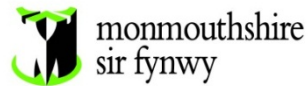


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County Hall
Rhadyr
Usk
NP15 1GA

Tuesday, 31 December 2019

Notice of Meeting

Audit Committee

Thursday, 9th January, 2020 at 2.00 pm,
Council Chamber, County Hall, The Rhadyr USK - County Hall, The
Rhadyr, Usk

AGENDA

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1.	Apologies for Absence	
2.	Declarations of Interest	
3.	Public Open Forum	
4.	To note the Action List from the previous meeting	1 - 2
5.	Anti Bribery Audit Training (Presentation)	
6.	Wales Audit Office Review of Whistleblowing and Fairness at Work (Grievance) arrangements	3 - 22
7.	Monmouthshire Farms School Endowment Trust Fund Accounts (2018-19)	23 - 34
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9.	Wales Audit Office Environmental Health Follow Up Review and Management Response	43 - 60
10.	Wales Audit Office Leisure Services Follow Up Review	61 - 74
11.	Forward Work Plan	75 - 76
12.	To confirm minutes of the previous meeting	77 - 82
13.	To confirm the date of the next meeting as 13th February 2020	

14.	6 Month Update on Unfavourable Opinions	83 - 94
15.	To consider whether to exclude the press and public from the meeting during consideration of the following item of business in accordance with Section 100A of the Local Government Act 1972 as amended on the grounds that it involves information as defined in Paragraph 14 of Part 4 of Schedule 12A (Proper Officer's view attached)	95 - 98
16.	6 Month Update on Unfavourable Opinions (Part 2)	99 - 100

**Paul Matthews
Chief Executive**

MONMOUTHSHIRE COUNTY COUNCIL
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

County Councillors:

P White
P. Clarke
A. Easson
M. Feakins
J. Higginson
M. Lane
P. Murphy
V. Smith
B. Strong
J. Watkins
S.B. Jones

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Aims and Values of Monmouthshire County Council

Our purpose

Building Sustainable and Resilient Communities

Objectives we are working towards

- Giving people the best possible start in life
- A thriving and connected county
- Maximise the Potential of the natural and built environment
- Lifelong well-being
- A future focused council

Our Values

Openness. We are open and honest. People have the chance to get involved in decisions that affect them, tell us what matters and do things for themselves/their communities. If we cannot do something to help, we'll say so; if it will take a while to get the answer we'll explain why; if we can't answer immediately we'll try to connect you to the people who can help – building trust and engagement is a key foundation.

Fairness. We provide fair chances, to help people and communities thrive. If something does not seem fair, we will listen and help explain why. We will always try to treat everyone fairly and consistently. We cannot always make everyone happy, but will commit to listening and explaining why we did what we did.

Flexibility. We will continue to change and be flexible to enable delivery of the most effective and efficient services. This means a genuine commitment to working with everyone to embrace new ways of working.

Teamwork. We will work with you and our partners to support and inspire everyone to get involved so we can achieve great things together. We don't see ourselves as the 'fixers' or problem-solvers, but we will make the best of the ideas, assets and resources available to make sure we do the things that most positively impact our people and places.

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Agenda Item 4

Audit Committee Actions 28th November 2019

Agenda Item:	Subject	Officer	Outcome
3 (c/f 25 th July 2019)	Performance management	Chief Officer, Resources	Response to Audit Committee members via e-mail to provide update regarding performance management arrangements/ annual staff appraisal process.
3	Unfavourable Audit Opinion	Chief Internal Auditor	Further details on Castle park Primary School
5	Self-Evaluation	Chief Internal Auditor	Send questionnaire to Committee Members

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Review of Whistleblowing and Fairness at Work (Grievance) arrangements – **Monmouthshire County Council**

Audit year: 2018-19

Date issued: September 2019

Document reference: 1484A2019-20

This document has been prepared Monmouthshire County Council as part of work performed in accordance with Section 17 of the Public Audit (Wales) Act 2004 and section 18 of the Local Government Wales Measure 2009

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info.officer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

The team who delivered the work comprised Gareth W. Lewis, Allison Rees and Dave Wilson, programmed managed by Non Jenkins, under the direction of Huw Rees.

The Council has responded positively to our 2014 Whistleblowing review to strengthen its Whistleblowing and Fairness at Work arrangements, and seeking feedback from those involved could lead to further improvements.

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Detailed report

The Council has responded positively to our 2014 Whistleblowing review to strengthen its Whistleblowing and Fairness at Work arrangements, and seeking feedback from those involved could lead to further improvements

The Council has strengthened its arrangements to make staff aware of the policies 7

There is a collective decision-making process to determine which policy to use while ensuring the employees raising concerns are at the forefront of the decision 8

The Council has effective arrangements to respond to and manage whistleblowing disclosures and employee grievances, and has strengthened its whistleblowing arrangements since our 2014 work 9

Managers demonstrated a clear understanding of the policies and procedures, with HR maintaining close contact to ensure concerns are handled effectively, stored securely and dealt with confidentially 10

The Council has a clear process for the ongoing review of the policies but does not actively seek feedback from those involved, and members' oversight of arrangements is limited 11

Appendices

Appendix 1 – Whistleblowing and grievance definitions	13
Appendix 2 – WAO 2014 Whistleblowing Policy and arrangements proposals for improvement	15

Summary

What we reviewed and why

- 1 It is important for organisations to have an enabling, open culture which includes clear policies and procedures for dealing with whistleblowing concerns and employee grievances as part of good governance, each having a specific purpose and relating to differing legislation ([Appendix 1](#)).
- 2 We completed a review of the Council's whistleblowing arrangements in 2014 and found that overall, whistleblowing arrangements were generally sound, but there were some weaknesses in policy, process and training that need addressing¹. We made nine proposals ([Appendix 2](#)).
- 3 In May 2019 we:
 - a. examined the Council's arrangements for dealing with whistleblowing concerns;
 - b. examined the arrangements for dealing with employee grievances (these arrangements are dealt with under the Council's Fairness at Work Policy);
 - c. assessed the decision-making arrangements the Council uses for determining whether concerns are dealt with under Whistleblowing or Fairness at Work (Grievance) procedures; and
 - d. assessed the Council's progress in addressing our 2014 Whistleblowing proposals for improvement.

What we found

- 4 Our review sought to answer the question: **Can the Council assure itself that it has robust and effective arrangements for dealing with whistleblowing disclosures and employee grievances?**
- 5 Overall we found that: **The Council has responded positively to our 2014 Whistleblowing review to strengthen its Whistleblowing and Fairness at Work arrangements, and seeking feedback from those involved could lead to further improvements.** We reached this conclusion because:
 - The Council has strengthened its arrangements to make staff aware of the policies;
 - There is a collective decision-making process to determine which policy to use while ensuring the employees raising concerns are at the forefront of the decision;

¹ Wales Audit Office Review of Whistleblowing presented to Audit Committee – 4 December 2014

- The Council has effective arrangements to respond to and manage whistleblowing disclosures and employee grievances, and has strengthened its whistleblowing arrangements since our 2014 work;
- Managers demonstrated a clear understanding of the policies and procedures, with HR maintaining close contact to ensure concerns are handled effectively, stored securely and dealt with confidentially; and
- The Council has a clear process for the ongoing review of the policies but does not actively seek feedback from those involved, and members' oversight of arrangements is limited.

Proposals for improvement

Exhibit 1: proposals for improvement

The table below sets out the proposals for improvement that we have identified following this review.

2019 Proposals for improvement	
P1	Strengthen the arrangements to monitor and review the effectiveness of the Council's arrangements for dealing with whistleblowing concerns and employee grievances by actively seeking feedback from all those involved.
P2	Clarify the implementation and monitoring arrangements for the following action within the People Strategy: 'monitor the implementation of recommendations from grievances to ensure organisational learning and development'.
P3	Clarify with the Standards Committee, how it will assess the effectiveness of the Whistleblowing policy.

- 6 The Council has fully addressed seven of our nine 2014 Whistleblowing proposals for improvement. Of the remaining two, the Council is continuing to address one and one is no longer applicable. **Exhibit 2** sets out the one proposal for improvement that remains in progress and **Exhibit 3** sets out the one proposal for improvement that is no longer applicable. This is no longer applicable because the Council considers it more accessible to use a wider variety of learning and development techniques to engage staff.

Exhibit 2: 2014 whistleblowing proposal for improvement in progress to be addressed

2014 Proposal for improvement	
P7	Identify methods of checking staff awareness and include the Whistleblowing Policy in the employee survey planned for summer 2014 and subsequent surveys.

Exhibit 3: 2014 whistleblowing proposal for improvement no longer applicable

2014 Proposal for improvement

P5 Complete the development of the e-learning module and establish it within a learning and development programme.

Detailed report

The Council has responded positively to our 2014 Whistleblowing review to strengthen its Whistleblowing and Fairness at Work arrangements, and seeking feedback from those involved could lead to further improvements

The Council has strengthened its arrangements to make staff aware of the policies

- 7 In 2017, the Council revised its Whistleblowing and Fairness at Work (Grievance) policies. Both policies are clear, easy to follow and contain supportive and re-assuring language.
- 8 At that time, the Council sent an all staff e-mail containing the revised policies and clearly asked managers to share the policies with all staff. During our fieldwork, managers commented that in addition to receiving the e-mails with the revised policies, it would be helpful to have a summary of the changes to each policy. Managers also noted this would be helpful for any future HR policy change.
- 9 All new Council employees receive an information pack containing the two policies alongside the contract of employment. The code of conduct sent to all new starters also includes the Whistleblowing Policy.
- 10 The Council has a managers' checklist to support managers in undertaking new employees' induction. At induction, employees are signposted to the People Services team and People Services section on the Council's intranet (the Hub), where the Whistleblowing and Fairness at Work (Grievance) policies and supporting workflows are available. The workflows are easily accessible and provide a step by step guide for employees wanting to raise a concern, and for managers on responding to and dealing with concerns. Managers told us the workflows were particularly helpful.
- 11 To gain assurance that staff would use the policies, the Council's 2018 staff survey asked, 'As an employee, how confident would you feel to be able to raise concerns about potential malpractice within your work environment (1 being 'not confident', 10 being 'confident')'.
- 12 The Council also assessed its staff confidence levels in using the policies. 53% of the respondents had high confidence levels, scoring 8, 9 or 10, and 80% scored at 5 or above. The response rate to the staff survey was 20% (of a workforce of approximately 3,600).
- 13 In April 2019 Internal Audit's follow-up report on HR policies noted a minor risk in relation to staff awareness of Council HR policies. The report states 'there was no requirement for staff to indicate whether they had viewed/ understood HR policies.'

A risk is that staff may inadvertently contravene policies through lack of awareness or understanding'. The Internal Audit report commented that, 'Whilst staff were receiving copies of all new and updated policies, there was no mechanism in place to ensure that staff members had read and understood the content of the documents. The development of a tool to facilitate the recording of staff members' acknowledgement of their understanding of new or updated policies could help ensure greater compliance with policies and would provide clear evidence for use in disciplinary cases where policy requirements were subsequently not adhered to. A potential digital solution to this issue is being considered as part of the 'visioning' work for the potential new HR system.'

- 14 Not all staff have regular access to a Council PC or laptop and therefore do not have access to the Hub. Managers told us they understood that it is their responsibility to distribute the policies to staff and for hard copies of the policies to be available in those work locations where there is limited access to the Hub.
- 15 Our review of case files showed the Council has received grievance concerns and whistleblowing disclosures from employees working in the more remote service areas (those areas furthest away from the corporate centre where staff have limited access to a PC). Council managers believed, therefore, this showed that staff without regular access to PCs were aware of the policies and would use them.

