Council's statutory self-assessment report) each year and the Panel Performance Assessment Report to include the Council's draft response, required at least once during an electoral cycle. The focus of these reviews relates to high level issues around securing performance requirements using the governance

infrastructure of the Council, rather than on service area performance issues dealt with by Scrutiny Committees.

4. The Council's Scrutiny Committees are responsible for scrutinising specific performance issues within the remit of their terms of reference and executive decision making. The work of Scrutiny Committees as they relate to performance issues will feed into the Annual Wellbeing report, which then must be shared with the Governance and Audit Committee.
5. The above responsibilities and the interplay between Governance and Audit and Scrutiny Committees have been considered in Committee meetings, and via the All-Wales Governance and Audit Committee Chair's Network. The Chair's Network Meetings have been attended and contributed to by peers across Welsh Local Authorities, the Welsh Local Government Association (WLGA) the Chartered Institute of Public Finance and Accountancy (CIPFA) and Audit Wales.
6. On 20 July 2021, in considering performance responsibilities, wider roles and the benefits of engaging as appropriate with Scrutiny Committees on relevant matters of business, the Governance and Audit Committee Chairperson advised Members of his intention to engage with the Chairs of the Council's five Scrutiny Committees in order to develop and maintain a partnership working arrangement.
7. The following paragraphs provide an outline of the intentions as agreed by all in attendance at a subsequent meeting held with the Chairs of Scrutiny Committees at the Scrutiny Chairs' Liaison Forum on 6 December 2021.

## Issues

8. The Scrutiny Chairs' Liaison Forum meeting in December 2021 was attended by Committee Chairpersons, the Head of Democratic Services, Audit Manager, OM Performance and Policy and Principal Scrutiny Officers. The meeting was constructive, with a shared appetite communicated across Committees for working together in partnership.
9. A number of steps were agreed in the above meeting, centred on principles of sharing and informing the respective Committees of Committee work programmes, enquiries and outcomes.
10. The following process was agreed, which is intended to be substantially coordinated by the Audit Manager for the Governance and Audit Committee and the respective Principal Scrutiny Officer for each Scrutiny Committee. The Head of Democratic Services will oversee Scrutiny arrangements, and the OM Performance and Policy will provide support where appropriate.
  - A Liaison Plan will be developed for the current year and reviewed at the end of the reporting period
  - All Scrutiny Committee letters will be shared with the Audit Manager who will identify and discuss issues relevant to the Committees' role with the Chair of the Governance and Audit Committee
  - The Audit Manager will share Governance and Audit Committee letters with relevant Principal Scrutiny Officers for Scrutiny Committee information
  - Committee Work Programmes and updates will be shared and considered by the Lead officer and respective Committee Chairperson for awareness and insight
  - The Chairs will hold a meeting twice a year (intended as July and December) – this will coincide with the timing of year-end and mid-year performance reports and reviews and would provide a forum for relevant discussions

- The Chairs may hold individual discussions and send relevant correspondence as and when required in respect of Committee business / enquiries

11. The Chair of the Governance and Audit Committee and Audit Manager will provide relevant updates to Committee on the working relationship between the Governance and Audit Committee and Scrutiny Committees as appropriate.

### **Legal Implications**

12. There are no direct legal implications from this report.

### **Financial Implications**

13. There are no financial implications directly arising from this report.

### **RECOMMENDATIONS**

14. That the Governance and Audit Committee considers and approves the process as set out in paragraph 10 above.

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

This page is intentionally left blank



## **GOVERNANCE & AUDIT COMMITTEE 25 January 2022**

---

### **SENIOR MANAGEMENT ASSURANCE STATEMENT HALF YEAR 2021/22 REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 10.3**

---

#### **Reason for Report**

1. The Governance & Audit Committee's Terms of Reference requires Members 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.
2. Specific components of the AGS reported individually to the Governance & Audit Committee are the biannual Senior Management Assurance Statements (SMAS) and the AGS Action Plan of significant governance issues, following approval by the Senior Management Team. This report provides members of the Governance & Audit Committee with the full AGS for 2020/21 that will sit alongside the Council's Statement of Accounts.

#### **Background**

3. Senior Management Assurance Statements (SMAS) are used to assess governance maturity in application of the 'Delivering Good Governance in Local Government' framework, developed by CIPFA / SOLACE.
4. On the 20 July 2021, the Governance & Audit Committee received the draft Annual Governance Statement which contained the proposed action plan for significant governance issues to be carried forward into 2021/22. The report also stated that a progress report against the identified actions will be considered as part of the SMAS Half year report.
5. The Annual Governance Statement Action Plan for 2021/22 was as follows
  - Extend and deepen the areas of SMT investigation in respect to compliance, risk and outcomes.
  - Extend the assurance on the quality of performance reviews through evidence gathering at Directorate level
  - Embed into the self- assessment on Assurance the Five ways of Working in respect to the Future Generations Act.
6. The Action plan points were to be progressed during the year and considered alongside the self-assessment of the Senior Management Statements. In addition to the three actions taken forward by SMT, each directorate was directed to develop its own assurance action plan in order to capture opportunities for improvement at a directorate and / or service level.

7. Through the SMAS, each Director responds to 28 good governance statements using a 5-point maturity scale for their areas of responsibility ranging from 'not in place', 'limited application', 'mixed application', 'strong application' to 'embedded'. Prior to submitting their returns, each Director is required to obtain underlying assurances from their management teams to support a directorate-wide response to each statement.
8. Each of these 28 Statements are linked to 9 categories considered within Governance
  - Risk Management (5)
  - Future Generations (7)
  - Compliance (2)
  - Programme and Project Assurance (3)
  - Budget Monitoring (2)
  - Planning and Decision Making (2)
  - Internal Control Environment (3)
  - Fraud & Financial Impropriety (2)
  - Performance Measurement & Management (2)
9. The 28 Statements that are asked of each directorate can be found in Appendix A. The statements in respect to Future generations and Five Ways of Working have been significantly reviewed to ensure that all aspects are considered when determining assurance.
10. In November 2021, each Directorate SMAS return was considered at a Challenge session chaired by the Chief Executive and the collective set of returns presented to and discussed by Senior Management Team at their meeting of 18 January 2022. In the same meeting, a progress update was given on the action plan which covered significant issues arising from the Annual Governance Statement. It was also reported that 45 actions have been identified by Directorates and they will be collectively monitored by SMT and where applicable those actions will be carried forward into the next financial year.

## Issues

### Senior Management Assurance Statements

11. Each Directorate has self assessed themselves against each Assurance category against the 28 statements and the Mid-year statement is set out in the following two tables;

<b>Directorate / Service</b>	<b>Self-Assurance Level</b>
Adults, Housing & Communities	Strong (middle range of assessment)
Children's Services	Strong (lower range of assessment)
Economic Development	Strong (middle range of assessment)
Education	Mixed (lower range of assessment)
Governance and Legal Services	Strong (middle range of assessment)
Planning, Transport and Environment	Strong (middle range of assessment)
Resources	Strong (middle range of assessment)

<b>Category</b>	<b>Assessments challenged</b>
Risk Management	Strong (middle range of assessment)
Future Generations Act	Mixed (higher range of assessment)
Compliance	Strong (middle range of assessment)
Programme and Project Assurance	Strong (lower range of assessment)
Budget Monitoring	Strong (middle range of assessment)
Planning and Decision Making	Strong (lower range of assessment)
Internal Control Environment	Strong (middle range of assessment)
Fraud & Financial Impropriety	Strong (lower range of assessment)
Performance Measurement & Management	Mixed (higher range of assessment)

12. The following table sets out the actions and the progress to date made against each at the mid-point.

Actions	Half Year Position	Future Actions
Extend and deepen the areas of SMT investigation in respect to compliance, risk and outcomes.	Senior Management Team received reports on 1. Mandatory Training Module Compliance 2. Procurement rules compliance 3. Internal Audit Recommendations 4. Risk Management Q1 and Q2 5. Establishment Reviews	To progress further compliance reports for the rest of the year
Extend the assurance on the quality of performance reviews through evidence gathering at Directorate level.	Half Yearly Performance Reviews to be completed by end of November	Short, sharp report to be produced by Directors as to the evidence used to provide an assurance opinion on Performance Reviews.
Embed into the self-assessment on Assurance the Five ways of Working in respect to the Future Generations Act.	SMAS refreshed to include questions specifically on each of the Five Ways of Working. Questions to be answered as part of the Half yearly Review and follow up actions to be actioned once results are collated.	Actions in respect to Five Ways of Working have been factored into individual directorate Action Plans and outcomes will be reported as part of end of year.

### **Reason for Recommendation**

13. To enable the Governance & Audit Committee to note the mid-year position in respect of self-assessments and action plan update

### **Legal Implications**

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

### **Financial Implications**

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

### **Recommendation**

16. The Governance & Audit Committee to review and comment upon the self-assessed elements of Senior Management Assurance Statements, and Action Plan of Significant Governance Issues.

**Christopher Lee**  
**Corporate Director Resources**  
25 January 2022

The following Appendices are attached:

**Appendix A** – Senior Management Assurance Statements



Statement (Assurance)	Type
All relevant risks to directorate and corporate priorities and objectives are identified promptly and I receive a complete and comprehensive directorate risk register at least quarterly.	<b>Risk</b>
My quarterly risk identification, assessment and review processes include effective engagement with all relevant managers, partner organisations, stakeholders and boards, through which I ensure good awareness and use of all relevant risk information.	<b>Risk</b>
I have at least one dedicated risk champion for my directorate, and I meet with my lead risk champion at least quarterly to review my directorate and corporate risks and ensure all risk registers are complete, accurate, effectively assessed and reported to the Risk Management Team each quarter.	<b>Risk</b>
I ensure proportionate risk responses are applied to manage all directorate risks in a timely manner and to an acceptable level, and I escalate all 'red' risks to SMT at least quarterly.	<b>Risk</b>
I have strategies in place to ensure that all corporate risks allocated to me are managed to an acceptable risk level in a timely manner.	<b>Risk</b>
I can demonstrate that I have a clear understanding of current and future demand pressures and trends that will impact on my service, and that these inform my services priorities and risks.	<b>Future</b>
I can demonstrate that preventative actions that are likely to contribute to better outcomes and use of resources over the longer term are identified, prioritised and resourced , even where this may limit the ability to meet some short-term needs.	<b>Future</b>
I can demonstrate an understanding of my service's contribution to delivering the Council's wellbeing objectives, and there is a well developed understanding of how key decisions/ actions impact on other Council departments and public sector bodies. I can evidence that my Directorate management team proactively seek opportunities to work across Council department and with other public bodies. I can demonstrate that governance, structures and processes support this, as do behaviours.	<b>Future</b>
I can demonstrate that Robust governance, risk management and control arrangements are in place for all partnership / collaborative arrangements. NB. For new arrangements, the assessment should reflect the extent to which governance, risk management and control arrangements are proportionate to the developmental and decision making stage of the partnership / collaboration.	<b>Future</b>
I receive timely and complete reports from all directorate partnership and collaborative arrangements, from which I can report assurance on robust governance, risk management and control.	<b>Future</b>

