



# Audit Committee Annual Report 2018/19

Cardiff Council



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## **1. Foreword by Ian Arundale (Chairperson of the Committee)**

I am pleased to present this report, which provides an overview of the Audit Committee's work in the municipal year 2018/19. I have been well supported by the strong teamwork of the Committee this year. I wish to firstly record my thanks to my Deputy Chair Hugh Thomas who delivered the role of chairing the Audit Committee for the meeting that I could not attend this year.

I wish to record my thanks to all Elected Members and the Independent Lay Members who have served on the Committee this year. Members from across the political groups have come together in an effective way in our five meetings this year. It is also encouraging to report well-attended meetings, and indeed attendance at wider training and information events, given how busy Members are in fulfilling other roles and responsibilities.

Towards the end of the year, we saw changes to our Committee membership, as due to other commitments Councillor Jayne Cowan and Councillor Chris Lay stood down from the Audit Committee. At the municipal year-end, we then saw Councillor Mary McGarry and Councillor David Walker standing down. I must express my gratitude to our departing Members for their firm commitment and the value they brought to the Committee during their periods of membership.

We welcomed Councillor Susan Goddard and Councillor Joel Williams as new Audit Committee Members in our meeting of April 2 2019. We have already felt the benefits of their contributions, through active participation in meetings and their keen interest in our role. At the year-end, Council has approved that Councillor Ashley Lister will be joining our Audit Committee for 2019/20, who I would like to take the opportunity to welcome. At the time of writing, the Audit Committee has one vacant Conservative seat. To support any new Members of the Audit Committee, a programme of Induction training is attended prior to their first attendance at Audit Committee, and as a group, we have established a programme of training to ensure we continue to develop and effectively deliver our important role.

This year we have also seen changes in important officer positions. Firstly, from March 2019 Christopher Lee, an experienced Section 151 Officer and Director from Rhondda Cynon Taf, has taken up the role of Section 151 Officer and Corporate Director Resources. We welcome Chris to this role with confidence in his skills and ability, and send our appreciation and very best wishes to Christine Salter, who has left the Council after many years of consistent and valued Council service. We have also gained a new Internal Audit Manager from October 2018. Chris Pyke, an experienced audit and risk management practitioner, provides a full time resource to the Audit Team following a period of leadership and management by Ian Allwood the Head of Finance, who I thank for his time, support and commitment.

Throughout the year, Audit Committee has continued to receive highly valued professional support from Accountancy, External Audit (Wales Audit Office), Internal Audit, Risk Management and Treasury Management. Additionally, we have invited officers to attend Committee to respond to concerns raised by Members or identified through various Committee reports, such as those from internal and external audit.

The Audit Committee has undertaken a number of deep dive reviews of various corporate risks through which we have provided challenge, sought assurance and raised recommendations in areas where we considered it appropriate.

The Committee has continued to receive systematic reports from members of the Senior Management Team (SMT), on their directorate control environments, comprising governance, risk management and internal control / assurance arrangements. This approach has provided a good opportunity for us to engage with members of SMT individually, and to seek relevant assurances in these areas.

We have reviewed our work programme at each Committee meeting, taking account of changing risks and priorities through the reports and information we receive from Members, Officers, external stakeholders and other Committees of the Council. Our Work Programme has been busy this year with a wide range of matters brought before the Committee.

We acknowledge the importance of our broad role to a range of stakeholders, and have reflected on the effectiveness of governance, risk management and control in providing an overall assurance opinion and informing the Council's Annual Governance Statement 2018/19.

We have also taken the time to review our performance to give confidence to those relying on our work. In January 2019, we held a self-assessment workshop against the best practice CIPFA framework. We strengthened our self-assessment from prior years, by also completing an individual assessment against the core areas of the CIPFA knowledge and skills framework. This enabled us to identify strong overall collective skills, with an opportunity for further development in particular areas of a more technical nature. We have established arrangements to receive targeted training from lead Council Officers in these areas. All elements of our review and our action plan for improvement are appended to this report.

The Committee has taken forward networking and engagement initiatives this year. I have engaged in reciprocal Audit Committee visits with the Chairs of Leeds and Swansea Council Audit Committees, in order to share ideas, initiatives and best practices. These visits have proved valuable to understand different approaches and methods of effective Audit Committee delivery. As we enter 2019/20, we are working towards holding a Welsh Local Authority Audit Committee Chairperson Network in the autumn to further progress opportunities for shared learning and development.

To support wider awareness of our work, findings and outcomes, we published our first Audit Committee Newsletter in October 2018. The intention is to publish a newsletter twice a year to continue to communicate our work, and to support the Council's culture of accountability and assurance.

Looking forward to 2019/20, the financial challenges facing the Council and public services will continue through reduced funding and increasing demand for services and ever improving performance. Within this context, the importance of an effective Audit Committee remains critical.



## 2. The Role of the Audit Committee

The Audit Committee's role is to increase public confidence in the objectivity and fairness of financial and other reporting and provide independent assurance over governance, risk management and control processes.

The Local Government (Wales) Measure 2011 requires a Local Authority to have a Committee to:

- review and scrutinise the authority's financial affairs
- make reports and recommendations in relation to the authority's financial affairs
- review and assess the risk management, internal control and corporate governance arrangements of the authority
- make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements
- oversee the authority's internal and external audit arrangements, and
- review the financial statements prepared by the authority.

The Measure also requires Councils to have Lay Members in their Audit Committees. The Council has determined that the membership of its Audit Committee would be twelve Members (eight Elected Members and four Independent Lay Members), which meets the requirement of the Measure and the proposals in the draft Local Government (Wales) Bill. The Terms of Reference of the Committee for 2018/19 was as follows:

### Governance, Risk & Control

- To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
- 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.

## Internal Audit

- 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.
- To approve significant changes to the risk-based internal audit plan, including audit's resource requirements, the approach to using other sources of assurance 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 reports from the Audit Manager on Internal Audit's performance during the year. 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;
  - Reports on instances where the internal audit function does not conform to the PSIAS and Local Government Application Note considering whether the non- conformance is significant enough that it must be included in the Annual Governance Statement.
- The opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal 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 support the development of effective communication with the audit manager.

## 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 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 on the committee's performance in relation to the terms of reference and the effectiveness of the committee 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 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 session in accordance with the Member Development Programme including specialist training tailored for Members of the Audit Committee e.g. treasury management.

