

Public Document Pack



Neuadd y Sir
Y Rhadyr
Brynbuga
NP15 1GA

Dydd Mercher, 4 Mehefin 2025

Hysbysiad o gyfarfod

Pwyllgor Llywodraethu ac Awdit

Dydd Iau, 12fed Mehefin, 2025 at 2.00 pm,
Neuadd Y Sir, Y Rhadyr, Brynbuga, NP15 1GA

Nodwch y cynhelir rhag gyfarfod 30 munud cyn dechrau'r cyfarfod ar gyfer aelodau'r pwyllgor a swyddogion Archwilio Cymru

AGENDA

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2.	Datganiadau o Fuddiant	
3.	Fforwm Agored i'r Cyhoedd Governance and Audit Committee Public Open Forum Guidance Our Governance and Audit Committee meetings are live streamed and a link to the live stream will be available on the meeting page of the Monmouthshire County Council website If you would like to share your thoughts on any matters being discussed by Governance and Audit Committee, you may attend the meeting in person (or join remotely via Microsoft Teams), or submit written representations (via Microsoft Word, maximum of 500 words). The deadline for submitting representations to the Council is 5pm three clear working days in advance of the meeting. All representations received will be made available to the committee members prior to the meeting. The amount of time afforded to each member of the public to speak is at the Committee Chair's discretion. We ask that contributions are no longer than 4 minutes. If you would like to attend one of our meetings to speak under the Public Open Forum at the meeting, you will need to give three working days' notice by contacting	

	GACRegistertoSpeak@monmouthshire.gov If you would like to suggest future topics for consideration by Governance and Audit Committee, please do so by emailing GACRegistertoSpeak@monmouthshire.gov.uk	
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Paul Matthews
Prif Weithredwr

CYNGOR SIR FYNWY

MAE CYFANSODDIAD Y PWYLLGOR FEL SY'N DILYN:

Andrew Blackmore

Colin Prosser

Rhodri Guest

County Councillor Sara Burch	Cantref;	Labour and Co- Operative Party
County Councillor John Crook	Magor East with Undy;	Welsh Labour/Llafur Cymru
County Councillor Tony Easson	Dewstow;	Welsh Labour/Llafur Cymru
County Councillor David Jones	Crucorney;	Independent Group
County Councillor Malcolm Lane	Mardy;	Welsh Conservative Party
County Councillor Phil Murphy	Caerwent;	Welsh Conservative Party
County Councillor Peter Strong	Rogiet;	Welsh Labour/Llafur Cymru
County Councillor Ann Webb	St Arvans;	Welsh Conservative Party

Gwybodaeth Gyhoeddus

Mynediad i gopiâu papur o agendâu ac adroddiadau

Gellir darparu copi o'r agenda hwn ac adroddiadau perthnasol i aelodau'r cyhoedd sy'n mynychu cyfarfod drwy ofyn am gopi gan Gwasanaethau Democrataidd ar 01633 644219. Dylid nodi fod yn rhaid i ni dderbyn 24 awr o hysbysiad cyn y cyfarfod er mwyn darparu copi caled o'r agenda hwn i chi.

Edrych ar y cyfarfod ar-lein

Gellir gweld y cyfarfod ar-lein yn fyw neu'n dilyn y cyfarfod drwy fynd i www.monmouthshire.gov.uk neu drwy ymweld â'n tudalen Youtube drwy chwilio am MonmouthshireCC. Drwy fynd i mewn i'r ystafell gyfarfod, fel aelod o'r cyhoedd neu i gymryd rhan yn y cyfarfod, rydych yn caniatáu i gael eich ffilmio ac i ddefnydd posibl y delweddau a'r recordiadau sain hynny gan y Cyngor.

Y Gymraeg

Mae'r Cyngor yn croesawu cyfraniadau gan aelodau'r cyhoedd drwy gyfrwng y Gymraeg neu'r Saesneg. Gofynnwn gyda dyledus barch i chi roi 5 diwrnod o hysbysiad cyn y cyfarfod os dymunwch siarad yn Gymraeg fel y gallwn ddarparu ar gyfer eich anghenion.

Canllawiau ar gyfer Fforwm Agored i'r Cyhoedd y Pwyllgor Llywodraethu ac Awdit

Mae ein cyfarfodydd Pwyllgor Llywodraethu ac Awdit yn cael eu ffrydio'n fyw a bydd dolen i'r ffrwd fyw ar gael ar dudalen cyfarfod gwefan Cyngor Sir Fynwy

Os hoffech rannu eich barn ar unrhyw faterion sy'n cael eu trafod gan y Pwyllgor Llywodraethu ac Awdit, gallwch fynychu'r cyfarfod yn bersonol (neu ymuno o bell drwy Microsoft Teams), neu gyflwyno sylwadau ysgrifenedig (drwy Microsoft Word, uchafswm o 500 gair).

Y dyddiad cau ar gyfer cyflwyno sylwadau i'r Cyngor yw 5pm, a hynny dri diwrnod gwaith clir cyn y cyfarfod. Bydd yr holl sylwadau a dderbynnir ar gael i Aelodau'r Pwyllgor cyn y cyfarfod.

Mae'r amser a roddir i bob aelod o'r cyhoedd i siarad yn ddibynnol ar Gadeirydd y Pwyllgor. Gofynnwn i gyfraniadau beidio â bod yn hwy na 4 munud.

Os hoffech fynychu un o'n cyfarfodydd i siarad o dan y Fforwm Agored i'r Cyhoedd yn y cyfarfod, bydd angen i chi roi tri diwrnod gwaith o rybudd drwy e-bostio GACRegistertoSpeak@monmouthshire.gov.uk

Os hoffech awgrymu pynciau yn y dyfodol i'w hystyried gan y Pwyllgor Llywodraethu ac Awdit, e-bostiwch GACRegistertoSpeak@monmouthshire.gov.uk

Nodau a Gwerthoedd Cyngor Sir Fynwy

Ein diben

Adeiladu Cymunedau Cynaliadwy a Chydnerth

Amcanion y gweithiwn tuag atynt

- Rhoi'r dechrau gorau posibl mewn bywyd i bobl
- Sir lewyrchus a chysylltiedig
- Cynyddu i'r eithaf botensial yr amgylchedd naturiol ac adeiledig
- Llesiant gydol oes
- Cyngor gyda ffocws ar y dyfodol

Ein Gwerthoedd

Bod yn agored. Rydym yn agored ac yn onest. Mae pobl yn cael cyfle i gymryd rhan mewn penderfyniadau sy'n effeithio arnynt, dweud beth sy'n bwysig iddynt a gwneud pethau drostynt eu hunain/eu cymunedau. Os na allwn wneud rhywbeth i helpu, byddwn yn dweud hynny; os bydd yn cymryd peth amser i gael yr ateb, byddwn yn esbonio pam; os na allwn ateb yn syth, byddwn yn ceisio eich cysylltu gyda'r bobl a all helpu - mae adeiladu ymddiriedaeth ac ymgysylltu yn sylfaen allweddol.

Tegwch. Darparwn gyfleoedd teg, i helpu pobl a chymunedau i ffynnu. Os nad yw rhywbeth yn ymddangos yn deg, byddwn yn gwrandao ac yn esbonio pam. Byddwn bob amser yn ceisio trin pawb yn deg ac yn gyson. Ni allwn wneud pawb yn hapus bob amser, ond byddwn yn ymrwymo i wrando ac esbonio pam y gwnaethom weithredu fel y gwnaethom.

Hyblygrwydd. Byddwn yn parhau i newid a bod yn hyblyg i alluogi cyflwyno'r gwasanaethau mwyaf effeithlon ac effeithiol. Mae hyn yn golygu ymrwymiad gwirioneddol i weithio gyda phawb i groesawu ffyrdd newydd o weithio.

Gwaith Tîm. Byddwn yn gweithio gyda chi a'n partneriaid i gefnogi ac ysbrydoli pawb i gymryd rhan fel y gallwn gyflawni pethau gwych gyda'n gilydd. Nid ydym yn gweld ein hunain fel 'trefnwyr' neu ddatrysyr problemau, ond gwnawn y gorau o syniadau, asedau ac adnoddau sydd ar gael i wneud yn siŵr ein bod yn gwneud y pethau sy'n cael yr effaith mwyaf cadarnhaol ar ein pobl a lleoedd.

Caredigrwydd – Byddwn yn dangos caredigrwydd i bawb yr ydym yn gweithio gyda nhw, gan roi pwysigrwydd perthnasoedd a'r cysylltiadau sydd gennym â'n gilydd wrth wraidd pob rhyngweithio.

Rôl Cyn-cyfarfod

1. Pam fod y Pwyllgor yn ystyried yr eitem hon ar yr agenda? (perthnasedd a materoldeb)
2. Beth yw rôl y Pwyllgor a pha ganlyniadau y mae Aelodau am eu sicrhau?
3. A oes digon o wybodaeth i gyflawni hyn? Os na, pwy all ddarparu hyn?
4. Beth yw barn gyfrinachol yr archwilwyr ar y materion perthnasol?
 - Trafod barn/pryderon allweddol yr aelodau gyda'r papurau a chytuno ar flaenoriaethau

Cwestiynau / Ystyriaethau Posib ar gyfer y Cyfarfod

Archwilio Mewnol (AM)

1. Beth yw'r model swyddogaethol AM ac a yw'n addas at y diben?
2. A oes gan AM awdurdod a dylanwad digonol ar draws yr Awdurdod?
3. A oes digon o adnoddau gan AM ac a yw wedi'i ymrymuso'n addas? A yw'r cynllun AM blynyddol yn briodol? Ar ba sail ydym yn gwneud y dyfarniad hwn?
4. A yw Prif Swyddogion yn amlwg yn derbyn ac yn hyrwyddo rôl AM? Sut maent yn gwneud hyn?
5. A yw Swyddogion yn gweithredu'n egniol ar ganfyddiadau AM? Sut mae hyn yn cael ei ddangos? A ydyn ni'n herio ac yn dwyn swyddogion i gyfrif yn effeithiol am weithredu canfyddiadau AM?
6. Sut gallwn ni fod yn hyderus bod yr amgylchedd rheolaeth fewnol yn parhau i fod yn briodol?
7. A oes gennym ni hyder mewn effeithiolrwydd cyffredinol AM? Ar beth ydym yn seilio hyn?
8. A yw barn flynyddol/cyfnodol AM yn gredadwy?
9. A oes gennym ddigon o welededd dros waith, allbwn ac effeithiolrwydd y timau AM cysylltiedig, e.e. CBST?