There is a collective decision-making process to determine which policy to use while ensuring the employees raising concerns are at the forefront of the decision

- 16 All people we spoke to clearly articulated the difference between Whistleblowing disclosures and Fairness at Work (Grievance) concerns.
- 17 Managers receive training via the corporate managers induction programme on the difference between whistleblowing concerns and grievances, as well as dignity at work, handling complaints and disciplinary issues.
- 18 The Whistleblowing Policy and accompanying workflow state that whomever receives notification of a potential whistleblowing disclosure becomes the Designated Officer. The Designated Officer decides if the disclosure requires investigating. The people we spoke to told us that, in practice, Designated Officers approach the HR team for advice to determine if a concern raised is a whistleblowing disclosure, Fairness at Work (Grievance) or formal complaint and whether an investigation is necessary. The HR team responds quickly to these requests for assistance and is involved in deciding on the next steps in dealing with the concern. The HR team also gives support to Designated Officers in planning any investigation. All managers we spoke to stated they would contact the HR team immediately if they received what they believed was a whistleblowing disclosure or grievance.
- 19 The Council is committed to ensuring that whistle-blowers or employees going through a grievance process are well-supported. Managers described an

empowering culture with the focus on the resolution of issues and employee wellbeing at the centre of dealing with grievance and whistleblowing concerns.

- 20 The Council offers a range of support to employees, including counselling and/or a referral to Occupational Health. Mediation is available, and employees are encouraged to contact a Trade Union representative. There is also HR support and line management support (depending on the cause of the disclosure or grievance).
- 21 Formal meetings to decide whether concerns raised fall within the whistleblowing or Fairness at Work (Grievance) policy are held if the nature of the concern means that it is unclear which Council policy applies. The HR team convenes these with the relevant manager/Designated Officer.
- 22 The Council ensures the welfare of employees raising concerns is paramount. Many people we spoke to during the fieldwork stated that some whistleblowing cases may have been a grievance or dignity at work issue instead. The Council did not contradict the employees to protect their welfare and well-being if employees were vulnerable.
- 23 Officers told us that staff in the education directorate sometimes use the Whistleblowing policy to report a concern as this is the only way they can escalate concerns to the corporate centre. This is because a School Governing Body would only deal with a school-based complaint and school complaints cannot be escalated to the Ombudsman.
- 24 The Council respects employees' wishes to remain anonymous. It dealt with some cases under its whistleblowing policy as anonymity cannot be maintained under the Fairness at Work (Grievance) policy. With all concerns, the Council's focus was on resolving issues by supporting individuals and thoroughly investigating the matter no matter which policy was used.

The Council has effective arrangements to respond to and manage whistleblowing disclosures and employee grievances, and has strengthened its whistleblowing arrangements since our 2014 work

- 25 The Council has a pool of managers who undertake investigations for grievance and whistleblowing concerns (as well as corporate complaints, disciplinary cases and dignity at work matters). In 2018, the Council appointed a temporary investigations officer for an initial 12-month contract. It extended this for a further 12 months in 2019. This officer brings additional capacity, expertise and knowledge.
- 26 We understand that it has been several years since the Council formally trained managers on delivering investigations. In early 2019, the Council developed a 'conducting investigation' training course. The focus of this training is to improve interviewers questioning techniques, improve investigation timescales, help investigators prioritise interviewees and help investigators to report their findings.

- 27 During the first quarter of 2019-20, one service area piloted the training. At the time of our fieldwork, the Council told us it was planning the further development and roll-out of this training.
- 28 We were told that seeking the views of current investigating officers could usefully inform and add valuable insight to the Council's new conducting investigations training.
- 29 The Council has decided not to mandate training for all managers on Whistleblowing and Fairness at Work (Grievance) policies and procedures. Managers told us they would contact the HR team for 'just in time training' if they received a grievance concern or a whistleblowing disclosure. The HR team told us that, as soon as they hear about a concern from managers, they arrange to support and coach the manager or Designated Officer on the relevant policy and process to follow.

Managers demonstrated a clear understanding of the policies and procedures, with HR maintaining close contact to ensure concerns are handled effectively, stored securely and dealt with confidentially

- 30 Managers and officers we spoke to:
- a. had differing levels of familiarity with both policies, but they knew where to locate the policies on the Hub;
 - b. feel confident and positive in dealing with a whistleblowing disclosure or grievance as the policies and workflows are easily accessible and well-written with excellent support available from the HR team;
 - c. were from different Council service areas and all spoke about a consistent corporate approach for handling grievances and whistleblowing concerns;
 - d. told us that HR Business Partners are visible within the organisation. HR Business Partners attend departmental team meetings on a regular basis and meet each term with head teachers. All interviewees spoke highly of the support and guidance from the HR business partners and their quick response to emerging employee HR issues.
- 31 In the last two years, the Council has dealt with five whistleblowing disclosures and 20 formal employee grievances. As part of the fieldwork, we reviewed six grievance and three whistleblowing case files.
- 32 All case files are stored securely on electronic files with limited staff access. Only three senior employees have access to the whistleblowing case files and the HR Business Partners can access the grievance case files.
- 33 The Whistleblowing and Fairness at Work (Grievance) policies clearly state timescales for the Council to acknowledge any concerns raised. Generally, the case files indicated that the Council adheres to the timescales. In most grievance

case files reviewed, the Council acknowledged receipt of a grievance within one working day.

- 34 In all reviewed case files, employees received communication with details of the meeting with the Council to discuss their grievance or whistleblowing disclosure (if not an anonymous disclosure). If it was not possible to meet an employee or commence an investigation within the stated policy timescales, the case files included correspondence to the employees with an explanation for a potential delay, for example, officers' annual leave commitments, school holidays or the availability of Trades Union representatives.
- 35 In all the case files reviewed, the employees' right to be accompanied to any meetings with the Council to discuss their concern was clearly stated. Overall, our review of case files showed that whistleblowing and Fairness at Work (Grievance) records were up to date and well maintained.
- 36 The Council's Whistleblowing policy does not explicitly state that Designated Officers must inform the HR team of any whistleblowing disclosure. However, Designated Officers told us they would immediately inform the HR team. The HR team told us they are confident that they are aware of all disclosures despite Designated Officers not being required to do so. There is however a risk that Designated Officers referring to the policy and workflow for guidance may not contact the HR team. Therefore, the Designated Officer and Whistle-blower may not receive HR support and whistleblowing disclosures may not reach the corporate centre.

The Council has a clear process for the ongoing review of the policies but does not actively seek feedback from those involved, and members' oversight of arrangements is limited

- 37 In June 2017, Cabinet approved a revised version of the Council's Whistleblowing Policy. The current version of the policy is version 3. The next review date for this policy is 2020.
- 38 In September 2017, Cabinet approved a revised version of the Council's Fairness at Work (Grievance) Policy. The current version of the policy is version 3. The next review date for this policy is 2020.
- 39 On 18 March 2019, the Standards Committee received a short report on the number of whistleblowing cases. This was the first formal report on whistleblowing cases presented to members. The report did not include themes and a summary of concerns raised, or the directorate/school as required by the Whistleblowing Policy.
- 40 The Committee requested more information on the whistleblowing cases (without compromising employees' personal information and confidentiality) so they could scrutinise in more detail. The Committee requested a work programme to include further work on whistleblowing disclosures. This is an agenda item on the Standards Committee for September 2019.

- 41 Members of the Standards Committee asked for training or a briefing on the Whistleblowing Policy, as they currently did not have an opportunity for this.
- 42 The Constitution states that the role of the Standards Committee is to ensure that the Council's Whistleblowing Policy operates effectively. Members of the Committee asked officers how the Committee fulfils this role and assesses whether the policy is working effectively. The Council's expectations on how the Standards Committee will effectively assess the policy will be discussed at the committee meeting scheduled for September 2019 as part of committee's agenda item on their annual work programme.
- 43 In 2017, Internal Audit reviewed HR policies and in March 2018 reported 'Limited Assurance' to Audit Committee, meaning 'poorly controlled with unacceptable levels of risk'. Audit Committee received Internal Audit's follow-up report on HR policies in April 2019. The report noted good progress with an overall audit opinion of 'considerable assurance'².
- 44 HR Business Partners informally capture lessons learnt, themes and/or trends in all the cases through the weekly 'weekly operational updates (the 'HR Huddle') and monthly in-depth team meetings. There is no formal procedure to review each case and ask the people who have been through the whistleblowing or grievance process for feedback. Seeking feedback to understand how the policies and procedures work from their perspective could be a useful source of information (if the whistle-blower is not anonymous) when reviewing the policies' supporting arrangements.
- 45 Investigating officers are not asked for feedback on the investigation process or how the policies and procedures work in practice. Investigating officers told us they would value feedback on how they performed in undertaking the investigations.
- 46 The Council's People Strategy approved by Cabinet in July 2018 contains the action 'monitor the implementation of recommendations from grievances to ensure organisational learning and development'. It is unclear what recommendations this 'action' refers to or how the Council monitors their implementation.
- 47 Most people we spoke to are not asked for feedback or given the opportunity to suggest recommendations to improve arrangements and inform future learning and training. This is a missed opportunity to further enhance the arrangements supporting whistleblowing and grievance concerns and currently, this action stated in the People Strategy is not being delivered.

² The Council's Internal Audit function defines 'considerable assurance' as 'the financial and administrative systems reviewed were found to be generally well controlled although some risks were identified which should be addressed'. (Internal Audit Report, 'HR Policies Follow-Up', April 2019).

Appendix 1

Whistleblowing and Grievance definitions

Whistleblowing

Under the Public Interest Disclosure Act 1998 (PIDA), an employee may make a disclosure to his/her employer – this is called whistleblowing. Whistleblowing enables an employee to pass on information concerning wrongdoing, risk or malpractice in the workplace that they are aware of, and to be protected by PIDA. For protection, an employee who makes a disclosure must reasonably believe two things. The first is that they are acting in the public interest. The second is that the disclosure tends to show past, present or likely future wrongdoing falling into one or more of the following categories:

- criminal offences (this may include, for example, types of financial impropriety such as fraud);
- failure to comply with an obligation set out in law;
- miscarriages of justice;
- endangering of someone's health and safety;
- damage to the environment; and
- covering up wrongdoing in the above categories.

As an employer it is good practice to create an open, transparent and safe working environment where employees feel able to speak up. Although the law does not require employers to have a whistleblowing policy in place, the existence of a whistleblowing policy shows an employer's commitment to listen to the concerns of workers.

The Council is also a 'prescribed person' under PIDA i.e. disclosures can be made to the Council in the following circumstances when the Council is not the employer:

- compliance with the requirement of consumer protection legislation;
- compliance with the requirements of food safety legislation;
- matters which may affect the health and safety of any individual at work; and
- matters which may affect the health and safety of any member of the public arising out of or in connection with the activities of persons at work.

Grievance

There is a difference between a grievance and making a whistleblowing disclosure. A grievance is solely a personal matter rather than one of wider concern, or one that affects the interests of others.

A grievance is a concern, problem or issue pertaining to their employment that an employee raises with their employer. Anybody working in an organisation may, at any time, have a problem, issue or concern about their work which they want addressed and resolved. A grievance may be about:

- the things an employee is being asked to do as part of their job;
- the terms and conditions of the employment contract;
- the way an employee is being treated at work;
- health and safety;
- discrimination at work;
- disagreements with colleagues; and
- harassment, bullying or victimisation.

The Employment Act (2008) came into force in April 2009 and removed the former statutory processes for disciplinary, grievance and dismissal procedures. They were replaced with the Advisory, Conciliation and Arbitration Service (ACAS) voluntary code of practice on Disciplinary and Grievance Procedures (the 'ACAS Code') which was subsequently updated in March 2015.

The Code sets out the principles for handling disciplinary and grievance situations in the workplace. A failure to follow the Code does not, in itself, make a person or organisation liable to legal proceedings. However, employers and employees should follow the Code to ensure a reasonable standard of behaviour, and employment tribunals are legally required to take the Code into account when considering relevant cases.

The ACAS Code sets out the following steps for employers once the employee has let them know the nature of the grievance:

- try to resolve the grievance informally;
- if it is not possible to resolve a grievance informally employees should raise the matter formally and without unreasonable delay;
- hold a formal meeting with the employee to discuss the grievance as soon as possible;
- allow the employee to be accompanied to the meeting;
- decide on appropriate action and communicate the outcome in writing to the employee; and
- allow the employee to take the grievance further through an impartial appeal process.

It is important that an organisation has clear grievance or dispute resolution procedures that are communicated to all employees. Line managers and anyone involved in managing and hearing grievances must be trained appropriately and have access to guidance. The organisation is responsible for ensuring that all disputes and grievances must be handled in a fair and consistent manner across the organisation.