I can demonstrate that there is an understanding of who needs to be involved in any decision about changes to my services, and why, in any engagement activity, that the views of hardest to reach groups are considered and that all statutory requirements in relation to consultation and engagement are met.	<b>Future</b>
I can present evidence that the views of stakeholders are considered in the decision making process.	<b>Future</b>
The results of compliance and review reports demonstrate sound compliance with policies, rules, legal and regulatory requirements across my areas of responsibility.	<b>Compliance</b>
I am aware of and deliver clear actions promptly to address all areas of non-compliance e.g. training, work instructions, systems development, application of HR policy etc.	<b>Compliance</b>
Prior to initiating any new programmes or projects: <ul style="list-style-type: none"> <li>• I demonstrate the rationale and methodology which supports prioritising the project or programme,</li> <li>• Where relevant the broad scope is considered whether or not the resource to manage is within the directorate.</li> </ul>	<b>Project Initiation</b>
All programmes and projects for which I am responsible have robust briefs, plans and business cases which have been appropriately approved in a timely manner, and include clearly defined financial and non-financial outcomes and benefits	<b>Proj. Initiation</b>
All programmes and projects proactively manage the achievement of key milestones and record and manage associated opportunities, risks and issues. This is evidenced in timely and robust reporting to oversight boards.	<b>Proj. Initiation</b>
Throughout my directorate, there are robust mechanisms in place to deliver the budget with strong and effective budget monitoring and control.	<b>Budget</b>
Throughout my directorate, there are robust mechanisms in place to deliver all savings and income targets.	<b>Budget</b>
My directorate has worked effectively to deliver the Corporate Plan, and my Directorate Delivery Plan clearly sets our contribution to achieving corporate priorities and objectives and managing associated risks.	<b>Planning - Decision</b>
Robust business cases outline the savings and the mitigation of associated risks such as sale of assets, technology changes, reduced staffing, restructure or alternative service delivery models.	<b>Planning – Decision</b>

<p>Clear Roles and Responsibilities  Clear and effective authorisation processes  Robust and complete policies and procedures  Robust monitoring, reporting and review arrangements  Timely identification and mitigation of control weaknesses</p>	<b>Control</b>
<p>There is a culture of clear accountability for upholding strong internal controls within the directorate and managing any non-conformance.</p>	<b>Control</b>
<p>Across all functions, partnerships and collaborations, robust safeguards are in place for:</p> <ul style="list-style-type: none"> <li>• Physical and information assets</li> <li>• Financial Stewardship</li> <li>• Authorisation and approval procedures</li> <li>• Systems</li> </ul>	<b>Control</b>
<p>I have robust controls in place to prevent and promptly detect fraud, bribery and corruption</p>	<b>Fraud</b>
<p>I can evidence effective application of the Fraud, Bribery &amp; Corruption Policy and the Disciplinary Policy</p>	<b>Fraud</b>
<p>KPI and benchmarking data is collected for all key areas of service and are used to measure performance and to drive improvement actions.</p>	<b>Performance</b>
<p>All relevant staff have completed their Performance Reviews using S.M.A.R.T objectives and clear performance evidence, from which effective development plans have been produced.</p>	<b>Performance</b>

This page is intentionally left blank

**GOVERNANCE AND AUDIT COMMITTEE:  
25 January 2022**

---

**DRAFT TREASURY MANAGEMENT STRATEGY 2022/23**

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 11.1**

---

**Reason for this Report**

1. The Governance and Audit Committee Terms of Reference sets out their responsibility for undertaking scrutiny of the accounting, audit and commercial issues in relation to the Council's Treasury Management Strategy and practices.
2. A Treasury Management Strategy for 2022/23 is required to be approved as part of the Budget Report to Council in March 2022. This report has been prepared to provide Governance and Audit Committee Members with the draft Treasury Management Strategy for 2022/23.

**The Draft Treasury Management Strategy**

3. The strategy is included at Appendix 1 and covers the following areas:-
  - Introduction to the Capital Strategy, Capital Financing Requirement and Treasury Strategy
  - The current treasury position
  - Economic background and prospects for interest rates
  - Borrowing, including:-
    - Policy
    - Annual Minimum Revenue Provision (MRP) Policy Statement
    - Council borrowing requirement
    - Borrowing Strategy and choice between internal and external borrowing
  - Treasury management indicators and limits for 2022/23 to 2026/27
  - Treasury investment policy and strategy, including security and investments approved for use
  - Treasury Management Code 2021 Update
  - Non Treasury investments – Service investment and investment primarily for yield
  - The Treasury Function
  - A glossary of terms.

4. It should be noted by the Committee that the Treasury forecasts and many of the indicators included in this draft are dependent on the final Capital Programme, which will be determined at Council in March 2022 and also the updated Month 9 monitoring position for 2021/22, to be considered in February 2022.
5. The main points to note in the draft Treasury Management Strategy are:
  - It is a single integrated strategy for the Council as a whole rather than separate strategies for the Housing Revenue Account and the Council's General Fund.
  - The strategy is required to be drafted in accordance with Welsh Government guidance on investments and the requirements of the CIPFA Treasury Management Code.
  - The main areas of investment resulting in an increase in the Capital Financing Requirement are highlighted in the draft strategy.
  - Maintaining the previously agreed approach to provision for debt repayment of debt and particularly for supported borrowing.
  - The timing of borrowing decisions, associated risks and financial implications will be important in order to achieve a balance between using temporary cash balances held (internal borrowing) in the short term and securing parts of the Council's long term borrowing requirement.
  - The priority for Treasury investments remains security, liquidity then yield, with the Strategy retaining the potential use of a range of investment options to increase diversification and increase individual limits to support the management of cash in a low interest environment. Joint Ccommittee temporary cash will be managed within criteria and parameters set out in the strategy.
  - Strong credit criteria are set for investments undertaken by the Council based on Fitch Credit Criteria.
  - The Treasury Management Strategy will apply from the date of approval by Council in March 2022.
  - The Council is progressing significant capital projects which could have significant Treasury Management Implications. The impact on the Council as a result of these schemes and governance arrangements in place to deliver them will need to be closely monitored to ensure no adverse financial implications for the Council.
  - CIPFA recently completed the second round of consultation on the proposed changes to the current editions of the Treasury Management Code and Prudential Code. The revised editions of these Codes were published on the 20 December 2021. The Council has to have to have regard to these codes of practice when we prepare the Treasury Management Strategy Statement and related in-year reports taken to Full Council for approval. CIPFA has agreed a soft launch approach with formal reporting requirements deferred until 2023/24 financial year. The Council will need to set in place an approach to ensure that new requirements are implemented on or before the 1st April 2023.

- As part of these changes, the Council is required to adopt a a number of changes, which are outlined in the strategy. Whilst the reporting requirements do not formally need to be adopted until 2023/24, the Codes are now in force and should be followed when decisions on capital expenditure, treasury, service and commercial investment are being taken.

### **Reason for Report**

6. To note the proposed Draft Treasury Management Strategy for 2022/23 and provide any comments as necessary to be considered as part of the final document.

### **Legal Implications**

7. No direct legal implications arise from this report.

### **Financial Implications**

8. The Treasury Management Strategy does have financial implications which will need to be consistent with and form part of the budget proposals for 2022/23, Medium Term Financial Plan and Capital Strategy to be considered by Council in March 2022.
9. In approving the Capital Strategy and Treasury Management Strategy, Council Members will need to consider the affordability, prudence and sustainability of an increasing borrowing requirement in line with the Prudential Code. This will need to include a range of financial and procedural mitigations to support an expanding investment programme and mitigate against risks to affordability.

### **RECOMMENDATION**

10. That Audit Committee note the Draft Treasury Management Strategy for 2022/23 and provide comments as necessary with any amendments being considered for inclusion in the final strategy which will be considered by Cabinet prior to approval by Council as part of the 2022/23 Budget Proposals Report.

**CHRISTOPHER LEE**  
**CORPORATE DIRECTOR RESOURCES**  
**25 January 2022**

*The following appendices are attached*  
Appendix 1 – Draft Treasury Management Strategy 2022/23

This page is intentionally left blank



# Draft Treasury Management Strategy 2022/23

Cardiff Council



# Contents

	<b>Page</b>
<b>Introduction</b>	
Treasury Management	3
Governance and Reporting	3
Capital Strategy and CFR	5
Treasury Management Strategy	7
<b>The Treasury Position</b>	<b>8</b>
<b>Economic Background and Prospects for Interest Rates</b>	<b>10</b>
<b>Borrowing</b>	
Borrowing Policy	12
Minimum Revenue Provision Policy	13
Council's Borrowing Requirement	14
Borrowing Strategy	14
<b>Treasury Management Indicators and Limits for 2022/23 – 2026/27</b>	
Authorised Limit	16
Operational Boundary	16
Maturity Structure of Borrowing	17
<b>Treasury Management Investments</b>	
Treasury Investment Policy	18
Treasury Investment Strategy	18
Specified Investments	19
Non-Specified Investments	19
Security / Creditworthiness Policy	20
<b>CIPFA Treasury Management Code 2021 Update</b>	<b>24</b>
<b>Non-Treasury Investments – Commercial / Service Investment</b>	<b>25</b>
<b>The Treasury Function</b>	<b>27</b>
<b>Glossary of Terms</b>	<b>28</b>

## Treasury Management

1. The Council carries out its treasury management activities in accordance with a Treasury Management Code of Practice for public services. This was updated by CIPFA in December 2021 following a consultation exercise, with the key changes to be fully embedded into processes for the 2023/24 financial year. The key updates to the Code are set out later below. The Code requires the Council to set out the policies and objectives of its treasury management activities and adopt four Clauses of Treasury Management. These were formally adopted by the Council in February 2010. The last section of this strategy includes a glossary of terms used in this document.

2. CIPFA has adopted the following as its definition of treasury management activities:

*The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*

3. The definition of 'Investments' above includes:

- treasury management investments (held for the prudent management of financial affairs), as well as
- non-treasury Investments, undertaken as part of a Capital Strategy either in the course of provision of services; or made for commercial reasons purely to make a financial gain. These are managed outside of normal treasury management activity.

Treasury management investments represent the placement of cash in relation to the section 12 Local Government Act 2003 Act investment powers, i.e., they are the residual cash left in the authority's bank account resulting from the authority's day to day activities. Non-treasury investments tend to relate to section 1 expenditure powers under the Act.