Llywodraethu

1. A oes disgrifiad cydlynus sydd wedi ei amlinellu mewn cod ar gyfer trefniadau llywodraethu cyffredinol CSF? A yw'n addas at y diben?

Archwilio Allanol (AA)

1. A yw'r tîm AA (ariannol a pherfformiad) yn gredadwy?
2. A ydym yn hyderus ynglŷn â'r trefniadau ar gyfer datblygu cynllun gwaith/amserlen waith flynyddol AA ac a yw'n cyd-fynd â'n dealltwriaeth o risgiau allweddol?
3. A yw Prif Swyddogion/uwch swyddogion yn ymgysylltu'n briodol ag AA? Sut mae hyn yn cael ei ddangos?
4. A oes perthynas adeiladol rhwng AM ac AA (ac arolygiaethau eraill)? Beth yw'r dystiolaeth o hyn?
5. A yw swyddogion perthnasol wedi ystyried canlyniadau/casgliadau adroddiadau cenedlaethol a phenodol AA?
6. A oes gennym ni welededd da dros faterion sy'n dod i'r amlwg a nodwyd gan AA?
7. O ran ISA260 ac adroddiadau ariannol cyfatebol gan AA, a yw swyddogion yn dangos yn glir eu bod yn deall y materion a godwyd ac a oes ganddynt gynllun credadwy i ddatrys materion ar gyfer y flwyddyn ariannol nesaf?
8. A oes gan AA hyder yn Swyddogion CSF a threfniadau llywodraethu?

Cyllidebu / Risg Ariannol / Cronfeydd Wrth Gefn

1. A oes yna broses ac amserlen sydd wedi'u diffinio, eu llywodraethu a'u gwirio'n glir ar gyfer datblygu cyllideb yr Awdurdod?
2. A oes cyfres briodol o bolisiau sy'n ymwneud â risgiau ariannol? A ydynt yn addas?
3. A yw'r rhagdybiaethau ariannol/gweithredol allweddol yn ddealladwy, yn gredadwy, wedi'u dogfennu ac yn cael eu profi gan

<ol style="list-style-type: none"> 2. A oes eglurder ynghylch llywodraethu'r trefniadau goruchwyllo a chraffu amrywiol ar gyfer (ac effeithiolrwydd) partneriaethau a chydweithrediadau materol? 3. A oes eglurder ynglŷn â dyrannu cyfrifoldebau ac awdurdodau gwneud penderfyniadau? 4. Sut mae achosion o dorri rheolau llywodraethu/rheolaeth yn cael eu nodi a'u hadrodd? 5. A ydym yn hyderus bod y trefniadau ar gyfer gwariant materol (tendro, contractio a chaffael cyfalaf) yn gadarn? 6. A oes gennym ni hyder yn y trefniadau chwythu'r chwiban (a threfniadau tebyg) ar gyfer codi pryderon? 	<p>straen?</p> <ol style="list-style-type: none"> 4. A oes gan y swyddogaeth Gyllid alluoedd a chapasiti addas i reoli risg ariannol / cwrdd â gofynion a rhwymedigaethau statudol i'r Cyngor? 5. A ydym yn hyderus bod y broses gyllidebol yn debygol o gynhyrchu cyllideb gredadwy / MTFP? 6. A oes trefniadau addas ar waith i reoli ac adrodd ar berfformiad ariannol cyffredinol? <p><u><i>Datganiadau Ariannol / Risgiau Camddatganiad</i></u></p> <ol style="list-style-type: none"> 1. A oes dealltwriaeth gyffredin o ddiben y Pwyllgor wrth adolygu datganiadau ariannol drafft? <ol style="list-style-type: none"> a) A yw'r Nodiadau i'r Cyfrifon yn rhesymol? b) A yw'r adroddiadau naratif, gan gynnwys y Datganiad Llywodraethu Blynnyddol, yn rhesymol ac yn cyd-fynd â barn y pwyllgor? 2. Ydym ni'n gyfforddus â barn gwaith ac archwilio AA?
<p><u><i>Risgiau Corfforaethol</i></u></p> <ol style="list-style-type: none"> 1. A yw atebolrwydd allweddol ar gyfer adnabod, asesu, monitro a rheoli risgiau wedi'i ddiffinio a'i weithredu'n ddigonol? 2. A yw'r dull o reoli risgiau wedi'i gynllunio a'i weithredu'n effeithiol? 3. Sut y gall y Pwyllgor fod yn hyderus bod y Gofrestr Risgiau Corfforaethol yn cynnwys yr holl risgiau sylweddol sy'n wynebu'r Awdurdod? 4. A yw'r cynlluniau gweithredu lliniaru risgiau yn gredadwy ac yn ddigonol er mwyn sicrhau'r canlyniadau a 	

ddymunir?

Cwestiynau ar gyfer y Pwyllgor i orffen...

A oes gennym ni'r wybodaeth angenrheidiol i ddod i gasgliadau/gwneud argymhellion / uwchgyfeirio materion i'r Uwch Dîm Gweithredol, y cyngor, y pwyllgor craffu perthnasol?

A oes angen i ni wneud gwaith pellach? Os felly, sut?

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Governance and Audit Committee Action List
2nd June 2025

Action	Subject/ Meeting	Officer	Outcome	Due date	Action Status	Recommended to close Action Yes/No
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Monmouthshire County Council Annual Audit Summary 2024

Date Published: May 2025

This is our audit summary for Monmouthshire County Council. It shows the work completed since the last Annual Audit Summary, which was issued in May 2024. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 46 councillors who represent the following political parties:

- Labour 21
- Conservative 19
- Independent Group 4
- Green Independent 2

The Council spent £211 million on providing services¹ during 2023-24².

¹ We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

² Source: 2023-24 Statement of Accounts

Key facts

As at 31 March 2024, the Council had £19 million of useable financial reserves³. This is equivalent to 9% of the Council's annual spending on services⁴.

Monmouthshire County Council has none of the 10% most-deprived areas in Wales, this is the lowest of the 22 unitary councils in Wales⁵.

Monmouthshire County Council's population is projected to increase by 5% between 2024 and 2043 from 96,200 to 101,200, including a predicted 3% decrease in the number of children, a 3% decrease in the number of the working-age population and a 28% increase in the number of people aged 65 and over⁶.

The Auditor General's duties

We completed work during 2023-24 to meet the following duties

- **Audit of Accounts**

Each year, the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.

- **Value for money**

The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.

- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

³ We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

⁴ Source: 2023-24 Statement of Accounts

⁵ An area in this context is defined as a 'Lower Super Output Area'. Source: Welsh Index of Multiple Deprivation [data](#) on Stats Wales. The Council considers that this measure of assessing deprivation has its limitations and it references the [Monmouthshire Well-being Assessment 2022](#) as a more detailed assessment of the issues associated with deprivation within Monmouthshire.

⁶ Source: [Stats Wales, Population Projections](#)

What we found

Audit of Monmouthshire County Council's 2023-24 Accounts

Each year, we audit the Council's financial statements.



To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

For 2023-24:

- the draft statements were presented for audit on 30 June 2024. This was on the deadline of 30 June 2024 set by the Welsh Government.
- the quality of the draft statements presented for audit was generally good.
- the Auditor General gave an unqualified true and fair opinion on the Authority's financial statements on 29 November 2024, before the deadline agreed with the Welsh Government of 30 November 2024.
- the Authority's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.
- a number of changes were made to the Authority's financial statements arising from our audit work, which were reported to the Audit Committee in our Audit of Financial Statements Report in November 2024.
- in addition to the Auditor General's responsibilities for auditing the Authority's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work to date has not identified any significant issues.
- the Auditor General issued the certificate confirming that the audit of accounts for 2023-24 has been completed.

Assurance and Risk Assessment Review

We reviewed the arrangements the Council has put in place to secure value for money in the use of its resources in line with the Auditor General's duties. Our assessment is also used to inform our work planning for future years.

Unscheduled Care (regional review)

Our work has sought to examine whether health boards and local authorities have effective arrangements in place to ensure the timely discharge of patients out of hospital.

Overall, we found that despite a clear focus on improving patient flow within the region, a significant number of medically fit patients are occupying hospital beds. This continues to have serious knock-on effects on other NHS pathways of care and creates risks for patients' physical and mental well-being. More timely assessments of patients, a less risk averse approach to discharge planning and more consistent application of discharge policy is needed. Workforce and IT system challenges continue to be key barriers that partners will need to focus on to secure value from the investments they have made and to achieve the improvements they recognise are needed.

Digital Strategy

During 2022-23, we examined the Council's strategic approach to digital, and specifically the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of the Council's resources. We found that the Council does not have a digital strategy. The absence of a costed strategy with clear objectives and measures also makes it difficult for the Council to monitor and assess the value for money of its strategic approach. We also found that the Council has not drawn on a wide range of evidence sources or mapped out the stakeholders it needs to involve, in developing and delivering its strategic approach to digital.

Financial Sustainability

During 2024, we reviewed the Council's financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term. We found that although the Council is developing a longer-term approach to financial planning, it is yet to identify how it will close its future funding gap. Given its low reserves levels, the Council will need to work at pace to implement its financial strategy and strengthen its financial resilience.

Performance Management Arrangements

During 2024, we reviewed the Council's arrangements to manage its performance. We found that the Council has proper arrangements in place to manage its performance and is proactive in identifying areas for improvement.

National reports and products published in 2024

As well as local work at each council, each year, we also carry out studies across the local government sector to make recommendations for improving value for money. We published the following reports in 2024 which may be useful to the Council, and can be found on our website.

Report title	Publication date and link to report
Local Government Financial Sustainability	December 2024
Local Government Financial Sustainability Data tool update now includes data from the draft 2023-24 accounts	December 2024
National Fraud Initiative in Wales 2022-23	October 2024
Active travel (report and data tool)	September 2024
Governance of Fire and Rescue Authorities	September 2024
Affordable housing	September 2024
Digital by design? – Lessons from our digital strategy review across councils in Wales	August 2024
Councils' use of performance information: service user perspective and outcomes – A summary of findings from our review at Welsh councils	July 2024
Governance of National Park Authorities	April 2024
Supporting Ukrainians in Wales	March 2024
From firefighting to future-proofing – the challenge for Welsh public services	February 2024
Planning for sustainable development – Brownfield regeneration	January 2024

Planned work for 2024-25

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

Our planned work for 2024-25 includes:

- Assurance and risk assessment
- Thematic review – commissioning arrangements
- Local project – counter fraud arrangements
- Local project – school balances

The Auditor General is independent of government and was appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission, and National Health Service bodies in Wales.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

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.

