

# **CITY OF CARDIFF COUNCIL CYNGOR DINAS CAERDYDD**

**AUDIT COMMITTEE: 23 MARCH 2015**

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## **PROPOSED TREASURY MANAGEMENT PRACTICES - APRIL 2015 ONWARDS**

### **REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM 7.2**

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**Appendix 1 of this report is not for publication due to 14 and  
21 of Schedule 12A of the Local Government Act 1972**

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

1. To provide Audit Committee Members with the proposed Treasury Management Practices (TMP's) to apply from April 2015.

#### **Background**

2. 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.
3. 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**

4. The code 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.
5. Internal Audit review of the TMP's as part of their periodic audit of the Treasury Function was undertaken including testing of treasury processes and systems. No significant concerns were raised.
6. The Audit Committee previously received the Treasury Management Practices in March 2014 and the main changes since that report included in this version are:
- Update for the approved 2015/16 Treasury Management Strategy and criteria for investment in the February 2015 Council budget
  - Changes in job staff roles and
  - Minor review of risk register

### **Reason for Recommendations**

7. To note and provide comments on the proposed treasury management practices to apply from April 2015 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**

8. No direct legal implications arise from this report.

The Committee is reminded of its statutory functions, which are to:

- (a) review and scrutinise the authority's financial affairs,
- (b) make reports and recommendations in relation to the authority's financial affairs,
- (c) review and assess the risk management, internal control and corporate governance arrangements of the authority,

- (d) make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,
- (e) oversee the authority's internal and external audit arrangements, and
- (f) review the financial statements prepared by the authority.
- (g) 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.

The Committee is recommended to consider the content of this report and the documents annexed to it and to consider any queries or comment they may wish to make in relation to the contents of the report and any recommendations made in it.

### **Financial Implications**

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

### **RECOMMENDATIONS**

10. Audit Committee to note the Treasury Management Practices to be implemented from April 2015, with any internal audit recommendations arising from review of these practices being implemented by the Corporate Director Resources and included in future updates to Treasury Management Practices.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**  
**6 March 2015**

*The following appendix is attached*

Appendix 1 – Treasury Management Practices and Appendices – Valid from April 2015