



# Audit Committee Annual Report 2019/20

Cardiff Council



Gweithio dros Gaerdydd, gweithio gyda'n gilydd  
Working for Cardiff, working together

# Contents

	<b>Page</b>
<b>1.</b> Foreword by David Hugh Thomas, Chairperson of the Committee	1
<b>2.</b> The Role of the Audit Committee	4
<b>3.</b> Our Work in 2019/20	7
- Standard Items	7
- One-off Items	11
<b>4.</b> Audit Committee Self-Assessment	15
<b>5.</b> Key Observations 2019/20	17
<b>6.</b> Opinion of the Audit Committee 2019/20	18
<b>7.</b> Looking Ahead to 2020/21	19
<b>8.</b> Audit Committee Membership 2019/20	20
<b>9.</b> Attendance in 2019/20	20
<b>10.</b> Audit Committee Contacts	21
<b>Annex Information</b>	
<b>Annex 1</b> - Audit Committee's Self-Assessment - Action Plan	22
<b>Annex 2</b> - Audit Committee Assessments	23
<b>Annex 3</b> - Audit Committee Member Profiles	28

## **1. Foreword by David Hugh Thomas (Chairperson of the Committee)**

Writing in such unprecedented times, my immediate thoughts are of the human impact of the current pandemic, which has had so significantly affected every one of us. COVID-19 provides substantial challenges to all parts of the Council, and the communities it serves, and we as an Audit Committee will be seeking assurance on the Council's management of the range of financial, economic and social risks as we move in the 2020/21 municipal year.

This report provides an overview of the Audit Committee's work in the municipal year 2019/20, in which we observed business as usual activities for much of the year, prior to the government lockdown arrangements, and the instigation of emergency operational measures and focus. Whilst our final meeting on 24 March 2020 was cancelled, it was ensured that we communicated on time sensitive matters outside of our formal meeting. As a Committee, we will need to continue to be adaptable and resilient in the way that we operate, as will the rest of the Council for the year ahead.

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 four meetings this year with a strong sense of teamwork. It is encouraging to report that meetings have been generally well attended, as have many wider training and information events, given how busy Members are in fulfilling other roles and responsibilities.

I am the current Chairperson of the Audit Committee, having been appointed to this role in our Audit Committee meeting in January 2020, with Gavin McArthur appointed as Deputy Chairperson for the remainder of this municipal year. Gavin has been a valuable Audit Committee lay Member since he joined over three years ago, and I look forward to working with him in our new roles.

I have occupied the position of the Deputy Chairperson for five years in support of Ian Arundale, who, over this time has led the Audit Committee to deliver its role, giving considerable time, attention and focus through his valued services. Ian has been committed to providing public services throughout his career, and at this time Ian's skills and experience are required in the Police. Ian with the Council and Committee's blessing has a leave of absence from the Audit Committee for up to one year commencing 28 November 2019, to occupy the position of Deputy Chief Constable in Cleveland Police. Ian remains fully committed to his Audit Committee role, and plans to re-join the Committee, once this important work with the Police has been delivered.

We have seen some membership changes during the course of the year, and at the time of writing, the Audit Committee has one vacant Labour seat. Councillor Phil Bale and Councillor Susan Goddard stood down as Members of the Audit Committee in September and October 2019 respectively. I must express my gratitude to our departing Members for their commitment and the value they brought to the Committee during their periods of membership. We have also welcomed Councillor Ashley Lister and Councillor Rod McKerlich, who each attended their first Audit Committee meeting in September 2019. We have already felt the benefits of their contributions and active participation in Committee meetings. Most recently, Councillor Elaine Simmons has joined the Audit Committee, who we look forward to working with in the forthcoming municipal year.

Member profiles are contained within an Annex to this report, which provides background information on the particular responsibilities of our non-executive Councillors, and the skills and experience of the Independent Lay Members serving on the Audit Committee.

Throughout the year, the Audit Committee has continued to receive highly valued professional support from Accountancy, External Audit (Audit Wales), Internal Audit, Risk Management and Treasury Management. In respect of Treasury Management, this year we have been comforted through receiving a complimentary independent assurance report from the Council's treasury management advisors, which considered the corporate team's skills, compliance with best practice, required regulations and professional guidance. An extract from the overall conclusion of the report and the management actions being taken forward are provided within Section 3.3.

We 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. To support any new Members of the Audit Committee, Induction training is provided prior to their first attendance at Audit Committee, and as a group, we have received a programme of training to support us to develop and effectively deliver our role.

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. In addition to our standard areas of work, the Audit Committee has considered certain risks, matters of policy and governance this year as part of particular agenda items to provide a more focussed review. Through this work we have provided challenge, sought assurance and raised recommendations in areas where we considered it appropriate.

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. We recognise the importance of our role to a range of stakeholders, and we 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 2019/20. We continue to promote awareness of our work through the publication of our Audit Committee Newsletter twice, and have done so since October 2018. We are committed to continuing to promote our message and communicate our work and, in so doing, supporting the Council's culture of accountability and assurance.

We have also taken the time to review our performance to give confidence to those relying on our work. In January 2020, we held a self-assessment workshop against the best practice CIPFA framework. The assessment was supplemented with use of individual assessments against the core areas of the CIPFA knowledge and skills framework, and reflection on the feedback we receive from those attending Committee meetings. All elements of our review and our action plan for improvement are appended to this report.

We established an all Wales Audit Committee Chairpersons' Network this year and held our inaugural event in October 2019, as part of an initiative to progress opportunities for shared learning and development with other Welsh local authorities. The event was sponsored by the WLGA, Audit Wales, and the Chartered Institute of Public Finance and Accountancy (CIPFA) all of whom delivered agenda items; further contributions were received from Welsh local authority Chairs and Heads of Audit. The event was well received, and whilst a second event was planned for the summer of 2020, this was delayed due to current restrictions on non-essential travel. The timescale for future networking will be determined in due course.