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Counter-fraud Arrangements – Monmouthshire County Council

Audit year: 2024-25

Date issued: May 2025

Document reference: 4888A2025

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.

No responsibility is taken by the Auditor General or the staff of Audit Wales in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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.

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What we looked at

- 1 In 2020, Audit Wales made 15 recommendations to improve the way the Welsh public sector tackles fraud¹. In this audit, we looked at the Council's arrangements for preventing and detecting fraud and checked the progress it has made to implement our recommendations. Our audit is part of our statutory requirement to check whether councils have proper arrangements to secure value for money. This is under section 17 of the Public Audit (Wales) Act 2004.



Why counter-fraud is important

- 2 Fraud is prevalent across all sectors including the public sector. Every pound stolen from the public sector means that there is less to spend on key services. In the current financial climate, it is more important than ever for all public bodies in Wales to seek to minimise the risk of losses through fraud.
- 3 A 2019 report² by the Auditor General for Wales stated that the value the public sector loses to fraud is unknown. A Cabinet Office report³ in 2019 identified an upper and lower range for likely losses in government spending of between 0.5% and 5% of expenditure. Applying those estimates to Monmouthshire County Council's £204 million expenditure in 2023-24⁴ suggests that as much as £10 million could have been lost.

What we found

The Council has recently strengthened its counter-fraud arrangements but recognises there are further steps it can take

- 4 Overall, we found that **the Council has recently strengthened its counter-fraud arrangements but recognises there are further steps it can take**. We set out below why we reached this conclusion.

¹ Auditor General for Wales, ['Raising Our Game' Tackling Fraud in Wales](#), July 2020

² Auditor General for Wales, [Counter-Fraud Arrangements in the Welsh Public Sector](#), June 2019

³ Cabinet Office, [Cross-Government Fraud Landscape Annual Report 2019](#), February 2020

⁴ Welsh Government, Stats Wales, [Local Government Revenue Outturns](#)

The Council has set out a zero-tolerance approach to fraud and has appropriate policies in place

- 5 The Council has a suite of policies that collectively represent its strategy for identifying, managing and responding to fraud risks. This includes the Code of Conduct, Whistleblowing Policy and Counter Fraud, Bribery and Corruption Policy. These policies set out a zero-tolerance approach to fraud and provide clear guidance for the Council's staff and members.
- 6 The Council plans to update all its HR policies by April 2026 and last reviewed the Whistleblowing and Counter Fraud, Bribery and Corruption Policy in 2024. The Council is rolling out new software to ensure policies are accessible to front line staff and contractors who may not have regular access to the Council's intranet. The software will also provide data on the number of times policies have been viewed and the ability to send notifications to raise awareness of policy changes. Ensuring policies are accessible to staff, members and contractors is important to raise awareness of responsibilities and promote an anti-fraud culture.
- 7 The Council's Code of Conduct sets out that all staff and members must disclose any interests and should keep this updated as necessary. The Council identified that staff interests were recorded in an inconsistent manner across services and, subsequently, it has developed a central register of staff interests. Having a central register helps the Council to gain assurance at a corporate level that these interests and any associated risks are being appropriately identified, recorded and mitigated.

The Council fosters an anti-fraud culture and is actively strengthening its approach to training

- 8 The Council fosters an anti-fraud culture through public communications and raising awareness with staff. For example, the Council has publicly supported Fraud Awareness Week and has communicated counter-fraud expectations through internal staff communications and events.
- 9 Induction training for new staff and members includes a session on fraud awareness, but induction completion rates have been low in recent years. The Council recently developed a mandatory online fraud training module and is working towards all staff completing this by the end of June 2025. A central database enables the Council to monitor completion rates by department and it is actively considering options to increase take up. Ensuring all staff and members have completed fraud training is important to ensure that responsibilities are understood, to build confidence in reporting fraud and to support an anti-fraud culture.

The Council sets out clear responsibilities and has recently invested in additional capacity to undertake counter-fraud work

- 10 The Council has clear responsibilities for counter-fraud work at senior level. The Deputy Chief Executive and Chief Internal Auditor are responsible for counter-fraud

within the Council. Senior Officers attend induction training and use this as an opportunity to promote an anti-fraud culture to new starters. Accountability at a senior level helps set cultural expectations in relation to counter-fraud.

- 11 The Council has recently appointed a dedicated counter-fraud officer to undertake fraud investigations and proactive work linked to the Council's fraud risk assessment. The Council can buy in specialist counter-fraud support where it may require additional capacity or expertise.
- 12 The Shared Revenues and Benefits Service has a trained fraud officer who is qualified to undertake investigations. The Service investigates council tax reduction fraud and works with the Department of Work and Pensions (DWP) to identify and investigate benefit fraud. Internal Audit assess and investigate all other potential incidences of fraud. Having appropriately trained staff is important to ensure the Council is able to prevent and mitigate different types of fraud risks.

The Council has a detailed fraud risk assessment and undertakes proactive fraud work

- 13 A fraud risk assessment helps an organisation to identify and tackle different types of fraud, as well as any weaknesses in counter-fraud arrangements or areas at higher risk of fraud. It also helps target resources and activities appropriately, particularly as new fraud risks emerge.
- 14 The Council has completed a fraud risk assessment which was reviewed by the Governance and Audit Committee in January 2025. The assessment considers fraud risk across the Council's systems and has been developed using a range of internal and external sources. The Council plans to embed fraud risk in service level business plans which will subsequently feed into the central fraud risk assessment. Recent quality assurance reports found the quality of service level risk registers to be variable. This inconsistency may reduce the Council's ability to gain assurance that services are appropriately considering and mitigating the risk of fraud.
- 15 The Council undertakes proactive counter-fraud work through its internal audit programme, participating in the National Fraud Initiative (NFI), and promoting fraud awareness. The new counter-fraud officer role provides additional capacity and the opportunity to develop a proactive counter-fraud work programme. The Council also has a central fraud log recording outcomes and estimated losses of fraud cases which helps to identify risks in particular service areas.

The Council does not maximise its use of data analytics and formal intelligence sharing arrangements

- 16 The sharing of data to help detect fraud is a rapidly evolving area and has been facilitated by changes in the law. The Digital Economy Act 2017 enables public authorities to share personal data to prevent, detect, investigate and prosecute public sector fraud. The Act recognises that the wider use of data-sharing could improve the prevention, detection and investigation of fraud.

- 17 The Council participates in the NFI and data matches are investigated by Internal Audit using a risk-based approach. Beyond the NFI, we found limited evidence of the Council using data analytics innovatively to strengthen both the prevention and detection of fraud. Using data available to the Council could support proactive work and help to inform fraud risk assessments.
- 18 The Council is involved in several national networks and groups which enable informal sharing of learning and intelligence relating to fraud. The Council has a Shared Revenues and Benefits Service with Torfaen but beyond this we found limited examples of the Council formally collaborating with other organisations in relation to counter-fraud. Having formal arrangements in place would support regular intelligence sharing and enable an assessment of whether fraud experienced elsewhere may be impacting the Council.

The Council does not have a clear performance management approach for counter-fraud

- 19 The Council does not produce regular counter-fraud monitoring reports and does not have clear performance management arrangements for counter-fraud. For example, the Council's Whistleblowing Policy sets out an annual reporting requirement, but the Council has not reported on this since 2019. Without clear monitoring information, it is difficult for the Council to monitor trends and gain assurance that its counter-fraud arrangements are effectively preventing, identifying and mitigating fraud.
- 20 The Governance and Audit Committee (GAC) takes an active role in counter-fraud but is not presented with regular monitoring information. This reduces transparency and makes it difficult for GAC to gain assurance as to the effectiveness of counter-fraud arrangements.

Recommendations

- 21 The table below sets out the recommendations that we have identified following this review.

Exhibit 1: recommendations

Recommendations	
R1	<p>To support transparency and provide assurance that fraud is prevented, investigated and deterred, the Council should put clear counter-fraud performance management arrangements in place, including, for example:</p> <ul style="list-style-type: none">• clear goals and objectives for counter-fraud work;• relevant performance metrics;

Recommendations

- regular reporting on counter-fraud performance, including reporting to GAC;
 - feedback and continuous improvement mechanisms to ensure lessons learned are embedded within departments.
-

R2 To ensure the Council is maximising its use of data and intelligence, the Council should identify:

- ways to maximise its use of data to inform counter-fraud work;
- whether current arrangements to share data and intelligence with other public bodies are effective and if other opportunities for collaboration exist.

Appendix 1

Audit methods and questions

Our review was informed by a review of Council documents and interviews with officers and members who have a key role in the Council's counter-fraud arrangements. Our evidence is limited to these sources. We undertook the review during March 2025.

Exhibit 2: audit questions and audit criteria

Below are the questions we sought to answer in carrying out this audit, along with the audit criteria we used to arrive at our findings.

Main audit question: Has the Council put in place proper arrangements to secure value for money in its approach to preventing and detecting fraud?

Questions	Audit Criteria (what we are looking for)
Leadership and Culture:	
1. Does the Council champion the importance of a good anti-fraud culture?	<ul style="list-style-type: none">• The Council has made a clear statement that fraud committed against the organisation by anyone internal or external will not be tolerated and will be dealt with in the strongest way.• The Council's Cabinet and Senior Leadership Team (SLT) champion counter-fraud work.• The Council builds confidence among employees that fraud is taken seriously, and action is taken to address fraud.

Questions	Audit Criteria (what we are looking for)
Risk Management and Control Framework	
2. Does the Council undertake comprehensive fraud risk assessments?	<ul style="list-style-type: none"> • The Council has undertaken a thorough fraud risk assessment in the last two years to provide an honest appraisal of risk and the resources needed to tackle the risks identified. • The assessment of fraud risk is based on known fraud risks, benchmarking and internal knowledge and experience. • The fraud risk assessment has: <ul style="list-style-type: none"> – used appropriately skilled staff; – considered national intelligence; and – considered its own Council specific intelligence. • The fraud risk assessment is reviewed by the Governance and Audit Committee.
3. Are fraud risk assessments used as a live resource and integrated within the general risk management framework to ensure that these risks are appropriately managed and escalated as necessary?	<ul style="list-style-type: none"> • The Council considers fraud risk as part of its overall risk management process. • The risk of fraud features in department and/or corporate risk registers. • The Council considers fraud risk for all its systems and has looked at how to prevent and detect fraud in the system and has 'fraud proofed' its procedures in key areas eg procurement, payroll, creditors. • The Council's counter-fraud/internal audit staff are consulted to fraud proof new policies, strategies and initiatives across departments.

