

AUDIT COMMITTEE: 21st JANUARY 2020

**RESOURCES INTERNAL CONTROL ENVIRONMENT & HEALTH AND
SAFETY GOVERNANCE UPDATE** **AGENDA ITEM: 5.2**

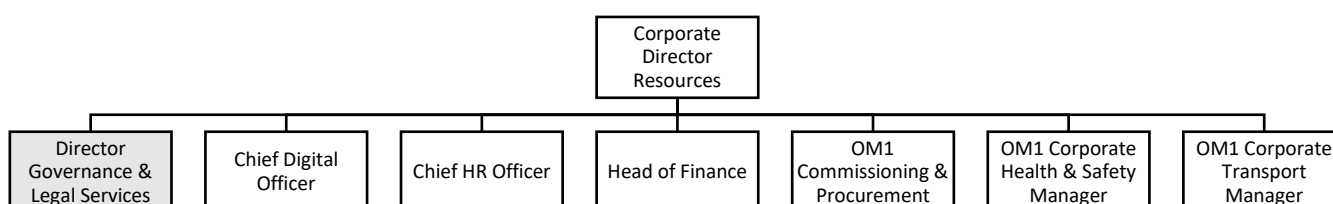
REPORT OF THE CORPORATE DIRECTOR, RESOURCES

Reason for this Report

1. This report has been produced in response to the Audit Committee's request for an update on the control environment within the Resources Directorate, and includes an update on Health and Safety Governance arrangements for the Council.
2. The 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 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.

Background

3. The Senior Management Structure of the Resources Directorate consists of the following:



4. The Resources Directorate provides a wide range of support services and corporate enablers for the organisation and plays a vital role in supporting the operational Directorates in the delivery of their services. The Directorate provides a high level service acting as "Gatekeepers for Value for Money"; offering customer support to citizens via Connect to Cardiff and 24/7 services as well professional business support and guidance on Finance, Health & Safety, HR, Commissioning & Procurement, Digital and Technological issues to all Services. During the year, it also assumed responsibility for Central Transport Services.

5. Services within Resources include:
- **Commissioning & Procurement:** 31.61 FTE, across Operational, Strategic, and Transactional Procurement Teams.
 - **Central Transport Services:** 42.41 FTE, delivering Transport Co-ordination services, Fleet Support, and a vehicle repairs and maintenance workshop.
 - **Customer & Digital Services:** 380.67 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:** 265.65 FTE, delivering Accountancy Services, Business Support, the Capital Ambition Delivery Team, Information Governance, Insurance and Risk, Internal Audit, and Revenue Services.
 - **Health and Safety:** 20.25 FTE, providing corporate Health & Safety support and advice, as well as a specialist advice service for schools (Described in more detail in paragraph 16).
 - **HR People Services:** 93.52 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.
6. 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.

Issues

(a) Management / mitigation of the directorate's risks on the Corporate Risk Register

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 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 Audit Committee.
8. Risks within the directorate 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), Health and Safety, Business Continuity and Workforce Planning, in addition to joint ownership of the City Security risk along with the Director of Planning, Transport & Environment.
9. As reported to 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. The majority of Corporate Risks have further targeted reductions with future actions planned in order to achieve these. However, a small number including City Security, Business Continuity, Capital Ambition and Workforce Planning are expected to remain at their current risk ratings as, whilst planned future actions will prevent an increase in risk levels, it is not considered possible to reduce the risk significantly from the current levels at the present time.

(b) Senior Management Assurance Statement

10. The Senior Management Assurance Statement is collated by the Directorate’s Business Support Team and reviewed / signed off by the Corporate Director.
11. The 2019/20 mid-year position for Resources was assessed and is displayed in the table below.

1. Complete and Timely Risk Identification	Strong Application
2. Integrated Risk Assessments	Strong Application
3. Risk Review	Strong Application
4. Directorate Risk Response	Strong Application
5. Corporate Risk Management	Strong Application
6. Partnership Governance, Risk Management and Control	Strong Application
7. Partnership Assurance	Strong Application
8. Compliance	Strong Application
9. Compliance Improvement	Strong Application
10. Programme and Project Initiation	Strong Application
11. Programme and Project Governance	Strong Application
12. Programme and Project Monitoring and Reporting	Strong Application
13. Budget Delivery	Strong Application
14. Savings / Income Target Delivery	Strong Application
15. Business Planning	Strong Application
16. Future Generations	Mixed Application
17. Business Cases	Strong Application
18. Internal Controls	Strong Application
19. Accountability	Strong Application
20. Safeguarding Assets	Strong Application
21. Fraud Prevention and Detection	Strong Application
22. Performance Measurement and Management	Strong Application
23. Performance Reviews	Strong Application

(c) Internal Audit Engagement and Response

12. All completed Audits are reviewed by the Corporate Director and officers involved in the audit. Where appropriate issues are escalated through relevant service management teams and wider to the Resources Management Team. Performance against compliance is monitored monthly as part of the core data reporting process and the Corporate Director meets regularly with Audit Team officers.
13. Audits completed during 2018/19 and to date in 2019/20 are as follows:

Audit	Report Status	AUDIT OPINION	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2018/19						
Commissioning and Procurement - Resources	Final	Effective with opportunity for improvement	2	5	7	Not yet due
Creditor Payments Processes (including procurement)	Final		0	4	4	Completed
Health and Safety Framework	Final		1	0	1	Not yet due
Risk Management	Final		0	4	4	Completed
Cloud (saas)	Final		0	2	2	Completed
IT Governance	Final		2	3	5	Not yet due
Income and Debtors	Final		1	2	3	Not yet due