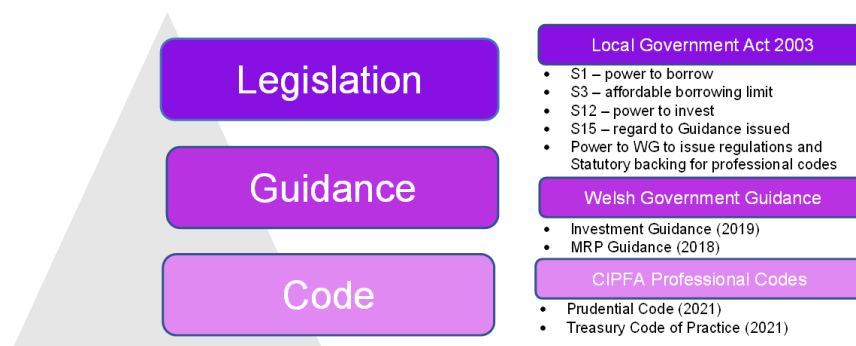
This Treasury Management Strategy covers treasury management investments only.

## Governance and Reporting

4. In compliance with Codes and Council policy, full Council receives a report on:
  - the Treasury Management Strategy at the start of a forthcoming year
  - a mid-year update and
  - an outturn report.
5. The Treasury Management Strategy is an integral part of the Council's Strategic and Financial planning framework.



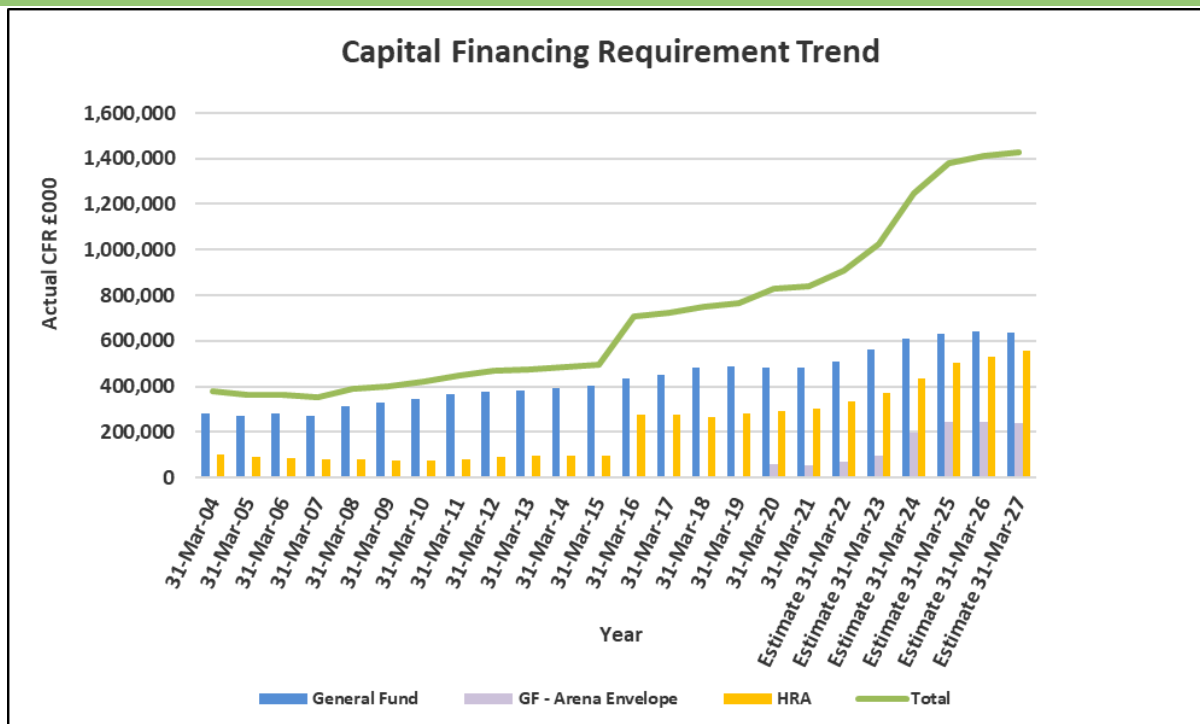
6. In 2004, local authorities were provided with flexibility in relation to the quantum and timing of borrowing decisions. Legislation, guidance and professional codes of practice were introduced to support decision making and ensure investment and borrowing is Prudent, Sustainable and Affordable.



7. The Council has delegated responsibility for treasury management to the Corporate Director of Resources and S151 Officer. The Council's Treasury Management Practices which are updated annually, identifies specific responsibilities of officers as well as setting out schedules highlighting the way in which treasury activities are managed.
8. Responsibility for treasury decisions ultimately remains with the Council, however the Council recognises the value in the use of treasury advisors to support the management of risk and to access specialist skills and resources. Support provided by Link Treasury Services Limited includes advice on timing of decision making, training, credit updates, economic forecasts, research, articles and advice on capital finance.
9. Governance and Audit Committee undertakes scrutiny of the accounting, audit and commercial issues in relation to the Council's Treasury Management Strategy and practices and various reports are produced highlighting treasury management activities in accordance with council policy.

### Capital Strategy and Capital Financing Requirement (CFR)

10. The Council's Capital Strategy sets out that successfully delivering the commitments set out in the Council's Capital Ambition will require capital investment. Having a capital strategy in place informs capital investment decisions by providing a framework, which will:
  - provide a longer-term view of capital expenditure plans whilst setting out all the financial risks to which the authority is exposed
  - ensure decisions can demonstrate sufficient regard to the long-term financing, affordability implications and potential risks to the authority
  - provide an overview of the Council's asset management planning arrangements, which includes any maintenance requirements that have resource and business planning implications.
  
11. The Capital Strategy is approved by Council as part of its budget setting process, with specific commentary required by the Council's S151 Officer in respect to deliverability, affordability and risks. The strategy sets out the approach to:
  - Working with partners - recognising the enabling role played by the Council in delivering investment and the need for alignment with Welsh Government on a longer term and sustained approach to capital investment.
  - Asset Management Planning - how the Council demonstrates stewardship of assets used in service delivery and the need to understand condition and alternative options as a basis for understanding investment requirements.
  - Risk Appetite - the main areas where capital investment paid for by borrowing would be considered and how such decisions are informed.
  - Governance and decision-making - identifying priorities for investment, securing value for money, and monitoring and reporting of the approved capital programme.
  - Capital Investment Programme - the detailed five-year capital investment programme proposed for 2022/23 to 2026/27.
  - Funding the strategy and investment programme - the Capital Resources assumed to be used to fund the 2022/23 to 2026/27 investment programme.
  - Affordability - understanding the impact of capital investment decisions on the Council's revenue budget and Medium-Term Financial Plan via the calculation of various prudential indicators to be approved by Council. These include highlighting the percentage of capital financing costs committed as a percentage of the revenue budget.
  - Managing the borrowing requirement - identifying the Capital Financing Requirement and setting out the strategy to manage Treasury activities including the borrowing requirement and treasury investments. This is considered in the Treasury Management Strategy.
  
12. The detailed capital investment programme shows a significant borrowing requirement for a number of reasons. The Capital Financing Requirement for the General Fund and Housing Revenue Account are illustrated in the chart below. Where there is a rationale for doing so, and as specific major projects develop further, further detail of the General Fund Capital Financing Requirement will be included for future reporting.



13. The CFR projections show a continuing increasing trend. The key reasons for this and assumptions that can impact on the timing of investment include:

- An assumption that the council has the capacity and can implement the capital programme in accordance with the timescale in which funding is requested.
- An assumption that the proceeds from the disposal of assets (Capital Receipts) are achievable and receivable in a reasonable time frame.
- The approach to making prudent provision in the Council’s revenue budgets for the repayment of any capital expenditure incurred on the basis of borrowing.
- The detailed capital programme that includes:
  - Agreed expenditure pre commitments in the capital programme approved in 2021/22 and prior years
  - Additional investment proposed as part of the budget proposals for 2022/23 to 2026/27
  - Investment in the target to deliver 2000 new affordable homes in the Housing Revenue Account
  - Schools’ investment as part of the financial models for 21<sup>st</sup> Century Schools Band B and for additional asset renewal works to address condition
  - Specific schemes intended to pay for themselves from future revenue income or savings e.g. LED Lighting, District Heat Network, Core Office Strategy, International Sports Village and Pentwyn Leisure Centre
  - Repayable loans offered by Welsh Government for specific schemes and Local Government Borrowing Initiative to tackle Coastal Erosion
  - Agreed council contributions to the Capital Cardiff Region City Deal Wider Investment Fund including expenditure in advance of receiving HM Treasury Grant
  - Expenditure incurred as part of an affordability envelope approved by Council, for the acquisition of the Red Dragon Centre and related land required for the development of an Arena as part of the Atlantic Wharf Regeneration Masterplan.
  - Council contribution to the enabling costs of an arena and to ‘Direct Fund’ the Arena construction (as an alternative to the original Income Strip / Third Party

funding model previously agreed) following the approval by Cabinet in September 2021 of the Full Business Case (FBC). The optimal funding solution is for the Council to provide the funding to construct the arena. Whilst this will increase the Council's Capital Financing Requirement and need to borrow, the costs of solution will be offset over a 45-year period from operator income receivable.

### Treasury Management Strategy

14. The strategy covers the following areas:
  - Borrowing to finance the cash requirements arising from the Council's Capital Strategy and detailed capital investment programme. Costs of servicing that financing is included in Medium Term Financial Plans for the General Fund and Housing Revenue Account.
  - Treasury investments determining how short-term cash flows will be safely managed to meet the Council's financial commitments and objectives.
  - Highlighting the approach to non-treasury Management Investments. Whilst these impact on the treasury function, they arise from capital expenditure plans which are reported separately from day-to-day treasury management activities. Accordingly, this strategy focuses on Treasury investments.
15. The Council accepts that no treasury management activity is without risk. However, the overriding objective is to minimise the risk of adverse consequences or loss, whilst at the same time not unduly constraining investment returns or unnecessarily incurring interest costs.
16. The identification, monitoring and control of risk are integral elements of treasury management activities with risks including credit and counterparty, liquidity, interest rate, refinancing, fraud and regulatory. The Council has Treasury Management Practices to address and mitigate these risks which were updated in March 2021.
17. The proposed strategy is an integrated strategy for the Council including the Housing Revenue Account (HRA) and includes:
  - the current treasury position
  - economic background and prospects for interest rates
  - borrowing, including:
    - policy
    - council borrowing requirement based on its capital expenditure plans and choice between internal and external borrowing and
    - borrowing strategy
  - treasury management indicators and limits for 2022/23 to 2026/27
  - investment policy and strategy, including security and investments approved for use
  - CIPFA Treasury Management Code 2021 Update
  - Non-Treasury Investments – Commercial / Service Investment and
  - The Treasury Function.