Questions	Audit Criteria (what we are looking for)
Polices and Training	
4. Does the Council have a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing and responding to fraud risks?	<p>Counter-fraud strategy:</p> <ul style="list-style-type: none"> the Council has an up-to-date counter-fraud strategy that sets out its approach to managing fraud risks and defines responsibilities for action; the counter-fraud strategy is cross referred to other related policies ie code of conduct, whistleblowing and fraud response plan; and the counter-fraud strategy has been communicated to staff and is readily available to all staff as a reference document.
	<p>Code of Conduct:</p> <ul style="list-style-type: none"> the Council has an up-to-date Code of Conduct in place which sets out standards expected by employees and contractors, and which highlights that unethical behaviour will lead to disciplinary action; and all Council staff are required to sign up to the requirements of the Code of Conduct.
	<p>Whistleblowing:</p> <ul style="list-style-type: none"> the Council has whistleblowing arrangements in place to ensure that staff and external parties have the confidence to raise concerns; the Council's whistleblowing arrangements are monitored for take-up to demonstrate that suspicions have been acted upon; the Council's whistleblowing policy is up to date and sets out clear mechanisms to raise concerns confidentially about matters including fraud; and contractors and third parties also have to sign up to the Council's whistleblowing policy.
	<p>Register of Interest:</p>

Questions	Audit Criteria (what we are looking for)
	<ul style="list-style-type: none"> • the Council maintains its register of interests regularly to record staff and members' interests; • the register of interests is compared against schemes of delegation for approving expenditure; • the Council undertakes pre-employment screening through various checks eg CRB to minimise the risk of employing dishonest and unethical staff; • the Council has an up-to-date anti-bribery and corruption policy in place which includes due diligence arrangements; • the Council maintains a register of gifts and hospitality and staff are made aware of the need to register any gifts and hospitality received; and • the Council has a Fraud Response Plan that: <ul style="list-style-type: none"> – outlines the entire fraud investigation process; – clearly defines the roles and responsibilities of senior management and others involved in the investigation process; – outlines procedures for securing evidence and undertaking interviews; – sets out arrangements for dealing with staff under suspicion; – includes arrangements for when, and how, to contact the police; – commits to pursuing the full range of sanctions – disciplinary, regulatory, civil and criminal; – makes clear that recovery action will be taken in relation to all fraud losses; and – clarifies how lessons learned from frauds will be used to strengthen controls to prevent recurrence; • the Council monitors that allegations of fraud are assessed according to its Fraud Response Plan; and • the Council seeks redress including recovery of assets and money lost to fraud where possible.
<p>5. Do those working for the Council receive fraud awareness training as appropriate to their role to increase organisational effectiveness in</p>	<ul style="list-style-type: none"> • The Council includes fraud risks within its induction training for new staff. • The Council ensures appropriate frequency of refresher training for all staff and elected members/independent members. • The effectiveness of counter-fraud training is confirmed through testing. • Training is updated to reflect emerging risks/issues and trends.

Questions	Audit Criteria (what we are looking for)
preventing, detecting and responding to fraud?	
6. Does the Council publicise cases of fraud that have been successfully addressed, to re-enforce a robust message that fraud will not be tolerated?	<ul style="list-style-type: none"> • The Council publicises proven fraud and the action taken in response to the frauds as a deterrent. • The Council has internal and external publicity campaigns to promote the work of counter-fraud, and ensures that the counter-fraud webpage is kept up to date with relevant information and publicity. • The Council undertakes proactive counter-fraud work in an attempt reduce the likelihood of fraud happening.

Questions	Audit Criteria (what we are looking for)
Capacity and Expertise	
<p>7. Does the Council have sufficient capacity to ensure that counter-fraud work is resourced effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against the perpetrators and the recovery of losses?</p>	<ul style="list-style-type: none"> • The Council has an officer with designated responsibility for counter-fraud who has the support of the senior leadership team and Governance and Audit Committee. • The Council has a staffing structure with clear designation and clear lines of accountability and good internal communication in relation to counter-fraud. • The Council invests in counter-fraud and buys in services if there is no capacity internally. For example, arrangements to access specialist fraud investigation teams including: surveillance, computer forensics, asset recovery, financial investigations.
<p>8. Does the Council have access to trained counter-fraud staff that meet recognised professional standards?</p>	<ul style="list-style-type: none"> • The Council has (or has access to) competent, professionally trained and accredited counter-fraud specialists to investigate suspected fraud. If this work is undertaken by Internal Audit teams, those teams should be trained in this area.

Questions	Audit Criteria (what we are looking for)
Tools and Data	
<p>9. Does the Council have dynamic and agile counter-fraud responses which maximise the likelihood of a successful enforcement action?</p>	<ul style="list-style-type: none"> • The Council's counter-fraud strategy includes both proactive and responsive approaches. • The organisation has an annual counter-fraud plan where the programme of work is balanced. • There is evidence that the Council's investment in counter-fraud is based on an informed decision derived from a fraud risk assessment which highlights the risks and then determines the resources needed to address these risks. • There is evidence of action being taken quickly if internal controls are found not to be performing as well as intended. For example, by internal audit, external audit, National Fraud Initiative (NFI). • Where a fraud has occurred, there is evidence of post-event learning, where an organisation looks at how the fraud occurred and possible trends to learn from this and minimise future incidents.
<p>10. Does the Council seek and embrace new opportunities to innovate with data analytics to strengthen both the prevention and detection of fraud?</p>	<ul style="list-style-type: none"> • The Council uses data matching, which involves comparing sets of data within or across organisations, to highlight inconsistencies which can be used to help prevent and detect fraud: <ul style="list-style-type: none"> – seeking to maximise the National Fraud Initiative (NFI) work; and – other opportunities beyond NFI. • Where cases of fraud have been identified, the weaknesses behind these frauds are fed back to departments to fraud proof systems.

Questions	Audit Criteria (what we are looking for)
Collaboration	
<p>11. Does the Council work with other organisations under the Digital Economy Act and using developments in data analytics, to share data and information to help find and fight fraud?</p>	<ul style="list-style-type: none"> • The Council's counter-fraud strategy includes joint working partnerships with other organisations to manage risks where appropriate. • The Council has protocols in place to facilitate joint working and intelligence sharing with outside bodies eg memorandum of understanding setting out arrangements for sharing data. • There is evidence that the organisation applies the learning through collaboration to help inform risk assessments. • NFI collaboration.
Reporting and Scrutiny	
<p>12. Does the Council collate information about losses and recoveries and share fraud intelligence with public sector organisations to establish a more accurate national picture, strengthen controls, and enhance monitoring and support targeted action?</p>	<ul style="list-style-type: none"> • The Council maintains a record of fraud losses and recoveries. • The Council has a set methodology to ensure that losses from fraud can be estimated on a consistent basis and support a more accurate risk assessment. • The Council has set objectives and targets for counter-fraud work and monitors performance.

13. Is the Council's Governance and Audit Committee (GAC) fully engaged with counter-fraud, providing support and direction, monitoring and holding officials to account?

- The GAC takes an active role in counter-fraud and understands the Council's control environment and risks, including fraud risks.
- The GAC receives information on fraud caseloads and progress on a regular basis (at least twice a year).
- The work of the counter-fraud team is reviewed by GAC to ensure that its performance meets requirements/quality standards.



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Management response form



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Audited body	Monmouthshire County Council
Audit name	Counter Fraud
Issue date	May 2025

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Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
R1	<p>To support transparency and provide assurance that fraud is prevented, investigated and deterred, the Council should put clear counter-fraud performance management arrangements in place, including, for example:</p> <ul style="list-style-type: none">• clear goals and objectives for counter-fraud work;• relevant monitoring metrics;	<p>This recommendation will be strengthened as part of the review of the Councils Fraud Risk Assessment, scheduled to take place in September 2025 and presented to the Governance & Audit Committee in October 2025.</p> <p>The Fraud Risk Assessment will look to provide appropriate transparency over and above the level of detail which will continue to be provided to the</p>	October 2025	Chief Internal Auditor	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
	<ul style="list-style-type: none"> regular reporting on counter-fraud performance, including reporting to GAC; feedback and continuous improvement mechanisms to ensure lessons learned are embedded within departments 	Governance & Audit Committee within Internal Audit quarterly progress and annual reports. Consideration will be made to setting objectives for counter fraud work along with relevant monitoring metrics to allow the Council and Governance & Audit Committee to better monitor the fraud landscape of the Council.			
R2	<p>To ensure the Council is maximising its use of data and intelligence, the Council should identify:</p> <ul style="list-style-type: none"> ways to maximise its use of data to inform counter-fraud work; 	The Council will explore how it can maximise the use of data within it's Counter Fraud work, including if there are any systems available which could strengthen our approach, subject to affordability.	October 2025	Chief Internal Auditor	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
	<ul style="list-style-type: none"> whether current arrangements to share data and intelligence with other public bodies are effective and if other opportunities for collaboration exist. 	<p>We wil continue to take a prompt and active part in the National Fraud Initiative data matching exercise and have already made a good start to the 2025 report releases. The outcome of this exercise will be reported to the Governance & Audit Committee.</p> <p>The Council has existing informal data and intelligence sharing networks it uses to inform counter-fraud work. The Council will continue to use the NAFAN service and raise alerts with service areas when appropriate. Conversations will be explored with other providers, the outcome of this will be dependent on any budgetary constraints.</p>			

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		The progress with this work will be captured as part of the September 2025 review of the Fraud Risk Assessment.			

SUBJECT:	Effectiveness of Strategic Risk Management Framework
MEETING:	Governance and Audit Committee
DATE:	12th June 2025
DIVISIONS/WARDS AFFECTED:	All

1. PURPOSE:

- 1.1 To provide the committee with an assessment of the implementation of the council's strategic risk management framework which is an integral part of the authority's corporate governance arrangements.
- 1.2 To provide members with an overview of the current strategic risks facing the authority.

2. RECOMMENDATIONS:

- 2.1 That members use the assessment to seek assurance about the effectiveness of the authority's risk management arrangements.

