

# CARDIFF COUNCIL CYNGOR CAERDYDD

## GOVERNANCE AND AUDIT COMMITTEE: 15 MARCH 2022

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### PROPOSED TREASURY MANAGEMENT PRACTICES - APRIL 2022 ONWARDS

### REPORT OF CORPORATE DIRECTOR RESOURCES ITEM 8.1

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**Appendix 1 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972**

#### Reason for this Report

1. The Governance and Audit Committee Terms of Reference sets out their responsibility for seeking 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.
2. This report has been prepared to provide Governance and Audit Committee Members with the proposed Treasury Management Practices (TMP's) to apply from April 2022.

#### Background

3. The Council carries out its treasury management activities in accordance with a Treasury Management Code of Practice for public services, updated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2017. 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 is 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.
5. These Treasury Management practices will continue to be revised during 2022/23 in line with technical or other updates. This includes

updates to the Treasury Management Code made in 2021, to apply from 2023/24. This includes:

- A requirement for the Council to develop and adopt a debt liability benchmark treasury indicator to support the financing risk management of the Capital Financing Requirement.
- A requirement to effectively manage liquidity and longer-term cash flow requirements.
- Consider Environmental, Social and Governance policy within the treasury management risk framework.
- Amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by the council.

Future updates of the Treasury Practices will include any agreed changes arising to the Treasury Management Code of Practice.

## Issues

6. The Council's proposed Treasury Management Practices are based on the requirements of the CIPFA Code and where relevant includes content as suggested by the Council's Treasury Management advisors in respect to Treasury investments. The document 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.
  - Economic, Social and Governance
- 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.

### **Reason for Recommendations**

7. To note the proposed treasury management practices to apply from April 2022 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**

8. No direct legal implications arise from this report.

### **Financial Implications**

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

### **RECOMMENDATIONS**

10. Governance and Audit Committee to note the Treasury Management Practices to be implemented from April 2022.

**CHRISTOPHER LEE**  
**CORPORATE DIRECTOR RESOURCES**  
**15 March 2022**

*The following appendix is attached*  
Appendix 1 – Treasury Management Practices and Annexes – Valid from April 2022