Audit	Report Status	AUDIT OPINION	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
VFM - Review of Sickness Absence	Final		0	2	2	Completed
Purchasing Cards	Final	Insufficient with Major Improvement Needed	2	4	6	Not yet due
2019/20						
Main Accounting- In year testing 2019	Final	Effective	1	0	1	Not yet due
Treasury Management	Draft		5	0	5	
Insurance	Final	Effective with opportunity for improvement	12	0	12	Not yet due
Payroll 2018/19 - In year Testing	Final		3	3	6	Not yet due
Payroll Overpayments	Final		1	1	2	Not yet due
Stock Systems - Vectec	Final		4	2	6	Not yet due
Information Governance	Final		6	0	6	Not yet due
VFM - Overtime	Final		0	1	1	Completed
VFM - Personal Review	Final		2	0	2	Not yet due
VFM - Consultancy, Interim and Agency Workers	Final		0	2	2	Completed
Identity and Access Management	Draft		5	0	5	Not yet due
Purchasing Cards (CTS)	Final		Insufficient with Major Improvement Needed	0	3	3
Stock Systems - Tranman	Final	0		9	9	Completed
IT Inventory and Asset Management	Draft	4		0	4	Not yet due

14. In respect of those audits where the outcome was rated 'Insufficient with Major Improvement Needed', the following action is noted:

- Purchasing Cards** – The audit recommended the development of a corporate policy for all P card users to underpin the Council's user guide and support consistent practices, and has recognised a need to improve the timeliness of receipting, approving transactions and some aspects of monitoring. The draft policy has been prepared and will form part of further strategies on payment methods.
- Purchasing Cards (CTS)** – The draft report recommended a review of P-card requirements for the service and to create function-specific guidance. Areas for attention include the prompt return of receipts, review and return of electronic spreadsheets for suppliers, and documentation of roles and responsibilities. All actions raised have been implemented.
- Stock Systems (Tranman)** – An audit of the CTS stock processes identified that count sheets could not be located for 2018/19, and there was a lack of separation between the stock count and authorisation processes. In addition, controls for allocating stock were insufficient, and processes for write offs, disposals, and stock returns need review. The Fleet Manager is in the process of implementing the recommendations raised, and is being supported by colleagues in Procurement and Internal Audit.
- IT Inventory and Asset Management** – An audit recognised a consistent regime for logging assets upon acquisition by central IT service, however, limited inventory records are maintained at a directorate level. To support service managers to deliver their responsibility to maintain asset registers and carry out periodic assurance checks, guidance and communications are being prepared by the corporate IT team.

(d) Wider Assurance

15. The Resources Directorate is subject to various forms of external review including by Wales Audit Office, Statutory Inspectorates and other Government Bodies. Benchmarking data is also used extensively across the Services to challenge service delivery and identify areas for improvement.

(e) Health and Safety Governance

16. At the request of Audit Committee, further detail is provided in respect of the Health and Safety Function within Resources:
 - **Corporate Health and Safety Team** – A competent multidiscipline team is now in place, providing support across the Council, this includes a specific team supporting H&S improvements in schools. The Corporate Team includes specialist Fire Safety, Asbestos and Construction support officers to ensure that Service Areas are meeting legal requirements in these high risk disciplines. New IT systems have been introduced in the past two years to manage and monitor statutory maintenance, accident and violent incident reporting and recording of risk assessments. Framework of H&S Policy and guidance reviewed and updated including the Corporate H&S Policy. All documents currently being translated prior to launch of a H&S quick link on the intranet.
 - **Organisational Structure for H&S** – Health and Safety is a standing item on all Joint Consultative Meetings with union representatives, in addition health and safety committees/working groups are in place across directorates. This network reports into and receives information from the Corporate Health & Safety Advisory Forum, Chaired by the Cabinet Member for Resources, attended by Elected Members, Union Branch Secretaries and relevant Council Officers. This robust network permits dissemination, reporting and monitoring of health and safety matters across the Council. In addition health performance is reported to Senior Management Team on a bi-monthly basis.
 - **Arrangements for High Risk Issues** – Issues such as Electrical Safety, Fire Safety, Asbestos, Legionella and Construction have been prioritised for action over the past two years. This focus of support has resulted in improvements to compliance on these high risk matters, including implementation of new policy and arrangements. Schools and Street Scene have received specific H&S support due to concerns raised and risk involved in these service areas. Annual H&S Objectives are set corporately and progress monitored by the Health and Safety Team and reported at year end. In addition reviews of several service areas have been undertaken and improvement plans developed and monitored.
 - **Next Steps** – Audit are currently undertaking H&S reviews across service areas which will highlight improvements needed as well as areas requiring additional support from H&S going forward. Outcomes of the reviews will form work plans over the next 12 months. Continued improvement is required on statutory maintenance, including a review of leased premises. A review of stress management is planned as well as implementation of a Corporate Asbestos Management Plan. Dealing with Violence at Work as well as improving site security are key areas for H&S in Schools, along with traffic management improvements and reviewing welfare provision for pupils in line with standards set by the Welsh Government and Children's Commissioner for Wales.

Legal Implications

17. The statutory functions of the Audit Committee include the duty to review, scrutinise and issue reports and recommendations on the appropriateness of the authority's risk management, internal control and corporate governance arrangements (pursuant to Part 6 Chapter 2 of the Local Government (Wales) Measure 2011). In discharging its functions, the Audit Committee must have regard to all relevant guidance, in particular the CIPFA guidance for Audit Committees.

Financial Implications

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

RECOMMENDATIONS

19. That the Audit Committee considers and notes the content of the report.

Christopher Lee
Corporate Director, Resources

The following is attached:

Appendix A: Audit Committee Presentation