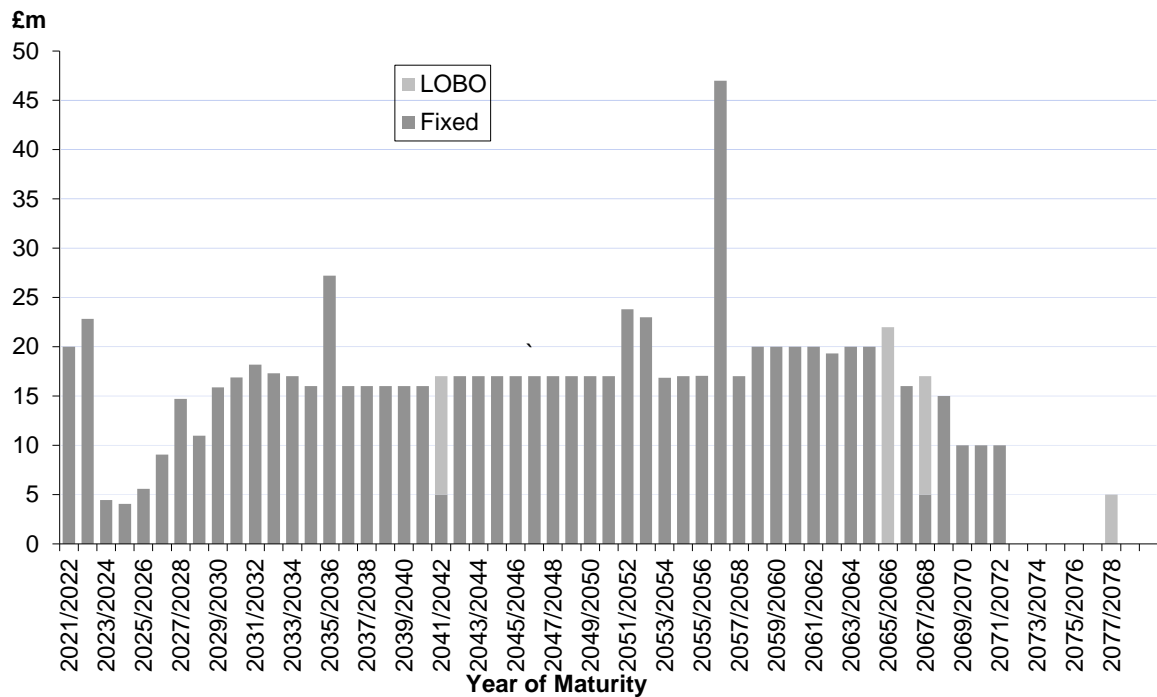
18. Borrowing and investments as at 31 December 2021 and at the same date in the prior year, are shown in the following table. Borrowing is predominantly made up of fixed interest rate loans payable on maturity. Investments fluctuate daily and are represented by fixed term deposits, notice deposit accounts and money market funds. These balances arise due to the timing of cash flows and working capital as well as the existence of reserves, provisions and balances required for future use.

	31 December 2020		31 December 2021	
	Principal	Average	Principal	Average
	£m	Rate %	£m	Rate %
<b>External Borrowing</b>				
Public Works Loan Board (PWLB)	(698.9)	4.5	(763.1)	4.2
Market (Lender Option Borrower Option)	(51.0)	4.0	(51.0)	4.0
Welsh Government	(16.4)	0.0	(23.7)	0.0
Local Authority	(58.3)	1.5	(38.3)	1.3
<b>Total Debt</b>	<b>(828.2)</b>		<b>(876.1)</b>	<b>4.0</b>
<b>Treasury Investments (Internally Managed)*</b>				
Banks	76.0	0.22	111.1	0.18
Building Societies	10.0	0.07	13.0	0.04
Money Market Funds	35.1	0.00	29.0	0.04
Government	20.3	0.01	34.2	0.03
<b>Total Treasury Investments (Net)</b>	<b>141.4</b>	<b>0.12</b>	<b>187.3</b>	<b>0.12</b>
<b>Net Treasury Investments / (Borrowing)</b>	<b>(686.8)</b>		<b>(688.8)</b>	

\*Note all investments are currently managed internally and no external fund management arrangements are in place.

19. The Council's debt maturity profile at 31 December 2021 is shown in the following graph on the assumption that all loans run to their final maturity.





- 20. LOBO products are loans to the Council where the lender can request a change in the rate of interest payable by the Council on pre-determined dates. The Council at this point has the option to repay the loan without penalty. The Council has six such loans totalling £51 million.
- 21. Apart from the option to increase rates, these loans are comparable to PWLB loans and have no other complications such as variation in interest rates or complex terms. Interest rates on these loans range between 3.81% and 4.35%. Details of the loans are shown in the next table.

Lender Option Borrower Option (LOBO) Loans			
Potential Next Repayment Date	Loan Value £m	Option Frequency Every	Full Term Maturity Date
02/03/2022	6	6 months	23/05/2067
23/05/2022	6	6 months	21/11/2041
23/05/2022	6	6 months	21/11/2041
23/05/2022	6	6 months	23/05/2067
17/01/2023	5	5 years	17/01/2078
21/11/2025	22	5 years	23/11/2065

- 22. It should be noted that £24 million of the LOBO loans are currently subject to the lender potentially requesting a change in the rate of interest payable every six months. A further £5 million and £22 million have call options in January 2023 and November 2025 respectively and every five years thereafter. The likelihood of a request for an increase in rate is negligible.

23. The UK economy faces significant headwinds although some sectors have learned how to cope well with Covid. However, the biggest impact on growth would come from any further lockdowns and risk of further mutations of virus and how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread. Gross Domestic Product growth of 0.1% in October suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November
24. The December 2021 Monetary Policy Committee (MPC) meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term. With inflation expected to peak at around 6% in April, the MPC may take further action to counter inflation in May, the release date for its Quarterly Monetary Policy Report. Some elements of this inflation are deemed to be transitory e.g., prices of goods being forced up by supply shortages and shipping costs. But these issues are likely to clear during 2022, and then price increases assumed to subside back to more normal levels, including gas prices and electricity once winter is passed and demand for these falls away.
25. The following table gives the Council's treasury management advisor's latest forecast of interest rates taking into account the twenty-basis point certainty rate reduction available for PWLB loans. It is a central forecast, acknowledging for example that there are upside and downside risks.

	Actual 31/12/2021	March 2022	March 2023	March 2024	March 2025
Bank Rate	0.25	0.25	0.75	1.00	1.25
5yr PWLB rate	1.60	1.50	1.70	1.90	2.00
10yr PWLB rate	1.80	1.70	1.90	2.10	2.30
25yr PWLB rate	2.03	1.90	2.20	2.30	2.50
50yr PWLB rate	1.69	1.70	2.00	2.10	2.30

Forecast December 2021

26. Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16 December 2021. The forecast includes four increases in Bank Rate over the forecast period to March 2025, ending at 1.25%. One of the key results of the pandemic has been a rethinking and shift in monetary policy by major central banks to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There however remains uncertainty on a number of fronts including impact of the pandemic and mutations, embedded inflationary risks due to supply and labour shortages and utility cost increases etc. The overall balance of risks to economic growth in the UK is to the downside.
27. Since the start of 2021, there has been volatility in gilt yields, and hence PWLB rates. Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. As the table shows, there is forecast to be a steady, but slow rise

in borrowing rates, which are based on gilt yields, though there will doubtless be a lot of unpredictable volatility during this forecast period. This includes, financial market uncertainty, inflation pressures, withdrawal of quantitative easing, economic growth, public sector borrowing levels, and geo-political risks.

28. It should be noted that following a review of PWLB lending policy, a prohibition is in place to deny access to borrowing from the PWLB for any local authority which includes in its capital programme the acquisition of investment assets bought primarily for yield. The margins over gilt yields that the Council can borrow at from the PWLB is gilt plus 80 basis points following approval of a its certainty rate submission.
29. Gilt yields and PWLB rates remain at remarkably low rates so far during 2021/22. Where there is a borrowing requirement for certainty, there is deemed to be value in borrowing from the PWLB for all maturity periods. The Council will also for strategic investments, consider opportunities and eligibility of borrowing from other sources such as the UK infrastructure bank. Borrowing Policy
30. Borrowing to pay for capital investment has long-term financial consequences and risks, with decisions taken many years ago impacting currently and in the future in the form of interest and provision for repayment of capital expenditure. Expenditure decisions are assumed in the Capital Strategy and a detailed programme approved by Council with the recurring cost implications factored into Medium Term Financial Plans. All borrowing is undertaken in the name of the Council and secured on all revenues of the Council.
31. The Council can consider various sources and debt instruments to pay for capital expenditure as well as its short-term working capital requirements including unexpected cash outflows. This includes the Public Works Loan Board, the financial markets, Municipal Bond Agency, Local Authorities and other public bodies, leases, public private partnership models and the issuing of bonds for significant levels of funding or smaller bond schemes linked to specific themes such as green growth. These are detailed in the Council's Treasury Management Practices and the advantages and disadvantages of such products would need to be considered including risks, track record and cost of issuance, supported by external advice in respect of different options.
32. The Council's currently maintains a single pool of all Council debt for all activities. Best treasury management practice is that loans are not taken on a project by project basis, however this may be a consideration for specific capital investment where there may be a need to meet specific cash flows or track performance over the life of the project.
33. Whilst interest rates for borrowing are greater than interest rates the Council receives for investments (the cost of carry), it makes financial sense to use any internal cash balances held in the short-term to pay for capital expenditure and minimise costs (internal borrowing), rather than undertake external borrowing. However, there is a risk that the Council may have to borrow at higher rates when it does actually need to borrow in future and so this position is kept under continuous review and delegated to the Corporate Director Resources. Borrowing undertaken is reported as part of reports to Council
34. The Council's Borrowing Strategy considers all options to meet the long-term aims of:

- Promoting revenue cost stability to aid financial planning and avoid a stop-start approach to service delivery, although it is recognised that this may have a financial impact.
  - Pooling borrowing and investments to ensure the whole Council shares the risks and rewards of treasury activities.
  - Ensuring borrowing plans are aligned to known capital expenditure spending plans and financial reserve levels.
  - Achieving a balanced maturity profile.
  - Having regard to the effects on current and future Council Tax and rent payers.
35. The Council does not intend to borrow in advance of need and will not do so just to gain financially from short term investment of that borrowing. However, this option may be considered if it is felt that borrowing in advance allows opportunities to lock into favourable long-term rates as part of risk mitigation. This will be limited to no more than the expected increase in the Council's Capital Financing Requirement over a three-year period.

### **Prudent Repayment of Capital Expenditure – Annual Minimum Revenue Provision (MRP) Policy Statement for 2022/23**

36. Where capital expenditure is paid for using borrowing, the Council has a statutory duty to charge an amount to future revenue budgets for the eventual repayment of that expenditure. This spreads the cost of capital expenditure incurred now, and historically, to future revenue budgets. Decisions in respect of the allocation of MRP have short, medium and very long-term impacts across generations.
37. Making minimum and any voluntary provision must be considered to be prudent and results in a reduction in the Council's underlying need to borrow known as the Capital Financing Requirement (CFR). Legislation does not define what constitutes a 'prudent provision'. Instead, Welsh Government has provided guidance and examples in order to interpret that term.
38. A statement on the Council's policy for its annual MRP is required to be submitted to Council for approval before the start of the financial year to which the provision will relate and this will be included in the Council's Capital Strategy for 2022/23 but is replicated below in this draft strategy.

