

Your Ref: AC.21.1

Hugh Thomas
Chairperson, Audit Committee
Cardiff Council



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5th March 2021

Dear Hugh Thomas,

Re: Internal Audit Recommendations

Thank you for your recent letter dated 27th January 2021. In response to your questions, I have provided an explanation below on each of the outstanding red and red/amber actions that have passed the original deadline for completion. I have also set out a commitment and timescale for achieving completion.

The directorate currently has 10 audits with open recommendations, of which there are 4 red and 25 red/amber recommendations. Across these 10 audits, 29 red/amber and 4 red (27 in Recycling Neighbourhood Services plus 6 from the Film Office audit) recommendations have been addressed and closed since July 2019 to date.

The service area's response to some of the recommendations has been affected by the COVID-19 pandemic and this has led to some delays in closing recommendations.

I have provided an update against each audit below:

Cardiff Film Office

An audit of the Cardiff Film Office was undertaken in September 2020. One red/amber recommendation remains outstanding and is being addressed against a revised completion date of 31st March 2022. A Service Level Agreement for permit holders and Terms and Conditions of Trade for permit holders was submitted to Internal Audit on 19th January 2021. The SLA will be reviewed in 2022 (3 years) and be approved by Legal / OM and a new business model is under review. We are hopeful that these steps will lead to an agreement that this action will be closed by the agreed revised completion date of 31st March 2022.

Brindley Road Depot

A red/amber recommendation was identified from a Stocktake Observation in July 2019. This recommendation advised that a stock recount, where practically possible, should be undertaken by different officers to the original count. Internal Audit has been advised that the service has initiated a process of in-year stock verification and this recommendation will

GWEITHIO DROS GAERDYDD, GWEITHIO DROSOCH CHI

Mae'r Cyngor yn croesawu gohebiaeth yn Gymraeg, Saesneg neu'n ddwyieithog. Byddwn yn cyfathrebu â chi yn ôl eich dewis, dim ond i chi roi gwybod i ni pa un sydd well gennych. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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be fully incorporated into the year-end stock take prior to 31st March 2021. The recommendation was not implemented at the end of the 2019/20 financial year as originally intended due to the impact of the pandemic. Again, it is anticipated these steps will lead to the action being closed by the agreed revised completion date of 31st March 2021.

Corporate Landlord

An audit has recently been completed with an agreed course of action to complete the recommendations by the agreed completion date of 30th June 2021.

Follow-up audit - Fly tipping

Two red and six red/amber recommendations relate to the follow-up fly tipping audit. Due to the impact of the pandemic, these outstanding actions have taken longer than anticipated to complete.

The manager for this area is proactive in ensuring that the appropriate measures are put into place for all of the outstanding actions and we are anticipating that the majority of these actions will be completed by the revised completion date of 31st March 2021. Regular updates are provided to the auditor and a meeting is scheduled with the manager and auditor next week to review and hopefully finalise some of these actions.

Asset Management

One red and one red/amber recommendation relate to asset management. An asset register is currently being developed with priority given to portable, desirable, high value items. The register will then be extended to ensure that all relevant assets are appropriately recorded. It is anticipated that the portable appliance high value asset register will be in place by March 2021 with the extension to the register completed shortly after.

A waste restructure is progressing and the officers responsible for developing the asset management strategy/policy have recently been appointed to their roles. The work on the strategy has recently commenced and the officers are working towards the action date of 31 March 2021. This action date may need extending, but we are working closely with the senior auditor to monitor and extend action dates where necessary.

Health and Safety

One red and four red/amber recommendations relate to health and safety. This audit was undertaken in December 2020. The target date to close four of these recommendations is 31st March 2021 with a target date of 30th April 2021 for the remaining recommendation.

One recommendation relates to “task and finish” where the collections employee would stand down once their round was completed. This action is being addressed with the implementation of the four day working week recently introduced. It is hoped that the action date of 31st March 2021 will be achieved for this action.