I refer to the Local Government and Elections (Wales) Bill within this annual report, which proposes to change the name of the Audit Committee to a Governance and Audit Committee, to widen our role to include particular matters of performance. During this year, the Audit Committee, having received reports from the Head of the Cabinet Office and from the Legal Services on the Bill's components and powers, also considered the WLGA consultation response, which had been agreed with local authorities. We will keep a keen eye on the Bill, scheduled for Royal Assent this summer, the subsequent implementation timetable and associated guidance. It will determine the timescale and approach to making future adjustments to our terms of reference.

Looking forward to 2020/21, the financial, economic and social challenges facing the Council and public services will undoubtedly be significant. In the context of a COVID-19 pandemic, a challenging financial environment is inevitable coupled with 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 Local Government and Elections (Wales) Bill.

The Terms of Reference of the Committee for 2019/20 was as follows:

### Statement of Purpose

- Our Audit Committee is a key component of Cardiff Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- The purpose of our Audit Committee is to provide independent assurance to the members of Cardiff Council of the adequacy of the risk management framework and the internal control environment. It provides an independent review of Cardiff Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

### Governance, Risk & Control

- To review the Council's corporate governance arrangements against the good governance framework, including the ethical 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.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

### Internal Audit

- To approve the Internal Audit Charter.
- To review proposals in relation to the appointment of external providers of internal audit services and to make recommendations.
- 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 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 any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Audit Manager. To approve and periodically review safeguards to limit such impairments.
- To consider reports from the Audit Manager on Internal Audit's performance during the year including the performance of external providers of internal audit services. 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 (QAIP)
  - Reports on instances where the internal audit function does not conform to the PSIAS and Local Government Application Note (LGAN) considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
- To consider the Audit Manager's annual report:
  - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit
  - The opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and 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 provide free and unfettered access to the Audit Committee Chair for the Audit Manager, including the opportunity for a private meeting with the Committee.

#### 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 and to publish an annual report on the Committee's work, its performance in relation to the Terms of Reference, and its effectiveness 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 five 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 sessions 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 2019/20**

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**

Chris Lee (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, reviewed and had the opportunity to comment on key finance reports in 2019/20, including:

- Draft Statement of Accounts 2018/19 and Audit Report
- Draft Annual Governance Statement 2018/19
- Cardiff & Vale of Glamorgan Pension Fund Statement of Accounts 2018/19 and Audit Report
- Treasury Management reports, independent review, and updates
- Financial Resilience updates

As reported in previous years, 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, 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 subsequently provided for the information of the Committee, a breakdown of Social Services overspends for the last three years and their reasons.

## 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), Audit Wales, 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 accompanies the Statement of Accounts.

The Audit Committee reviewed the AGS 2018/19 in June 2019 and September 2019. The Audit Committee will review the AGS 2019/20 following the financial year-end, 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 2019	<ul style="list-style-type: none"><li>Corporate Risk Management (Q4 Update) 2018/19</li><li>Senior Management Statement Review Year End 2018/19</li></ul>
September 2019	<ul style="list-style-type: none"><li>Corporate Risk Management (Q1 Update) 2019/20</li></ul>
November 2019	<ul style="list-style-type: none"><li>Corporate Risk Management (Q2 Update) 2019/20</li></ul>
January 2020	<ul style="list-style-type: none"><li>Senior Management Assurance Statement Mid-Year Responses 2019/20</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 Senior Management Assurance Statement (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 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 originally considered and informed the development of the Council's Risk Management Strategy and Policy, prior to Cabinet approval in July 2018, and we have received quarterly risk management updates from lead officers throughout the year. We have also invited risk and process owners to attend Committee meetings, to complete more focussed reviews on areas of risk and governance, with a focus on the controls in place and planned management actions. Further information on our risk reviews is included in section 3.7 'areas of particular focus'.

## 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 2019/20 and the Treasury Management Strategy 2020/21.

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.

Members have continued to focus attention on the use of reserves, the levels of borrowing and investment, and the management of risk. To support the Audit Committee in its role, Members of the Audit Committee were provided with treasury management training in January 2020 from the Council's external treasury advisors.

The Committee has received a briefing paper, which detailed the focus of the work and assurances provided by our Internal and External Audit Teams. We have also received a further report of an external review carried out by the Council's treasury management advisors, which considered the corporate team's skills, compliance with best practice, required regulations and professional guidance. The report was complimentary, and we received a management response with target dates for the small number of actions raised. An extract from the report's conclusion is as follows.

*"The overall conclusion from the examination of how treasury management is done in Cardiff Council, is that it is being done to **a high standard within the limitations of the current level of resourcing of the treasury management team**. Indeed, it was found that in some areas, the performance was outstanding and could serve as a best practice model for other local authorities to replicate. My personal reflection on treasury management at Cardiff Council is that the standard of treasury management in Cardiff is definitively in the upper quartile of CEDR reviews I have carried out previously on other local authorities" (Link Asset Services, 2019)*

An associated action plan contained management commitments to consider the option of a 10-year Capital Strategy that would support the Treasury Management Strategy, to review the activities that might fall under consumer credit in respect of FCA Regulations on consumer credit, and to conclude an ongoing review and update of the Council's policy on anti-money laundering.

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

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

- Audit Activity / Progress Updates
- Audit of Financial Statements Report – Cardiff & Vale of Glamorgan Pension Fund 2018/19.
- Annual Improvement Report

The Audit Committee has received regular updates from Audit Wales, 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 Audit Wales in each meeting, with the key findings and messages communicated.

In November 2019, Audit Wales provided an outline of the findings of its report, Well-Being of Future Generations: An Examination of 'Develop and Launch a New Transport and Clean Air Vision for the City'. This was the first publication during the year of a series of Wellbeing of Future

Generations studies. The report recognised that the Council incorporated the sustainable development principle in its approach, and advised that the Council now needs to embed a consistent understanding and application of the principle and five ways of working in its endeavours to improve outcomes for its citizens. Members were advised that the expectations for maturity would increase in future audits. The Audit Committee considers Future Generations assurance as part of Senior Management Assurance Statement agenda items.

