CARDIFF COUNCIL
CYNGOR CAERDYDD

AUDIT COMMITTEE: 22 MARCH 2016

PROPOSED TREASURY MANAGEMENT PRACTICES - APRIL 2016 ONWARDS

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM 7.2

Appendix 1 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972

PORTFOLIO: CORPORATE AFFAIRS

Reason for this Report

1.   The Audit Committee Terms of Reference sets out their responsibility for undertaking scrutiny of the accounting, audit and commercial issues in relation to the Council's Treasury Management Strategy and Practices.

2.   This report has been prepared to provide Audit Committee Members with the proposed Treasury Management Practices (TMP's) to apply from April 2016.

Background

3.   The Council carries out its treasury management activities in accordance with a code developed for public services in 2011 by the Chartered Institute of Public Finance and Accountancy (CIPFA). This requires the preparation of what are termed 'Treasury Management Practices' and the areas which these must cover are specified.

4.   The purpose of TMP's are to demonstrate that the Council's Treasury Management activities are carried out in an open and transparent framework. These are reviewed periodically under delegation FS5 to the Corporate Director Resources.

Issues

5.   The code covers controls, processes and practices in the following twelve areas:-

- Treasury risk management.
    - Credit and counterparty risk management.
    - Liquidity risk management.
    - Interest rate risk management.
    - Exchange rate risk management.
    - Refinancing risk management.
    - Legal and regulatory risk management.
    - Fraud, error and corruption, and contingency management.
    - Market risk management.
- Performance management.
- Decision-making and analysis.
- Approved instruments, methods and techniques.
- Organisation, clarity and segregation of responsibilities, and dealing arrangements.
- Reporting requirements and management information arrangements.
- Budgeting, accounting and audit arrangements.
- Cash and cash flow management.
- Money laundering.
- Training and qualifications.
- Use of external service providers.
- Corporate governance.

6.   Internal Audit review of the TMP's as part of their periodic audit of the Treasury Function was undertaken in early 2015 including testing of treasury processes and systems. No significant concerns were raised and the next review is planned to be undertaken within the next 6 months.

7.   The Audit Committee previously received the Treasury Management Practices in March 2015. Whilst there has been some changes to wording, the main changes in this updated version reflect:

- Minor update for the approved 2016/17 Treasury Management Strategy and criteria for investment approved by Council in the February 2016 Council budget
- Changes in finance organisational structure and roles and
- Removal of Housing Finance Subsidy reform from the review of the Treasury risk register

Reason for Recommendations

8.   To note and provide comments on the proposed treasury management practices to apply from April 2016 which assists in the review and assessment of the risk management, internal control and corporate governance arrangements of the authority in relation to treasury activities.

Legal Implications

9.   No direct legal implications arise from this report.

Financial Implications

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

RECOMMENDATIONS

11.   Audit Committee to note the Treasury Management Practices to be implemented from April 2016, with any internal audit recommendations arising from review of these practices being implemented by the Corporate Director Resources and included in future updates to Treasury Management Practices.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES
4 March 2016

The following appendix is attached
Appendix 1 – Treasury Management Practices and Appendices – Valid from April 2016