3. KEY ISSUES:

- 3.1 Governance and Audit Committee has a specific role in providing independent assurance of the adequacy of the council's risk management framework. The committee also has a role in assessing the authority's corporate governance arrangements, of which risk management is an important part. An integral part of the strategic risk management arrangements is the Whole Authority Strategic Risk Register. The strategic risk assessment ensures that:
 - Strategic risks are identified and monitored by the authority
 - Risk controls are appropriate and proportionate
 - Senior managers and elected members systematically review the strategic risks facing the authority.
- 3.2 The council's strategic risk management policy and guidance helps ensure strategic risks are identified and assessed robustly, risk controls are put in place that are appropriate and proportionate, and risks are supported by effective mitigations to ensure, as far as possible, risk reduction/risk management. The report is made up of two parts:
 - Part 1 provides a self-assessment of the effectiveness of the operation of strategic risk management arrangements in line with the strategic risk management policy.
 - Part 2 provides an overview of the strategic risk register and key amendments, including the strategic risks, the risk levels pre and post mitigation, the risk owner who has agreed the update, and any key changes, such as adjustments to risk levels or mitigating action updates.

Part 1 - Effectiveness of strategic risk management arrangements

- 3.3 The updated strategic risk management policy was agreed by Cabinet in June 2024 following consideration and feedback by Governance and Audit Committee. The policy aims to strengthen strategic risk management arrangements. Some of the main updates include:
 - Integrating related corporate risk management arrangements that the council has in place through which risks are identified and managed.
 - The requirement and responsibilities to consistently produce directorate risk registers, supporting the identification, management, escalation, and de-escalation of strategic risks.

- The further definition of the Council's risk appetite, using a 'risk appetite range' for various categories of risk that are based on organisational activity.
- 3.4 A period of transition in implementing the policy was agreed to allow the council time to strengthen arrangements in line with the revised policy. Updates to the strategic risk register have now been made in line with the revised policy, including the addition of risk categories, appetite levels, treat/tolerate categories and target risk scores. There remain some areas for development to strengthen arrangements, including:
- Developing remaining directorate risk registers, to embed these in the risk management process.
 - Strengthening risk management training and awareness for all officers.
- 3.5 In line with policy commitments, the Council has also developed a risk radar, appendix 4. The radar outlines some of the potential risks that Monmouthshire may face over coming years. This report draws on national and global emerging risks identified in a range of horizon scanning reports, including most prominently the World Economic Forum (WEF) global risks report, UK Government's National Risk Register and Welsh Government's Future Trends Report. Evidence from this will help inform risk management by highlighting the key uncertainties and challenges that may affect our organisation's objectives and operations. Consideration will be given to the annual Risk Radar Report when identifying and managing strategic risks and in the Council's wider service planning.
- 3.6 Appendix 1 provides a self-assessment of the effectiveness of the operation of strategic risk management arrangements. This incorporates an assessment of the progress made in implementing the new or amended requirements of the new policy.
- 3.7 In September 2024 the committee received a report providing an overview of the effectiveness of corporate risk control policies aligned with the council's revised strategic risk management policy. It was agreed that the committee subsequently receives a further update on the arrangements as an additional part of the regular reporting to the committee on the effectiveness of the Council's strategic risk management arrangements. Appendix 2 provides an update to the committee on the progress with the 'actions planned' for each of the arrangements identified.

Part 2 - Risk Register updates overview

- 3.8 The council continues to operate in a dynamic environment and has controls in place to assess, manage and mitigate, as far as possible, a variety of risks. The strategic risk register regularly evolves and adapts in line with this. This will include adjusting the focus, detail and risk levels of risks where necessary. An overview of the changes to the risks and progress with mitigating actions is provided in Appendix 3. Some of the more significant changes since the last report to the committee in November 2024 include:
- Risk 4, related to the council's workforce, has been refocused due to a change in the nature of the risk; this risk now focuses more on the Council's own workforce planning challenges rather than external labour market changes.
 - The post-mitigation risk scores for risk 9a, related to school attendance, have reduced from high (12) to medium (8) to reflect progress made in implementing mitigating action and positive movement in primary school attendance data.
 - Risk 11, related to climate, has been divided into two separate risks to better reflect differing causes and mitigation required. This also allows for separate assessment of risk levels and targets.
 - The risk relating to increased demand on council support services due to the increased cost-of-living, previously risk 12, has been de-escalated from the strategic risk register to directorate risk registers to manage, reflecting the mitigations put in place for the organisation to support and manage the demand. This recognises that pressures remain for families due

to the increased cost of living, and this risk will continue to be managed on the directorate risk registers of those directorates that are still seeing more families requiring additional public service support as a result of the cost-of-living.

- The risk relating to the increased risk of legal challenge, previously risk 14, has been de-escalated from the strategic risk register. The inherent level of risk relating to legal challenge is carried and mitigated by the legal team.

- 3.9 As part of the current reporting round, target risk scores have been introduced. These indicate the optimal risk score the council has assessed it could achieve, following successful mitigation. This needs to be set in the context of available resource and the bearing the Council's actions can have on reducing the likelihood and/or impact of the risk. In most cases, mitigating actions result in a change to the likelihood of the risk, rather than the potential consequences, as our actions are generally aimed at reducing the chance of a negative event occurring rather than lessening its impact, although there will be exceptions depending on the risk. Some target risk scores may remain the same as post-mitigation risk scores; this indicates that risk scores are not able to be lowered further with available mitigation. Risk scores will be continuously reviewed to ensure they fairly reflect realistic ambition.
- 3.10 This report does not include the full risk register or a full update of progress against mitigating actions. Scrutiny of that aspect of the work rests with Performance and Overview Scrutiny Committee and the full register was presented to the committee at their 3rd June meeting. The full strategic risk register will also be presented to Cabinet for consideration at their 25th June meeting. Members of Governance and Audit Committee have access to the papers of other committees should they wish to familiarise themselves with the wider work. All councillors can also access a live version of the risk register on the authority's intranet site.

Chief Officer Commentary

- 3.11 It has been agreed that a commentary from the responsible Chief Officer be added to this report. The responsibility sits with the Chief Officer for People, Performance and Partnerships:
- 3.12 "Having overseen the process of updating the risk assessment I'm satisfied that it presents an accurate assessment of the strategic risks facing the authority over the next three years based on knowledge available to responsible officers at the present time. The assessment of the risk management arrangements that we have in place is fair, identifying both strengths and areas needing improvement. We have made progress with implementing the requirements of the revised risk management policy, there are further requirements we still need to develop and embed in the council to make our arrangements more robust and strengthen their application."

4. REASONS:

- 4.1 To provide timely, relevant information on strategic risks as part of the performance management framework for ensuring the authority is well run and able to contribute to achieving the Council's purpose.

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Appendix 1- Self-assessment of the effectiveness of the strategic risk management framework

Strategic Risk Management			
<p>The strategic risk register captures the high and medium level strategic risks that face the council in line with the council's risk management policy. This ensures that:</p> <ul style="list-style-type: none"> • Strategic risks are identified and monitored by the authority • Risk controls are appropriate and proportionate • Senior managers and elected members systematically review the strategic risks facing the authority 			
	How well are we doing?	How do we know?	Action & timescale
Is there a collective view of the council's strategic risk management arrangements and risk appetite that is communicated and understood?	<p>The council's strategic risk management policy and guidance has been updated and agreed. The council has also defined its risk appetite and agreed a risk appetite statement. These documents are available on the council's intranet.</p> <p>The policy is being embedded in the council, the requirements have been integrated as part of the Council's performance management framework, including in the service business planning process.</p> <p>The awareness of the policy, and the importance of adhering to it, needs to be further embed through the organisation. There is a need to develop a risk management training offer to support the effective discharge of risk management responsibilities.</p>	<p>Strategic risk management policy and guidance</p> <p>Risk appetite statement</p>	<p>Develop strategic risk management training and guidance – July 2025</p>
Is strategic risk management embedded in the council?	<p>The strategic risk register is updated regularly and available to all members and officers to view at any time. There are arrangements to formally review and report the whole strategic risk register six monthly.</p> <p>Directorate risk registers are being developed to strengthen the management of risks at a directorate level and facilitate risk identification and mitigation between a service (service business plan) and strategic (risk register) level. These have not all been completed by April as initially planned. Further support is being provided to the remaining directorates to establish and develop directorate risk registers in line with the strategic risk management policy.</p> <p>The starting point for identifying risks are often service business plans, where heads of service and service managers identify risk to their service. Quality assurance of these plans has continued to show service-based risk registers are</p>	<p>Strategic risk management policy and guidance</p> <p>Strategic risk register</p> <p>Service business plans risk registers</p>	<p>Work with directorates to establish and develop all six directorate risk registers – September 2025</p> <p>Develop strategic risk management training and guidance – July 2025</p>

	often not robust enough or fully completed. This shows strategic risk management remains not consistently embedded at a service level. Further strategic risk management training, as part of implementing the updated risk management policy will be undertaken.		
Is there a shared understanding of the most significant corporate risks?	<p>The strategic risk register identifies high and medium level strategic risks and ensures risk levels are assessed, and mitigating actions are identified. The register is updated regularly, which ensures it remains focussed on the most significant strategic risks facing the council. It is available to all members and officers to view at any time and has regular reporting arrangements in place. This ensures there is a shared understanding of strategic risks facing the council.</p> <p>The latest update of the strategic risk register has embedded the remaining requirements of the new policy, including risk category, appetite level, treat/tolerate categories and target risk scores. Including these additional elements will strengthen the assessment of risk and should provide members with an additional level of assurance of strategic risk management in the organisation.</p> <p>Service business plans not being robust enough or fully complete impacts on the effectiveness of service risk identification and management. This may subsequently be having an impact on the effective identification and management of strategic risks, although other arrangements in place, including the development of directorate risk registers, will limit this, strengthening service risk registers remains important.</p> <p>A Risk Radar has been developed to identify any emerging risks and opportunities that are relevant to the council. This report will now be used to inform risk identification at all levels and will be regularly presented to the Strategic Leadership Team alongside reviews and updates to the Strategic Risk Register to ensure awareness of possible emerging risks.</p>	<p>Strategic risk register</p> <p>Service business plans risk register</p>	<p>Develop strategic risk management training and guidance – July 2025</p> <p>Continuously review and update the Risk Radar when needed to inform risk identification - Ongoing</p>
Is there integration with other risk control arrangements that	Strategic risk management is an integral part of the Council's activities to support decision-making in achieving its objectives. The updated strategic risk management policy identifies other corporate risk control arrangements that	Strategic risk management policy	Assess progress in implementing the actions to develop or strengthen