### **3. Our Work in 2018/19**

The Audit Committee receives regular reports in relation to standard agenda themes and receives reports of interest based on risk, governance and internal control matters. Each aspect is reported on below.

#### **Standard Items**

##### **3.1 Finance**

The Corporate Director Resources (Section 151 Officer) has provided financial updates at every meeting to provide Committee Members with an overview of the financial standing of the Council during a period of ongoing unprecedented financial pressure. Members have also received training on financial management and accounting to support our focus on the controls and processes in place to support effective budget management.

The Audit Committee has noted the challenges facing the Council in respect to its budget strategy for both the year hence and the medium term.

The Committee has received and had the opportunity to comment on key finance reports in 2018/19, including:

- Draft Statement of Accounts 2017/18 and Audit Report
- Cardiff & Vale of Glamorgan Pension Fund Statement of Accounts 2017/18 and Audit Report
- Treasury Management reports and updates
- Financial Resilience updates and snapshots
- Draft Annual Governance Statement 2018/19.

As reported in 2017/18, the Audit Committee has continued to express concern about significant overspends and unrealised savings targets in the Social Services Directorate. The Director of Social Services attended Committee in January 2019 in order to provide an update on the challenges facing the directorate as well as providing a full overview of the assurance control environment.

The Committee was advised that the Directorate is taking action to manage its overreliance on agency workers, and implementing strategies to meet an increased demand for Children's Services through the most cost-effective means. Senior Managers have committed to providing a breakdown of Social Services overspends for the last three years and their reasons, to provide further detail for the Committee to consider.

##### **3.2 Governance and Risk Management**

The Audit Committee has formed a view on the Council's governance, risk management and internal control arrangements taking into account the information presented by the Corporate Director Resources (Section 151 Officer), the Wales Audit Office (WAO), the Audit Manager, Risk Management Team and other officers of the Council.

The Audit Committee plays a key role in contributing to and challenging the contents to be included in the Annual Governance Statement (AGS). The AGS is an important governance disclosure document and forms part of the Statement of Accounts.

The Audit Committee considered the AGS as part of the Statement of Accounts 2017/18 in June 2018 and September 2018. The Committee has had early involvement in the draft AGS 2018/19, in which the 'Opinion of the Audit Committee' (section 8) will be disclosed.

The Committee has received and had the opportunity to comment on the following governance and risk management disclosures:

Committee Meeting Date	Item Reviewed
June 2018	<ul style="list-style-type: none"> <li>▪ Corporate Risk Management (Q4 Update) 2017/18</li> <li>▪ Senior Management Statement Review Year End 2017/18</li> </ul>
September 2018	<ul style="list-style-type: none"> <li>▪ Corporate Risk Management (Q1 Update) 2018/19</li> </ul>
November 2018	<ul style="list-style-type: none"> <li>▪ Corporate Risk Management (Q2 Update) 2018/19</li> </ul>
January 2019	<ul style="list-style-type: none"> <li>▪ Senior Management Assurance Statement Mid-Year Responses 2018/19</li> <li>▪ Mid-year AGS Action Plan of significant governance issues</li> </ul>
April 2019	<ul style="list-style-type: none"> <li>▪ Corporate Risk Management (Q3 Update) 2018/19</li> <li>▪ Draft AGS 2018/19.</li> </ul>

We considered the Draft Code of Corporate Governance (Code) prior to its approval and incorporation into the Council's Constitution in March 2019. Within the Code, the SMAS process is a core mechanism for senior management self-review and open disclosure. We welcome the ongoing development of the SMAS process in line with the Code to provide a wider level of independent challenge from various Council disciplines, and strengthen the assurance provided.

We have continued to review the Senior Management Assurance Statements (SMAS) from the Senior Management Team twice a year, and we have also probed members of SMT and sought further assurance through the reports we have received from them individually on their directorate control environments throughout the year.

We considered and informed the development of the Council's Risk Management Strategy and Policy, prior to Cabinet approval in July 2018. The Committee was very keen for Risk Management to be communicated to officers and stakeholders in a way that engaged participation. Subsequently, the Committee was pleased to receive a summary version of the Strategy and Policy that communicated the core principles in simple language.

We have invited a number of risk owners to attend Committee this year, through which we have completed deep dive reviews on various corporate risks, with a focus on the controls and planned management actions. Further information on our risk reviews is included in section 5 'one-off reviews'.

### **3.3 Treasury Management**

The Audit Committee seeks assurance that the Council has complied with the Treasury Management Strategy and Practices, and has demonstrated effective risk and performance management.

Over the past twelve months, the Committee has received reports on the Treasury Management Annual Report, Mid-Year Report 2018/19, Treasury Management Strategy 2019/20 and the Treasury Performance and Practices Reports.

Through the treasury management reports and updates in each Committee meeting, Members have taken the opportunity to scrutinise and challenge the approach adopted and decisions taken. This is a complex area, through which the Committee has delivered its role through probing and scrutinising strategies, reports and data provided.

Upon request, the Committee received a briefing paper, which detailed the focus of the work and assurances provided by our Internal and External Audit Teams. We have also been advised that an external review is also being carried out by the Council's treasury management advisors, to consider areas of compliance, evidence, delivery and review in the form of a policy, procedures and processes health check. We await the outcomes of this work and the opportunity to consider the findings with lead officers.

To further support the Audit Committee in its role, in-house treasury management training is scheduled for delivery to Audit Committee Members in 2019/20.

### **3.4 External Audit (Wales Audit Office)**

The Committee places reliance on the work of the Wales Audit Office (WAO) as the Council's external auditors. The Committee has received key documents throughout the year:

- Audit Progress Updates
- Audit of Financial Statements Report – Cardiff & Vale of Glamorgan Pension Fund 2017/18.
- Annual Audit Plan - Cardiff & Vale of Glamorgan Pension Fund 2018/19.
- Annual Audit Plan 2019/20

The Audit Committee has received regular updates from WAO, led by Ann-Marie Harkin (Engagement / Financial Audit Director), Phil Pugh (Financial Audit Manager) and Sara-Jane Byrne (Performance Audit Manager). In addition to Cardiff specific studies, Audit Committee Members receive a number of other national and regional study updates from WAO in each meeting, with the key findings and messages communicated.

The Committee welcomed the opportunity to comment on the 3-year programme of work of the Auditor General for Wales in December 2018. Comments were fed back to senior Council officers for inclusion in the corporate response. The Audit Committee Chairperson and Audit Manager receive notifications of relevant WAO publications, and consider and circulate reports, which are relevant to the Audit Committee's terms of reference to Members.