Appendix 2

2014 Whistleblowing Policy and arrangements proposals for improvement

1. Strengthen the Whistleblowing Policy further to:
 - simplify and provide greater clarity on who disclosures can be made to;
 - clarify the role of the responsible officer in relation to conducting investigations;
 - clarify if the policy includes school-based employees;
 - clarify that receiving anonymous disclosures is preferable to not receiving them at all;
 - add telephone numbers; and
 - expand the list of external contacts.
2. Formalise the role of elected members in the oversight arrangements.
3. Review the storage and security arrangements of caseload information.
4. Develop, through training, the knowledge to distinguish the difference between whistleblowing and other HR policies.
5. Complete the development of the e-learning module and establish it within a learning and development programme.
6. Include paragraphs 3.5 and 5.6 from 2004 version into 2013 version.
7. Identify methods of checking staff awareness and include the whistleblowing policy in the employee survey planned for summer 2014 and subsequent surveys.
8. Identify the most effective means of raising awareness of this policy and implement within the Council.
9. Review the effectiveness of the policy and arrangements.

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Management response

Local Authority: Monmouthshire County Council

Report title: Review of Whistleblowing and Fairness at Work (Grievance) arrangements

Issue date: September 2019

Proposals for improvement

Ref	Proposal for improvement	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
P1	Strengthen the arrangements to monitor and review the effectiveness of the Council's arrangements for dealing with whistleblowing concerns and employee grievances by actively seeking feedback from all those involved.	Strengthening the arrangements for the monitoring and reviewing of whistleblowing concerns and grievance.	No	Yes	We already gather feedback on an informal basis, via conversations for example between those managing processes & investigation officers. For Whistleblowing cases, our process includes contact with the whistleblower at the conclusion of the case to ensure that they are content with actions taken & any feedback is gathered at this point.	Ongoing work	Human Resources Lead

Ref	Proposal for improvement	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					Further work will be undertaken as part of HR system development work which will look to capture specific employee feedback.		
P2	Clarify the implementation and monitoring arrangements for the following action within the People Strategy: 'monitor the implementation of recommendations from grievances to ensure organisational learning and development'.	Grievance recommendations to inform learning and development	No	Yes	It is accepted that organisational learning & development is an ongoing matter. Recommendations from grievance investigations that are brought forward specifically around organisational learning within a particular service/business area are provided to the relevant Chief Officer.	Already being undertaken. Ongoing work	Human Resources Lead
P3	Clarify with the Standards Committee, how it will assess the effectiveness of the Whistleblowing policy.	Formalise elected members' role in assessing the effectiveness of the whistleblowing policy.	Yes	Yes	An annual report be taken to Audit Committee in line with the NAO best practice and the advice contained on the WAO's own website. This report will highlight numbers of cases and their outcomes, feedback from 'whistleblowers', any complaints	January 2020	Head of Law & Monitoring Officer and Human Resources Lead

Ref	Proposal for improvement	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					that stem from the application of the policy and any updates to the policy.		

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**Monmouthshire Farm School Endowment
Trust Fund**

**Annual report
for the year ended 31 March 2019**

Registered Charity Number: 525649

**Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2019**

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Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2019

Trustees, officers and advisers

Trustees

R Edwards
Monmouthshire County Council

D Yeowell
Torfaen County Borough Council

R J W Greenland
Monmouthshire County Council
Left during year.

Professor J D Hayes
University College Wales Aberystwth

S B Jones
Monmouthshire County Council

K Backhouse
Director Usk Campus – Coleg Gwent

A Easson
Monmouthshire County Council

D Havard
Caerphilly County Borough Council

D W.H Jones
Monmouthshire County Council

M Feakins
Mounmouthshire County Council
Commenced during year.

Dr W O C Symondson
University of Wales College Cardiff

P Murphy
Monmouthshire County Council
Started during year.

B Thomas
Blaenau Gwent County Borough Council

Secretary

Matthew Phillips
Head of Legal Services
Monmouthshire County Council

Registered Office

County Hall, The Rhadyr, Usk, NP15 1GA

Auditors

Wales Audit Office, 24 Cathedral Road, Cardiff, CF11 9LJ

Solicitors

Matthew Phillips
Head of Legal Services
Monmouthshire County Council

Investment custodian

Monmouthshire County Council

Bankers

Barclays Bank
1-5 St David's Way
St David's Centre
Cardiff
CF10 2DP

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2019

Report of the Trustees for the year ended 31st March 2019

The Trustees presents their annual report and the independently examined financial statements for the year ended 31 March 2019 of The Monmouthshire Farm School Endowment Trust Fund. The information with respect to the Trustees, officers and advisors set out on page 1 forms part of this report. The financial statements have been prepared in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and Charity Act 2011. The financial statements comply with the Charity's trust deed.

Status and administration

The Charity is governed by the 1959 Principal Scheme as amended by the Altering Scheme of 1971, although the governing body may rightly claim a history stretching back to 1894. The Fund is registered with the Charity Commission under charity number 525649. The trustees also have regard to the Charity Commission's guidance on public benefit.

Objects

The primary object of the Charity, as stated in its governing document, is to make awards to students in need of assistance to attend Usk Agricultural College, or at the discretion of the governing body, any other college, institution or university to pursue courses of study in agricultural subjects. The governing body can use its discretion to apply any unawarded income to provide funding towards the cost of facilities or amenities at Usk College which would benefit these students. The grants awarded have allowed the beneficiaries to pursue land based courses to enhance career opportunities. The area of benefit is clearly defined; household income is a consideration when making the award. Grants were awarded to 98 people and the total awards were £75,605.

Review of activities and future developments

The statement of financial activities for the year is set out on page 5 of the financial statements. A summary of the financial results and the work of the Charity are set out below.

The Fund has decreased in value by £48,903 (£17,751 decrease in 2017/18) over the financial year as a result of incoming resources (including income from investments and income from the Roger Edwards Educational Trust) being outweighed by outgoing resources.

Income consists of interest on investment stock and cash held of £25,429 (£28,072 in 2017/18), and £1,436 (£0 in 2017/18) in respect of the annual payment from the Roger Edwards Educational Trust. Expenditure of £77,358 (£29,597 in 2017/18) primarily comprised of grants payable of £75,605 (£27,514 in 2017/18) in line with the Charity's objects. Unrealised investment gain of £1,590 (£16,226 loss in 2017/18) was made in relation to investments held.

The current strategy is to ensure that there are sufficient funds to meet the needs of beneficiaries. This income generation forms the main basis of the following year's grant allocations to ensure continuity and non-degradation of the fund's capital assets and to perpetuate the charity as a going concern.

Investment powers, policy and performance

Under the terms of the Trust Deed, the Trustees have general powers of investment, subject to the provisions of the Trustee Act 2000. The Trustees has reviewed their investment strategy and produced an investment and fund strategy for 2018/19 which was approved by Monmouthshire County Council in its capacity as Trust administrator on 7th March 2018. Investments are strategically placed in low-risk investments. Investment performance is reviewed periodically in light of prevailing economic changes.

Grant making policy

Grants are made in pursuance of the Charity's objectives in assisting students in need to attend Usk Agricultural College, or at the discretion of the governing body, any other college, institution or university to pursue courses of study in agricultural subjects.

Changes in fixed assets

The movements in fixed asset investments during the year are set out in note 7 to the financial statements.

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2019

Reserves

The Fund consists primarily of the sale proceeds of the Former Monmouthshire Farm School by the governing body of the school to Monmouthshire County Council. The fund has received an annual payment from The Roger Edwards Educational Trust (Charity Number 525638) equivalent to two thirds of the annual investment and rental income accrued to the Trust.

The Trust has reviewed its fund strategy and produced an investment and fund strategy for 2018-19 which states that it is the Trust's policy to maintain funds at approximately the current level and utilise the annual income received to fund its charitable expenditure. This was approved by Cabinet on the 7th March 2018.

Governance of the Charity

Representative Trustees appointed by Monmouthshire County Council have a term of office equivalent to the term of a County Council (five years); the other representative Trustees have a term of office of three years and the co-opted Trustees have a term of office of five years. County Council Trustees are elected to the board of Trustees. Trustees that represent other organisations are internally appointed. The Trustees are listed on page 1.

Risk management

Monmouthshire County Council as appointed administrator of the Trust Fund periodically review the major risks to which the Charity is exposed as part of the Authority's overall risk management processes. The Roger Edwards Educational Trust has historically provided significant income to this trust to be used for the distribution of grants. This income is received after the independent examination of the accounts and therefore this is usually late in the financial year. A risk assessment policy was approved by Cabinet on 7th March 2018.

Independent examiners

The Wales Audit Office are the appointed independent examiners to the Charity.

Trustees' responsibilities

The Trustees are required by charity law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Charity and of the net incoming/outgoing resources of the Charity as at the end of the financial year.

The Trustees confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st March 2019. The Trustees also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Trustees

Trustee:

Date: 27th January 2020

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2019

Report of the independent examiner to the trustees of
Monmouthshire Farm School Endowment Trust Fund

I report on the financial statements of Monmouthshire Farm School Endowment Trust Fund for the year ended 31st March 2019, which are set out on pages 5 to 10.

Responsibilities and basis of report

As the charity's trustees, you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 (the Act). You are satisfied that the accounts are not required to be audited by charity law and have chosen instead to have an independent examination.

I report in respect of my examination of your charity's financial statements as carried out under section 145 of the Act; In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the accounts present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

- accounting records were not kept as required by section 130 of the Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the applicable requirements concerning the form and content set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

Ann-Marie Harkin
On behalf of the Auditor General for Wales
Date:

24 Cathedral Road
Cardiff CF11 9LJ

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2019

Statement of financial activities (Sofa) for the year ended 31st March 2019

	Notes	2019 Unrestricted Funds £	2018 Unrestricted Funds £
Income & Endowments from:			
Investment income	2	25,429	28,072
Other incoming resources (REET)		1,436	0
Total income & Endowments		26,865	28,072
Resources Expended			
Charitable expenditure			
Costs of activities in furtherance of the Charity's objects			
Expenditure on charitable activities	3	75,605	27,514
Other expenditure	3 & 4	1,753	2,083
Total Resources expended		77,358	29,597
Gains/(losses) on investment assets	5	1,590	(16,226)
Net Income / (Expenditure)		(48,903)	(17,751)
Net movement in funds - Decrease		(48,903)	(17,751)
Fund balances brought forward 1 April 2018		707,553	725,304
Fund balances carried forward 31 March 2019		658,650	707,553

All incoming resources and resources expended are derived from continuing activities. There are no recognised gains or losses other than those disclosed above.

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2019

Balance Sheet as at 31 March 2019

	Notes	2019 Unrestricted Funds £	2018 Unrestricted Funds £
Fixed assets			
Investments	7	643,160	641,570
		643,160	641,570
Current assets			
Debtors: amounts falling due within one year	8	7,462	6,429
Cash at bank and in hand		11,751	61,825
		19,213	68,254
Current Liabilities			
Creditors: amounts falling due within one year	9	3,724	2,271
Net current assets		15,489	65,983
Net assets		658,650	707,553
The Funds of the Charity:			
Unrestricted Funds	10	658,650	707,553
Total Charity funds		658,650	707,553

The financial were approved by the Trustees on 22nd July 2019 and signed on their behalf by:

Trustee:

Date: 27th January 2020

**Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2019**

**Notes to the financial statements for the year ended 31st March
2019**

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic (FRS 102) and Charity Act 2011.

The trust constitutes a public benefit entity as defined by FRS 102. The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Incoming Resources

All income received is accounted for on a receivable basis and has been classified under the appropriate categories. The income from the Roger Edwards Educational Trust is an estimate of the income to be received for the year.

Grants payable

Grants payable are accounted for in full as liabilities of the Charity when approved by the Trustees and accepted by the beneficiaries.

Management and administration

Monmouthshire County Council administer the Trust Fund on behalf of the Trustees. Management and administration costs include expenditure on administration of the Charity and compliance with constitutional and statutory requirements, and an appropriate apportionment of support service recharges and overhead apportionments. The basis of the apportionment is a fixed fee agreed with the Trustees of £200 per year.

Debtors/ Creditors

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Fund accounting

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity. Investment income and gains are allocated to the appropriate fund.

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2019

Investments

Investments are included at market value at the balance sheet date. Any realised and unrealised gains and losses on revaluation or disposals are combined in the statement of financial activities.