facilitate the management of risk?	<p>the council has in place through which risks are identified and managed and need to integrate with strategic risk management policy. These are Health and Safety, Emergency Planning, Insurance, Finance, Internal Audit, Information Governance & Cyber Security.</p> <p>An assessment of the effectiveness of each of these risk control arrangements, following the same process that is used to evaluate the strategic risk management arrangements, was reported to the committee in September 2024. The assessment demonstrates the arrangements in place to identify, respond, monitor and report risk. The assessment identifies actions that need to be completed to develop or strengthen the arrangements. An update on the progress with implementing these actions forms part of this assessment of the effectiveness of risk control arrangements reported to Governance & Audit Committee.</p>	Overview of the effectiveness of risk control policies	risk control arrangements – June 2025
Is there a robust risk management assurance framework in place?	<p>There are arrangements to formally review the whole strategic risk register six monthly. These are facilitated by the performance and data insight team in liaison with risk owners and include review reports to Strategic Leadership Team and cabinet. The strategic risk register is formally reported to Governance & Audit Committee, Performance & Overview scrutiny committee and Cabinet. This provides assurance on the robustness of risk management framework in place.</p> <p>Directorate risk registers are being developed to strengthen the management of risks at a directorate level. These are being facilitated by the performance and data insight team in coordination with Directorate Management Teams.</p> <p>An internal audit review of risk management has been completed and was given a reasonable assurance rating. This identified strengths and some weaknesses. Actions to respond to the recommendations have been agreed and are being implemented. The findings from the review have informed the development of the updated strategic risk management policy.</p> <p>A review of strategic risk management arrangements is reported to Governance and Audit Committee six monthly. Risk management arrangements also form</p>	<p>Strategic risk register</p> <p>Strategic risk management reports</p> <p>Internal Audit review of risk management (March 2024)</p>	Complete actions in response to the internal audit review recommendations – June 2025

	part of the Council's annual self-assessment report. These arrangements are providing assurance of the framework in place and inform the identification of areas for development.		
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Appendix 2 - Update on actions planned for corporate risk control policies aligned with the Monmouthshire County Council strategic risk management policy

Risk process: Internal Audit	Responsibility: Chief Internal Auditor
Purpose of the arrangement Internal audit have a responsibility to oversee the risk management process, and may conduct an audit into the effectiveness of the process to ensure the arrangements in place are robust. There is an internal audit plan in place which is driven by risk identification, and by nature, is a risk based approach, identifying possible weaknesses, or risks, within the organisation and reviewing these. These risks, along with possible ways of managing them, would be made aware to the relevant chief officer. Internal audit are also responsible for the anti fraud, corruption and bribery policy.	
Actions Planned	Progress made
Implementation of Follow-up of Recommendations / Agreed Management Actions App - Implementation March 2025 for 2025/26 financial year	Action Stopped. This was due to a number of key members of staff leaving from within the Digital Team who were leading on the project. A decision has been made to continue with the current method of recommendation tracking until either a new solution is found or resources can be allocated to this project.
Recruitment to Fraud Officer role – Advertise September 2024	A Counter Fraud Officer started work at MCC in January 2025
Increased Anti-Fraud, Corruption and Bribery training across the organisation covering all employees and members – By March 2025	A training module has been developed and launched to all employees and members via Thinqi in January 2025. Staff completion rates are being monitored by the Chief Internal Auditor and reported through SLT on a regular basis.
Continue to refine audit planning processes and review of the ‘Audit Universe’ to ensure that all areas of the Council are covered as part of the strategic plan - as part of 2025/26 Internal Audit Planning	The ‘Audit Universe’ was reviewed and updated as part of 2025/26 audit planning to ensure that all areas of the Council and high risks were included within the scope of internal audit.

Risk process: Emergency Planning	Responsibility: Emergency Planning Manager
Purpose of the arrangement The Council’s aim and intention is to anticipate and manage risks proactively rather than deal with the consequences of actual occurrences. Some risks involving key services are best managed through the Monmouthshire County Council Emergency Management Plan; there is a live risk register that is reviewed regularly that captures risks that may require an urgent response. The emergency planning manager is also responsible for ensuring services	

have Business Continuity Plans or procedures in place outlining arrangements to mitigate the impact and consequences of any risks likely to have a serious or major impact on service delivery or on communities in general.	
Actions Planned	Progress made
To identify and train further tactical responses officers in the Council - TCG Awareness training scheduled for delivery in October 2024.	7 new MCC Tactical Coordinating Group (TCG) representatives have been identified and been delivered with training (together with existing MCC TCG reps). In addition, there have been several declared major incidents – including the adverse weather events of Storm Bert, Storm Darragh and the Frogmore Street Fire at Abergavenny. There has been an immediate need for some of those new officers to put the training into effect – as formal emergency response structures have been established and the requirement for TCG representation from MCC has been required at such multi-agency response structures. This has strengthened resilience – but on-going support and training will always be a necessity.
To ensure services business continuity plans are up to date, particularly service areas assessed as more critical for business continuity, together with the council's Emergency Management Plan and related specific response plans - Next formal scheduled update August 2025	Business Continuity Planning is and will continue to be on-going across the organisation but picked up via 3 year rolling work programme. The service is currently writing out to council services to update their Business Impact Assessments (BIAs) which provides the detail and evidence to 'rate' services in terms of priority from a 'life and limb' perspective. The revised MCC Register of Priority Services is anticipated for completion in August
There is continued ongoing assessments of risk through these arrangements, locally this is led via the Gwent Local Resilience Forum Risk Group, which the council is a partner in.	This is an on-going action, and a rolling programme of work will fall out of these risk assessments. The latest sequence of UK / Pan Wales and local risk assessments have now been completed – based on these risk assessments and consideration of current partnership capabilities – the Gwent Local Resilience Forum has now agreed the latest partnership 12 month work programme to mitigate against these risks.

Risk process: Finance	Responsibility: Head of Finance
Purpose of the arrangement The council has set its Financial Procedure Rules which must be adhered to within all council activities. Section 4 of the Financial Procedure Rules document outlines the responsibilities of the Head of Finance in relation to risk management. In relation to the strategic risks and whole authority risks listed in the Strategic Risk Register, the Head of Finance is responsible for ensuring that any financial implications are fed into the budget planning process.	
Actions planned	Progress made

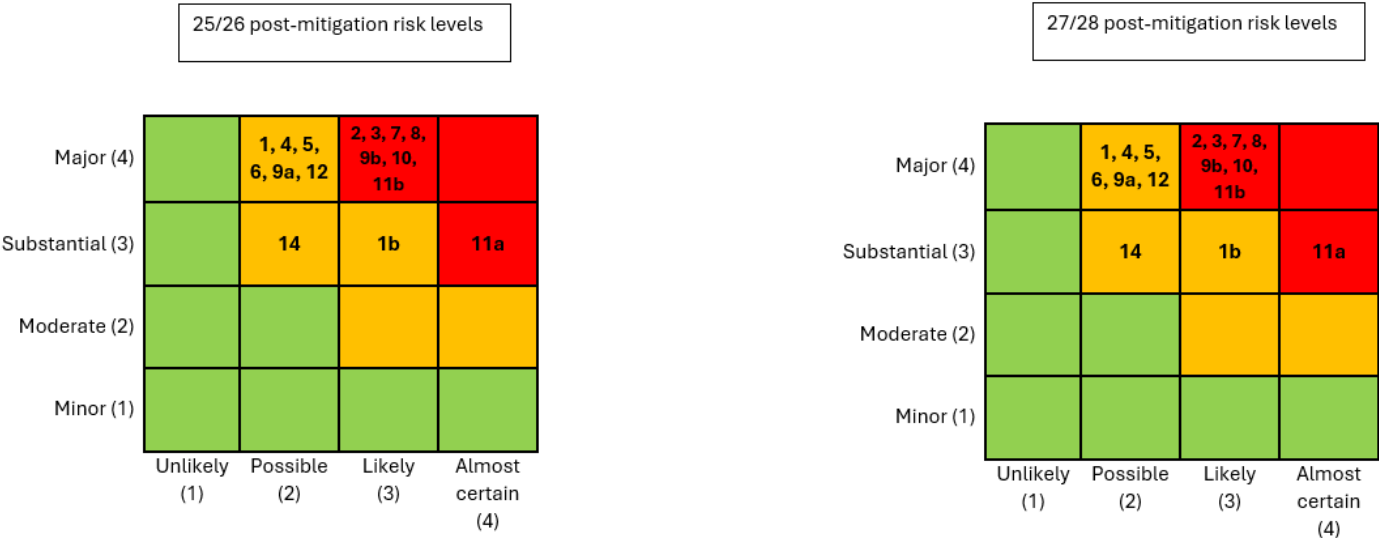
Assess any exposure to risk in delivering the Medium-Term Financial Strategy in line with the Council's risk appetite statement - As part of budget setting process, March 2025	The Council has agreed its budget for 2025/26. The budget was developed guided by a set of principles. The final budget identified key risks remaining to be assessed and managed in 2025/26. Considering these, strengthened financial governance arrangements will continue through 2025/26 to provide assurance that robust arrangements are in place to deliver on service savings, and to respond to any circumstances where further budget pressures might require additional mitigation or savings to be brought forward.
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Risk process: Insurance	Responsibility: Section 151 Officer/Principal Insurances and Risk Management Officer
Purpose of the arrangement Insurance is a key aspect in risk management processes. Some risks are best managed through involving another party in bearing or sharing the risk, i.e. insurance. Ensuring an effective insurance function of risk management is a key priority and legal requirement for the authority. This involves analysing the types of insurance required to cover off the whole authority using in-house data to establish values of coverage required. This includes but is not limited to property, motor and liability. A programme of risk reviews at random property sites are also undertaken for insurance purposes.	
Actions planned	Progress made
Strengthen arrangements for gaining assurance that directorate action is being taken in response to insurance risk reported.	Risk reports and claims history is produced and reported. For example, quarterly reporting is provided to Transport and Highways and regular reporting for Corporate Health and Safety. The Principal Insurances and Risk Management Officer continues to work with service areas to support them to take action in response to insurance risk reported.