The Depot & Infrastructure Manager has recently been appointed to position and will take responsibility for three of the remaining actions.

Progress is underway to review whether Papertrail - the current database for recording health and safety training and inspection reports can be relied upon to provide robust and accurate exception reporting data for management to address Health and Safety compliance. The target date for this action is 31st March 2021.

Lamby Way Stores and Follow Up Lamby Way Stores Three red/amber recommendations relate to stores.

One of these recommendations is that management review the Lamby Way stores capacity and organisational layout to ensure suitably controlled access arrangements are in place for all areas where stock is held and there is effective fire and safety arrangements.

The site plan is currently being reviewed as part of the service redesign and as part of this process, a review will be undertaken of all storage areas and a plan put in place. The revised action date for this recommendation is 31st May 2021.

The current restructure within Waste Management will see the recruitment of a Stores Supervisor who will deliver on the red/amber recommendation regarding the recording of non-stock items on the inventory as described in the Financial Procedure Rules. The recruitment of this position is hoping to be finalised by the end of May 2021 and the action date for this recommendation has been extended to 31st December 2021 to allow for this recruitment.

Work on the remaining red/amber recommendation is underway. The Business Team are working with Commissioning and Procurement to ensure that the purchasing commitment accurately reflects the requirements.

Review of Contracts in Waste Management

Six red/amber risks remain open from the original Review of Contracts audit in Waste Management. A follow up audit has recently taken place within the service area and an updated audit report will supersede the original Contract Management audit.

Work has focused on the implementation of a contract register on SharePoint and has been delivered through management team meetings and close interaction with Commissioning and Procurement. Outgoing spend is also monitored and variance analysis conducted. One of the risks relates to Commercial Waste (Trade Waste) customer contracts. The recommendation states that the customer contracts and amendments should be appropriately checked and authorised and a formal discounts policy should be developed.

This recommendation has progressed well. The policy has been agreed and signed off via an officer decision report. In addition, informal procurement stages for the replacement of Trade Waste's database for Whitespace began in September 2020. Suppliers in the market place have been offered an opportunity to undertake initial presentations via Teams. The formal procurement process will be initiated in Quarter 4 2020/21 with a planned implementation date synchronised with the expiry of the current software contract (Q3 2021/22)

Payroll Review

A red/amber recommendation to review workforce needs, ensure appropriate arrangements are in place for general office cover and reserve acting up provisions for matters of urgent service requirements in accordance with the Acting up Scheme has led to a new 6 month rotation of 'In day acting up' being introduced.

The full implementation of this recommendation will go hand in hand with the restructure in Waste Management. All payroll processes for Collections and the MRF and now handled via the central resourcing team. A procedure is currently being drawn up to support the change to this process. The action date for this recommendation has been extended to 31st March 2021.

A recent audit of Gatehouse has been received, it contains two red and two red/amber recommendations, and management are considering the report in full. Since an initial audit considerable work has been undertaken to tighten up the data recording on the Gatehouse system. However, the current Gatehouse system does not currently provide a full audit trail for the two super users. Accordingly, as a priority the Depot & Infrastructure Manager and Weighbridge Supervisor are developing a specification for a new Gatehouse software system with the assistance of ICT.

In terms of the 'Control' environment, the Economic Development service is managed through bi-weekly senior management team meetings involving myself, Assistant Directors, Operational Managers and performance/business management officers. A review of outstanding Audit actions is a standing item on the agenda for these meetings. I also meet quarterly with the Economic Development service area Internal Audit representative Sue Powell to review progress. The service area business and performance team also meets with the audit management team every 2 weeks.

I hope the above provides you with an assurance that Internal Audit recommendations relating to the Economic Development service are managed effectively and addressed as promptly as is possible.

Kind Regards

A handwritten signature in blue ink, appearing to read 'Neil Hanratty', with a large, sweeping flourish at the end.

Neil Hanratty
Director of Economic Development