*It is proposed that the Council's MRP Policy to apply for 2022/23 and for future years is as follows, with any change in the level, timing and method of provision in year delegated to the Section 151 Officer:*

- *Council expenditure undertaken based on 'supported borrowing' approved by WG is to be provided for on a straight-line basis over 45 years.*
- *HRA supported borrowing, which was part of the previous housing subsidy system is to be provided for at 2% on a straight-line basis. MRP on the significant £187 million settlement buyout payment is to be on 2% straight line basis as a minimum.*
- *Additional borrowing for a general increase in investment either in the Council Fund or HRA to balance the Capital Programme in a year is to be provided for on a straight-line basis over the estimated average life of the assets created.*

- *Any additional expenditure linked to specific schemes e.g. Invest to Save/Earn, 21st Century Schools, Arena affordability envelope etc. is to be provided for on a straight-line basis, or annuity basis, over the estimated useful life of assets being created or a shorter period as determined by the Section 151 Officer or suggested periods determined by Welsh Government as is the case with the Local Government Borrowing Initiative.*
- *Voluntary revenue provision in excess of the above requirements can be made subject to affordability and following advice of the Section 151 Officer. Voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent where disclosed in accordance with requirements and the proposed use and outcomes are approved and reported to Council.*
- *Subject to agreement of the S151 Officer, MRP may be waived on expenditure recoverable within a prudent period of time through capital receipts (e.g. land purchases, loan repayments, income) or deferred to when the benefits from investment are scheduled to begin, to manage any initial revenue deficits or when confirmed external grant payments towards that expenditure are expected.*
- *The MRP charged against liabilities under finance leases, or contracts that have the characteristics of finance leases, shall be equal to the principal element of the lease repayment, calculated on an annual basis.*

### **Council's Borrowing Requirement**

39. The following table shows the actual level of external borrowing currently held by the Council, external borrowing taken to date in 2021/22 and scheduled loan repayments in future years. It compares this to the projected CFR i.e. the need to borrow based on estimates and timing of the Council's capital expenditure, proposed MRP policy and indicative funding plans as set out in the budget report for 2022/23. The difference between the projected CFR in 2026/27 (£1,428 million) and the actual level of external borrowing after any planned repayments (£821 million) is £607 million, i.e. there is insufficient cash held by the Council to support this projected level of under borrowing and this means there is a requirement for the Council to undertake further external borrowing in future years.

## Treasury Management Indicators and Limits for 2022/23-2026/27

40. The section below sets out the approach to meeting the known future borrowing requirement including use of temporary cash balances, external borrowing, sources of borrowing and timing.

### Borrowing Strategy

41. In the short term, continuing with an approach of internal borrowing, using temporary cash balances available will continue to be a cost-effective way of meeting part of the borrowing requirement. A high-level balance sheet review undertaken suggests that a target level of internal borrowing could be circa £70 million (c7% of the 2022/23 CFR).
42. As mentioned previously, the Council will consider various sources and debt instruments to meet the borrowing requirement. The Council continues to qualify for borrowing at the 'Certainty Rate' (0.20% below the PWLB Standard Rate).
43. Given the risks within the economic forecasts, setting a fixed target for the quantum and timing of borrowing is not deemed appropriate. A pragmatic approach will be adopted by Council's Section 151 Officer due to changing circumstances with the following strategy proposed to manage the Council's Capital Financing Requirement:
- Whilst investment rates remain lower than long-term borrowing rates some internal borrowing will be used to minimise short-term costs.
  - External borrowing (short, medium and long term) will be taken for the balance of the Council's borrowing requirement, with timing delegated to the Council's Section 151 Officer. This will aim to keep internal borrowing to approximately £70 million, subject to balance sheet capacity and future interest rate forecasts.
  - External borrowing is likely to be at fixed rates to meet the long-term borrowing policy aims and current forecasts for rates.

Indicator							
Gross External Borrowing and the Capital Financing Requirement							
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m	£m
External borrowing at 1 April	829	811	857	838	840	836	830
Known / New borrowing	3	73	4	6	tbc	tbc	tbc
Scheduled repayments	(21)	(27)	(23)	(4)	(4)	(6)	(9)
<b>External Borrowing at 31 March</b>	<b>811</b>	<b>857</b>	<b>838</b>	<b>840</b>	<b>836</b>	<b>830</b>	<b>821</b>
Capital Financing Requirement	841	908	1,025	1,246	1,380	1,412	1,428
<b>Shortfall / (Surplus) borrowing requirement</b>	<b>30</b>	<b>51</b>	<b>187</b>	<b>406</b>	<b>544</b>	<b>582</b>	<b>607</b>
<b>Requirement as % of CFR</b>	<b>3</b>	<b>6</b>	<b>18</b>	<b>32</b>	<b>39</b>	<b>41</b>	<b>42</b>

44. If there was a significant risk of a sharp rise in long and medium-term rates than that

currently forecast, then fixed rate external borrowing may be undertaken sooner to reduce the level of internal borrowing. If there was a significant risk of a sharp fall in rates, then long-medium term borrowing would be deferred, following consideration of internal borrowing capacity.

45. Current interest rates on the Council's existing debt portfolio compared to new borrowing rates and penalty rates charged for early debt repayment, results in limited options for restructuring of debt. Options have previously been considered for early repayment of loans; however, the penalties outweighed the benefits. This position is expected to continue to be the case in the next few years.
46. The Council is required to set treasury management indicators as part of the CIPFA Treasury Management Code of Practice as well as Capital expenditure indicators in the Capital Strategy and overall budget report to consider affordability indicators. Indicators for future years may be impacted in future years as a result of updates to the accounting treatment of leases, which is to be considered and implemented during 2022/23.

### Authorised Limit

47. The Council must set and keep under review how much it can afford to borrow from debt or other long-term liabilities for the forthcoming year and at least the following two financial years (the Affordable Borrowing Limit). It must have regard to the Prudential Code and locally determined indicators when setting this limit and be content that the impact upon future Council Taxpayers and Council tenants is acceptable.
48. The Government retains an option to control either the total of all council's plans, or those of a specific council, although this power has not yet been exercised.
49. Based on the capital programme proposed, it is recommended that the Council approve the following authorised limits (Statutory limit under Section 3 (1) of the Local Government Act 2003) and operational boundaries (figures for 2021/22 are for comparison only). The undertaking of other long-term liabilities, within the overall limit, is delegated to the Section 151 Officer based on the outcome of financial option appraisals and best value considerations.

Indicator						
External Debt - Authorised limit						
	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Limit for external borrowing and other long-term liabilities	1,472	1,470	1,470	1,470	1,470	1,470

50. This limit is consistent with proposals contained within the budget for capital expenditure with the addition of financing and accounting requirements in relation to landfill obligations. The overall limit for the Council has been set at a constant level of £1,470 million for 2022/23 to 2026/27 and cannot be breached without further Council approval.

## Operational Boundary

51. The proposed operational boundary or projected level of external debt (excluding landfill) is set at the anticipated level of the CFR at the end of each year.

Indicator						
External Debt - Operational Boundary						
	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Boundary for external borrowing and other long-term liabilities	908	1,025	1,246	1,380	1,412	1,428

52. This will be subject to the level and timing of borrowing decisions and so the actual level of borrowing can therefore be below or above this initial estimate. However, what cannot be breached without a further report to Council is the authorised borrowing limit.

## Maturity Structure of Borrowing

53. Limits are set to guard against a large element of the Council's debt maturing and having to be refinanced in a very short space of time, when it may not be economically favourable to do so. The limits have been set to reflect the current debt portfolio, and to allow enough flexibility to enable new borrowing to be undertaken for the optimum period. The table assumes that loans run to their final maturity, however a separate column is also included to show the maturity profile should the Council repay its LOBO loans early.

Indicator				
Maturity structure of borrowing in 2022/23				
	Upper limit	Lower limit	Actual to Maturity	Actual if LOBOs Repaid Early
	%	%	%	%
Under 12 months	10	0	3.34	6.31
12 months and within 24 months	10	0	2.81	3.43
24 months and within 5 years	15	0	1.61	4.33
5 years and within 10 years	20	0	8.12	8.12
10 years and within 20 years	30	0	21.51	21.51
20 years and within 30 years	35	0	21.03	19.55
30 years and within 40 years	35	0	26.32	26.32
40 years and within 50 years	35	0	14.64	10.43
50 years and within 60 years	15	0	0.62	0.00
60 years and within 70 years	5	0	0.00	0.00



## Treasury Investment Policy

54. The Council has regard to the CIPFA Treasury Management Code and also complies with Welsh Government guidance on Treasury investments. The Council's investments include those arising from its own temporary cash balances as well as balances held from the activities of Joint Committees for which it is the Accountable body.
55. The Council recognises that given the nature of investments, a trade-off between security, liquidity and yield cannot be avoided i.e. there is risk of default. The Council's risk appetite for treasury investments is low and its current business model for financial assets for treasury management investments is to collect contractual cash flows as part of the prudent management of its financial affairs. It aims to achieve the optimum return on investments commensurate with proper levels of security and liquidity. Risk will be contained by ensuring:
- All investments and repayments are in sterling.
  - Investment instruments identified for use in the financial year are listed under 'Specified' investments and 'non-Specified' investment categories, dependant on their complexity and risk.
  - A list of highly credit worthy counterparties with whom to invest is created and monitored.
  - Diversification of approach, investment product and counterparties are sought where possible to avoid concentration of risk.
  - Any set limits are implemented with immediate effect following approval of this Treasury Management Strategy by the Council.
  - Continual monitoring of treasury activities with the categories of investments that may be used, the credit criteria and associated limits in determining with whom to invest and timing of decisions being delegated to the S151 Officer.
56. The Markets in Financial Instruments Directive (MiFID II) was implemented from 3 January 2018. Where requested by counterparties to do so, the Council has opted up to be classed as a 'professional' client following the submission of qualitative and quantitative information on its treasury activities.
57. Understanding and managing Economic, Social and Governance (ESG) risk is important to the Council and can play an important part in long term investments decision making. However, the key aim for the treasury management of short-term temporary cash balances is Security, Liquidity and then Yield. Credit ratings agencies also incorporate ESG risks alongside more traditional financial risk metrics when assessing counterparty ratings, which the Council uses to determine with whom to invest.

## Treasury Investment Strategy

58. The Council will retain access to a range of products and organisations available to manage short term investment balances and to achieve diversification. It uses Welsh Government guidance and judgements to define products available for use as specified or non-specified and sets credit criteria to mitigate credit risk. These are defined in the sections below. Any funds held by the Council on behalf of joint committees

## Treasury Management Investments

will be managed in accordance with this strategy and segregated where possible to avoid adverse impacts on Cardiff Council's own performance. This is particularly the case for the Cardiff Capital Region City Deal funds held at part of investments at 31 December 2021, which total c £43 million. A full move to a Corporate Joint Committee is to be considered during 2022/23, where such an entity would manage its own funds.