Risk process: Information Governance & Cyber Security	Responsibility: Head of Information Security & Technology
Purpose of the arrangement The council is extremely aware of the importance of cyber security; we implement a number of measures to ensure the protection and safeguarding of our information, technology and systems.	
Actions planned	Progress made
No further action identified.	Scrutiny of the SRS, Cyber security and information governance is reported through separately to the Governance and Audit Committee.

Risk process: Health and Safety	Responsibility: Corporate Health and Safety Manager
<p>Purpose of the arrangement</p> <p>Ensuring the health, safety and welfare of employees and others, such as contractors, visitors and members of the public who may be affected by the Council's activities is a key priority for the organisation. The Chief Executive has ultimate responsibility for health and safety. The Deputy chief executive is the Strategic Leadership Team lead for health and safety and the council has a designated Corporate Health and Safety manager. The day to day management of health and safety is delegated to Strategic Directors, Headteachers and Senior Managers who are responsible for ensuring all activities within their Directorate/schools are conducted safely, in accordance with legislative requirements and the Council's health and safety risk management policies.</p> <p>Each Directorate has a nominated health and safety lead responsible for coordinating health and safety activities, including establishing and coordinating a Directorate Health and Safety Working Group. They support managers by providing advice and guidance on health and safety matters or signposting them to more specialist advice as necessary.</p> <p>The Council has a corporate health and safety working group with representation from all Directorates that meets quarterly. This group has an action plan and terms of reference.</p>	
Actions planned	Progress made
Sign off and implement the revised corporate health & safety policy – October 2024	Completed. Corporate Health & safety Policy 2024-2026 was approved by JAG on 7 October 2024 and signed off by the Deputy Chief Executive on 30 October 2024.
Develop a risk-based schedule of review for the Council's suite of subordinate health and safety policies and guidance – October 2024	Completed. Schedule for review of subordinate health and safety policies and guidance in place. Reviews commenced December 2024. All to be completed by December 2026.
Strengthen arrangements for completing health and safety risk assessments and implementing effective controls - March 2025	Work in progress. Renewed Risk Assessment Policy drafted, considered by Corporate Health & Safety Group January 2025, currently subject of consultation. In house risk assessment training being developed and will be available for completion via e learning on Thinqi September 2025. Face to face Dynamic Risk Assessment training currently being delivered to relevant staff.
Strengthen arrangements for gaining assurance that health and safety risks are being identified, suitable controls are in place and are being effectively implemented – March 2025	Completed. Corporate Health and Safety team has been strengthened following a restructure in December 2024 to provide greater assurance around the Council's arrangements for managing health and safety

Appendix 3 - Monmouthshire County Council Whole Authority Strategic Risk Assessment Overview – June 2025



Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer/ treat/ tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
Page 43	Risk identified in the strategic risk register	Risk to delivery of Community and Corporate plan objective	Risk assessed by the level of likelihood of occurrence and impact/ consequence prior to any mitigation	Risk assessed by the level of likelihood of occurrence and impact/ consequence informed by the expected impact of mitigation	The optimal risk score the council has assessed it could achieve following successful mitigation, set in the context of available resource	The rationale for adjusting the risk level since the last risk update report in November 2024	Identifies the risk category and appetite level for each risk, aligned with the whole organisation risk appetite statement	Whether the risk is being transferred, treated, tolerated or terminated – see policy for further detail	Significant planned mitigation actions identified for delivery in the risk register	The progress made and impact, where available, of the planned mitigation actions by May 2025	The owners of the risk, in line with strategic management policy, who have agreed the risk

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
Risks to resources											
1	Potential risk that: Financial pressures and increased complexity of demand for services impact on delivering all of the council’s commitments in the Community and Corporate plan, leading to longer term	All	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – Medium (8) 2026/27 – Medium (8) 2027/28 – Medium (8)	Medium (8)	Risk levels remain unchanged	Strategic Cautious	Treat	Regularly review progress made in implementing the commitments of the community and corporate plan, ensuring resource is targeted in the most pertinent areas	A six-month progress report was presented to Cabinet in December. A self-assessment report will be presented to scrutiny in July ahead of Council in September. The community and corporate plan measurement framework has been revised and agreed by Cabinet in September.	Paul Matthews, Chief Executive & Cllr Mary Ann Brocklesby, Leader

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
	outcomes for the county not being achieved								Review the progress of the Enabling Strategies which support delivery of the community and corporate plan to ensure alignment of resources with policy priorities	The enabling strategies which support the delivery of the community and corporate plan have now been updated. A review of progress made in implementing these is in developed and will be presented for scrutiny in July.	
1b	Potential risk that: A lack of political majority makes it harder to ensure timely and appropriate decision making which results in delays and uncertainty in some projects	All	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – Medium (9) 2026/27 – Medium (9) 2027/28 – Medium (9)	Medium (9)	Risk levels remain unchanged	Strategic, Service delivery Cautious	Tolerate	Utilise members seminars and scrutiny workshops to engage and involve all councillors in the development of policy Maintain a fully populated forward work planner of Cabinet and Council business	Members seminars are being used to share developments and involve councillors on significant forthcoming decisions. Scrutiny workshops are being held to seek councillors’ involvement in the development of proposals. An established forward work planner is in place. There is a need to improve the timeliness of completion of the cabinet and council forward plan and align the forward plans of each committee.	Paul Matthews, Chief Executive & Cllr Mary Ann Brocklesby, Leader
2	Potential risk that: Some services will become financially unsustainable in the short to medium term in their current form due to increasing demand and continuing financial pressures	All	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	High (12)	Risk levels remain unchanged	Service delivery Cautious	Treat	Ensure that services deliver within budget, deliver savings targets and continue to identify, review and challenge pressures Develop a set of budget proposals for 2025/26 Strengthen medium to long term strategic financial planning as part of the Medium-term financial plan	Regular budget monitoring is undertaken. The latest budget update presented to Cabinet in February notes an overall revenue budget deficit forecast of £1,593,000 made up of in-year budget pressures alongside a forecast shortfall in meeting budgeted savings targets. A programme of budget recovery actions is being implemented to achieve a balanced budget. Final budget proposals were presented to Council in March 2025. These were informed following a public consultation process. Final proposals also take into account the final settlement received from Welsh Government, which introduced a 3.8% funding floor for all local authorities, of which Monmouthshire will benefit. Work continues to shape the wider programme of service change that will include an ongoing assessment of key service pressures, the risks and modelling assumptions that sit alongside this, with the aim to establish a clear plan and approach to address the medium-term budget shortfalls forecast.	Peter Davies, Deputy Chief Executive and Chief Officer Resources & Cllr Ben Callard, Cabinet Member for Resources
3	Potential risk that: The authority is unable to maintain key infrastructure and meet other identified pressures due to insufficient capital funding availability	All	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	High (12)	Risk levels remain unchanged	Service delivery Cautious	Treat	Regularly review assumptions as part of the capital MTFP taking account of any new information that is relevant and the consequential impact on the revenue MTFP	The Capital MTFP was updated as part of the development of the Capital Strategy. The capital MTFP and capital strategy seek to work towards a financially sustainable core capital programme, whilst balancing the need to deliver capital investment plans in line with policy commitment and need.	Peter Davies, Deputy Chief Executive and Chief Officer Resources & Cllr Ben Callard, Cabinet

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
										Capital and Asset Management working groups have been established to strengthen the scrutiny and challenge of the Capital Programme.	Member for Resources
									Review and refresh the council’s Capital Strategy	The 2025/26 Capital Strategy was approved by Council in March 2025.	
4	Potential risk that: Difficulty recruiting for some posts that require specific skills or qualifications and continued wage inflation will impact the organisation’s retention and workforce planning which may affect the delivery of Council services	All	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – Medium (8) 2026/27 – Medium (8) 2027/28 – Medium (8)	Medium (6)	Risk levels remain unchanged	Service delivery, Governance Minimalist	Treat	Recruit and retain staff more effectively	The People Strategy was approved by Cabinet in June 2024 and contains a specific objective, and actions, aimed at improving recruitment and retention. The progress of the strategy will be reviewed annually. An e-recruitment system is being implemented to support the development of recruitment as a genuine talent acquisition process.	Matthew Gatehouse, Chief Officer People, Performance and Partnerships & Cllr Ben Callard, Cabinet Member for Resources
									Embed workforce planning to ensure the right skills, expertise and knowledge are available for future changes	The People Strategy was approved by Cabinet in June 2024 and focusses on strengthening workforce planning. The progress of the strategy will be reviewed annually. A new work experience and apprentice policy has been developed to create a new pipeline of people being recruited and trained to supply the workforce of the future.	
5	Potential risk that: Loss or corruption of data due to cyber-attack or data mismanagement, which will compromise the delivery of essential council services	All	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – Medium (8) 2026/27 – Medium (8) 2027/28 – Medium (8)	Medium (8)	Risk levels remain unchanged	Information governance, service delivery Averse	Tolerate	Ensure robust arrangements are in place to safeguard the organisation’s data and systems from cyber-attack	The Council recognises that total elimination of cyber-attack is not possible, but the focus is on ensuring robust arrangements are in place to safeguard data and systems from cyber-attack via: physical barriers to the network, staff awareness, training and culture and structured governance, risk analysis and business continuity planning.	Sian Hayward, Head of Information, Technology & Security & Cllr Ben Callard, Cabinet Member for Resources
Risks to service delivery											
6	Potential risk that: Significant harm to a child or adult may occur due to a specific failure of safeguarding arrangements	A Connected Place Where People Care	2025/26 – Medium (8) 2026/27 – Medium (8) 2027/28 – Medium (8)	2025/26 – Medium (8) 2026/27 – Medium (8) 2027/28 – Medium (8)	Medium (8)	Risk levels remain unchanged	Safeguarding Averse	Tolerate	Continually monitor and evaluate safeguarding processes and practice and ensure good accountability for safeguarding	The most recent Annual Safeguarding Evaluation Report was presented to Council in October 2024. The report evaluates the progress of the Council’s key safeguarding priorities during 2023/24, highlighting progress, identifying risks and setting out actions and priorities for 2024/25.	Jane Rodgers, Strategic Director Social Care and Health & Will Mclean, Strategic Director Learning, Skills and Economy, & Cllr Ian Chandler, Cabinet Member for Social Care, Safeguarding