The Audit Manager receives notifications of relevant Audit Wales publications, which are discussed where relevant to the Audit Committee's terms of reference with the Audit Committee Chairperson, and circulated as appropriate to the wider Committee.

### **3.5 Internal Audit**

The Committee continues to place reliance on the work of the Council's in-house Internal Audit Team. It receives a progress report from the Audit Manager in each Committee meeting, which includes audit opinions, critical findings and progress against the audit plan, together with wider performance measures and audit recommendation tracking information. Members have also received training on internal audit this year, aligned to the CIPFA knowledge and skills framework for Audit Committees.

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 Internal Audit Charter and the Internal Audit Plan in April 2019, and monitored progress and considered any risk-based changes to the plan throughout the year. In January 2020, the Committee considered the Summary Audit Plan and Charter for 2020/21, which was scheduled for approval on 24 March 2020. However, the March Committee meeting was subsequently cancelled due to the COVID-19 crisis.

A two-week Audit Committee consultation process on the final draft Charter and Plan 2020/21 was held outside of the usual meeting environment, in the absence of a Committee meeting in March 2020. At the conclusion of the consultation process, once all comments had been considered, responded to and accounted for, the final iterations of both the Audit Charter and Audit Plan 2020/21 were discussed with, and accepted by, the Audit Committee Chairperson. The final documents were shared with all Audit Committee Members, and endorsed by the Chief Executive on behalf of SMT, ahead of formal approval, to take place in the first Audit Committee meeting of 2020/21.

The Committee received the following key documents during the year:

- Internal Audit and Investigation Team Progress Reports
- Internal Audit Recommendation Tracker
- Internal Audit and Investigation Team Annual Reports
- Changes to key documents and Internal Audit and Investigation Team action plan updates.

The Audit Plan 2019/20 included audits of a thematic nature to gain assurance in each directorate across the Council. The themed audits substantially completed during the year were Health and Safety and Asset Management, in addition to a suite of value for money audits. Two further thematic audits were completed across schools, in respect of ICT Governance and Counter-Fraud.

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 has an opportunity to monitor 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 60% against a target of 90%. It is essential that audit clients prioritise delivering audit recommendations within the timescales they agree to, and to support this sentiment, we wrote to a small number of directors who had particularly overdue recommendations in their portfolio during the year. At the year-end position, we recognise that management will have to attend to immediate priorities, which is expected to have a further impact on the delivery of audit recommendations. However, it is important that the control environment is maintained, and we will continue to consider performance in this area in 2020/21.

Internal Audit is subject to an external review every five years in order to report conformance with the 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. The Audit Committee has 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 in the first Audit Committee Meeting of 2020/21. 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 senior officers through its programme of work this year for assurance on the control environment for their respective areas of oversight. We have also considered certain risks, matters of policy and governance this year as part of particular agenda items to provide a more focussed review.

### **3.6 Control Environment Reviews**

The Chief Executive attended an Audit Committee meeting in April 2019, to provide an outline of, 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 with assurance over the frameworks for measuring and managing governance and risk in the Council. We needed to postpone our intended meeting with the Chief Executive in March 2020, and we will consider the most appropriate means to engage with and receive Chief Executive assurance in 2020/21.

Both Corporate Directors and two further Directors attended Audit Committee in 2019/20 to provide an overview of their directorate control environments. We were provided with details of directorate governance, risk management and internal control, and the prominent matters discussed and actions agreed were as follows:

## Directorate Control Environment Reviews 2019/20

### 1. Economic Development

A Statutory Building Equipment Maintenance risk is monitored through the corporate risk register, and the director provided an account of the mitigating actions in place.

During the Committee meeting, a number of Members raised health and safety matters upon which further discussions were subsequently held with lead officers for the necessary assurance. A more detailed presentation on health and safety governance was provided in a further Committee meeting as outlined in Section 3.7.

The Directorate reported a good response to audit recommendations, with all recommendations raised reported as on track for delivery.

### 2. Resources

Risks overseen by the directorate include those related to Finance, ICT, Health and Safety, Business Continuity, Workforce Planning and City Security (jointly owned with Planning, Transport & Environment). We were been appraised on the mitigations for each risk.

We have been advised that for the corporate risks of City Security, Business Continuity, Capital Ambition and Workforce Planning, whilst planned future actions will prevent an increase in risk levels, it is not considered possible for significant risk reductions at present.

The Directorate reported a good response to audit recommendations, with all recommendations raised reported as on track for delivery.

### 3. Planning, Transport and Environment

Three significant risks overseen by the directorate are:

- Air Quality - Not meeting the statutory requirements set and having a continued detrimental impact on health for residents and visitors to Cardiff.
- Coastal Erosion - Breach of current defences resulting in widespread flooding.
- Climate Emergency - The need to both reduce our emissions and become more resilient to the likely impacts from climate change.

We have been advised of the mitigating actions for each risk, and have explored the coastal risk in greater detail, as outlined in section 3.7 of this report.

With the exception of one long-standing recommendation, the Directorate reported a good response to audit recommendations, with all recommendations raised reported as on track for delivery.

### 4. People and Communities (Excluding Social Services)

#### Housing and Communities, Performance and Partnerships and Housing Development

Managing the impact of Welfare Reform on Cardiff citizens remains the biggest risk, in respect of housing services. Management feel they are not able to further reduce the risk in the short-term, given the external factors involved.

The response to a corporate risk on performance management is also co-ordinated by the corporate team overseen by the Corporate Director.

When we met the Corporate Director, all internal audit recommendations were reported as on track for delivery for the Directorate.

#### Street Scene

Street Scene has a risk on the Corporate Risk Register for Waste Management and the potential failure to deliver cost effective compliance with waste legislation, including statutory recycling targets. The current risk is high and the target is to reduce that through an improvement strategy.