59. Financial institutions entered the pandemic with strong balance sheets predominantly a result of regulatory changes imposed on banks following the Financial Crisis. All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on Negative Outlook, in some cases these now being reversed.
60. The ability to change credit criteria and the approach to investments is delegated to the S151 Officer. This allows a prompt response to uncertainties in financial markets, with the Council being kept informed of significant changes through the various reports it receives on treasury activities during the course of the year.
61. The Council aims to have sufficient liquid funds to ensure it does not become a forced borrower for a significant period of time at rates in excess of what may be earned on such investments. Short term cash flow forecasts and a longer-term balance sheet review is undertaken as part of the calculation of Prudential Code indicators to determine maximum periods for investments.

### Specified Investments

62. A specified investment is defined as one:
  - which is in straightforward easily understood low risk products
  - not involving corporate share or loan capital
  - where the principal sum to be repaid at maturity is the same as the initial principal sum invested.
63. Specified investments may comprise up to 100% of the Council's total investments.

Instruments approved for use	Minimum Credit Criteria
Term deposits – UK government and other Local Authorities	Assumed Government Guarantee
Term deposits – banks and building societies up to one year	Long-term A- /Short-term F1 or Government Equity Support

### Non-Specified Investments

64. These are all other investments not meeting the definition of a specified investment which could be used in order to achieve diversification and manage liquidity needs. A maximum upper level of £90 million is to be set for non-specified investments including investments for greater than one year (**Required Prudential Indicator**).

## Treasury Management Investments

Instruments approved for use	Min Credit Criteria	Max % of total investments	Max. maturity period
Term deposits – banks and building societies (with maturities in excess of 1 year)	Long-term AA- /Short-term F1+ or part nationalised	30	2 Years
Term deposits with variable rate and variable maturities in excess of 1 year e.g. structured investment products	Long-term AA- /Short-term F1+	10	2 Years
Certificates of Deposit	Long-term AA- /Short-term F1+	10	Maximum 2-year duration
UK Government Gilts and Gilt funds	Assumed Government Guarantee	40	Maximum 3-year duration
Treasury Bills	Assumed Government Guarantee	40	6 months
Collective Investment Scheme structures – Constant as well as Low Volatility Money Market Funds	AAA – (Fitch, Moody's or S&P)	100	Liquid
Collective Investment Scheme Structures – Ultra Short Dated Bond Funds	AAA - (Fitch, Moody's or S&P)	20	Liquid
Collective Investment Scheme Structures - Government Bond Funds, Corporate Bond Funds, Gilt Funds and Floating Rate Notes	AA-	10	Weighted Average Maturity 3 years

65. The Council can utilise collective investment funds which pool together investments in a diversified portfolio of products and sectors. These may include short-term money market instruments such as bank deposits, certificates of deposit, government guaranteed bonds, corporate bonds and commercial papers, together with a weighted average maturity of up to 60 days. It should be noted that any such funds are triple A rated and allow instant access.

### Security / Creditworthiness Policy

66. The Council uses Fitch credit ratings as a basis for assessment of credit worthiness of institutions it will invest with. Changes in the criteria and decisions with whom to invest are delegated to the S151 Officer. Commercial organisations (counterparties) on its approved list will have at least the short-term credit rating of F1 and be authorised institutions within the meaning of the Financial Services and Markets Act 2000. The rating F1 infers “Highest Credit Quality” - the strongest capacity for timely payment of financial commitments.
67. Whilst Fitch ratings form the basis of the Council's threshold criteria, the Council will also have regard to the following when determining with whom to invest:

## The Treasury Function

- rating updates provided by treasury advisors in respect of all three credit rating agencies, as well as other market data
- media reports as well as sovereign credit ratings. No minimum sovereign rating is applied to the UK, however for non-UK based institutions the minimum Fitch sovereign rating is AA-
- the informed judgement of treasury staff and treasury management advisors after consideration of wider economic factors
- financial sector and country exposure
- the extent to which organisations who do not meet the above criteria, are nationalised.

68. Local authorities usually do not have a credit rating but are expected to assume the UK Sovereign rating. In accordance with the Local Government Act 2003, a person lending money to a local authority shall not be bound to enquire whether the authority has power to borrow the money and shall not be prejudiced by the absence of any such power. All loans are secured on future revenues of local authorities, and this includes the ability to take legal action if any debts are not repaid. Inter local authority lending is an option that continues to be available as part of the strategy proposed.

69. The Council's lending list for direct investment in an organisation is based on the following credit criteria, with the maximum limit for direct investment in any one group of related companies, whether ring fenced or otherwise, being £20 million:

<b>Fitch Ratings (minimum)</b>	<b>Long term</b>	<b>Short term</b>	<b>Limit £m</b>
Overnight to three months	A-	F1	6
Overnight to one year	A	F1	12
Overnight to two years	AA-	F1+	15
Money Market Funds	AAA	n/a	12
UK Part Nationalised Banks overnight to two years	n/a	n/a	20

70. Where treasury advisors recommend a shorter duration than would be allowed in accordance with Fitch criteria above, then the shorter period is adhered to.

The Council's current list of approved counterparties is shown below:

	<b>£m</b>	<b>Duration</b>
<b>Australia AAA</b>		
Australia and New Zealand Banking Group	12	1 year
Commonwealth Bank of Australia	12	1 year
National Australia Bank	12	1 year
<b>Canada AA+</b>		
Canadian Imperial Bank of Commerce	15	2 years
National Bank of Canada	12	1 year
Toronto Dominion Bank	15	2 years
<b>France AA</b>		
Credit Industriel et Commercial	12	1 year
Societe Generale	6	3 Months

# The Treasury Function

## Germany AAA

Bayerische Landesbank	6	3 Months
DZ Bank (Deutsche Zentral-Genossenschaftsbank)	15	2 years
Landesbank Hessen-Thuringen Girozentrale	12	1 year

## Netherlands AAA

Cooperatieve Rabobank U.A.	12	1 year
----------------------------	----	--------

## Singapore AAA

Development Bank Singapore	15	2 years
Oversea Chinese Banking Corporation	15	2 years
United Overseas Bank	15	2 years

## Sweden AAA

Skandinaviska Enskilda Banken	15	2 years
-------------------------------	----	---------

## Switzerland AAA

UBS AG	15	2 years
--------	----	---------

## U.K AA-

Barclays Bank (NRFB)	12	1 year
Goldman Sachs International Bank	12	1 year
Handelsbanken	15	2 years
HSBC Bank plc (RFB)	15	2 years
Santander UK plc	12	1 year
SMBC Bank International Plc	12	1 year
Standard Chartered Bank	12	1 year
Bank of Scotland (RFB)	12	1 year
Lloyds Bank (RFB)	12	1 year
National Westminster Bank (RFB) *	20	2 years
Royal Bank of Scotland (RFB)	20	2 years
Coventry BS	6	3 months
Leeds BS	6	3 months
Nationwide BS	12	1 year
Skipton BS	6	3 months
Yorkshire BS	6	3 months
UK Local Authority (Per Authority)	15	2 Years
Debt Management Agency Deposit Facility	n/a	6 months

## Money Market Funds

Aberdeen Liquidity Fund	12	Liquid
BlackRock ICS Sterling Fund	12	Liquid
Deutsche Managed Sterling Fund	12	Liquid
Goldman Sachs Sterling Reserves Fund	12	Liquid
HSBC GBP Liquidity	12	Liquid
Insight Sterling Liquidity Fund	12	Liquid
JPMorgan GBP Liquidity LVNAV	12	Liquid
LGIM Sterling Liquidity Fund	12	Liquid

\* In respect of the Council's Day to day banking provider, there is a risk that the counterparty limit would be exceeded for a short period on receipt of unexpected funds.

## The Treasury Function

71. The above list has been determined having regard to current participation in the financial markets and brokerages, sovereign countries whose banks we would be content to use and selecting some of their highest rated organisations.
72. The credit ratings of financial institutions are monitored regularly through use of the treasury management advisor's credit service. If a downgrade results in the counterparty or investment scheme no longer meeting the Council's criteria, its further use for new investment will be withdrawn immediately. Investments already held with that counterparty will be reviewed and options to call back funds before maturity would be investigated. It should be noted that any early repayment is only at the discretion of the borrower and often at a penalty.
73. On 20th December 2021, CIPFA issued updates to the Treasury Management Code and Prudential Code. Whilst the reporting requirements do not formally need to be adopted until 2023/24, the Codes are now in force and should be followed when decisions on capital expenditure, treasury, service and commercial investment are being taken. Specific changes that impact on Treasury Management Strategy will be considered during 2022/23, with responsibilities and approach to awareness raising, responsibility and implementation within Directorates to be set out.
74. The revised codes have the following implications which will need to be considered across all stakeholders:
  - clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment.
  - Principles confirming that an authority must not borrow to invest primarily for financial return, apply with immediate effect.
  - a new requirement to clarify performance and reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).
  - address Environmental, Social and Governance (ESG) issues within the Capital Strategy.
  - require implementation of a policy to review commercial property, with a view to divest where appropriate.
  - create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices).
  - a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the Capital Financing Requirement.
  - ensure that any long-term treasury investment is supported by a business model.
  - a requirement to effectively manage liquidity and longer-term cash flow requirements.
  - amendment to Treasury Management Practice 1 to address ESG policy within the treasury management risk framework.
  - amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by the council.
  - all investments and investment income to be attributed to one of the following three purposes: -
    - Treasury management

## The Treasury Function

Arising from the organisation's cash flows or treasury risk management activity

- Non-Treasury Management – Service delivery  
Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure.
- Non-Treasury Management - Commercial return  
Investments held primarily for financial return with no treasury management or direct service provision purpose.

75. In addition to treasury management investment activity, local authorities can utilise their powers to borrow in order to undertake capital expenditure and invest in other financial assets. Such activity can include:
- Service Investments - loans supporting service outcomes, investment in or loans to subsidiaries, and investment in existing commercial property holdings either to maintain them or increase value or
  - Investment assets bought primarily for yield (Financial Return) - An 'investment asset' could be a property asset, or interest or right that generates a balance sheet asset (such as, but not limited to a loan, sale and leaseback agreement). As it has been 'bought primarily for yield', the asset serves no direct policy purpose linked to the authority's core functions but has been acquired primarily because it would generate an income stream for the authority, which would most often (but not exclusively) be used to support wider service spending. Examples of such assets is included in the glossary.
76. Whilst these investments impact on treasury management activity, they are managed outside of this Treasury Management Strategy and approved separately as part of the Council's Capital expenditure plans arising from its Capital Strategy. Regulator concerns in relation to the extent of this activity have resulted in the recent updates to CIPFA professional Codes of Practice including the Treasury Management Code. Whilst no national monetary, financial or other controls or limits are in place currently, regulations have been updated to ensure the risks and implications of such activities are clearly governed and understood over a long-term period.
77. The most significant investments currently held by the Council and managed outside of normal treasury management activity are the Council's 100% shareholding in Cardiff Bus, the Council's investment properties, which include various historic freeholds within the City held for income generation or capital appreciation.
78. Proposals for such investments would need to form part of the Council's Capital Strategy and Capital Programme. Investment for non-treasury management purposes requires careful investment management and should be managed as part of agreed processes considering monitoring, decision making and reporting. This will include an appropriate investment management and risk management framework, making it explicit in any decision making:
- The powers under which investment is made.
  - The governance process including arrangements in place to ensure appropriate due diligence to support decision making.