The Committee has considered some wider WAO reports in detail, such as a Carmarthenshire 'Audit Committee Effectiveness' report, which was used as a health check, for self-assurance and reflection

on our own performance. The health check provided general assurance on the effectiveness of the Audit Committee, and reinforced the benefits of the networking, communication and targeted Committee training we have been progressing this year.

### **3.5 Internal Audit**

The Committee continues to place reliance on the work of the Council's in-house Internal Audit Team, and welcomes this increase in direct management capacity, following a period of effective strategic and operational leadership by the Head of Finance.

The Audit Manager provides a functional reporting role to the Audit Committee and an administrative reporting role to the Head of Finance (Deputy Section 151 Officer). The Committee has been assured that throughout the year that there have been no impairments to Internal Audit independence or objectivity in accordance with the Public Sector Internal Audit Standards (PSIAS).

The Audit Committee approved the Annual Internal Audit Charter in both March 2018 and April 2019, and approved incremental in-year changes to formalise the allocation of responsibility and reporting arrangements for the new Audit Manager following appointment in October 2018.

The Committee approved the 2018/19 Internal Audit Plan in March 2018, monitored its progress and received an account of any risk-based revisions to planned audits throughout the year. The Committee also considered and approved the 2019/20 Audit Plan in April 2019.

The Committee received the following key documents during the year:

- Internal Audit and Investigation Team Quarterly Progress Reports
- Internal Audit Recommendation Tracker
- Internal Audit and Investigation Team Annual Reports
- Changes to key documents / policies.

The Audit Plan 2018/19 included four audits of a thematic nature to gain assurance in each directorate across the Council. The themed audits were Partnership and Collaborative Governance, Budgeting and Forecasting, Effective Decision Making, and ICT Governance. These audits were substantially completed in the year, and an additional suite of audits targeting value for money assurance, will conclude and report in 2019/20.

An overview of all issued audit reports has been provided to the Audit Committee, with emphasis given to recommendations allocated a priority rating of Red or Red / Amber. The Audit Committee receives and monitors all audit recommendations and the associated management response and updates to the point of implementation.

The number of audit recommendations implemented within agreed timescales requires improvement, with performance at 67% against a target of 90%. It is essential that audit clients prioritise delivering audit recommendations within the timescales they agree to. The Audit Team will be focussing on performance in this area next year and we will keep close attention through the reports we receive and the senior officers that we engage with.

Internal Audit is subject to an external review every five years in order to report conformance with the mandatory Public Sector Internal Audit Standards (PSIAS). The Audit Manager of Rhondda Cynon

Taf Council carried out this review during 2017/18, and provided assurance that the Internal Audit function conformed to the standards. As part of the Internal Audit Quality Assurance and Improvement Programme in accordance with the PSIAS, the Audit Committee received ongoing internal assurance through performance reports in each Committee meeting this year, from the Audit Manager that the Internal Audit Service is operating in conformance with the PSIAS.

The Committee will receive a full year overview of audit work completed, and key messages, when the Internal Audit Annual Report is presented to the June 2019 meeting of the Audit Committee. This report will provide the Audit Manager's opinion on the Council's overall position in relation to risk, governance and internal control and an annual review and assurance statement on conformance with the PSIAS.

### **One-off Items**

The Audit Committee has routinely engaged with the Chief Executive and Directors through its programme of work this year for assurance on the control environment for their respective areas of oversight. The Committee has undertaken deep dive reviews of certain corporate risks for which greater assurance has been sought from risk owners. The Committee has required a greater frequency of assurance in respect of governance and controls within Schools and in the Waste Management function, in line with lower levels of audit and management assurance in these particular areas.

### **3.6 Control Environment Reviews**

The Chief Executive attended Audit Committee meetings in June 2018 and April 2019, to provide an outline and assurance on the Council's overall governance, risk management and internal control. The Committee has continued to recognise the challenging financial environment facing the authority, and he has emphasised the importance of the role of the Section 151 Officer, and the SMT in making the interventions necessary to effectively manage Council finances. The Chief Executive has provided the Committee assurance over the frameworks for measuring and managing governance and risk in the Council. In the meeting of April 2019, we has a particular focus on Brexit risk management, for which the Chief Executive provided detailed information and assurances.

Six Directors attended Audit Committee in 2018/19 to provide an overview of their directorate control environments. The remaining Director of Economic Development is scheduled to attend an Audit Committee Meeting in June 2019. The range of assurances and matters for attention across the discussions of governance, risk management and control varied across the various Directorates.

The prominent matters discussed and actions agreed were as follows:

## Directorate Control Environment Reviews 2018/19

### Planning Transport and Environment

Air quality management to reduce air pollution and the impact on health, and coastal flood risk management are the biggest risks being managed by the Directorate.

Committee held a deep dive review of coastal flood risk management, for which the details are summarised in section 3.7 of this report.

Management and Internal Audit have kept Committee informed of gaps in areas of Waste Management compliance and control, for which further information is included in section 3.9.

### Housing and Communities

Welfare Reform and Fire Safety have been identified as the greatest challenges for the Corporate Director, and Committee has been assured that significant attention is given to these areas.

Members have discussed that it is not feasible to target a further reduction in the Welfare Reform corporate in light of external factors. Committee has been advised that a key challenge is the need to meet the increased demand for services from an increasing population with less resource.

The Directorate has made strong progress in delivering audit recommendations, and all recent audit reports provided an effective level of assurance.

### Education and Lifelong Learning

Committee has discussed Band B 21st Century School information, and the work underway to manage school building compliance, having received the building maintenance corporate risk quarterly updates throughout the year for monitoring and review.

We have welcomed an update of improvements in school performance and the number categorised as 'Green'. We have received assurance from the Director that School support and intervention are put in place where required to improve financial management and governance.

Further information on our assurance on school governance is included in sections 3.8 and 6.4 of this report.

### Governance and Legal Services

The Director has highlighted that there is an ongoing need to retain knowledge and skills to deliver compliant services, and to effectively respond to challenges.

We have been advised that safeguarding continues to be a significant corporate risk, and the Director has highlighted that the complexity of safeguarding cases being dealt with by Legal Services is growing.