Transition to FRS 102

The opening fund position at the date of transition has not been restated and no subsequent restatement of items has been required in making the transition to FRS 102. The transition date was 1 April 2016.

Cash flow statement

The charity has taken exemption from preparing a cash flow under Charities SORP FRS 102 Update Bulletin 1.

2 Investment income

	2019	2018
	£	£
Interest on cash balances	255	449
Interest on Investments	25,174	27,623
	25,429	28,072

3 Expenditure on Charitable Activities

	2019	2018
	£	£
Grants payable	75,605	27,514
Management & administration	1,753	2,083
	77,358	29,597

Grants payable comprise numerous payments to individual students in respect of full time and part-time courses attended. It is not possible to provide further details due to restrictions of confidentiality.

4 Governance Costs

	2019	2018
	£	£
Net incoming resources is stated after charging:		
Auditor's remuneration	1,762	2,270
	1,762	2,270

No indemnity insurance for Trustees liability has been purchased by the Charity. Though no specific indemnity insurance has been purchased by the Charity, the Fund is covered by Monmouthshire County Council's fidelity guarantee insurance. Insurance covers financial losses incurred as a result of fraudulent acts conducted by Authority employees but does not cover the Trustees for any wrong decisions that may have been made. Governance costs have decreased during the year as a result of the Public Audit Wales Act and in particular the duty placed on the Wales Audit Office to ensure full cost recovery in its audit fees. The audit fee is included in the management and administration spend as per note 3.

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2019

5 Gains and losses on revaluation and disposal of investment assets

	Market Value 2018 £	Market Value 2019 £	Gain/(Loss) £
Charibond	234,983	234,907	(76)
OEIC	184,735	182,392	(2,343)
COIF	221,852	225,861	4,009
Total	641,570	643,160	1,590

6 Taxation

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

The Charity falls with Monmouthshire County Council regulations for VAT, and therefore any liability is accounted for within Monmouthshire County Council.

7 Fixed asset investments

	Total £
Valuation at 1 April 2018	641,570
Purchase	
Net revaluation gain	1,590
Valuation at 31 March 2019	643,160

Fixed asset investments solely consist of the quoted investments. All investments are stated at their market value at 31st March 2019. The historical cost of the investments at 31st March 2018 was £679,000. All of the Charity's investments are quoted in the UK. The details of these are disclosed in the table below, being Charibond, COIF and OEIC Fund.

Investments with a market value greater than 5% of the total portfolio market value at 31st March 2019 are as follows:

	£	%
COIF	225,861	35.1%
Charibond	234,907	36.5%
OEIC Fund	182,392	28.4%

The percentage shown above is the percentage of the total portfolio market value as at 31st March 2019.

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2019

8 Debtors

	2019	2018
	£	£
Amounts falling due within one year		
Receivable from The Roger Edwards Educational Trust	1,657	5,097
Welsh Church Fund	5,500	0
HM Revenue and Customs	305	1,331
	7,462	6,429

9 Creditors

	2019	2018
	£	£
Amounts falling due within one year		
Accruals and deferred income	3,724	2,271
	3,724	2,271

The amounts owed relate to audit fees and payments to Monmouthshire County Council to administer the trust.

10 Unrestricted Funds

	Balance 1 April 2018	Incoming resources	Resources Expended	Investment Gain/(Loss)	Balance 31 March 2019
	£	£	£	£	£
Permanent endowed funds	707,553	26,865	77,358	1,590	658,650

11 Related party transactions

No remuneration directly or indirectly out of the funds of the Charity was paid or payable for the year to any trustees. Payments have been made to Monmouthshire County Council in respect of management and administration expenses.



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Independent Examination of Financial Statements Report - Monmouthshire Farm School Endowment Trust Fund

Audit year: 2018-19

Date issued: January 2020

Document reference:

Purpose of this document

This document is a draft supplied in confidence solely for the purpose of verifying the accuracy and completeness of the information contained in it and to obtain views on the conclusions reached.

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infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

It is our intention to issue an unqualified examiners report on the 2018-19 financial statements

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Summary report

Introduction

- 1 The Charity's trustee is responsible for preparing the financial statements in accordance with the Charities Act 2011 (the Act) and have considered that this year under section 144(2) of the Act an independent examination is needed of them.
- 2 We are responsible for providing an independent examiners report on the Monmouthshire Farm School Endowment Trust Fund (the Fund) financial statements as at 31 March 2019. An independent examination involves reviewing whether the charity has, in all material respects:
 - Maintained accounting records in accordance with Section 130 of the Act; and
 - Prepared accounts which accord with the accounting records and comply with the accounting requirements of the Act.
- 3 We are also required to report to you any matter that, in our opinion, attention should be drawn to enable a proper understanding of the accounts to be reached prior to the accounts being approved by the trustees. Where this is the case our team has already discussed these issues with officers.

Proposed examination report

- 4 It is our intention to issue an unqualified examination report on the financial statements. Our proposed report is set out in [Appendix 1](#).

Significant issues arising from our examination

- 5 There were no misstatements identified during the course of the independent examination, which remain uncorrected.
- 6 There was one misstatement that has been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. This is set out with explanations in the table below.

Value of correction	Nature of correction	Reason for correction
£3,495	Note 9 Creditors Decrease 2018 Accruals and Deferred Income by £3,495.	Comparative figure did not agree to last year's signed accounts.

- 7 Information was provided to us in a timely and helpful manner and we are appreciative of the assistance provided by officers to facilitate the completion of our examination.

Appendix 5

Proposed report of the independent examiner to the trustee of Monmouthshire Farm School Endowment Trust Fund

I report on the accounts of Monmouthshire Farm School Endowment Trust Fund for the year ended 31 March 2019, which are set out on pages 5 to 10.

Responsibilities and basis of report

As the charity's trustees, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 (the Act). You are satisfied that the accounts are not required to be audited by charity law and have chosen instead to have an independent examination.

I report in respect of my examination of your charity's accounts as carried out under section 145 of the Act; In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the accounts present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

- accounting records were not kept as required by section 130 of the Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the applicable requirements concerning the form and content set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Ann-Marie Harkin
On behalf of the Auditor General for Wales
Date:

24 Cathedral Road
Cardiff CF11 9LJ

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24 Cathedral Road
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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Environmental Health follow-up review – **Monmouthshire County Council**

Audit year: 2018-19

Date issued: December 2019

Document reference: 1609A2019-20

This document has been prepared for the internal use of Monmouthshire County Council as part of work performed in accordance with Section 18 of the Local Government (Wales) Measure 2009 and section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act). It may also inform our examinations work under section 15 of the Wellbeing of Future Generations Act (Wales) 2015.

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The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh. Delete if not applicable.

The team who delivered the work comprised Ginette Beal and Lidia Vorontsova of Grant Thornton LLP under the direction of Non Jenkins and Sara-Jane Byrne.

Contents

Overall, we found that the Council has acted upon the recommendations raised in 2014. The environmental health service currently has financial stability and should use this period of stability to build resilience through achieving the right balance of statutory, discretionary and income-generating services.

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Overall, we found that the Council has acted upon the recommendations raised in 2014. The environmental health service currently has financial stability and should use this period of stability to build resilience through achieving the right balance of statutory, discretionary and income-generating services. 9

Scrutiny members are provided with detailed reports and generic scrutiny training which enable them to understand the services provided and the opportunity to effectively challenge and scrutinise the environmental health services. 9

Environmental health budget changes have had a minimal impact on service users, limiting the need for consultation. 9

The Council has set environmental health priorities within its business plans. The Council recognises the value of investing in both statutory and non-statutory services and would benefit from a fresh review of statutory and non-statutory services to support any future funding decisions. 10

The Council collaborates with a wide range of partners, but has a limited range of formal partnerships. Where possible, the Council obtains grant income and charges full costs for services. 10

At a service level, there are good strategic planning arrangements in place. Changes to the service have been limited, so the Council has not completed detailed analysis of costs, benefit and impact. The Council is exploring the use of technology. 11

Summary report

Summary

What we reviewed and why

- 1 As part of his 'delivering with less' series of Local Government Improvement Studies, the Auditor General published his report, Delivering with less – the impact on environmental health services and citizens, in October 2014.
- 2 In this report, the Auditor General drew attention to recent and forthcoming legislation, and the concerns of Councils that they would be unable to deliver the commitments contained within it. Many of the legislative proposals referred to in the Auditor General's 2014 report have subsequently been implemented, including the Housing Act (Wales) 2014 and the Renting Homes (Wales) Act 2016. The Public Health (Wales) Act was also passed in 2017.
- 3 The Auditor General also published local reports for each Council as part of the 2014 study.
- 4 In a letter to local authority Chief Executives on 11 January 2018, the Auditor General set out his intention to undertake some thematic work more closely aligned to his programme of Local Government Studies. The purpose of aligning thematic work more closely to Local Government Studies programme is to make the most effective use of audit resources in discharging the Auditor General's duties whilst ensuring that issues, themes and learning identified in Local Government Study reports are 'followed-up' and explored with councils locally in subsequent years.
- 5 This review assessed whether there have been any budget and staff changes within the Council's environmental health services and the extent to which it has addressed the recommendations included in our 2014 national report. For the purposes of this review, we focussed on the Council's progress in addressing recommendations 2, 3, 4, and 5 of the national report.
- 6 The report contained six recommendations that are set out in **Exhibit 1** below:

Exhibit 1: recommendations made in 2014 national report, Delivering with less – the impact on environmental health services and citizens

Recommendation	Responsible Partners
<p>R1 Revise the best practice standards to:</p> <ul style="list-style-type: none">• align the work of environmental health with national strategic priorities;• identify the wider contribution of environmental health in delivering strategic priorities of the Welsh Government; and	<p>Councils, Chartered Institute of Environmental Health Cymru</p>

Recommendation	Responsible Partners
<ul style="list-style-type: none"> identify the benefit and impact of environmental health services on protecting citizens. 	
<p>R2 Provide scrutiny chairs and members with the necessary skills and support to effectively scrutinise and challenge service performance, savings plans and the impact of budget reductions.</p>	<p>Councils, Welsh Local Government Association</p>
<p>R3 Improve engagement with local residents over planned budget cuts and changes in services by:</p> <ul style="list-style-type: none"> consulting with residents on planned changes in services and using the findings to shape decisions; outlining which services are to be cut and how these cuts will impact on residents; and setting out plans for increasing charges or changing standards of service. 	<p>Councils, Welsh Local Government Association</p>
<p>R4 Improve efficiency and value for money by:</p> <ul style="list-style-type: none"> identifying the statutory and non-statutory duties of council environmental health services; agreeing environmental health priorities for the future and the role of councils in delivering these; determining an 'acceptable standard of performance' for environmental health services (upper and lower) and publicise these to citizens; improving efficiency and maintaining performance to the agreed level through: <ul style="list-style-type: none"> collaborating and/or integrating with others to reduce cost and/or improve quality; 	<p>Councils, Welsh Local Government Association, Welsh Government</p>

Recommendation	Responsible Partners
<ul style="list-style-type: none"> – outsourcing where services can be delivered more cost effectively to agreed standards; – introducing and/or increasing charges and focusing on income-generation activity; – using grants strategically to maximise impact and return; and – reducing activities to focus on core statutory and strategic priorities. 	
<p>R5 Improve strategic planning by:</p> <ul style="list-style-type: none"> • identifying, collecting and analysing financial, performance and demand/need data on environmental health services; • analysing collected data to inform and understand the relationship between 'cost: benefit: impact' and use this intelligence to underpin decisions on the future of council environmental health services; and • agree how digital information can be used to plan and develop environmental health services in the future. 	Councils
<p>R6 Clearly set out the expectations of council environmental health services under new housing and health legislation and agree how these new duties will be delivered.</p>	Welsh Government, Welsh Local Government Association

7 We undertook this review during the period September to October 2019.

What we found

- 8 Our review sought to answer the question: **Has the Council acted upon the recommendations in the Auditor General's Environmental health – Delivering with Less report published in October 2014?**
- 9 Overall we found that: **The Council has acted upon the recommendations raised in 2014. The environmental health service currently has financial stability and should use this period of stability to build resilience through achieving the right balance of statutory, discretionary and income-generating services.**
- 10 We reached this conclusion because:
- Scrutiny members are provided with detailed reports and generic scrutiny training which enable them to understand the services provided and the opportunity to effectively challenge and scrutinise the environmental health services.
 - Environmental health budget changes have had a minimal impact on service users, limiting the need for consultation.
 - The Council has set environmental health priorities within its business plans. The Council recognises the value of investing in both statutory and non-statutory services and would benefit from a fresh review of statutory and non-statutory services to support any future funding decisions.
 - The Council collaborates with a wide range of partners, but has a limited range of formal partnerships. Where possible, the Council obtains grant income and charges full costs for services.
 - At a service level, there are good strategic planning arrangements in place. Changes to the service have been limited, so the Council has not completed detailed analysis of costs, benefit and impact. The Council is exploring the use of technology.
 - Revenue budgets for environmental health have increased from £0.94m in 2017-18 to £0.98m in 2019-20 (please refer to [Exhibit 2](#)), a budget increase of 5%, due to increasing staffing costs and the introduction of a new staffing structure.
 - Staff numbers have reduced from 21.2 FTEs in 2014 to 18.2 FTEs in 2019 (please refer to [Exhibit 3](#)), a total reduction of 3.0 FTEs. Posts removed included technicians and a service manager. Managerial duties are now undertaken by two senior environmental health officers who also have operational duties.
 - Any reductions in resources are not anticipated in the short to medium-term, as the service is considered by officers to be operating at a minimum level. The Chief Officer would like to explore how the service can progress from a 'surviving service to a thriving service'.