## The Treasury Function

- The extent to which capital invested is placed at risk and any rewards over a long-term horizon such as 20-30 years.
  - Proportionality of any income to the overall resources available to the Council
  - The impact of potential losses on financial sustainability.
  - The methodology and criteria for assessing performance and changes to market and other conditions.
  - How knowledge and skills in managing such investments is arranged and that these are monitored, reported and highlighted explicitly in the decision making process and due diligence.
79. Where investment is undertaken in assets primarily for yield, these investments should be proportional to the level of resources of the authority, but it should be noted, that if undertaking such investments, the Council would not be able to borrow from the PWLB for this and any other capital expenditure within its programme.
80. This emphasises the importance of the Council's S151 (Responsible Finance) Officer role in ensuring the governance of, risk assessment, informing, reviewing and reporting decisions being made in relation to both Treasury and Non-treasury Investments.
81. Treasury management activities are delegated to the S151 Officer and detailed Treasury Management Practices are in place and updated regularly setting out the approach to risk management, reporting, responsibilities and controls. Controls and processes in the Treasury function are subject to a more frequent periodic internal audit.
82. The Treasury function performs a key role including ensuring that sufficient funds are available to meet the Council's financial commitments and is often the payment mechanism of last resort. The requirements to meet high standards, accuracy and governance requirements are significant for a small specialist team. Contingency plans in terms of access to bank and systems were trialled and implemented early (pre the national lockdown in March 2020), demonstrating and allowing continuity of service provision remotely.
83. As highlighted above in the updates to the CIPFA Codes, Treasury Management activities continue to be the subject of regulatory change as well as the complexity of the Council's activities. These challenges and approach to implementing and sustaining changes, continue to test skills and resilience, something that will continue to be monitored closely by the S151 Officer.
84. Treasury staff directly and regularly involved in borrowing and lending activities are provided access to a wide range of training. This includes seminars and workshops organised by treasury advisors bringing together practitioners from different authorities; seminars organised by CIPFA and other national bodies; regular contact with a client relationship manager as well as their briefing notes and articles. Staff responsible for treasury activity on a day-to-day basis have a recognised accountancy qualification and are encouraged to undertake relevant treasury management training.
85. Governance and Audit Committee Members who are responsible for reviewing and



## The Treasury Function

seeking assurance on treasury management activities have also been provided with the opportunity for specific internal and external training. The development of further training will be informed by individual and collective Governance and Audit Committee self-assessments.

# Glossary of Terms

## Bank Rate

The rate of interest set by the Bank of England as a benchmark rate for British banks.

## Bonds

A long-term debt security issued by a company, a financial institution, a local authority, national government or its affiliated agencies. It represents an undertaking to repay the holder the fixed amount of the principal on the maturity date plus a specified rate of interest payable either on a regular basis during the bond's life (coupon) or at maturity.

## Borrowing

Loans taken out by the authority to pay for capital expenditure or for the prudent management of the Council's financial affairs, which are repayable with interest.

## Capital Expenditure

Capital expenditure pays for improvements to existing and new assets used in the delivery of Council services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.

The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 as amended. Statute relies on the accounting measurement of cost in International Accounting Standard (IAS) 16 to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend are the following words in IAS 16 - 'Costs directly attributable to bringing the specific asset into working condition for its intended use'.

## Capital Financing Requirement (CFR)

An authority's underlying need to borrow for a capital purpose. It measures capital expenditure incurred but not yet financed by the receipt of grants, contributions and charges to the revenue account.

Movement	Opening Capital Financing Requirement (CFR)
+	Capital expenditure incurred in year
-	Grants, contributions, reserves and receipts used for capital expenditure
-	Prudent Minimum Revenue Provision and Voluntary Provision
=	Closing Capital Financing Requirement (CFR)

## Capital Market

A market for securities (debt or equity), where companies and governments can raise long-term funds (periods greater than one year). The raising of short-term funds takes place on other markets (e.g. the money market).

## Capital Programme

The Capital Programme sets out the Council's capital expenditure plans for the forthcoming financial year as well as for the medium term. It is approved annually at Council and identifies the estimated cost of those schemes, their projected phasing over financial years as well as the method of funding such expenditure.

## Certificates of Deposits (CDs)

A certificate issued for deposits made at a deposit-taking institution (generally a bank). The bank agrees to pay a fixed interest rate for the specified period of time and repays the principal at maturity. CDs can be purchased directly from the banking institution or through a securities

## Glossary of Terms

broker. An active interbank secondary market exists to buy and sell CDs.

### **Chartered Institute of Public Finance & Accountancy (CIPFA)**

CIPFA is the professional body for accountants in public finance. As a specialised public services body, it provides information, guidance, and determines accounting standards and reporting standards to be followed by Local Government.

### **Collective Investment Scheme Structures**

Schemes whereby monies from a number of investors are pooled and invested as one portfolio in accordance with pre-determined objectives.

### **Corporate Bonds**

Bonds that are issued by a company or other non-government issuers. They represent a form of corporate debt finance and are an alternative means of raising new capital other than equity finance or bank lending.

### **Counterparty**

One of the parties involved in a financial transaction with whom the Council may place investments.

### **Counterparty / Credit Risk**

Risk that a counterparty fails to meet its contractual obligations to the Council to repay sums invested.

### **Credit Criteria**

The parameters used as a starting point in considering with whom the Council may place investments, aimed at ensuring the security of the sums invested.

### **Credit Default Swaps**

A financial transaction which the buyer transfers the credit risk related to a debt security to the seller, who receives a series of fees for assuming this risk. The levels of fees reflect the perceived level of risk.

### **Credit Rating**

A credit rating assesses the credit worthiness of an individual, corporation, or even a country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the subject being able to pay back a loan. Ratings usually consist of a long-term, short term, viability and support indicators. The Fitch credit rating of F1 used by the Council is designated as "Highest Credit Quality" and indicates the strongest capacity for timely payment of financial commitments.

### **Debt Management Account Deposit Facility (DMADF)**

The Debt Management Office provides this service as part of its cash management operations and of a wider series of measures designed to improve local and central government's investment framework and cash management. The key objective of the DMADF is to provide users with a flexible and secure facility to supplement their existing range of investment options while saving interest costs for central government.

### **Debt Restructuring**

Debt restructuring is a process that allows an organisation to reduce, renegotiate and undertake replacement debt.

## **Diversification of Investments**

The process of creating a portfolio of different types of financial instruments with regard to type, price, risk issuer, location, maturity, etc. in order to reduce the overall risk of the portfolio as a whole.

## **Duration (Maturity)**

The length of time between the issue of a security and the date on which it becomes payable.

## **External Borrowing**

Money borrowed from outside of the Council.

## **Financial Instrument**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Typical financial liabilities are borrowing and financial guarantees. Typical financial assets include bank deposits, amounts owed by customers, loans receivable and investments.

## **Fitch Credit Ratings**

A commercial organisation providing an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. The opinion is usually provided in the form of a credit rating.

## **Fixed Rate**

An interest rate that does not change over the life of a loan or other form of credit.

## **Floating Rate Notes**

A money market security paying a floating or variable interest rate, which may incorporate a minimum or floor.

## **Four Clauses of Treasury Management**

In compliance with the First Clause, this Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
- Suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

In compliance with the Second Clause, this Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

In compliance with the Third Clause, this Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Corporate Director Resources in accordance with existing delegations, who will act in accordance with the organisation's policy statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

# Glossary of Terms

In compliance with the Fourth Clause, this Council requires the scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and Practices to be undertaken by the Council's Audit Committee due to the technical nature of the documents.

## **Fraud / Error Risk**

Risk of losses being incurred as a result of fraud, error or corruption in treasury management and failure to institute adequate systems, procedures and other arrangements to prevent irregularities.

## **Housing Revenue Account (HRA)**

The HRA is an account of expenditure and income that every local authority housing department must keep in accordance with the Local Government & Housing Act 1989. The account is kept separate or ring fenced from other Council activities. Income is primarily generated by the rents and service charges paid by tenants, while expenditure is on the management and maintenance of the housing stock, and capital financing charges on the HRA's outstanding loan debt.

## **Interest Rate Risk**

Risk that fluctuations in interest rates could impose extra costs against which the Council has failed to protect itself adequately.

## **Internal Borrowing**

Money borrowed from within the Council, sourced from temporary internal cash balances.

## **Investment assets bought primarily for yield**

Assets that serve no direct policy purpose but are held primarily to generate an income. An 'investment asset' could be a capital or property asset, or interest or right that generates a balance sheet asset (such as, but not limited to a loan, sale and leaseback agreement). As it has been 'bought primarily for yield', the investment asset would serve no direct policy purpose linked to the authority's core functions but has been acquired primarily because it would generate an income stream for the authority, which would most often (but not exclusively) be used to support wider service spending.

Investment assets bought primarily for yield would usually have one or more of the following characteristics: a. buying land or existing buildings to let out at market rate b. buying land or buildings which were previously operated on a commercial basis which is then continued by the local authority without any additional investment or modification c. buying land or existing buildings other than housing which generate income and are intended to be held indefinitely, rather than until the achievement of some meaningful trigger such as the completion of land assembly d. buying a speculative investment asset (including both financial and non-financial assets) that generates yield without a direct policy purpose.

## **Lender Option Borrower Option Loans (LOBOs)**

Loans to the Council where the lender can request a change in the rate of interest payable by the Council at pre-defined dates and intervals. The council at this point has the option to repay the loan.

## **Liquidity**

The ability of the Council to meet its financial obligations as they fall due.

## **Market Loans**

Borrowing that is sourced from the market i.e. organisations other than the Public Works Loan Board or a Public Body.

# Glossary of Terms

## **Medium Term Financial Plan**

Plan outlining the financial strategies and actions that are envisaged by the Council in the medium term regarding the budget.

## **Markets in Financial Instruments Directive (MiFID)**

EU legislation that regulates firms who provide financial instrument services. MiFID was applied in the UK from November 2007 but was revised with changes taking effect from **3 January 2018** (MiFID II).

The aim is to ensure financial institutions undertake more extensive checks on their client's suitability for investment products. Organisations undertaking investments will be either classified as 'retail' or 'professional'.

MiFID II requires all Local Authorities to be initially treated as "retail clients" unless they "opt up" to a "professional client". The assumption being that retail clients require a greater level of due diligence and support for investment decision making. Financial institutions will owe a greater duty of care to retail clients, however, they will have no greater financial protection than professional clients.