A key priority for Democratic Services is to respond to the Wales Audit Office (WAO) Report 'Overview and Scrutiny – fit for the future?' and that an action plan is in place to address five Proposals for Improvement

### Resources

We have discussed particular corporate risks in addition to receiving our ongoing Section 151 Officer assurances as outlined in section 3.1. We have discussed business continuity arrangements, performance management and record retention, and received information on the current mitigations and future work and developments.

Members were advised of business continuity scenario testing activities and exercises, and the arrangements to support and develop managers in performance management.

### Social Services

Committee has been advised that managing the Safeguarding corporate risk is a key priority for the Directorate. As reported in section 3.1 of this report, an ongoing challenge for the Directorate is the need to effectively manage demand in Children's Services, being mindful of the financial pressure of increases in number of looked after children.

We have been advised that strategies are being implemented to meet the increased demand of Children's services and to manage budget overspends.

We have been advised that the Director was prudent in scoring down her first SMAS assessment at the mid-year position in 2018/19 for which she is working to evidence and achieve the assurances required to report an improved year-end position.

### **3.7 Risk Management Deep Dive Reviews**

The Audit Committee has reviewed the Corporate Risk Register on a quarterly basis throughout 2018/19, and undertaken three deep dive corporate risk reviews, for which further information is summarised below.

#### **Cyber security**

Audit Committee invited the Chief Digital Officer to provide an overview of the corporate risk on cyber security. This particular risk was escalated to the Corporate Risk Register (CRR) in quarter 4 2016/17, following requests for heightened monitoring and assurance from the Audit Committee.

The Committee has been advised that cyber security is monitored through a maturity assessment against 10 primary risk factors, in application of the recommended approach by the National Cyber Security Centre (NCSC). Committee was advised that the position is strong overall, whilst the greatest attention is required in the areas of Unsecure Configuration (Unauthorised access & changes, exploitation of software bugs & insecure system configuration), Monitoring (Assessment of how & when systems are being used; detecting & reacting to attacks or accidental user activity) and Corporate Cloud Security (management of externally hosted services).

Towards the end of the year, Internal Audit work concluded on ICT Governance and Cloud Computing, which has provided broadly effective assurance. The Audit Committee will monitor the progress of the Internal Audit recommendations raised, and will continue to monitor the cyber security corporate risk each quarter.

#### **Coastal flood risk management**

Audit Committee has explored the coastal Erosion Risk Management Programme to mitigate the flood risk from the coastline along Rover Way, as currently defended through a combination of materials and techniques and included on the corporate risk register as an individual risk since quarter 3 2017/18.

Committee was advised of the flood risk mitigations planned, and that the full business case is expected to be completed within a year, with construction completed by 2024. The Committee was assured that a flood event prior to completion of the defences is not anticipated, but that in such an event a multi-agency response could be invoked.

The Audit Committee was assured with the planned mitigations, whilst raising the following recommendations, for which progress will be monitored through management updates.

- Review the resilience of local incident management plans, and develop specific plans for a flood event arising from the coastal erosion corporate risk
- Develop an engagement strategy to communicate to those most at risk
- Report progress to a future Audit Committee meeting.

#### **Brexit**

As the uncertainty around Brexit increased as the year progressed, we worked alongside PRAP in our review of the planning and preparation for Brexit, to seek to deliver our distinct roles in co-ordination.

In reviewing risk management arrangements, we communicated with the Leader and the Chief Executive from whom we received written information on the management of Brexit risks.

We utilised the Chief Auditor Networks in Wales and in UK Core Cities, to identify the approaches and actions being taken by other Audit Committees. A number of Scrutiny and Audit Committee Members also attended an Academy Wales Brexit Event, through which we received best practice risk management and scrutiny guidance.

Given the importance of this work, we brought forward our annual invite to the Chief Executive to early April, where we discussed the detail around Brexit risk management. We appreciate the time taken by the Chief Executive in early April to attend our Committee to provide an outline of the various processes and systems underway to manage Brexit related risks. We have recognised the importance of strong communication, and welcomed continued information to those involved in delivery and oversight on this complicated and important area.

Brexit was escalated to the Corporate Risk Register in quarter 3 2018/19, through which we will receive ongoing visibility and assurance over Brexit risk management, through the quarterly risk management reports we receive.

### **3.8 Education and Lifelong Learning Assurance**

The Director of Education attended Audit Committee in September 2018 to report on School Governance and Financial Deficits. It was reported that 9 schools, (4 Primary and 5 Secondary Schools) carried forward deficit balances into the financial year 2018/19, which is an improvement on the previous year when there were 13 schools; 6 Primary, 6 Secondary and 1 Special School with deficit balances. Each school with a deficit budget has a medium term financial plan showing how it will reduce its deficit to a balanced position. There is an assigned monitoring officer for each school with a deficit, working closely with the school and governing body to monitor the delivery of the medium term plan. This matter continues to be monitored through the corporate risk register mechanism.

Committee was advised that there were 59 schools with a balance in excess of the Welsh Government recommended level (£50,000 for Primary Schools and £100,000 for a Secondary or Special School) and 4% of the school's annual delegated budget (a threshold agreed after consultation with schools). The Committee will continue to monitor the control of surplus balances in order to be satisfied that value for money principles are being upheld.

School governance has continued to be highlighted as an area for improvement, with two primary schools receiving an unsatisfactory Internal Audit opinion in 2018/19 (Pontprennau Primary and St. Peters RC Primary). In view of an ongoing need for regular assurance in this area, Audit Committee has arranged to receive an update from the Director of Education and Lifelong Learning twice a year on the monitoring, controls and progress of governance improvements in Schools for which an assurance gap has been identified. This is with the understanding that Audit Committee can request the attendance of those directly responsible for School Governance at a Committee meeting in the event that assurances are not considered as acceptable.

### 3.9 Waste Management Assurance

There have been some well-publicised concerns about the robustness of controls in relation to the Waste Management function. There have been a series of investigations into allegations of fraud, and once matters have concluded within the Waste Management Service, Audit Committee will consider the terms of reference for Post Investigation Reviews to ensure lessons are learned.

In the meantime, the Audit Committee has increased the frequency of its meeting invites to Senior Officers in Waste Management, as there is a greater need for information and assurance. The Audit Manager has also responded with an increased level of Internal Audits taking place throughout 2018/19, which have focussed on the effective operation of key systems, processes and practices to safeguard assets and deliver compliant operations.