Proposals for improvement

Exhibit 1: proposals for improvement

The table below sets out the proposals for improvement that we have identified following this review.

Proposals for improvement	
P1	The Council should undertake a fresh analysis of statutory and non-statutory service obligations to support and inform any future service changes.
P2	<p>In order to develop a prosperous and future-proof environmental health service the Council should consider the following:</p> <ul style="list-style-type: none">• Balancing statutory duties with non-statutory services and discretionary income generation.• Aligning its income generation activities with the Council's overall Commercial Strategy and considering how the service might benefit.• Working in more formal partnerships with other authorities to deliver services.• Exploring how transformation and technology could improve efficiency and effectiveness.

Detailed report

Overall, we found that the Council has acted upon the recommendations raised in 2014. The environmental health service currently has financial stability and should use this period of stability to build resilience through achieving the right balance of statutory, discretionary and income-generating services.

Scrutiny members are provided with detailed reports and generic scrutiny training which enable them to understand the services provided and the opportunity to effectively challenge and scrutinise the environmental health services

11 In reaching this conclusion we found that:

- Environmental health matters are regularly considered by the Strong Communities Scrutiny Committee. This committee receives a detailed report on environmental health services every six months. These reports include both financial and performance data. The officers attending meetings vary depending on the subject matter.
- The Strong Communities Scrutiny Committee also considered the local toilet strategy.
- The Wales Audit Office completed a review of scrutiny arrangements in 2017. As a result the following has been introduced:
 - Member development programme.
 - Self-evaluation action plan completed in 2017, and was further refined in 2018. This plan is regularly reviewed by the Scrutiny Chairs Group.
- In 2017 training was provided on an Introduction to Scrutiny and the Role and Conduct of Councillors.
- In 2018 all member training was provided on equality impact assessments in decision making.
- The Council does not have a structured member training programme for environmental health matters.

Environmental health budget changes have had a minimal impact on service users, limiting the need for consultation

12 In reaching this conclusion we found that:

- Changes in the environmental health service to date have been limited to:
 - Ceasing to provide a domestic pest control service in 2014-15.
 - Reduction in staff numbers in public protection to save £141k in 2014-15. (This includes the whole of the public protection service and not just environmental health.)
 - Increase in private water supplies fees and charges in 2018-19.
- Public consultation was not undertaken for any of the changes above, although the reduction in staff numbers in 2014-15 did include consultation with staff and the trade unions.
- The Council undertook public consultation to inform its local toilet strategy.

The Council has set environmental health priorities within its business plans. The Council recognises the value of investing in both statutory and non-statutory services and would benefit from a fresh review of statutory and non-statutory services to support any future funding decisions

13 In reaching this conclusion we found that:

- The proposal to reduce staff numbers in Public Protection in March 2014 included an assessment of the impact on statutory and non-statutory duties. The Council should consider updating this analysis to support future decision making.
- The environmental health service recognises the value of undertaking proactive non-statutory work such as providing training on food hygiene standards and the targeting of inspections of residential accommodation above high risk establishments such as takeaways.
- The environmental health service has two business plans: Commercial and Public Health. These business plans are comprehensive and set out service-level priorities and objectives, associated outcomes and how these are aligned to the corporate well-being objectives. Acceptable standards of performance have been agreed internally and documented within these business plans.
- Officers periodically review their performance against the Practice Standards, but have not self-assessed on an annual basis in recent years whilst the Practice Standards were under review.

The Council collaborates with a wide range of partners, but has a limited range of formal partnerships. Where possible, the Council obtains grant income and charges full costs for services

14 In reaching this conclusion we found that:

- The environmental health service is maintaining its performance in the majority of areas, but is not achieving its planned target to test private water supplies across the County.
- The Council collaborates with a range of partners on an informal basis, such as the Food Standards Agency, all Wales expert panels and Public Health Wales NHS Trust. Collaboration provides an opportunity to develop a more prosperous and thriving environmental health service.
- In recent years, the Council has undertaken work for a neighbouring authority to respond to environmental health-related planning applications, but the Council does not currently share any environmental health services with other Local Authorities or outsource to other providers.
- External contractors have been used to complete low risk food establishment inspections, so that experienced staff could focus on high risk premises.
- The Council does charge for all environmental health services for which it is permitted and has reviewed its charges to ensure full cost recovery. The Council receives income by acting as a Primary Authority for various private sector organisations.
- The Council is considering how it should balance delivering its statutory duties whilst delivering discretionary income, with a view to developing its services to be fit for the future.
- The Council has obtained grant funding wherever possible and is currently receiving funding from the FSA.

At a service level, there are good strategic planning arrangements in place. Changes to the service have been limited, so the Council has not completed detailed analysis of costs, benefit and impact. The Council is exploring the use of technology

15 In reaching this conclusion we found that:

- There is a comprehensive performance management framework in place to ensure operational managers are challenged and held accountable for performance and delivery of objectives.
- The Council has used activity and demand data to plan services and to enhance its reporting to scrutiny.

- The Council has begun to make new technology available and has begun to trial a Noise App to report noise nuisance. The Council is also exploring digital solutions for evidence capture whilst on site.
- Committee papers provided to support member decisions indicate that consideration is given to the cost, benefit and impact of the decision.

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Management response

Local Authority: Monmouthshire County Council

Report title: Environmental Health follow-up review

Issue date: December 2019

Proposals for improvement

Ref	Proposal for improvement	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
P1	The Council should undertake a fresh analysis of statutory and non-statutory service obligations to support and inform any future service changes.	Any future service changes are informed by an analysis of both statutory and non-statutory environmental health services that enables decision makers to understand the benefits of non-statutory services and how they contribute to Council priorities.	Yes	Yes	<p>We strive to balance our statutory duties with important non-statutory work streams that we consider provide valuable services to our residents.</p> <p>We will continue to analyse our statutory and non-statutory obligations as part of our service planning. We can provide clarity on statutory/non-statutory services in our Annual report to members.</p>	May 2020	Head of Public Protection

Ref	Proposal for improvement	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
P2	<p>In order to develop a prosperous and future-proof environmental health service the Council should consider the following:</p> <ul style="list-style-type: none"> Balancing statutory duties with non-statutory services and discretionary income generation. Aligning its income generation activities with the Council's overall Commercial Strategy and considering how the service might benefit. Working in more formal partnerships with other authorities to deliver services. Exploring how transformation and technology could improve efficiency and effectiveness. 	Inform strategic planning of a sustainable environmental health service	Yes	Yes	<p>We strive to balance our statutory duties with important non-statutory work streams that we consider provide valuable services to our residents.</p> <p>We will continue to analyse our statutory and non-statutory obligations as part of our service planning.</p> <p>Environmental health continues to be innovative in income generation and has a commercial culture that aligns to the focus of the commercial strategy and this will continue to be considered as the commercial activity progresses.</p> <p>The Environmental Health team are already involved in numerous working groups with other organisations and always work in partnership where required. The Environmental</p>	December 2020	Head of Public Protection and Principal Environmental Health Officers.

Ref	Proposal for improvement	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					<p>Health team will consider any more formal partnership opportunities.</p> <p>Following the success of a number of new technological advances, e.g. the Noise App used to reduce officer time spent on noise nuisance interventions and a new document management system to save time, the Environmental Health service will continue to seek new opportunities to utilise technology further.</p>		

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Leisure Services follow-up review – **Monmouthshire County Council**

Audit year: 2018-19

Date issued: December 2019

Document reference: 1640A2019-20

This document has been prepared for the internal use of Monmouthshire County Council as part of work performed in accordance with Section 17 of the Public Audit (Wales) Act 2004, section 18 of the Local Government Wales Measure 2009 and Section 15 of the Well-being of Future Generations Act (Wales) 2015].

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info.officer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

The team who delivered the work comprised Charlotte Owen, Allison Rees, programme managed by Non Jenkins under the direction of Huw Rees.

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Summary report

Summary

What we reviewed and why

- 1 This review is a follow-up to the Auditor General for Wales 2015 national report *Delivering with Less – Leisure Services*¹. For the purpose of this review, we use the term council leisure services to mean sports and recreation services provided directly or indirectly (for example, underwritten by a partnership agreement or contract). This only covers the provision and management of sport and leisure centres, including indoor and outdoor facilities and wet and dry centres on school sites. Our definition does not cover or include activities relating to tourism, library services, parks/open spaces, museums/heritage or the arts.
- 2 Monmouthshire County Council (the Council) manages and delivers its leisure services. In 2014, Cabinet approved the commissioning of an external consultant to complete a review of the future options for the Council's cultural services. During the external consultant's review, it was identified that cultural services overlapped many of the wider tourism, leisure and culture services. Rather than view cultural services in isolation, the Council expanded the review to include tourism and leisure.
- 3 Between 2016-2018, Members received an outline strategic business case, a final business case, draft performance management framework and proposed governance arrangements on a proposed new delivery model for tourism, culture, leisure and youth services.
- 4 In April 2019, the Council received a report to approve the future delivery model for leisure services, alongside tourism, culture and youth services. Council approved retaining leisure services in-house with a commitment to a fundamental programme of renewal and transformation.
- 5 We undertook the review during August and September 2019.

What we found

- 6 Our review sought to answer the question: **Can the Council assure itself that the delivery of its leisure services offers value for money?**
- 7 Overall we found that: **The Council is making progress in addressing our 2015 national recommendations and has considered whether the delivery of its leisure service offers value for money.** We reached this conclusion because:
 - The Council has a long-standing vision for its leisure services but is still developing a strategic plan to deliver its vision;

¹ <http://www.audit.wales/publication/delivering-less-leisure-services>

- The Council considered alternative delivery models for its leisure service, however, this process did not always provide members with sufficient and timely financial information to aid decision-making; and
- The Council proactively involved members in appraising different delivery options of its leisure service and is further strengthening its performance framework.

Detailed report

The Council is making progress in addressing our 2015 national recommendations and has considered whether the delivery of its leisure service offers value for money

The Council has a long-standing vision for its leisure services but is still developing a strategic plan to deliver its vision

- 8 In 2014, the Council developed a vision and mission for Leisure prior to exploring alternative delivery models for the service. At that time, there wasn't a leisure strategy supporting delivery of the vision.
- 9 In 2014, the Council's leisure vision was 'Creating an Active and Healthy Monmouthshire' supported by four priorities:
 - Promote health and well-being;
 - Maximise participation levels;
 - Commercial Drive through innovations and enterprise; and
 - Communication and engagement.
- 10 The Council reviewed its leisure vision when it considered alternative delivery models. In May 2017, the Council engaged relevant staff in several workshops to discuss and agree a future mission and vision for the service. The outcome of the consultation was to provide a service that would 'Enrich People's lives and create Vibrant Places'. At the time of our fieldwork, this vision remains.
- 11 In April 2019, the Council decided to retain leisure services in-house with a commitment to renew and transform the service. In September 2019, the Council approved a MonLife² business plan (2020-2025) and a MonLife Commercial and Investment Strategy. Following the Council's decision in April 2019, the Council commissioned an external consultant to produce a draft leisure strategy based on transforming the service. A draft strategy was imminent at the time of our fieldwork.

