
WALES AUDIT OFFICE: ANNUAL IMPROVEMENT REPORT 2016-17

Reason for this Report

1. To provide an opportunity for the Committee to consider the Wales Audit Office (WAO) Annual Improvement Report 2016-17, and the Auditor General for Wales' judgement in respect of Cardiff Council.

Background

2. Each year, the Auditor General is required to audit the improvement planning and reporting arrangements of all Welsh councils to assess whether each authority will meet statutory continuous improvement duties.
3. In addition, the Auditor General undertakes an in-depth corporate assessment of each authority on a cyclical basis (currently at least once every four years). In the intervening years, in addition to audits of improvement planning and reporting, the WAO, on behalf of the Auditor General, will keep track of developments, and focus further assessment work on a number of key themes, developed in discussion with each authority.
4. This Annual Improvement Report summarises the audit work undertaken within Cardiff Council since the last such report was published in August

2016, and includes the outcome of the WAO improvement assessment work at all Welsh councils under three themes:

- a. Governance
- b. Use of resources
- c. Improvement planning and reporting

5. The Auditor General is able to:

- a. Make proposals to the Council for improvement;
- b. Make formal recommendations for improvement;
- c. Conduct a special inspection;
- d. Recommend to Welsh Government Ministers that they intervene.

6. Cardiff Council did not receive any formal recommendations in 2016-17, but did receive a number of proposals for improvement. The Council's progress will be monitored against these proposals for improvement, and against relevant recommendations made in WAO's national reports.

Wales Audit Office Findings

7. The Auditor General sets out in the WAO Annual Improvement Report 2016/17 that *"the Council is meeting its statutory requirements in relation to continuous improvement' and he believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2017-18'.*

8. Attached at **Appendix A** is the Annual Improvement Report 2016-17. There were seven audits and inspections carried out during the year as follows:

- a. Good governance when determining service changes (March 2017)
- b. Annual audit letter 2015-16 (Nov 2016)
- c. Savings planning (March 2017)
- d. Review of data quality 2015-16 (Dec 2016)

- e. Can the Council demonstrate sufficient progress in meeting proposals for improvement made in February 2016? (July 2017)
 - f. WAO Annual 'Improvement Plan' Audit (April 2017)
 - g. WAO Annual 'Assessment of Performance' Audit (Nov 2016)
9. Further details of the proposals for improvement can be found on **pages 6-9 of Appendix A**. Members may be particularly interested in the proposals falling out of the Savings Planning inspection, following the Committee's scrutiny of the budget strategy 2018-19 at its 20 September 2017 meeting.
10. The Council reported achievement of 80% of planned savings in 2015-16, and forecasted it would achieve 80% of its 2016-17 planned savings. WAO has proposed improvement to strengthen financial planning arrangements by :
- a. Ensuring that all savings are fully developed prior to the start of the year with realistic timescales when the annual budget is set;
 - b. Developing an Income Generation/Charging Policy, and
 - c. Continuing to develop links between the Organisational Development Plan and annual savings.

Wales Audit Office Work Programme 2017/18

11. Each year the Wales Audit Office publishes a planned programme of inspection and performance review for the Council for the year ahead. Attached at **Appendix B** Members may be interested to see the reviews planned for the Council and also the National thematic studies that will include the Council during 2017/18.

Way Forward

12. The Committee is invited to consider the Wales Audit Office Annual Improvement Report 2016/17. In line with its Terms of Reference to scrutinise the Council's Programme for Improvement, Members will consider the determinations of the WAO Annual Improvement Report 2016/17, and

internally challenge how effectively the Council is preparing for improvement.

13. To facilitate the scrutiny in attendance will be Steve Barry and Sara-Jane Byrne, WAO; Councillor Chris Weaver, Cabinet Member Finance, Modernisation & Performance; Chief Executive, Paul Orders; Corporate Director Resources, Christine Salter; and Head of Performance and Partnerships, Joseph Reay.

Legal Implications

14. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances

Financial Implications

15. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial

implications at this stage in relation to any of the work programme.
However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

The Committee is recommended to:

- I. consider the Wales Audit Office Annual Improvement Report 2016-17;
- II. ensure that key issues highlighted during the scrutiny inform the Committee's future Work Programme for 2017-18 ; and
- III. report any concerns and observations to the Council.

Davina Fiore

Director Governance & Legal

28 September 2017