Committee has recognised that there is a lot of work to do, as two internal audits have recently provided an unsatisfactory audit opinion and others have recognised a need for major improvement, but Senior Management have engaged well with the Committee and with our Internal Audit Team. They have been open with the Internal Audit Team on the areas where they have the greatest need for assurance, advice and support, and the Committee will keep a continued close eye on the delivery of improvements required.

## 4. Audit Committee Self-Assessment

In January 2019, the Audit Committee held a self-assessment workshop, to review its performance against a best practice CIPFA framework. The assessment process was strengthened this year to include an Individual Assessment against the CIPFA core knowledge and skills areas from the framework. This additional process was identified as an action in last year's self-assessment, and was completed in advance of the collective workshop, to enable the results to be reflected upon when considering the overall assessment. The individual assessment was completed by the ten Audit Committee Members who had served on Committee for the year, and had not indicated they were standing down in January 2019.

The Committee also introduced a further process to obtain feedback from those attending Audit Committee meetings on the performance and the value they gained from their attendance.

The components of the overall self-review were as follows for which the outputs are included in **Annex 3**.

3.

- a. Individual Assessment
- b. Collective workshop Results
- c. Feedback from those attending audit committee
- d. Action plan.

At a collective level, the self-assessments have reported strong performance overall. The Audit Committee has identified it could do more to drive awareness and engagement with the annual governance statement, to enhance value for money assurance through lines of inquiry, and to develop its contribution to partnership and counter-fraud assurance. Each of these areas are being targeted through further Chairperson networking to share best practices, communication to promote

awareness and contribution to good governance, and through Audit Committee interactions with senior officers.

The individual assessments have identified a strong balance of skills overall, but have identified four technical areas where further training is merited, namely Financial Management and Accounting, Internal Audit, Counter Fraud and Treasury Management. To support the Audit Committee to develop in these areas, an in-house training programme is being rolled out, which commenced in April 2019 and is focussing on core knowledge and effective application.

In January 2019, the Committee considered that it did not have the visibility it required of its value to the organisation. To provide information in this respect, the Committee introduced a feedback process in April 2019, to obtain the comments and perceptions of those attending Committee meetings. The results to date have shown good or excellent performance overall, that some areas where influence and assurance could be improved, and that there is scope to improve aspects of discussion and engagement. The feedback is in line with the Committee's self-assessment, and reinforces the need to focus on our terms of reference at all times as we engage in each Committee item.

As set out in the action plan for the self-assessment, the Committee is committed to its own development both as individual members and as a collective, for which progress will be reviewed during 2019/20.

## **5. Key Observations 2018/19**

The Audit Committee Work Programme has been developed and discharged with the support of the Wales Audit Office, Internal Audit and other Council Officers, to deliver the Audit Committee terms of reference with a focus on the significant risks and challenges facing the Council.

The Committee has achieved an overview of the Council's priorities, risks and controls through the many items received through its Work Programme. The Committee has focussed on achieving assurance on the consistent approach across directorates to respond to the challenges of maintaining controls, displaying good governance and managing risks. Through engagement with senior officers, and receiving a range of management and independent assurances the Committee has gained a good understanding of the services provided and the challenges faced. We have responded proportionately with assurance and challenge, as appropriate, and documented within section 3 of this report, 'Our Work'.

In addition, the Committee has had the opportunity to challenge and discuss actions taken in response to both External and Internal Audit Reports, and we have undertaken focussed reviews of particular significant Council risks, through inviting senior risk owners to Committee meetings to provide detailed information and assurance. Through this information and engagement we have identified the assurance and coverage required to deliver our role, from which our Annual Opinion for 2018/19 and particular interests for ongoing focus as we move into 2019/20 are documented in the following section (6. Opinion of the Audit Committee 2018/19).

## **6. Opinion of the Audit Committee for 2018/19**

Based on the evidence presented to the Audit Committee during 2018/19, it is the considered view of the Committee that the Council does have, for the most part, sound internal controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are well captured and reviewed on a regular basis. Examples of where the Committee continues to have concerns, which will be incorporated into the Committee's Work Programme for 2019/20, include:

### **6.1 Budget Management**

The Audit Committee recognises the sustained financial pressure that the Council is under and notes that whilst the overall financial position was projected to be balanced, some particular directorates had projected significant overspends, for which controls have been in need of improvement.

The Audit Committee continues to raise concerns about the controls in place within directorates to achieve budget savings proposals put forward, which is increasingly important as the financial parameters within which the Council operate become further constrained. The Committee will be interested in the level of savings achieved in 2019/20 and will reinforce expectations for delivery given the significant financial pressures facing the Council.

### **6.2 Internal Control**

The continuing reduction in resources, together with a growing population and greater demand for public services, mean that the Council is facing significant challenges in how it delivers services. At a time when many decisions have to be finance driven, it is essential that internal controls are not neglected or impaired, and that strong controls operate throughout reformed processes and systems.

The Audit Committee has invited senior officers to attend each Committee meeting this year, to account for their delivery of good governance, risk management and internal control. In addition, the Audit Committee has continued to receive the details of all Internal Audits completed, and the respective assurance ratings. We have observed isolated internal control gaps in areas of Waste Management, and within certain Schools and School Traded services. Whilst the number of unsatisfactory Internal Audit opinions remain low, management must maintain sound systems of internal control and promptly address identified weaknesses. The Audit Committee is aware of the allegations of fraud within the Waste Management Service, which have been investigated within the Council and referred to the Police. Once associated disciplinary procedures have concluded, Audit Committee will seek assurance on the robustness of post investigation review.

The Committee receives a list of all Internal Audit recommendations raised and agreed, and visibility of updated management comments until the point of implementation. Whilst the Audit Committee has an overall assurance of internal control, we continue to require officers to account for services or functions where internal control weaknesses have been identified. We continue to challenge any impairment in stewardship and control of public funds and assets, seeking prompt and proportionate management actions. The Audit Committee has approved the 2019/20 Internal Audit Plan and will closely monitor its progress and findings over the year.

### **6.3 Financial Resilience (including Treasury Management)**

In a position of austerity, the Audit Committee is focussed on ensuring that financial decisions are made for the benefit the organisation over the medium and long term, in addition to meeting current service needs. The Audit Committee has received updates on financial resilience as part of the finance updates and has welcomed the assurance to be gained from an ongoing external review of the Council Treasury Management activities, by the Council's Treasury Management advisors. The outputs of this review will inform our focus in 2019/20.