² MonLife is part of Monmouthshire County Council and delivers leisure, youth and outdoor education, green infrastructure and countryside, tourism, destination development, arts, museums and attractions.

The Council considered alternative delivery models for its leisure service, however, this process did not always provide members with sufficient and timely financial information to aid decision-making

- 12 In 2014, the Council embarked on exploring alternative delivery models for its leisure services. A key driver in considering alternative delivery models was making financial savings. From 2012-13 to 2015-16, the Council implemented a number of changes within the leisure service to help deliver £1.65m of revenue savings however the Council believed it had approached the limit of savings that could be achieved from leisure. In addition, all the assets involved in this alternative delivery model process had a maintenance backlog of £4.78m (not just the leisure centres).
- 13 In 2015, the Council commissioned an external consultant to undertake a due diligence process and considered the following:
 - Service plans and budgets;
 - Latent demand surveys for leisure services;
 - Audience development and business plans for visitor attractions;
 - Staff skills and gaps analysis;
 - HR implications assessment including TUPE and future pension arrangements;
 - VAT and tax implications summary;
 - An assessment of legal structures and associated governance arrangements;
 - State Aid Assessment;
 - Growth and investment and income generation pipeline assessment;
 - Asset/leasehold transfer implications; and
 - a full programme of staff and Service user engagement.
- 14 The external consultant identified and considered four potential Delivery Options for the Service:
 - Do Nothing;
 - Transform the Services 'in house';
 - Move the Services into an Alternative Delivery Model (ADM); and
 - Outsource the services to a third party: a) Outsource the services to a private sector operator or (b) existing Charitable Trust.
- 15 While the strategic outline case to a Joint Select Committee in September 2016 and Cabinet in October 2016 provided narrative on the pros and cons of each potential delivery option against an assessment criteria, there was an absence of any matrix / weighting applied to each criteria or a 'final score' to support justification of the preferred delivery model. There was also a lack of specific financial consequences or financial assessment to support the preferred delivery

- 19 In addition to the qualitative assessment above, the outline business case considered any:
- implementation costs
 - Pensions
 - Management Fee & Profit Margins
 - Support Service costs
 - Capital investment
 - National non-domestic rates (NNDR) relief
 - VAT relief
- 20 In March 2017, the Council reviewed the assessment of each of the four delivery models. The outcome of the scoring resulted in 89.4 for ADM, 66.0 to Transform In-house, 49.4 to outsource to a third party and 35.0 to do nothing. The Council gave approval to progress two options: an alternative delivery model (ADM) and transform in house to full business case.
- 21 A presentation to a Joint Select Committee in January 2018 provided further financial data on pressures, NNDR relief, VAT issues, inflation, new income, extra costs, capital financing and reserves over a five-year period.
- 22 In January 2018, the Cabinet approved the final business case to proceed with an alternative delivery model for its leisure centres. In February 2018, the Council agreed £155,000 be drawn from the priority investment reserve to fund 'start-up' activity for the ADM. In June 2018, the Cabinet received a progress report on the establishment of the ADM. This report also contained the process stages that required completion ahead of the Council's final approval of establishing the ADM.
- 23 In July 2018 following Audit Committee's recommendations, the Council approved the proposed governance arrangements for the ADM and began the shadow recruitment process of Company Directors.
- 24 In December 2018, the Council was due to consider a five-year management and funding agreement and other contract management documentation. There was a delay to this decision as the Council sought external legal advice. In January 2019, the external legal advisors conducted further analysis of the legal implications of leisure services being delivered through an alternative delivery model with consideration of:
- the draft grant agreement;
 - support services required between the Council and an alternative delivery option;
 - risk analysis of the proposed commercial opportunities contained within the business case; and
 - employment and pension implications.
- 25 The external legal advisors concluded that the financial, legal and taxation situation had changed since the assessment of the initial alternative delivery options in March 2017. As such, the financial benefits of an alternative delivery model for leisure services would only achieve marginal benefit, in part, due to the Ealing

ruling in July 2017³. Given the important role leisure plays in contributing towards Monmouthshire's well-being objectives the Council was also concerned it may be less able to influence the well-being agenda under an alternative delivery model.

- 26 In April 2019, the Council decided not to enact an alternative delivery model, rather transform leisure services in-house. In reaching this decision, the members via joint select committee, Cabinet and Council received a number of reports as the alternative delivery model process was developing.
- 27 The Council states that its new in-house model of delivery 'will be more flexible and have a more commercial mind set, whilst continuing to provide the services that people need and want'. For the new in-house model to be more commercially minded compared to the current management and delivery of leisure, new roles will be created: Marketing Manager, Group Manager for Attractions and a Finance Director.

The Council proactively involved members in appraising different delivery options of its leisure service and is further strengthening its performance framework

- 28 Members were kept well informed through the alternative delivery model review process. In addition to formal Council, Cabinet and Select committee meetings, council officers and external consultants updated members via briefing sessions.
- 29 The Council is proactive in ensuring members will appraise and evaluate the decision to transform leisure in-house. The alternative delivery model update report to Council on 11 April 2019 provided criteria for members to conduct a six-month appraisal of the Council's decision to determine, for example, if the desired outcome is being achieved and whether the decision is being successfully implemented.
- 30 In recent years, the majority of leisure related reports to members have focussed on the alternative delivery model process. Now the Council has decided on the future management of leisure, members have requested more performance detail from leisure services. At the time of our fieldwork, officers were determining what level and detail of performance information needs to be included in future performance reports to members.
- 31 Cabinet Members commented positively on the availability of leisure service performance information as well as the availability of senior officers to discuss any concerns with all members. The relevant Cabinet member meets fortnightly with the Head of Leisure to discuss financial and operational performance. They also discuss progress against service improvement plans on a quarterly basis.

³ Following the decision of the Court of Justice for the European Union (CJEU) in London Borough of Ealing, HMRC accepts that certain supplies of sporting services made by local authorities can be treated as exempt from VAT.

- 32 In September 2018, the Audit Committee received the draft Performance and Evaluation Framework that would underpin a business management framework for an alternative delivery model. However, this report was based on the Council's decision to progress with setting up an alternative delivery model.
- 33 Following Council's decision in April 2019 to transform leisure in-house, officers revised the Performance and Evaluation Framework to support the new in-house model. The framework should allow the Council to assess the in-house model's contribution towards delivery of the Council's Corporate Plan priorities and Monmouthshire's Public Services Board's well-being objectives.
- 34 The framework is also intended to enable members and the in-house model management team to assess performance and impact of all of the leisure service activities and to enable public reporting of progress. Additionally, the framework should provide a basis for strategic risk management, drive performance improvement to improve integrated delivery and strategic planning and help refine and develop programmes and activities.
- 35 Officers are also developing an Outcome Measurement Framework. The intention is to build a framework that will incorporate all activities of the in-house model and reflect what it does and what it wants to achieve. Officers state that developing an outcome measurement framework will take time, as it needs to fully reflect the in-house model ambitions; align with the measures established under national and local frameworks for well-being plans; and be sufficiently robust. So far, a project team has identified best practice from the wider sector and completed an initial scoping of the proposed approach. At the time of the fieldwork, this remained a work in progress.

Appendix 1

Wales Audit Office 2015 Delivering with less – leisure services recommendations

Recommendations in the Delivering with Less – Leisure Services report 2015

Recommendation	
R1	<p>Improve strategic planning in leisure services by:</p> <ul style="list-style-type: none">• setting an agreed council vision for leisure services;• agreeing priorities for leisure services;• focussing on the council's position within the wider community sport and leisure provision within the area; and• considering the potential to deliver services on a regional basis.
R2	<p>Undertake an options appraisal to identify the most appropriate delivery model based on the council's agreed vision and priorities for leisure services which considers:</p> <ul style="list-style-type: none">• the availability of capital and revenue financing in the next three to five years;• options to improve the commercial focus of leisure services;• opportunities to improve income generation and reduce council 'subsidy';• a cost-benefit analysis of all the options available to deliver leisure services in the future;• the contribution of leisure services to the council's wider public health role;• better engagement with the public to ensure the views and needs of users and potential users are clearly identified;• the impact of different options on groups with protected characteristics under the public sector equality duty; and• the sustainability of service provision in the future.
R3	<p>Ensure effective management of the performance of leisure services by establishing a suite of measures to allow officers, members and citizens to judge inputs, outputs and impact. This should cover council-wide and facility-specific performance and include:</p> <ul style="list-style-type: none">• capital and revenue expenditure;• income;• council 'subsidy';• quality of facilities and the service provided;• customer satisfaction;• success of 'new commercial' initiatives;• usage data – numbers using services/facilities, time of usage, etc; and• impact of leisure in addressing public health priorities.
R4	<p>Improve governance, accountability and corporate leadership on leisure services by:</p> <ul style="list-style-type: none">• regularly reporting performance to scrutiny committee(s);• providing elected members with comprehensive information to facilitate robust decision-making;• benchmarking and comparing performance with others; and• using the findings of internal and external audit/inspection reviews to identify opportunities to improve services.

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AUDIT COMMITTEE FORWARD WORK PLAN

13TH FEB				
13/02/20	Annual Governance Statement review 2019-20	Provides overall assurance on the governance arrangements in place within MCC during financial year.		Andrew Wathan
13/02/20	Annual Performance Review of Investment Committee			Deb Hill-Howells
13/02/20	Internal Audit Progress report - quarter 3	This is a regular quarterly report which identified the performance of the IA team along with how well it is progressing against the agreed plan and the level of assurance it gives by way of opinions issued to service areas.		Andrew Wathan
13/02/20	Treasury Policy and Strategy report 2020-21	This suite of documents includes the Treasury Policy, The Treasury Management Strategy, the Minimum Revenue Provision Policy & the Investment and Borrowing strategies for 2020/21. If approved the targets and limits included will be used to guide and control the management of the Authority's treasury activities for the year and also non treasury Investment activity.	All Wards	Jon Davies/Lesley Russell
13/02/20	Whole Authority Strategic Risk Assessment			Richard Jones

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Public Document Pack Agenda Item 12

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th November, 2019 at 2.00
pm

PRESENT: County Councillor P White (Chairman)
County Councillor J. Higginson (Vice Chairman)

County Councillors: A. Easson, M. Feakins, M. Lane, P. Murphy and
B. Strong

OFFICERS IN ATTENDANCE:

Mark Howcroft	Assistant Head of Finance
Andrew Wathan	Chief Internal Auditor
Wendy Barnard	Democratic Services Officer
Emma Davies	Performance Officer
Jonathan Davies	Central Accountancy Finance Manager
Richard Jones	Performance Manager
Lesley Russell	Senior Accountant - Fixed Assets and Treasury
Rhodri Davies (WAO)	Wales Audit Office Team Leader
David Jarrett	Accountant

APOLOGIES:

County Councillors P. Clarke, V. Smith and J. Watkins

1. Declarations of Interest

Item 8: Monmouthshire County Council Welsh Church Act Fund Audited Accounts – County Councillor B. Strong declared a personal, non-prejudicial interest as a Panel Member of the Welsh Church Fund for Monmouthshire.

2. Public Open Forum

No members of the public were present.

3. To note the Action List from the previous meeting.

More information will be provided in the next quarter report in January regarding progress on unfavourable internal audit limited assurance opinion given to Castle Park Primary School.

An update of progress on staff appraisal will be provided at the next meeting.

4. Overview of Performance Management Arrangements

The Performance Manager presented a report to inform Members' understanding of the effectiveness of the operation of the authority's performance management arrangements and identify any areas where they feel action needs to be taken or further information provided.