## **Minimum Revenue Provision (MRP)**

This is the amount which must be charged to the authority's revenue account each year and set aside as provision for repaying external loans and meeting other credit liabilities. The prudent amount is determined having regard to guidance issued by WG. This has the effect of reducing the Capital Financing Requirement (CFR).

## **Money Market**

The market for short-term securities or investments, such as certificates of deposit, commercial paper or treasury bills, with maturities of up to one year.

## **Money Market Funds**

An investment fund which pools the investments of numerous depositors, spreading those investments over a number of different financial instruments and counterparties. Funds with a Constant Net Asset Value (CNAV) are those where the sum invested is the same on maturity, Low Volatility Net Asset Value (LVNAV) are those where any sum invested is likely to be the same on maturity. Funds with a Variable Net Asset Value (VNAV) are those where the sum on maturity could be higher or lower due to movements in the value of the underlying investments.

## **Net Asset Value (NAV)**

The market value of an investment fund's portfolio of securities as measured by the price at which an investor will sell a fund's shares or units.

## **Pooling**

The process whereby investments or loans are held corporately rather than for specific projects or parts of the Council, with recharges to those areas for their share of the relevant income and expenditure using an agreed methodology, where such a recharge is required to be made.

## **Prudential Code for Capital Finance**

The system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003 which allows local authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources and that any such borrowing is prudent and sustainable. This requires the preparation and approval of various indicators.

## **Public Works Loans Board (PWLB)**

The Public Works Loans Board is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money

## Glossary of Terms

from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

### **Refinancing Risk**

Risk that maturing borrowing or other financing of capital projects cannot be renewed on terms that reflect existing assumptions and that the Council will suffer extra costs as a result.

### **Regulatory Risk**

Risk that actions by the Council or by any person outside of it are in breach of legal powers or regulatory requirements resulting in losses to the Council, or the imposition of extra costs.

### **Ring Fencing**

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

### **Security**

Protecting investments from the risk of significant loss, either from a fall in value or from default of a counterparty.

### **Sovereign Credit Ratings**

The credit rating of a country. It indicates the risk level of the investing environment of a country, taking into account political risk and other factors.

### **Sterling**

The monetary unit of the United Kingdom (the British pound).

### **Term Deposits**

A term deposit is a money deposit at a banking institution that cannot be withdrawn for a certain "term" or period of time.

### **Treasury Management**

The management of the organisation’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

### **Treasury Bills**

Debt securities issued by a government with a short-term maturity of up to 6 months.

# Glossary of Terms

## **UK Government Gilts**

Fixed-interest debt securities issued or secured by the British Government. Gilts are always denominated in sterling though the Government occasionally also issues instruments in other currencies in the Eurobond market or elsewhere.

## **Variable Rate**

An interest rate that changes in line with market rates.

## **Yield**

The annual rate of return paid out on an investment, expressed as a percentage of the current market price of the relevant investment.



(Updated following meeting held on 23 November 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.	25.01.22 Details to be contained in committee report	IA
20.07.21	Committee agreed to convene an additional meeting with a single item on the agenda – Governance, Internal Control and Risk Management within Waste Management scoped within the authority of the Committee’s Terms of Reference on a date to be agreed.	Completed 07.12.21	CP
<b>Audit Wales (AW)</b>			
23.03.21	Audit Wales to provide an account of how their time was applied as part of future Annual Audit Plan reports.		PP
23.11.21	CL to provide management response to AW sustainability report proposals for improvement to be circulated to the Committee or brought to the next meeting	Completed 14.01.22 Email sent to Members	CL
<b>Internal Audit</b>			
23.11.21	Audit Manager to report a breakdown of fraud awareness training compliance data to Committee.	25.01.22	CP
<b>Treasury Management</b>			
<b>Operational Items</b>			
23.03.21	Committee to be provided, in due course, with information on the preparation for ‘IFRS 16 – Leases’ for the Statement of Accounts 2022/23.		AH
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.	Interim confidential assurance briefing paper circulated 3.06.2021	CL / CP
23.11.21	AG agreed to provide a briefing report on the mandatory and voluntary external accreditations across the directorate.	Completed 08.12.21	AG
<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>Performance</b>			
23.11.21	Next complaints report to provide an overview of the preferred option for the new complaints handling system, including details of the specification used to inform the procurement process		
<b>Work Programme</b>			

Minute No. /Agenda No.	Actions	Timeline	Action Owner
<b>Outstanding Actions</b>			
<b>Correspondence</b>			
<b>Scrutiny Engagement / Letters</b>			
20.07.21	That the Committee receive an update report in respect of the working relationship between Governance and Audit Committee and the Scrutiny Committees at a future meeting.	25.01.22	CP / DHT

## Agenda Item 13

## Correspondence

The Governance and Audit Committee and each of the Council's Scrutiny Committees have established an arrangement to share and inform each other of their work programmes, enquiries and outcomes, in accordance with the partnership working steps agreed at the Scrutiny Chairs' Liaison Forum on 6 December 2021.

As part of this process the Chair of the Governance and Audit Committee and the Audit Manager have been copied into the following Scrutiny Committee letters.

Each of the letters have been reviewed by the Audit Manager who has provided comments to the Committee Chairperson.

The information contained within the letters published is useful for Governance and Audit Committee Member awareness of the activities and lines of enquiry of the Council's Scrutiny Committees.

**In considering the terms of reference of the Governance and Audit Committee and the correspondence received, is not considered that any updates to the Committee work programme are required.**

**NB** – Members will note that an update on Mid-Year Performance 2021/22 has already been included on the Committee's work programme through item 9.1 – Mid-Year Self-Assessment Report Update.

For the information of the wider Committee, the published letters circulated to the Chair of the Governance and Audit Committee and the Audit Manager over the reporting period were as follows.

**Chris Pyke**

**Audit Manager**

**18 January 2022**

**Environmental Scrutiny Committee – Wednesday 7 December 2021**

Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Item 4	<a href="#">Member Briefing Report - Draft Recycling Strategy 2021-25</a>	<a href="#">Link to Correspondence</a> (Pages 1 – 13)

### Community and Adult Services Scrutiny Committee – Wednesday 8 December 2021

Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Item 4	<a href="#">Ageing Well Strategy</a>	<a href="#">Link to Correspondence</a> (Pages 1 – 4)
Item 5	<a href="#">Empty Homes Policy 2021-24</a>	<a href="#">Link to Correspondence</a> (Pages 5 – 8)

### Children and Young People Scrutiny Committee – Thursday 9 December 2021

Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Item 4	<a href="#">Valleys, Vale &amp; Cardiff Adoption Collaborative Annual Report 2020-21</a>	<a href="#">Link to Correspondence</a> (Pages 3 - 5)
Item 5	<a href="#">Youth Justice Service Update</a>	<a href="#">Link to Correspondence</a> (Pages 7 – 13)
Item 6	<a href="#">Children's Service - Quarter 2 Performance</a>	

### Economy and Culture Scrutiny Committee – Monday 13 December 2021

Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Item 4	<a href="#">Western Gateway Update</a>	<a href="#">Link to Correspondence</a> (pages 9-10)
Item 5	<a href="#">GLL Contract Monitoring</a>	<a href="#">Link to Correspondence</a> (pages 5-8)
Item 6	<a href="#">Audit Wales Review of Leisure - Update</a>	
Item 7	<a href="#">Adult Community Learning Review and Into Work Funding</a>	<a href="#">Link to Correspondence</a> (pages 1-3)

### Policy Review and Performance Scrutiny Committee - Tuesday, 14<sup>th</sup> December 2021

Agenda Item No.	Item Background Papers	Correspondence Following Committee Meeting
Item 4	<a href="#">Sickness Absence</a>	<a href="#">Link to Correspondence</a> (pages 5-10)
Item 5	<a href="#">Corporate Property Strategy 2021/26</a>	Link to Correspondence (Restricted - Not Published)
Item 6	<a href="#">Mid-Year Performance 2021/22</a>	<a href="#">Link to correspondence</a> <a href="#">Correspondence attachment - inc. response</a>

Governance and Audit Committee Work Programme 2021-22

1. Current Work Programme 2021/22:

Area	Tuesday 20.07.21 (4:30pm)	Tuesday 28.09.21 (2pm)	Special Committee Meeting Tuesday 19.10.21 (2pm)	Tuesday 23.11.21 (2pm)	Special Committee Meeting Tuesday 07.12.21 (2pm)	Tuesday 25.01.22 (4:30pm)	Tuesday 15.03.22 (4:30pm)	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 & Trust Funds	ISA 260 and Audited Statement of Accounts 2020/21 for Cardiff & Vale of Glamorgan Pension Fund		Annual Audit Summary Report	Annual Audit Plan 2022	
				National & Local Financial Sustainability Reports			Cardiff & Vale Pension Fund Audit Plan 2022	
	AW Work Programme and Timetable Update			AW Work Programme and Timetable Update		AW Work Programme and Timetable Update	AW Work Programme and Timetable Update	AW Work Programme and Timetable Update
Performance	Member Breach of Code of Conduct Complaints	Planning and Performance Framework – Update and Overview on the Role of Governance and Audit Committee				Mid-Year Self-Assessment Report Update		Draft Year-End Self-Assessment Report 2021/22
	Council Complaints and Compliments – Policy and Annual Report 2020/21			Council Complaints – Mid Year Report				Council Complaints and Compliments – Policy and Annual Report 2021/22
Treasury Management		Treasury Management Annual Report		Half Year Report		Draft Treasury Management 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	Audit and Investigation Team - Progress Update	Audit and Investigation Team - Progress Update
	Internal Audit Annual Report 2020/21	Counter-Fraud Annual Report 2020/21				Draft Internal Audit Charter & Summary Audit Plan 2022/23	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 2021/22 (Mid-Year)		Draft Annual Governance Statement 2021/22
	Corporate Risk Management Year-End			Corporate Risk Management 2021/22 (Mid-Year)			Corporate Risk Management (Q3)	Corporate Risk Management (Year-End)
	Recommendation Tracker – Reports of External Review Bodies					Recommendation Tracker – Reports of External Review Bodies		
Senior Officer Updates <i>(Operational Matters / Key Risks / Other)</i>		Davina Fiore – Update on Governance and Legal Services Directorate Control Environment		Andrew Gregory – Update on Planning Transport and Environment Directorate Control Environment	Neil Hanratty – Governance, Internal Control and Risk Management within Waste Management	Chris Lee – Update on Resources Directorate Control Environment	TBC – Melanie Godfrey – Update on Education & Lifelong Learning 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:

<p>Governance and Audit Committee</p> <ul style="list-style-type: none"> <li>Annual self-assessment workshop (25.01.22)</li> <li>Training and development sessions.</li> </ul>	<p>General</p> <ul style="list-style-type: none"> <li>Correspondence, publications and reports for information purposes</li> <li>Time sensitive consultation.</li> </ul>	<p>Director / Senior Officer Assurance</p> <ul style="list-style-type: none"> <li>Use of letters, correspondence, and video / telephone meetings as necessary.</li> </ul>
--	--	---

This page is intentionally left blank