The Audit Committee will continue to look to gain assurance of sound treasury management practices and strategy. This is vital work, which will both safeguard and deliver best value from the Council's borrowing and investments. The Audit Committee has and will continue to satisfy itself that the levels and profiles of investments and borrowing throughout the year are appropriate and in line with the Treasury Management Practices, Strategy and Reports presented.

### **6.4 Schools Governance & Compliance**

Audit Committee has raised concerns about governance and compliance matters in schools for some time, which are regularly responsible for a greater proportion of audit reports giving concern. This year, whilst we have received comfort from the assurances given through school governance themed audit work, certain schools have not achieved a satisfactory level of stewardship and internal control.

In view of an ongoing need for regular school governance assurance, Audit Committee has arranged to receive an update from the Director of Education and Lifelong Learning twice a year on the monitoring, controls and progress of governance improvements in Schools for which an assurance gap has been identified. This is with the understanding that Audit Committee can request the attendance of those directly responsible for governance at an individual school level, to a Committee meeting, in the event that assurances are not considered as acceptable.

The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. This area of interest remains a priority of the Audit Committee. The Audit Committee continues to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.

## **7. Looking ahead to 2019/20**

During the forthcoming municipal year, the Committee will continue to be guided by the Corporate Director Resources, the Audit Manager and the Internal and External Audit teams.

The Audit Committee's programme of work will continue to be aligned to delivering its terms of reference effectively. This will include monitoring the management of the existing matters highlighted in the 'Opinion of the Audit Committee 2018/19' as well any new issues, which require our attention.

The Committee's Work Programme will continue to ensure that its contribution to governance, risk management and control are maximised.

## 8. Audit Committee Membership 2018/19

The Committee consists of four Independent Lay Members and eight Non Executive Councillors, elected by Council (detailed in Annex 3). Independent members are appointed for no more than two administrative terms with Council Members reappointed annually.

The Committee is serviced by Council Officers, principally the Corporate Director Resources (Section 151 Officer), and the Audit Manager. Representatives from the WAO also attend Audit Committee meetings.

The Audit Committee met on 5 occasions throughout the municipal period 2018/19 on the following dates: 26 June 2018; 18 September 2018; 13 November 2018; 22 January 2019 and 2 April 2019.

## 9. Attendance in 2018/19

Attendance 2018/19	Possible	Actual
<b>Independent Lay Members</b>		
Ian Arundale (Chairperson)	5	4
Hugh Thomas (Deputy Chairperson)	5	4
David Price	5	4
Gavin McArthur	5	4
<b>Non-Executive Councillors</b>		
Councillor Phil Bale	5	5
Councillor Jayne Cowan (stood down on 22.01.19)	4	4
Councillor Stephen Cunnah	5	4
Councillor Susan Goddard (appointed 28.02.19)	1	1
Councillor Nigel Howells	5	4
Councillor Chris Lay (stood down on 15.01.19)	3	1
Councillor Mary McGarry	5	5
Councillor Kanaya Singh	5	4
Councillor David Walker	5	5
Councillor Joel Williams (appointed 28.02.19)	1	1

All Committee Members received induction training prior to attending Audit Committee.

## 10. Audit Committee Contacts

<b>Ian Arundale</b> Chairperson of Audit Committee	<i>Please contact via the Audit Manager</i>
<b>Christopher Lee</b> Corporate Director Resources	029 2087 2300 <a href="mailto:Christopher.lee@cardiff.gov.uk">Christopher.lee@cardiff.gov.uk</a>
<b>Chris Pyke</b> Audit Manager	029 2087 3455 <a href="mailto:cpyke@cardiff.gov.uk">cpyke@cardiff.gov.uk</a>
<b>Ann-Marie Harkin</b> Engagement / Financial Audit Director, Wales Audit Office	029 2032 0562 <a href="mailto:info@wao.gov.uk">info@wao.gov.uk</a>
<b>Phil Pugh</b> Financial Audit Manager, Wales Audit Office	029 2032 0645 <a href="mailto:Phil.Pugh@audit.wales">Phil.Pugh@audit.wales</a>
<b>Sara-Jane Byrne</b> Performance Audit Manager, Wales Audit Office	029 2032 4085 <a href="mailto:sara-jane.byrne@audit.wales">sara-jane.byrne@audit.wales</a>

## Audit Committee Self-Assessment Action Plan

January 2019

Action	Status
1. All Audit Committee Members to ensure they have completed an Individual Assessment (against the CIPFA knowledge and skills framework)	Ongoing Activity <i>To be arranged for newer Members</i>
2. On a periodic basis, Audit Committee to receive briefings, training and questioning guidance on: <ul style="list-style-type: none"> <li>• Treasury Management</li> <li>• Internal Audit</li> <li>• Financial Management and Accounting</li> <li>• Counter Fraud</li> </ul>	Ongoing Activity <i>Commenced April 2019</i>
3. Audit Committee to continue to identify topics for 'deep dive' Audit Committee items, and make best use of the reports received from internal /external audit, risk management and finance.	Ongoing Activity
4. Audit Committee to seek greater value for money (VFM) assurance through interactions with senior officers, and to require Directors to provide sufficient information and assurance on VFM in their reports to Committee.	Ongoing Activity <i>Commenced April 2019</i>
5. Audit Committee to request feedback from those invited to attend Committee meetings, on the performance and value of the meeting.	Ongoing Activity <i>Commenced April 2019</i>
6. Audit Committee to make 'recommendations' where appropriate, for the improvement of governance, risk management and control, and to monitor delivery.	Ongoing Activity
7. The Chairperson to continue to: <ul style="list-style-type: none"> <li>• Communicate the work, findings and outcomes of the Audit Committee through biannual newsletters, and to use any webcasting resource available for Committee meetings</li> <li>• Participate in networking opportunities, and to write to Welsh local Authority Audit Committee Chairs, to invite them to participate in a Chair's Network. <i>(Completed in February 2019)</i></li> </ul>	Ongoing Activity

## Audit Committee Assessments

### I. Collective Workshop – Self-Assessment

#### A) Self-Assessment of ‘Effectiveness’

Assessment key	
<b>5</b>	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
<b>4</b>	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
<b>3</b>	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
<b>2</b>	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
<b>1</b>	No evidence can be found that the audit committee has supported improvements in this area.