Questions and comments were invited, as follows:

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th November, 2019 at 2.00 pm

- It was noted that there were two “good” opinions, with the remainder categorised as “adequate”, and queried how much work would be involved to improve from adequate to good. It was explained that services are supported with a framework for improvement. The framework needs to be applied effectively and consistently to raise to a higher score. It was commented that Improvement Plans are sometimes submitted late, noting that Cabinet rely on the plans to monitor performance. It was confirmed that reminders are sent when plans are late.
- In response to a question, it was confirmed that plans are subject to an appraisal process to evaluate, provide feedback and improve quality.
- The Chair noted that Self Evaluation processes were considered “adequate”. It was explained that this year the Future Generations Commission set out a self-assessment process that looks at Future Generations objectives set in 2017/18 and considers how we are working towards them and wellbeing goals. Since then 2018/19 objectives have been reported upon, and have been changed slightly. Some of the feedback is ongoing.

It was agreed to note the recommendations.

5. Audit Committee: Self Evaluation

The Chief Internal Auditor introduced the need to assess the effectiveness of the Audit Committee itself via a self-assessment process (last carried out in 2015) based on good practice and supported by CIPFA. The assessment covers seven themes:

- Rules and responsibilities
- Monitoring and oversight
- Relationships and expectations with external audit
- Relationships and expectations with internal audit
- Committee Membership
- Audit Committee Meetings
- Skills and training of members

It is intended to issue a survey form to committee members. The results will be collated with the opportunity to address any shortcomings.

6. Mid Year Treasury Report

The Senior Accountant, Treasury and Fixed Assets, introduced the Mid-Year Treasury Report, summarising as follows:

The report is based on a template provided by Arlingclose, the Authority’s Treasury Management advisors and is compiled specific to Monmouthshire County Council.

The Authority aims to comply with the CIPFA Treasury Management Code which requires the Authority to approve treasury management semi-annual and annual reports and to have regard to the security & liquidity of its investments before seeking additional returns.

The Prudential Code requires the Authority to have a Capital Strategy approved by full Council, laying out how to best meet the wide range of objectives the Authority has with limited capital resources. This was approved by Council on the 19th September 2019 and will be updated annually.

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The Treasury Management Code now covers non-treasury investments as well as treasury investments requiring Authorities to show how they provide due diligence in the same way as it does for Treasury investments. The Authority has not increased its holding of non-treasury investments in the first half of 2019/20 but is still looking to spend the full balance of the approved £50m by the end of 2020/21.

There has been economic uncertainty in the first 6 months of 2019/20 with another 6 months likely due to the extension of the Brexit deadline and a deepening slowdown in Europe. Politics abroad has also continued to be a big driver of financial markets for example with continuing tensions between the US and China. The Bank of England maintained rates at 0.75% to support the economy.

Gilt interest rates fell partly due to this uncertainty so the Authority took out £7m of long term borrowing to lock in some longer term benefit from these low rates, a good decision with hindsight as PWLB rates rose by 1% in October 2019.

At 31st March 2019 the Authority had a borrowing Capital Financing Requirement of £183.9m and gross external borrowing of £178.3m. Gross borrowing increased marginally up to £180.1m in the 6 months to the 30th September but net borrowing fell from £158.0 m to £148.9m due to a short term increase in investments.

The Authority continues to hold a minimum of £10m of investments to meet the requirements of a professional client under the Mifid II regulations (Markets in financial instruments directive). The investment in strategic pooled funds has now been increased from £2m to £3m. These funds have returned income of £63,000 in the first 6 months of the year. Capital losses of £45,000 including a one off £39,000 will be absorbed by the surplus held in the Financial Instruments revaluation reserve.

The Authority is forecasting a saving of £243,000 for 2019/20 in the areas of interest payable and interest receivable against a total net budget of £4.0m.

Questions and comments were invited:

Audit Committee understood that future long term borrowing from the Public Works Loans Board (PWLB) will be more expensive.

It was considered that the current level of borrowing is sustainable.

A Member sought clarification on borrowing for specific projects, and it was confirmed that the authority doesn't borrow for specific projects but instead to sustain cash levels and maintain payments for projects. When analysing the profitability of recent large property investments, the borrowing rates available are taken into account, and the borrowing cost built into the life of the project. It was added that this approach is for evaluative processes and to maintain cash flow, and then the most appropriate method of funding is identified, taking into account internal receipts. Affordability is considered before anything other than internal borrowing.

In response to a question, it was confirmed that the rate of interest on PWLB loans is fixed on the day for the duration of the loan. There is only one variable rate loan, and this has proved beneficial.

A Member asked, regarding the Solar Farm investment, if it is devalued over the twenty-year term and it was confirmed that the Estates Team value all assets annually. The Solar Farm is predicted to maintain its value which is also related to the income generated. With regard to

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commercial assets, consideration is given to how long the asset will last for and there is a principle to not to take out loan funding for longer than the expected life of the asset.

A Member referred to external influences, particularly the tensions between the USA and China, and asked how the evolution of the global economy will affect investment. It was agreed that these are difficult and unpredictable times and that the Authority relies on forecasts and advice from its Treasury Advisers.

In response to a question, it was confirmed that there have been many changes, since the collapse of the Icelandic Banks, to mitigate future problems that banks have to comply with. Additionally, diversification in investments is key in spreading the risk. The Committee's role in scrutinising the treasury strategy is key in assessing risk factors.

A Member asked if the authority specifies a triple A rating, and questioned if the UK Government was downgraded, would assets be moved around. It was explained that the key point is to ensure that counter parties are rated A minus or above adding that Arlingclose advice is closely followed.

A Member sought clarification regarding capital losses of £45,000 due to bid offer spread and commented that the loss would not be crystallised until sold and suggested that the statement could be open to misinterpretation. It was explained that there is investment in three pooled funds that can be bought and sold at the same rate on any day. £500,000 has been invested in a property fund that consistently yields 8%. These will be kept for 3-5 years.

The Committee reviewed the treasury management activities in the first half of 2019/20 using this report and considered if any changes to the process should be considered for incorporation into the 2020/21 Treasury Management Strategy Statement.

7. Q2 update & progress

The Audit Committee received the report to consider the adequacy of the internal control environment within the Council based on the outcomes of audit reviews and subsequent opinions issued to the 30th September 2019. Also, to consider the performance of the Internal Audit Section over the first six months of the current financial year.

The Chief Internal Auditor referred to the opinion on Castle Park Primary School and commented that the final report is available, and has been distributed to the Headteacher and a summary to the Governors. The concerns centred around data protection registration, risk assessments for school trips and the availability of financial and administrative records. There were two significant weaknesses, 21 moderate weaknesses and 7 minor weaknesses with 35 strengths. Further detail will be brought to the Committee at a future meeting.

A Member queried high and a medium, unqualified opinions on financial and outcome data in Integrated Care Services. It was explained that these relate to two Supporting People grant claims, where income is received from Welsh Government. They require certification from Internal Audit to check if financial and outcome expectations have been delivered. The deadlines are different for the two. It was explained that the outcomes data risk relates to previous difficulties in obtaining the necessary information. The grant met the conditions of the grant provider, hence the unqualified opinion.

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Members were pleased with the report and the Committee resolved to accept the recommendations:

- That the Committee note the audit opinions issued.
- That the Committee note the progress made by the Section towards meeting the 2019/20 Operational Audit Plan and the Section's performance indicators at the 6 month stage of the financial year.

8. Monmouthshire County Council Welsh Church Act Fund Audited Accounts

Items 8 and 9 were considered together.

The report was introduced by the Finance Manager, Welsh Church Fund. No significant issues were reported.

The Wales Audit Office agreed it was a straightforward report. The draft financial statements were completed ahead of schedule and the Auditor General will award an unqualified audit report on receipt of a letter of representation.

There were no uncorrected misstatements.

Those that must be reported (between trivial (£1000 and material £20,000) were available in the report.

Questions were invited:

The Finance Manager, Central Finance, was pleased with the report and the early completion. The accounts will now be lodged with the Charities Commission as required.

County Councillor B. Strong declared a personal, non-prejudicial interest as a member of the Panel.

It was confirmed that the Welsh Church Fund follows Arlingclose investment advice.

The Committee noted and commented on the accounts and its external audit.

9. ISA 260 or Equivalent for Trust Funds

Items 8 and 9 were considered together.

10. To confirm minutes of the previous meeting

The minutes of the previous meeting were confirmed as an accurate record.

11. To confirm the date of the next meeting as 9th January 2020

The meeting ended at 3.10 pm

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th November, 2019 at 2.00
pm**



**SUBJECT: INTERNAL AUDIT SECTION
PROGRESS REPORT ON UNFAVOURABLE
AUDIT OPINONS**

**DIRECTORATE: Resources
MEETING: Audit Committee
DATE: 9th January 2020
DIVISION/WARDS AFFECTED: All**

1. PURPOSE

To update Members on the progress of unfavourable (Limited Assurance) audit opinions issued since 2016/17 by the Internal Audit team. The previous update was presented to Audit Committee in January 2019.

2. RECOMMENDATION(S)

2.1 That the Audit Committee note the improvements made by service areas following the original unfavourable audit opinions issued.

Or

2.2 That if the Members of the Audit Committee are concerned about any of the audit opinions issued or lack of improvement made after the follow up audit review, consideration be given to calling in the operational manager and the Head of Service to provide justification for lack of progress and hold them to account for future improvements.

3. KEY ISSUES

3.1 The number of unfavourable audit opinions issues by Internal Audit is not that significant compared to the total number of audit opinions issued in any one year, but nonetheless, they are issued where serious weaknesses in internal control have been identified.

3.2 The majority of the systems / establishments issued with an unfavourable audit opinion originally and which have since been

followed up, have improved to some extent prior to the audit team undertaking a follow up review. The majority of reviews were given a more favourable opinion, which recognises that issues identified originally were subsequently addressed by management.

- 3.3 During 2015/16 the audit opinions were reviewed to better reflect the level of assurance that could be gained from the review of internal controls in operation. The audit opinions in use from April 2016 are Substantial, Considerable, Reasonable and Limited Assurance; the definitions of which are shown at Appendix 1.

4. REASONS

- 4.1 The opinion gives an indication of the adequacy of the internal control environment of the system or establishment under review. During the audit planning process the reviews are risk assessed as High, Medium or Low.
- 4.2 The previous report was presented to Audit Committee January 2019; this information should be updated and presented to Audit Committee on a six monthly basis.
- 4.3 The following unfavourable audit opinions have been issued since 2016/17:

	Limited (Assurance)
2016/17	8
2017/18	8
2018/19	6
2019/20 (to 30-11-19)	2

- 4.4 Ideally, these audit reviews will be followed up by the audit team within 9 to 12 months of the final report being issued to ensure that action has been taken to address the weaknesses identified. Some delays may have arisen as a result of the operational manager deferring the follow up audit.
- 4.5 During 2016/17, 8 reports were issued with a **Limited** opinion. These were as follows:

	Assignment	Risk H/M/L	Opinion	Revised Opinion / Status	Date Issued
2016/17	School Meals (Final)	Medium	Limited	Reasonable	March 2018
	Ysgol Y Ffin Primary School	Low	Limited	Reasonable	March 2018
	Events (Final)	Medium	Limited	Limited Further follow up 2019/20	March 2018
	HR Policy Review	Medium	Limited	Considerable	April 2019
	External Placements	Medium	Limited	Reasonable	June 2019
	Compliance with Bribery Act	Medium	Limited	Limited Further follow up 2019/20	March 2018
	Mobile Phones	Medium	Limited	Reasonable	November 2019
	Volunteering	Medium	Limited	Reasonable	November 2019

4.6 The audit review of the Events provision resulted in a second consecutive **Limited** audit opinion. The Audit Committee Members agreed to call the senior managers responsible for this service into Audit Committee which they did at the Audit Committee meeting in December 2017. Senior Managers provided assurances that, should the Events programme be run on such a large scale again, significant improvements in the control environment would be made.

4.7 Members will also note that the follow up audit of Compliance with the Bribery Act has also resulted in a consecutive **Limited** assurance audit opinion. The Chief Officer Resources, responded to Members' questions and challenge around the concerns raised and he provided assurances that improvements with compliance will be made moving forward. A further follow up report undertaken during 2019/20 resulted in an opinion of Reasonable Assurance..