Internal Audits of areas within Street Scene have in, recent years, provided a lower level of assurance compared to other areas of the Council. The Corporate Director has been focussing on the need to improve internal control practices within areas of the service since taking over responsibility for Street Scene in 2019/20. We will be keeping a close eye on the audit opinions provided in future internal audit work, and the management response to recommendations raised.

### **3.7 Areas of Particular Focus**

In addition to our standard areas of work, the Audit Committee has considered certain risks, matters of policy and governance this year as part of particular agenda items to provide a more focussed review. A brief account of our reviews of these areas is included below.

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

The Director of Education attended Audit Committee in September 2019 to report on School Governance and Financial Deficits. Members were advised that there were 44 schools with balances in excess of the Welsh Government's recommended threshold, for which the respective Chair of Governors would be asked to provide justification and a description of the planned use for the balance in 2019/20. Members were also advised that there were 12 schools carrying forward a deficit balance into 2019/20, for which each school has a medium term financial plan in place showing how it will reduce its deficit, and a monitoring officer to support the governing body.

The Director advised Members that too many schools are being assessed as less than satisfactory through internal audit reports, and the powers of intervention will be applied when warranted for schools with poor financial management and poor governance. Members were also advised that guidance for Governing Body clerks would be strengthened to support compliance in areas of governance.

The Audit Committee has continued to raise concerns about governance and compliance matters in schools, which are regularly responsible for a greater proportion of audit reports giving concern. Whilst at the time of writing we are in the midst of school closures, going forward we will continue to require regular updates from the Director of Education and Lifelong Learning on school governance, their respective financial positions, and the control environment of the wider directorate.

#### **Waste Management Assurance**

There have been concerns about the robustness of controls in relation to the Waste Management function. A series of investigations into allegations of fraud, have been investigated, the majority of associated disciplinary hearings have been completed in accordance with the Council's disciplinary policy, and Police liaison is ongoing. Once matters have concluded within the Waste Management Service, Audit Committee has requested to consider the terms of reference for post investigation reviews to ensure lessons are learned.

The Audit Committee has met with the Corporate Director, People and Communities this year, who has taken responsibility for the Street Scene portfolio (inclusive of Waste Management). We were provided with a Senior Management Assurance Statement, which recognised a number of areas of targeted focus, to improve matters of performance, governance and control.

This year, there has been a continued audit focus on Waste Management, through which two unsatisfactory audit opinions have been provided. We have been advised that management has continued to be open with the Internal Audit Team on the areas where they have the greatest need for assurance, advice and support. Whilst the Committee welcomes this open exchange of information, the Committee will continue to maintain a close eye on the delivery of improvements required.

## **Coastal Flood Risk Management**

This year the Audit Committee has continued to review the management of 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.

In January 2019, the Director of Planning, Transport and Environment attended an Audit Committee meeting to provide information on this flood defence scheme, to be delivered in partnership with the Welsh Government for planned construction 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.

In this meeting, the Committee recommended that management:

- 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.

We have received updates from the Director of Planning Transport and Environment over the last twelve months since we registered a particular interest in the management of this risk, and the Director attended a further Committee meeting in January 2020. Over this period, we have received information on the nature and progress of the flood defence programme. We have also received information on public engagement events held to provide information to those residents in a high-risk area.

In the January 2020 meeting, Members noted that management retained the approach to make use of national incident management arrangements, rather than the development of local incident management plans. Audit Committee will continue to consider and review the management of this risk in 2020/21.

## **Health and Safety Governance**

The Audit Committee has a particular interest in health and safety governance, recognising that a general risk of Health and Safety and a more focussed risk of Statutory Building Equipment Maintenance are included on the corporate risk register.

In January 2020, we received an overview of health and safety governance from the corporate Operational Manager. Ahead of the meeting, a number of Committee members took the opportunity to discuss particular health and safety matters in certain schools, at which time they were provided with details of corporate and school responsibilities, and the regime for reviewing arrangements in place. During the Committee meeting, Members of the Committee raised questions and received information in respect of health and safety arrangements, responsibilities and levels of compliance. We will continue to monitor this risk through the corporate risk register.

## **Risk Based Verification Policy – Housing and Council Tax Benefit Assessment**

In November 2019, Audit Committee considered a report on the proposed Risk Based Verification (RBV) Policy for Housing and Council Tax Benefit Assessments. Risk Based Verification is a method of

applying different levels of verification checks to claims according to the predicted risk associated with those claims. We were provided with an overview of the changes, and information on how the new system had been developed and tested through a project-based approach.

We commented on the draft policy having considered information from the Assistant Director of Housing and Communities, and a separate consultation briefing from Internal Audit. We were assured the Policy met DWP guidelines.

Whilst the Committee also received assurance that protected characteristics are not used for RBV purposes, the Assistant Director agreed to amend the Policy to include a requirement to monitor the impact of implementation, on those with protected characteristics.

## **Local Government and Elections (Wales) Bill**

We have an interest in the Local Government and Elections (Wales) Bill, as it would change the name of our Audit Committee to a Governance and Audit Committee, and it would widen our role to include particular matters of performance.

In January 2020, we received an overview of the full Bill, and we raised a range of comments. We have since received details of the Welsh Local Government Association's co-ordinated response to the Bill, which reinforced a number of the points we felt required further clarity. We have also received useful information from colleagues in Legal Services to support our understanding of the Bill, and the various powers it provides.

We will keep a keen eye on the Bill, scheduled for Royal Assent this summer, the subsequent implementation timetable and associated guidance.

## **4. Audit Committee Self-Assessment**

### **Context and approach**

In January 2020, the Audit Committee held a Self-Assessment Workshop, to review its performance against a best practice CIPFA framework. Following the process introduced in last years' assessment, Audit Committee Members were asked to undertake an Individual Assessment against the CIPFA core knowledge and skills areas in advance of the collective workshop. This enabled the results to be reflected upon when considering the overall assessment.