Areas the Audit Committee can add value by supporting improvement		Overall Assessment
1.	Promoting the principles of good governance and their application to decision making.	<b>3</b>
2.	Contributing to the development of an effective control environment.	<b>5</b>
3.	Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<b>4</b>
4.	Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<b>5</b>
5.	Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	<b>4</b>
6.	Aiding the achievement of the authority’s goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	<b>4</b>
7.	Supporting the development of robust arrangements for ensuring value for money.	<b>3</b>
8.	Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	<b>3</b>
9.	Promoting effective public reporting to the authority’s stakeholders and local community and measures to improve transparency and accountability.	<b>3</b>

## B) Self-assessment of 'Good Practice'

Good practice questions		Yes	Partly	No
<b>Audit committee purpose and governance</b>				
1	Does the authority have a dedicated audit committee?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Does the audit committee report directly to full council? (applicable to local government only.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Is the role and purpose of the audit committee understood and accepted across the authority?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Are there arrangements to hold the committee to account for its performance operating satisfactorily?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Functions of the committee</b>				
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement? <ul style="list-style-type: none"> <li>• good governance</li> <li>• assurance framework, including partnerships and collaboration arrangements</li> <li>• internal audit</li> <li>• external audit</li> <li>• financial reporting</li> <li>• risk management</li> <li>• value for money or best value</li> <li>• counter-fraud and corruption.</li> <li>• Supporting the ethical Framework</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Good practice questions		Yes	Partly	No
<b>Membership and support</b>				
12	Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> <li>• separation from the executive</li> <li>• an appropriate mix of knowledge and skills among the membership</li> <li>• a size of committee that is not unwieldy</li> <li>• consideration has been given to the inclusion of at least one independent member (where it is not a mandatory requirement)</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by full council?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Does the chair of the committee have appropriate knowledge and skills?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Are arrangements in place to support the committee with briefings and training?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Is adequate secretariat and administrative support to the committee provided?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Effectiveness of the committee</b>				
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20	Are meetings effective with a good level of discussion and engagement from all members?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23	Has the committee evaluated whether and how it is adding value to the organisation?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
24	Does the committee have an action plan to improve any areas of weakness?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25	Does the committee publish an annual report to account for its performance and explain its work?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## II. Individual Audit Committee Member Self-Assessments

### Knowledge

Knowledge Areas	Level of Knowledge					Strong +
	No	Limited	Mixed	Strong	Full/Complete	
1. Organisational knowledge	0%	0%	10%	80%	10%	90%
2. Audit committee role and functions	0%	0%	0%	70%	30%	100%
3. Governance	0%	0%	30%	60%	10%	70%
4. Internal audit	0%	0%	40%	50%	10%	60%
5. Financial management and accounting	0%	0%	40%	40%	20%	60%
6. External audit	0%	0%	10%	80%	10%	90%
7. Risk management	0%	0%	20%	70%	10%	80%
8. Counter fraud	0%	10%	40%	50%	0%	50%
9. Values of good governance	0%	0%	10%	70%	20%	90%
10. Treasury management	0%	0%	50%	40%	10%	50%

### Application

Application	Level of Application					Strong +
	No	Limited	Mixed	Strong	Full/Complete	
1. Organisational knowledge	0%	0%	30%	70%	0%	70%
2. Audit committee role and functions	0%	0%	30%	50%	20%	70%
3. Governance	0%	10%	10%	70%	10%	80%
4. Internal audit	0%	10%	50%	30%	10%	40%
5. Financial management and accounting	0%	0%	50%	30%	20%	50%
6. External audit	0%	0%	40%	50%	10%	60%
7. Risk management	0%	0%	50%	40%	10%	60%
8. Counter fraud	0%	10%	60%	30%	0%	30%
9. Values of good governance	0%	0%	10%	90%	0%	90%
10. Treasury management	0%	10%	60%	30%	0%	30%

### III. Audit Committee Attendee Feedback

In April 2019, Audit Committee introduced a feedback form to measure its 'performance', 'assurance and influence' and 'discussion and engagement'.

This follows our self-assessment in January, where we felt we could do more to measure our value and performance. We have received our first feedback from those who attended our Audit Committee as follows.

#### Areas of focus

We will reflect in particular on our

- discussion and engagement, and
- assurance and influence in particular for the financial monitoring and management

Key	Score
1	Poor
2	Satisfactory
3	Good
4	Excellent

#### Performance



#### Assurance and Influence (value)



#### Discussion and Engagement



**Current Membership**

 <p><b>Ian Arundale (Chair)</b> (Independent Lay Member)</p>	<p>Ian Arundale is a self-employed Law Enforcement and Security Consultant. He was a police officer for 32 years serving in South Wales, West Mercia and Dyfed-Powys Police Forces rising to the rank of Chief Constable.</p> <p>Ian was the UK lead on behalf of the Association of Chief Police Officers (ACPO) for ‘Armed Policing’ policy and practice and chaired the UK ‘Conflict Management’ portfolio.</p> <p>He works internationally and has recently assisted police forces and organisations in the USA and New Zealand.</p> <p>Ian holds a diploma in Applied Criminology from Cambridge University, an MSc (Econ) degree in Criminology and Criminal Justice from Cardiff University and a BA (Hons) degree in Police Studies. He is a Fulbright Fellow and a graduate of the Prime Ministers ‘Top Management’ programme.</p> <p>In addition to his role with work with Cardiff Council, he is also a member of the Discipline Committee of the Royal College of Veterinary Surgeons and a board member of the International Law Enforcement Forum (ILEF). He was awarded the Queens Police Medal (QPM) in 2011.</p>
 <p><b>Hugh Thomas (Deputy Chair)</b> (Independent Lay Member)</p>	<p>Hugh Thomas, a retired Solicitor, pursued a Local Government career for forty years culminating in his being Chief Executive of Mid Glamorgan County Council (the largest local authority in Wales) for fifteen years. During this time, he served as Clerk to the South Wales Police Authority and Honorary Secretary of the Assembly of Welsh Counties. He retired in 1995.</p> <p>He has since chaired a number of public bodies and national voluntary organisations including those in the health and higher education sectors. He was Vice Chairman and Chair of the Audit Committee of the Wales Centre for Health.</p> <p>He was also a non-Executive Director of Welsh Water. He served as Chairman of The Regulatory Board for Wales 2010 – 2016.</p> <p>Currently, he is serving a second term as one of the fifteen Trustees of The National Library of Wales.</p>
 <p><b>David Price</b> (Independent Lay Member)</p>	<p>David Price is a self-employed Higher Education Consultant who provides bespoke services for UK, EU and North African clients. He formerly spent 25 years working for a number of UK universities and non-governmental departmental bodies in strategic planning and policy roles and served as a Pro Vice-Chancellor for a prominent Welsh university.</p> <p>Educated at the universities of Sheffield and Newcastle-Upon-Tyne and at schools in the UK and abroad, David is a graduate of the Leadership Foundation for Higher Education’s Top Management Programme.</p> <p>David’s professional interests focus on the development and application of performance systems, business intelligence, risk management, regulation and governance.</p>



**Gavin McArthur**  
(Independent Lay Member)

Gavin McArthur is an experienced internal audit and governance professional and qualified accountant. He is currently a senior audit manager for the Halfords Group. Prior to this, he was Head of Governance and Assurance for the Ministry of Justice Estates Directorate. He has also held senior management roles in internal audit functions in local and central government.