4.8 During 2017/18, 8 reports were issued with a **Limited** opinion. These were as follows:

	Assignment	Risk H/M/L	Opinion	Revised Opinion / Status	Date Issued
2017/18	Borough Theatre Trust	High	Limited	Reasonable	December 2019

	Raglan Primary School	Medium	Limited	Reasonable	July 2018
	Youth Service (Draft)	Medium	Limited	Considerable	Draft December 2019
	Events Follow-Up	High	Limited	*	Final November 2019
	Fuel Cards	Medium	Limited	Limited	Final June 2019
	Food Procurement (Draft)	High	Limited	Q4 2019/20	
	Health & Safety (Draft)	Medium	Limited	Q4 2019/20	
	Compliance with Bribery Act Follow-Up (Draft)	High	Limited	Reasonable	December 2019

* - previous report was based on large scale events held; to date no further large scale events held therefore unable to test majority of recommendations.

4.9 During 2018/19, 6 reports were issued with a **Limited** opinion. These were as follows:

	Assignment	Risk H/M/L	Opinion	Revised Opinion / Status	Date Issued
2018/19	Caldicot Castle (Final sent June 2019)	Medium	Limited	Q4 2019/20	
	Imprest Account – Children’s Services (Final sent June 2019)	Medium	Limited	2020/21	
	Agency Workers (Draft)	Medium	Limited	2020/21	
	Fuel Cards Follow-up (Final sent June 2019)	Medium	Limited	Q4 2019/20	
	Attendance Management (Final sent November 2019)	Medium	Limited	2020/21	
	Health & Safety of	Medium	Limited	2020/21	

	Authority's existing buildings (Draft)				

4.10 The main reasons why these audit reviews resulted in unfavourable opinions were as follows:

Caldicot Castle

- Income was not always recorded on the Clarity system. Not all income, including deposits, was being receipted.
- VAT was not calculated correctly. Items were not input correctly through Clarity meaning that they were not coded appropriately for VAT.
- There were no procedure notes or guidance documents setting out what information was required when booking an event
- Pricing was not consistent and there was no evidence of events being properly costed to ensure that a profit would be made.
- Hire agreements were not in place for event bookings.
- Documentation to support additional costs was not sufficient. No proof of debt was available to support additional charges. Some additional charges had not been invoiced.

Imprest Account – Children’s Services

- Business Support Assistants are unaware of their roles and responsibilities within the petty cash process. Too many individuals have access to the petty cash account.
- The insurance cover limit for the Children’s Services team safe under the MCC Money policy had not been confirmed.
- Forms requesting payment from the imprest account were not signed by the requestor (14/61 cases) and there was a lack of appropriate authorisations in some instances (6/61 cases).
- Evidence of the expenditure was not retained consistently and attached the relevant claim form.
- Staff members were being paid for additional hours via petty cash.
- VAT was not claimed in all eligible cases.

Agency Workers

- Although guidance around agency workers exists, this does not provide an adequate procedural framework and there appears to be little awareness of the policy among Hiring Managers.

- There were consistent breaches to Financial Regulations and Contract Procedure Rules where agencies other than the preferred suppliers (of R [REDACTED] and N [REDACTED] D [REDACTED] have been used).
- There was no clear evidence that a business need for the agency workers had been identified, or that factors such as budgetary considerations had been given due consideration prior to engagement. There was no secondary approval for the use of agency workers outside of the recruiting manger.
- Non-Preferred suppliers have been used to bring in agency workers for assignments.
- Contracts were not in place with any of the non-framework agencies used (i.e. outside of R [REDACTED] or N [REDACTED] D [REDACTED]).
- The Appointment of Agency Staff form was not being completed by recruiting managers. Furthermore, People Services were unclear what to do with any forms received.
- Hiring Managers were not always ensuring DBS checks were completed for agency workers engaged for roles where a DBS was required.
- The Authority currently employees six previous employees through R [REDACTED].
- R [REDACTED] were being provided with the names of specific individuals, whom the Authority wanted to engage for particular assignments. No additional CV's were requested as a comparison.
- There was no formal monitoring of off-contract agency spend nor any action taken to identify why or to take corrective action.
- There was no guidance around the length of agency engagements and no review process exists. This has resulted in the reliance in some areas on agency members of staff on a long-term basis.

Fuel Cards Follow-up

- **SCHEDULE 12A LOCAL GOVERNMENT ACT 1972
EXEMPTION FROM DISCLOSURE OF DOCUMENTS**
- Separate Appendix

Attendance Management

- There was no guidance within the Policy regarding the storage of sickness documentation.
- MyView was not used to record sickness meaning that ResourceLink was not updated appropriately as a result. Not all information was captured in MyView. Sickness information was not recorded accurately in all cases. Sickness episodes were input in to MyView per fit note rather than per episode resulting in multiple episodes being recorded mistakenly.
- Most of a sample of individuals were not referred to Occupational Health in line with Policy when their sickness episode exceeded 28 days duration. Employees who had shorter absences, but whose managers requested to be referred to Occupational Health on their Return to Work forms, were not all referred.
- Return to work meetings were not undertaken on return to the workplace after each sickness episode. Return to Work interviews were not all undertaken in a timely manner. Issues raised within the return to work meetings were not followed up.
- Where trigger points were hit, attendance review meetings were not undertaken consistently. Attendance Management meetings were not always undertaken on a timely basis.
- Locally stored sickness information was unavailable due to changes in management.

Health & Safety of Authority's existing buildings

- There was no corporate policy or procedure manual in place which detailed the processes and responsibilities for ensuring good Health and Safety arrangements in MCC buildings. Guidance documents were limited and not held in an accessible location to allow the necessary people to access them.
- Required Surveys were not undertaken in a timely manner. The current survey spreadsheet recorded only the date of the last survey and not when the next one was due.

4.11 During 2019/20 (up to 30-11-19), 2 reports have so far been issued with a **Limited** opinion. These were as follows:

	Assignment	Risk H/M/L	Opinion	Revised Opinion/ Status	Date Issued
2019/20	Llandogo Primary School	Low	Limited	2020/21	
	Castle Park Primary School	Low	Limited	2020/21	

4.12 The main reasons why these audit reviews resulted in unfavourable opinions were as follows:

Llandogo Primary School

- The School was in breach of the Data Protection Act 2018 and found to have been processing personal data unlawfully having allowed their data protection registration to lapse.
- The School balances held at the end of the previous financial year were in deficit, a recovery plan had been put in place to address this but had not yet been finalised or fully balanced and had not been signed off by CYP Finance or the Headteacher.
- In the cases of 2 recent new starters, the Authority's safe recruitment procedures had not been complied with in full and employees were appointed without jobs being advertised and prior to the completion of the required DBS checks. Furthermore, additional charges had been incurred due to emergency payments being required to pay the new starters after payroll deadlines were missed.

Castle Park Primary School

- The School was in breach of the General Data Protection Regulations and processing personal data unlawfully having allowed their data protection registration to lapse.
- Evidence that risk assessments had been undertaken relating to the trips tested could not be provided.
- The School's financial records were incomplete and information required to carry out our normal audit process could not be located or provided by the School.

- 4.13 As part of all audit reviews, the issues identified at the previous audit are followed up to ensure that they have been adequately addressed, which should provide assurance on the effectiveness of the internal control environment for that particular service, system or establishment.

5. SERVICE MANAGEMENT RESPONSIBILITIES

- 5.1 Heads of Service and service managers are responsible for addressing any weaknesses identified in internal systems and demonstrate this by including their management responses within the audit reports. When management agree the audit action plans they are accepting responsibility for addressing the issues identified within the agreed timescales.
- 5.2 Ultimately, managers within MCC are responsible for maintaining adequate internal controls within the systems they operate and for ensuring compliance with Council policies and procedures. All reports, once finalised, are sent to the respective Heads of Service for information and appropriate action where necessary.

6. RESOURCE IMPLICATIONS

None.

7. CONSULTEES

Chief Officer, Resources

8. BACKGROUND PAPERS

Audit management Information 2016/17, 2017/18, 2018/19, 2019/20

9. AUTHOR AND CONTACT DETAILS

Andrew Wathan, Chief Internal Auditor
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Email: andrewwathan@monmouthshire.gov.uk

Internal Audit Opinions

SUBSTANTIAL	<p>Substantial level of assurance.</p> <p>Well controlled although some minor risks may have been identified which require addressing.</p>
CONSIDERABLE	<p>Considerable level of assurance.</p> <p>Generally well controlled, although some risks identified which should be addressed.</p>
REASONABLE	<p>Reasonable level of assurance.</p> <p>Adequately controlled, although risks identified which could compromise the overall control environment. Improvements required.</p>
LIMITED	<p>Limited level of assurance.</p> <p>Poorly controlled, with unacceptable levels of risk. Fundamental improvements required immediately.</p>

The table below summarises the ratings used during the reviews:

RATING	RISK DESCRIPTION	IMPACT
1	Significant	<p>(Significant) – Major / unacceptable risk identified.</p> <p>Risk exist which could impact on the key business objectives. Immediate action required to address risks.</p>
2	Moderate	<p>(Important) – Risk identified that requires attention.</p> <p>Risk identified which are not business critical but which require management as soon as possible.</p>
3.	Minor	<p>(Minimal) - Low risk partially mitigated but should still be addressed</p> <p>Audit comments highlight a suggestion or idea that management may want to consider.</p>
4.	Strength	<p>(No risk) – Good operational practices confirmed.</p> <p>Well controlled processes delivering a sound internal control framework.</p>

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Is my report exempt?

In some instances it may be necessary to submit a report to a committee but withhold the whole report, or part of that report, due to the sensitive nature of information contained within it.

There are specific circumstances in which a report may be considered exempt which are set in legislation. When writing your report bear in mind the following circumstances to consider whether your report should be exempt;

Local Government Act, Schedule 12A, Part 4;

12. Information relating to a particular individual
13. Information which is likely to reveal the identity of an individual
14. Information relating to the financial or business affairs of any particular person (including the authority holding that information)
15. Information relating to any consultation or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
16. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings
17. Information which reveals that the authority proposes –
 - a. To give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
 - b. To make an order or direction under any enactment
18. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

If you are unsure if the report should be exempt or not you should contact Democratic Services or the Monitoring Officer for further advice and guidance. The principal to bear in mind however is that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

If your report is to be exempt you should let Democratic Services know as soon as possible if you have not already done so when adding the item to the forward plan of the relevant committee.

When submitting your report to Democratic Services for publication with the agenda you must also include an exemption certificate which give details as to why the report is exempt and not for publication. This certificate will be publicly available with the agenda in place of the report so the reasoning for the exemption should be made clear on this form. The exemption certificate is available overleaf.

Further information on definitions and exemptions is available within the Local Government Act at the following link; <http://www.legislation.gov.uk/ukpga/1972/70/schedule/12A>



**SCHEDULE 12A LOCAL GOVERNMENT ACT 1972
EXEMPTION FROM DISCLOSURE OF DOCUMENTS**

Meeting and Date of Meeting: Audit Committee Thursday 9th January 2020

Report: Unfavourable Audit Opinions – January 2020

Author: Andrew Wathan, Chief Internal Auditor

I have considered grounds for exemption of information contained in the background paper for the report referred to above and make the following recommendation to the Proper Officer:-

Exemptions applying to the report:

[Enter the section and reason of the exemption, as defined by the Local Government Act set out above e.g – This report will be exempt under paragraph 12 of Schedule 12A – Information relating to a particular individual]

Local Government Act, Schedule 12A, Part 4, Section 14 - Information relating to the financial or business affairs of any particular person (including the authority holding that information). The report names suppliers / contractors where it has been identified that there were either no agreements or contracts in place at the time of the audit – this is considered to be commercially sensitive information.

Factors In favour of disclosure:

Openness & transparency in matters concerned with the public

Prejudice which would result if the information were disclosed:

[Give a brief indication of what information would be disclosed and the impact of its disclosure]

The names of suppliers / contractors have been stated in the report following an internal audit review in several areas of the Council where it has been identified that agreements / contracts were not in place at that time. Alternate suppliers in the market could significantly inflate their costs of provision if this matter was known and the Council went out to tender for the respective services.

My view on the public interest test is as follows:

Factors in favour of disclosure are outweighed by those against.

Recommended decision on exemption from disclosure:

Maintain exemption from publication in relation to report

Date: 31 December 2019

Signed:

A P Wathan



31-12-19.

Post:

Chief Internal Auditor

I accept/I do not accept the recommendation made above

Signed:



[Chief Officer / Head of Service / Chief Executive]

Date:

06/01/2020

By virtue of paragraph(s) 14 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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