

**CARDIFF COUNCIL
CYNGOR CAERDYDD**

AUDIT COMMITTEE:

14 MARCH 2017

**PROPOSED TREASURY MANAGEMENT PRACTICES - APRIL
2017 ONWARDS**

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM 8.2

Appendix 1 and 2 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972

PORTFOLIO: CORPORATE AFFAIRS

Reason for this Report

1. The Audit Committee Terms of Reference sets out their responsibility for undertaking scrutiny of the accounting, audit and commercial issues in relation to the Council's Treasury Management Strategy and Practices.
2. This report has been prepared to provide Audit Committee Members with the proposed Treasury Management Practices (TMP's) to apply from April 2017.

Background

3. The Council carries out its treasury management activities in accordance with a code developed for public services in 2011 by the Chartered Institute of Public Finance and Accountancy (CIPFA). This requires the preparation of what are termed 'Treasury Management Practices' and the areas which these must cover are specified.
4. The purpose of TMP's are to demonstrate that the Council's Treasury Management activities are carried out in an open and transparent framework. These are reviewed periodically under delegation FS5 to the Corporate Director Resources.

Issues

5. The Council's proposed Treasury Management Practices as attached at Appendix 1 and are based on the requirements of the CIPFA Code and also consider content as suggested by the Council's Treasury Management advisors. The document covers controls, processes and practices in the following twelve areas:-
 - Treasury risk management.
 - Credit and counterparty risk management.
 - Liquidity risk management.
 - Interest rate risk management.
 - Exchange rate risk management.
 - Refinancing risk management.
 - Legal and regulatory risk management.
 - Fraud, error and corruption, and contingency management.
 - Market risk management.
 - Performance management.
 - Decision-making and analysis.
 - Approved instruments, methods and techniques.
 - Organisation, clarity and segregation of responsibilities, and dealing arrangements.
 - Reporting requirements and management information arrangements.
 - Budgeting, accounting and audit arrangements.
 - Cash and cash flow management.
 - Money laundering.
 - Training and qualifications.
 - Use of external service providers.
 - Corporate governance.
6. An Internal Audit review of the TMP's as part of their periodic audit of the Treasury Function was undertaken in February 2017 including testing of treasury processes and systems. No significant concerns were raised.
7. The Audit Committee previously received updated Treasury Management Practices in March 2016. Whilst there has been some changes to wording in this updated version, there has been no requirement to make significant changes as a result of changes in practice. The changes are identified in Appendix 2. Any impact on existing Treasury Management Practices as a result of implementation and development of Cardiff Capital Region City Deal will be kept under review.

Reason for Recommendations

8. To note and provide comments on the proposed treasury management practices to apply from April 2017 which assists in the review and assessment of the risk management, internal control and corporate governance arrangements of the authority in relation to treasury activities.

Legal Implications

9. No direct legal implications arise from this report.

Financial Implications

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

RECOMMENDATIONS

11. Audit Committee to note the Treasury Management Practices to be implemented from April 2017.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES
1 March 2017

The following appendix is attached

Appendix 1 – Treasury Management Practices and Appendices – Valid from April 2017

Appendix 2 – Changes made to 2016/17 Treasury Management Practices