His professional experience and expertise lie in the fields of internal control, risk management, governance, internal audit, business case review, and performance management. He is also an independent member on the West Mercia Police and Warwickshire Police Joint Audit Committee.

Following a degree in Geological Sciences from Birmingham University, Gavin qualified as a CIPFA accountant with Coventry City Council where he undertook a range of financial management and accounting roles, including audit.

A keen sportsman, who played semi-professional football, Gavin has coaching qualifications in rugby, goalkeeping and strength and conditioning. He currently coaches at a local rugby club and for a university football team, and is an experienced Tai chi practitioner.



**Cllr Phil Bale**  
(Labour)

Serving the **Llanishen** Ward

**Terms of Office:** 03/05/2012 - 04/05/2017  
04/05/2017 -

**Serving on the following Committees:**

[Audit Committee](#)  
[Council](#)



**Cllr Stephen Cunnah**  
(Labour)

Serving the **Canton** Ward

**Terms of Office:** 04/05/2017 -

**Serving on the following Committees:**

[Audit Committee](#)  
[Children and Young People Scrutiny Committee](#)  
[Council](#)  
[Glamorgan Archives Joint Committee](#) Cardiff Council  
[Standards & Ethics Committee](#)

**Outside Bodies:**

[Chapter \(Cardiff\) Limited](#)



**Cllr Susan Goddard**  
(Labour)

*(appointed to  
Audit Committee on 28.02.19)*

Serving the **Ely** Ward

**Terms of Office:** 03/05/2012 - 04/05/2017  
04/05/2017 -

**Serving on the following Committees:**

[Appointment Committee - Programme Director, Schools Organisational Planning](#)

[Audit Committee](#)

[Community & Adult Services Scrutiny Committee](#)

[Constitution Committee](#)

[Council](#)

[Council Appeals Committee](#)

[Democratic Services Committee](#)

[Licensing Committee](#)

[Licensing Sub Committee](#)

[Public Protection Committee](#)

[Public Protection Sub Committee](#)

**Outside Bodies:**

[Cardiff Fostering Panel](#)



**Cllr Nigel Howells**  
(Liberal Democrats)

Serving the **Adamsdown** Ward

**Terms of Office:** 03/05/2012 - 04/05/2017  
04/05/2017 -

**Serving on the following Committees:**

[Audit Committee](#)

[Council](#)

[Council Appeals Committee](#)

[Economy & Culture Scrutiny Committee](#) (Chair)

[Pensions Committee](#)



**Cllr Kanaya Singh**  
(Labour)

Serving the **Riverside** Ward

**Terms of Office:** 04/05/2017 -

Serving on the following Committees:

[Audit Committee](#)

[Children and Young People Scrutiny Committee](#)

[Council](#)

Outside Bodies:

[Cardiff Bus](#)



**Cllr Joel Williams**  
(Conservative)

*(appointed to  
Audit Committee on 28.02.19)*

Serving the **Pontprennau & Old St Mellons** Ward

**Terms of Office:** 04/05/2017 -

**Serving on the following Committees:**

- [Appointment Committee - Assistant Director, Adult Services](#)
- [Appointment Committee - Assistant Director, Children's Services](#)
- [Appointment Committee - Assistant Director, Education & Lifelong Learning](#)
- [Appointment Committee - Principal Lawyer Litigation](#)
- [Appointment Committee - Programme Director, Schools Organisational Planning](#)
- [Audit Committee](#)
- [Council](#)
- [Council Appeals Committee](#)
- [Standards & Ethics Committee](#)

**Outside Bodies:**

- [Cardiff University Court](#)
- [South Wales Fire & Rescue Authority](#)

## Members who left In-Year



**Cllr Jayne Cowan**  
(Conservative)

*(stood down on 22.01.19)*

Serving the **Rhiwbina** Ward

**Terms of Office:** 03/05/2012 - 04/05/2017  
04/05/2017 -

**Serving on the following Committees:**

- [Council](#)
- [Glamorgan Archives Joint Committee](#) Cardiff Council

**Outside Bodies:**

- [South Wales Police and Crime Panel](#)



**Cllr Chris Lay**  
(Labour)

*(stood down on 15.01.19)*

Serving the **Trowbridge** Ward

**Terms of Office:** 04/05/2017 -

**Serving on the following Committees:**

- [Council](#)
- [Council Appeals Committee](#)
- [Democratic Services Committee](#)
- [Pensions Committee](#) (Deputy Chair)
- [Planning Committee](#) (Deputy Chair)

**Outside Bodies:**

- [Cardiff Bus](#)
- [Cymric Building Preservation Trust](#)
- [Flat Holm Consultative Group](#)

## Members standing down at the year-end

 <p><b>Cllr Mary McGarry</b> (Labour)</p>	<p>Serving the <b>Plasnewydd</b> Ward</p> <p><b>Terms of Office:</b> 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p><b>Serving on the following Committees:</b> <a href="#">Community &amp; Adult Services Scrutiny Committee</a> <a href="#">Council</a></p> <p><b>Outside Bodies:</b> <a href="#">Standing Advisory Council for Religious Education (SACRE)</a></p>
 <p><b>Cllr David Walker</b> (Conservative)</p>	<p>Serving the <b>Lisvane</b> Ward</p> <p><b>Terms of Office:</b> 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p><b>Serving on the following Committees:</b> <a href="#">Appointment Committee - Head of Performance &amp; Partnerships</a> <a href="#">Council</a> <a href="#">Employment Conditions Committee</a> <a href="#">Policy Review and Performance Scrutiny Committee</a> (Chair)</p>