Since the previous self-assessment process in January 2019, training has been provided to Audit Committee Members in areas which were scored lower at that point in time, namely Treasury Management, Internal Audit and Financial Management and Accounting. The training was delivered largely via in-house lead officers for the various disciplines, with the exception of Treasury Management, for which training was delivered by the Council's external treasury advisors. A commitment has also been made to provide training on Counter-Fraud.

The Committee reflected on the following further sources of information, to inform and supplement the self-assessment workshop.

- Feedback from those attending Audit Committee meetings on the performance and the value they gained from their attendance. This insight informs our development of targeted actions and focus going forward.
- Anonymised responses to nine quantifiable risk management questions from the Heads of Audit in the 22 Welsh Local Authorities, for comparative information. In considering this information, Audit Committee was assured of the comparative maturity of the approach in Cardiff to receiving risk management assurance.
- Outputs from an 'Influential Audit Committee' peer-to-peer exercise at the All Wales Audit Committee Chairs' Network (from October 2019). The outputs comprised an identification by Local Authority Chairs and Heads of Audit, of the priority areas of focus to improve performance against the nine areas of influence contained within CIPFA best practice guidance.

## Self-Assessment

Individual Assessments were completed by seven of the nine Audit Committee Members in active service at the time.

From the Individual Assessments completed, whilst there was strong self-assessed performance in each core area, Counter-Fraud and Treasury Management represented the lowest self-assessed areas overall. The areas involving disciplines of a more technical continue to be scored comparatively lower for the Committee as a whole, although a proportion of individual Committee Members have self-assessed as at least strong for knowledge and application in each of the ten core areas.

In respect of the collective Self-Assessment Workshop held in January 2020, the results were as follows.

Through our review of good practice, Audit Committee self-assessed:

- Twenty two areas were assessed as 'fully in place'
- Three areas were assessed as 'partly in place'
- No areas, were assessed as 'not in place'

For the areas reported as 'partly in place', the Committee considered:

- We have reasonable awareness of our training needs, through Individual Assessments against the CIPFA Knowledge and Skills Framework, but acknowledge that with a partial completion rate (78%) the action should not be considered complete;
- Whilst actions / recommendations are raised as part of Committee meetings, and subsequently monitored, the Committee could more proactively review their status and consider follow on actions within Committee meetings;
- We have partly evaluated how we are adding value to the organisation. Whilst we receive feedback from senior officers following their meeting attendance, which includes a question on added value, this mechanism is relatively new, and the responses were considered for the first time in more detail in the January 2020 workshop.

For our review of Audit Committee effectiveness, we used a 5-point rating scale, ranging from 'no evidence' (point 1), to 'clear evidence' (point 5) of the work and support of Audit Committee to delivering improvement in a range of areas.

Of the nine areas reviewed:

- Two were assessed at point 5, with clear evidence from a number of sources that the Committee is actively supporting improvements;
- Six areas were assessed at point 4, with clear evidence from some sources of the effective support for improvements;
- One area was assessed at point 3, as having mixed experience and evidence of Audit Committee support.

The area scored as 'mixed' was in respect of support for robust arrangements for value for money. Members considered that we have probed for value for money assurance during certain Committee items, but this is an area for continued focus, which can be further supported by setting a clearer expectation for value for money details to be included in senior officer reports on their internal control environment. This will be communicated via the Audit Manager.

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

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

## 5. Key Observations 2019/20

The Audit Committee Work Programme has been developed and discharged with the support of Audit Wales, 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 External and Internal Audit Reports, and we have undertaken focussed reviews of particular risks, matters of policy and governance, through inviting senior officers 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 2019/20 and areas of particular interest going forward are documented in the following section

## **6. Opinion of the Audit Committee for 2019/20**

Based on the evidence presented to the Audit Committee during 2019/20, 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 2020/21, 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 balanced, some particular directorates had 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, and will continue to reinforce expectations for delivery in the year to come.

Budget management is particularly pertinent at this time given the pressures facing local authorities as they respond to support the economic and social needs presented by the COVID-19 crisis. This unprecedented environment follows a number of years in which the financial parameters within which the Council operates have been constrained. The Committee will scrutinise carefully the management of the budget over the year to come through appropriate management controls and interventions, where required, and will continue to 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. This year we have observed isolated internal control gaps, and unsatisfactory audit opinions in respect of a particular school, a school traded service, and in areas of waste management. 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 that allegations of fraud isolated within the Waste Management function have been investigated, the majority of associated disciplinary hearings have been completed in accordance with the Council's disciplinary policy, and Police liaison is ongoing. Once these matters 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 considered the Internal Audit Plan for 2020/21, and will closely monitor its progress and findings over the year ahead.

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

In a position of constrained finances, the Audit Committee will continue its consideration of the framework for financial decisions. The Audit Committee has received updates on financial resilience as part of the finance updates and has welcomed the independent assurance of the Council Treasury Management activities, by the Council's Treasury Management advisors.

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, through overseeing the work of internal audit, we have continued to observe that 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 regular updates from the Director of Education and Lifelong Learning on the monitoring, controls and progress of governance improvements in Schools. 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 2020/21**

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 section 6 of this report (the 'Opinion of the Audit Committee 2019/20') as well any new issues, which require our attention.

At the time of writing, we are living and working in an unprecedented environment, which will have an impact on the way in which we can meet and communicate as a Committee. In this context, we will do all we can to deliver a programme of work that continues to ensure our effective contribution to assurance on governance, risk management and control.

## 8. Audit Committee Membership 2019/20

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. At the municipal year-end, one Independent Lay Member is on a period of agreed leave of absence, and there is one Non-Executive Councillor vacancy.

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

The Audit Committee was scheduled to meet on 5 occasions throughout the municipal period 2019/20 on the following dates: 25 June 2019; 10 September 2019; 12 November 2019; 21 January 2020 and 24 March 2020. Due to Covid-19 restrictions, the meeting planned for 24 March 2020 was cancelled.

## 9. Attendance in 2019/20

### 9.1 Committee Meeting Attendance

Attendance 2019/20	Possible	Actual
<b>Independent Lay Members</b>		
Hugh Thomas (Chairperson)	4	3
Gavin McArthur (Deputy Chairperson)	4	4
David Price	4	4
Ian Arundale ( <i>Chairperson until 28.11.19</i> <i>(period of agreed leave of absence commenced 28.11.19)</i> )	3	1
<b>Non-Executive Councillors</b>		
Councillor Phil Bale (stood down on 03.09.19)	1	1
Councillor Stephen Cunnah	4	3
Councillor Susan Goddard (stood down on 24.10.19)	2	2
Councillor Nigel Howells	4	3
Councillor Ashley Lister (appointed 23.05.19)	4	3
Councillor McKerlich (appointed 18.07.19)	3	3
Councillor Elaine Simmons (appointed 30.01.20)	0	0
Councillor Kanaya Singh	4	3
Councillor Joel Williams	4	3

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

## 9.2 Training Attended

Area of Training	No. of Possible Attendance	No. of Actual Attendance
Financial Management & Accounting	11	9
Internal Audit	11	8
Treasury Management	10	5

## 10. Audit Committee Contacts

<b>David Hugh Thomas</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 Director/Engagement Lead - Financial Audit, Audit Wales	029 2032 0562 <a href="mailto:ann-marie.harkin@audit.wales">ann-marie.harkin@audit.wales</a>
<b>Phil Pugh</b> Audit Manager (Financial Audit), Audit Wales	07964 118615 <a href="mailto:phil.pugh@audit.wales">phil.pugh@audit.wales</a>
<b>Sara-Jane Byrne</b> Audit Manager (Performance Audit), Audit Wales	07786 111385 <a href="mailto:sara-jane.byrne@audit.wales">sara-jane.byrne@audit.wales</a>

**Audit Committee Self-Assessment Action Plan****January 2020**

<b>Action</b>	<b>Status / Target</b>
1. All Audit Committee Members to ensure they have completed an Individual Assessment (against the CIPFA knowledge and skills framework).	Ongoing Activity <i>Targeted completion February. 2020</i>
2. Audit Committee to review proactively the status of Audit Committee actions and recommendations as part of the 'outstanding items' agenda item, considering follow on actions as necessary.	Ongoing Activity <i>Commencing first Committee meeting in 2020-21</i>
3. Audit Manager to provide an audit recommendation summary for monitoring and review purposes, in addition to the full recommendation tracker, for each Audit Committee progress update.	Ongoing Activity <i>Commencing first Committee meeting in 2020-21</i>
4. Audit Committee to communicate via the Audit Manager, the requirement for Directors to address the following areas in their internal control environment reports, whilst providing any specific further information, as requested: <ul style="list-style-type: none"><li>• A greater focus on directorate-level risks and governance</li><li>• Evidence or further detail of external assurance reports and findings</li><li>• Measures of directorate value for money</li></ul>	<i>To be in place as appropriate for any future senior officer Audit Committee attendance.</i>

**Audit Committee Assessments**

**I. Collective Self-Assessment - Workshop**

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

<b>Assessment key</b>	
<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.

<b>Areas the Audit Committee can add value by supporting improvement</b>		<b>Overall Assessment</b>
1.	Promoting the principles of good governance and their application to decision making.	<b>4</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>4</b>
5.	Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	<b>5</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>4</b>
9.	Promoting effective public reporting to the authority’s stakeholders and local community and measures to improve transparency and accountability.	<b>4</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?			
	• good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• assurance framework, including partnerships and collaboration arrangements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• internal audit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• external audit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• financial reporting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• value for money or best value	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• counter-fraud and corruption.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• Supporting the ethical Framework	<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 checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Are meetings effective with a good level of discussion and engagement from all members?	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input 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 +
	1. No	2. Limited	3. Mixed	4. Strong	5. Full/Complete	
1. Organisational knowledge	0%	0%	14%	86%	0%	86%
2. Audit committee role and functions	0%	0%	14%	72%	14%	86%
3. Governance	0%	0%	14%	72%	14%	86%
4. Internal audit	0%	14%	0%	72%	14%	86%
5. Financial management and accounting	0%	0%	43%	43%	14%	57%
6. External audit	0%	0%	14%	86%	0%	86%
7. Risk management	0%	0%	29%	57%	14%	71%
8. Counter fraud	0%	29%	29%	43%	0%	43%
9. Values of good governance	0%	0%	14%	57%	29%	86%
10. Treasury management	0%	0%	57%	43%	0%	43%

### Application

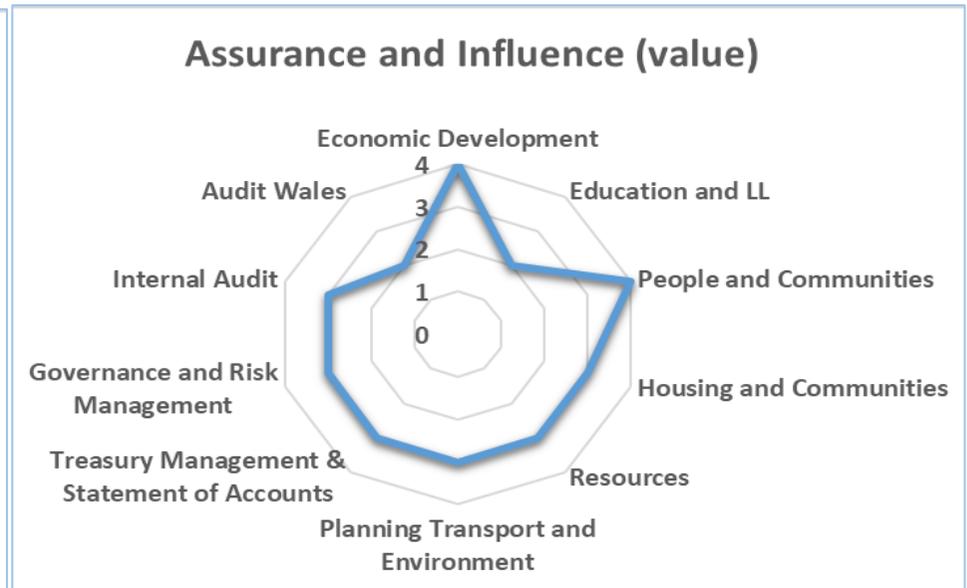
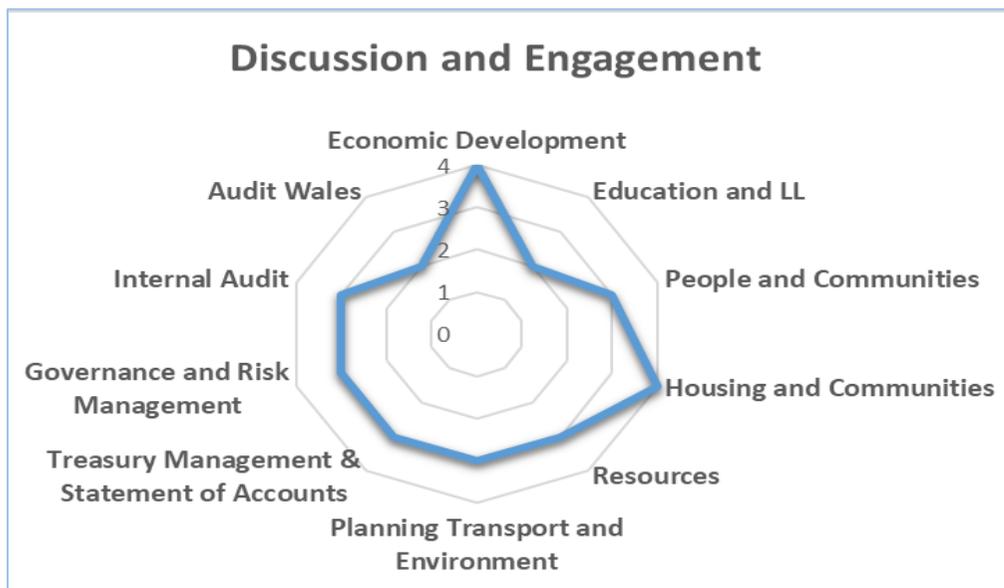
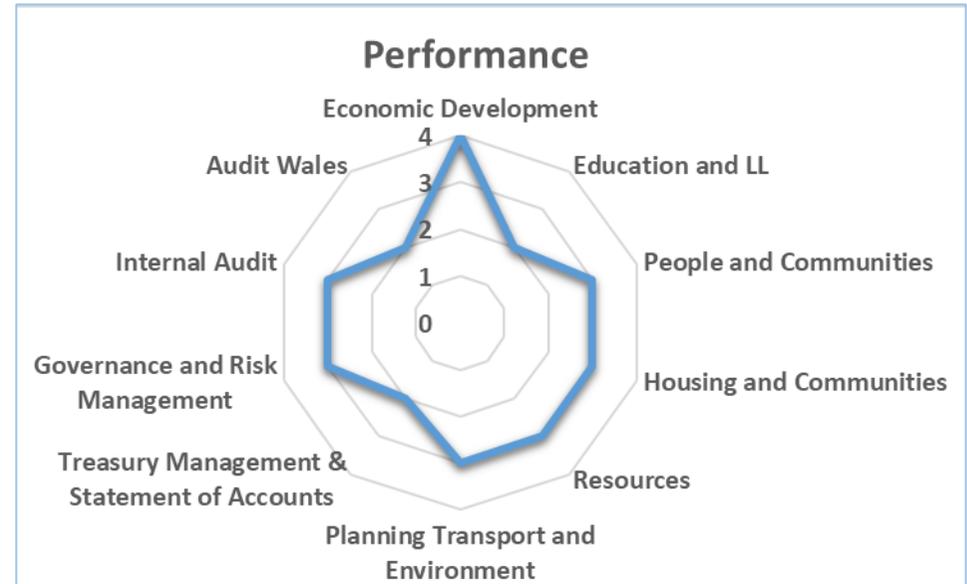
Application	Level of Application					Strong +
	1. No	2. Limited	3. Mixed	4. Strong	5. Full/Complete	
1. Organisational knowledge	0%	0%	14%	86%	0%	86%
2. Audit committee role and functions	0%	0%	29%	57%	14%	71%
3. Governance	0%	0%	29%	71%	0%	71%
4. Internal audit	0%	14%	29%	43%	14%	57%
5. Financial management and accounting	0%	0%	43%	43%	14%	57%
6. External audit	0%	0%	29%	71%	0%	71%
7. Risk management	0%	0%	43%	43%	14%	57%
8. Counter fraud	0%	57%	0%	43%	0%	43%
9. Values of good governance	0%	0%	14%	86%	0%	86%
10. Treasury management	0%	0%	57%	43%	0%	43%

### III. Audit Committee Attendee Feedback

The Audit Committee has requested feedback from those it engages with in Committee meetings in respect of 'performance', 'assurance and influence' and 'discussion and engagement'.

The results for 2019/20 were as follows

Key	Score
1	Poor
2	Satisfactory
3	Good
4	Excellent



## Current Membership

	<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. For more than 5 year’s he occupied the position of the Deputy Chairperson of the Audit Committee of Cardiff Council, and was appointed as Chairperson in January 2020.</p>
	<p>Gavin McArthur is an experienced internal audit and governance professional and qualified accountant. 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 the private sector, local and central government.</p> <p>His professional experience and expertise lie in the fields of internal control, risk management, governance, internal audit, business case review, and performance management. He was appointed as Vice Chair of the Audit Committee of Cardiff Council in January 2020, and is Vice Chair of the Warwickshire Police Joint Audit Committee.</p> <p>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.</p> <p>A keen sportsman, who played semi-professional football, Gavin has coaching qualifications in rugby, goalkeeping and strength &amp; conditioning. He currently coaches goalkeeping for a university football team and for many years coached at a local rugby club, he is also an experienced Tai chi practitioner.</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>

 <p><b>Cllr Stephen Cunnah</b> (Welsh Labour)</p>	<p>Serving the <b>Canton</b> Ward</p> <p><b>Terms of Office:</b> 04/05/2017 -</p> <p><b>Serving on the following Committees:</b>  <a href="#">Audit Committee</a>  <a href="#">Children and Young People Scrutiny Committee</a>  <a href="#">Council</a>  <a href="#">Glamorgan Archives Joint Committee</a> Cardiff Council  <a href="#">Standards &amp; Ethics Committee</a></p> <p><b>Outside Bodies:</b>  <a href="#">Chapter (Cardiff) Limited</a></p>
 <p><b>Cllr Nigel Howells</b> (Welsh Liberal Democrats)</p>	<p>Serving the <b>Adamsdown</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="#">Audit Committee</a>  <a href="#">Council</a>  <a href="#">Council Appeals Committee</a>  <a href="#">Economy &amp; Culture Scrutiny Committee</a> (Chair)  <a href="#">Pensions Committee</a></p>
 <p><b>Cllr Ashley Lister</b> (Welsh Labour) (joined Audit Committee 23.05.19)</p>	<p>Serving the <b>Grangetown</b> Ward</p> <p><b>Terms of Office:</b> 04/05/2017 –</p> <p><b>Serving on the following Committees:</b>  <a href="#">Appointments Committee - Assistant Director, Children's Services</a>  <a href="#">Appointments Committee - Assistant Director, Education &amp; Lifelong Learning</a>  <a href="#">Audit Committee</a>  <a href="#">Community &amp; Adult Services Scrutiny Committee</a>  <a href="#">Constitution Committee</a>  <a href="#">Corporate Parenting Advisory Committee</a>  <a href="#">Council</a>  <a href="#">Local Authority Governor Panel</a>  <a href="#">Policy Review and Performance Scrutiny Committee</a></p> <p><b>Outside Bodies:</b>  <a href="#">South Wales Fire &amp; Rescue Authority</a></p>
 <p><b>Cllr Rod McKerlich</b> (Welsh Conservatives) (joined Audit Committee 18.07.19)</p>	<p>Serving the <b>Radyr &amp; Morganstown</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="#">Appointments Committee - Assistant Director, Adult Services</a>  <a href="#">Audit Committee</a>  <a href="#">Constitution Committee</a>  <a href="#">Council</a>  <a href="#">Democratic Services Committee</a>  <a href="#">Policy Review and Performance Scrutiny Committee</a></p>

 <p><b>Cllr Elaine Simmons</b> (Welsh Labour) (joined Audit Committee 30.01.20)</p>	<p>Serving the <b>Caerau</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="#">Audit Committee</a> <a href="#">Council</a></p>
 <p><b>Cllr Kanaya Singh</b> (Welsh Labour)</p>	<p>Serving the <b>Riverside</b> Ward</p> <p><b>Terms of Office:</b> 04/05/2017 -</p> <p><b>Serving on the following Committees:</b> <a href="#">Audit Committee</a> <a href="#">Children and Young People Scrutiny Committee</a> <a href="#">Council</a></p> <p><b>Outside Bodies:</b> <a href="#">Cardiff Bus</a></p>
 <p><b>Cllr Joel Williams</b> (Welsh Conservatives)</p>	<p>Serving the <b>Pontprenau &amp; Old St Mellons</b> Ward</p> <p><b>Terms of Office:</b> 04/05/2017 -</p> <p><b>Serving on the following Committees:</b> <a href="#">Appointments Committee - Assistant Director, Adult Services</a> <a href="#">Appointments Committee - Assistant Director, Children's Services</a> <a href="#">Appointments Committee - Assistant Director, Education &amp; Lifelong Learning</a> <a href="#">Appointments Committee - Director Education &amp; Lifelong Learning</a> <a href="#">Appointments Committee - Principal Lawyer Litigation</a> <a href="#">Appointments Committee - Programme Director, Schools Organisational Planning</a> <a href="#">Audit Committee</a> <a href="#">Council</a> <a href="#">Council Appeals Committee</a> <a href="#">Standards &amp; Ethics Committee</a></p> <p><b>Outside Bodies:</b> <a href="#">Cardiff University Court</a> <a href="#">South Wales Fire &amp; Rescue Authority</a></p>

## Member on approved leave of Absence

 <p><b>Ian Arundale (Chair)</b> (Independent Lay Member)</p> <p><i>Approved leave of absence for up to one year commencing 28/11/19</i></p>	<p>Ian Arundale is a self-employed Law Enforcement and Security Consultant. He is currently working for Cleveland Police on a short-term contract addressing a range of development areas. 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 at Dyfed Powys.</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. He acts as an advisor and expert witness in high profile cases such as fatal police shootings, inquests and public inquiries.</p> <p>He works internationally and has recently assisted police forces and organisations in the far east, 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 the Chairman 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>
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## Members who left In-Year

 <p><b>Cllr Phil Bale</b> (Welsh Labour) <i>Stood down on 03.09.19</i></p>	<p>Serving the <b>Llanishen</b> Ward</p> <p><b>Terms of Office:</b> 03/05/2012 - 04/05/2017 04/05/2017 – 09/10/2019</p> <p><b>Serving on the following Committees:</b> <a href="#">Audit Committee</a> <a href="#">Council</a></p>
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**Cllr Susan Goddard**  
(Welsh Labour)  
*Stood down on 24.10.19*

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](#)