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
											and Accessible Health Services
7	Potential risk that: Risk of harm if we are unable to meet the care and support needs of some vulnerable children due to an increase in demand, complexity of cases and insufficiency of registered placements	A Connected Place Where People Care	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	Medium (8)	Risk levels remain unchanged	Safeguarding Averse	Treat	Develop and expand the Children’s Services Commissioning Strategy in response to the intention to eliminate profit from children’s social care	A Placement Development Strategy update was presented to scrutiny in April – this outlines progress in meeting objectives including the development of 4 additional children’s homes/supported accommodation. Children’s Services continue to plan for each child and a “horizon” list is kept to identify children who may need, at some point, to be accommodated. Predicting demand, however, remains a challenging and dynamic process, complicated by uncertainty within the care market nationwide.	Jane Rodgers, Strategic Director Social Care and Health & Cllr Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
									Continue to implement the fostering strategy	The overall offer to foster carers has been reviewed and an increase in fees provided has been agreed. Limited progress has been made in the net numbers of in-house foster carers despite considerable effort and attention. The recruitment and retention of foster carers remains an area of significant challenge.	
8	Potential risk that: Risk of harm if we are unable to meet the care and support needs of some vulnerable adults due to high demand and complexity of cases	A Connected Place Where People Care	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	Medium (8)	Risk levels remain unchanged	Safeguarding Averse	Treat	Rebalance reablement and long-term care within our in-house care at home service	There is increased capacity to provide reablement service to those who would benefit from it. While this is good progress the aim is to improve this further. In line with the aims of the commissioning strategy the focus is on further increasing the availability of in-house home care to support reablement as opposed to providing long term care.	Jane Rodgers, Strategic Director Social Care and Health & Cllr Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
									Monitor requests for Domiciliary Care to ensure demand is being met and delays are minimised	All referrals are triaged at point of referral to ensure that those in most need are prioritised for assessment and intervention. Case reviews are being undertaken, applying the principles of the Social Services and Well-being Act to ensure a strengths-based approach looking at individual, family and community based support where appropriate. Access to care and support is not always timely; however, overall there is increased capacity across home care.	

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
									Implement a ‘place-based’ approach to create sustainability in care at home services	<p>The Council remains committed to developing a more sustainable care at home sector for the future. A comprehensive strategy for commissioning homecare through increased block purchasing has been developed. The first procurement exercise under the new strategy has commenced in the south of the county.</p> <p>There has been an increase in residential placements and costs of residential care is having a big impact on the budget in Adult Social Care.</p>	
9a	<p>Potential risk that:</p> <p>Failure to return attendance figures to those seen before the pandemic, particularly among vulnerable pupils and those eligible for free school meals, could lead to a worsening in educational attainment</p>	A Learning Place	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – Medium (8) 2026/27 – Medium (8) 2027/28 – Medium (8)	Medium (8)	Post-mitigation risk levels have decreased from high (12) to medium (8)	Strategic Minimalist	Treat	<p>Complete the consultation on the new Attendance and Engagement Policy and processes</p> <p>Work with schools and partners to better understand drivers of low attendance</p>	<p>The Local Authority Attendance and Engagement Policy has been updated to encompass all aspects of the Engaging, Belonging and Participating guidance issued by Welsh Government in October 2023 and has been rolled out to all schools.</p> <p>Programmes such as Community Focused Schools (which focuses on the way in which families work with schools), Trauma Informed Schools and emotionally based school avoidance (EBSA) approaches have been implemented with schools to support attendance through engagement in. The Education Welfare Service are also working closely with schools and pupils.</p> <p>Attendance in primary schools has improved to near pre-pandemic levels, secondary school attendance remains below pre-pandemic levels.</p>	<p>Will Mclean, Strategic Director Learning, Skills and Economy & Cllr Laura Wright, Cabinet member for Education</p>
9b	<p>Potential risk that:</p> <p>An increase in behaviours that challenge in schools which may lead to harm to a pupil or member of staff</p>	<p>A Learning Place</p> <p>A Safe Place to Live</p>	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	Medium (8)	Risk levels remain unchanged	<p>Safeguarding , Health and Safety</p> <p>Averse</p>	Treat	<p>Support learners most at risk of repeat Fixed Term Exclusions or of Permanent exclusions through the Education Support Team (EST)</p> <p>Implement the outcomes of the Pupil Referral Service review</p>	<p>The Education Support Team has enabled those learners most at risk of repeat Fixed Term Exclusions (FTE) or of Permanent Exclusions (PEX) to receive support from specialist professionals.</p> <p>The number of permanent and fixed term exclusions from schools remain high.</p> <p>The Pupil Referral Service (PRS) has been reviewed. This has helped to understand the current demand, while considering the future role and function of the PRS. The findings of this review will be implemented including increasing the capacity of the PRS to provide preventative intervention for pupils at risk of PEX and enhanced support for learners to reintegrate into mainstream having had a period of support in the PRS.</p>	<p>Will Mclean, Strategic Director Learning, Skills and Economy & Cllr Laura Wright, Cabinet member for Education</p>
Risks to policy priorities											

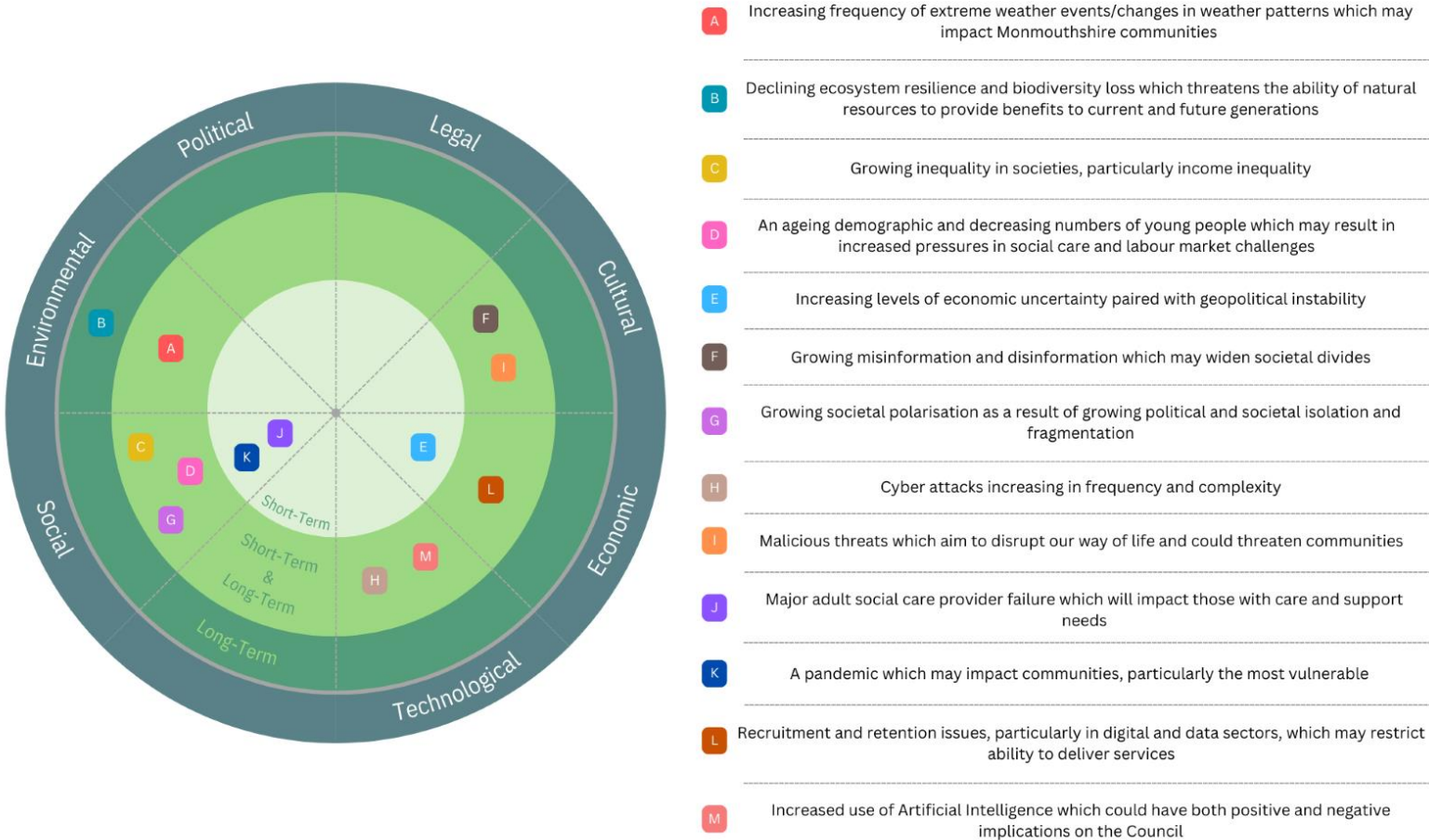
Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
10	<p>Potential risk that:</p> <p>The Council does not support the Replacement Local Development Plan, leading to delays in its adoption which restricts our ability to take forward key policy objective such as job creation, affordable housing development and the adoption of key policies to protect the environment and tackle climate change</p>	All	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	Medium (8)	Risk levels remain unchanged	Governance, strategic Minimalist	Tolerate	<p>Prepare a Replacement Local Development Plan to address the county's issues/challenges, including in relation to the provision of housing (market and affordable) and employment opportunities</p> <p>Work with partner organisations to identify and implement solutions to phosphate pollution in the Rivers Usk and Wye</p>	<p>This Deposit Replacement Local Development Plan was endorsed by Council for a detailed public consultation in October 2024. The Deposit Plan sets the ambition for development within the county. Council will consider the results of the consultation in Summer 2025, following which the RLDP will be subject to public examination.</p> <p>Over the last few years there has been significant work in this area and there is planned strategic phosphate mitigation work in the form of phosphate stripping being installed in Llanfoist (Abergavenny) and Monmouth to serve their settlements. This will enable appropriate development to be permitted within these settlement areas.</p>	Craig O'Connor, Chief Officer Place & Cllr Paul Griffiths, Cabinet member for Planning and Economic Development
11a	<p>Potential risk that:</p> <p>The council is unable to deliver its commitment to decarbonise its operations in sufficient time to achieve net zero by 2030 because our resources are not commensurate with the scale and complexity of the challenge</p>	All	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	Medium (9)	<p>The previous risk 11 has been divided into two related, but separate, risks to better reflect differing causes and mitigations.</p> <p>Risk scores have been reassessed from high (16) to high (12) following division of risk to reflect change in impact of risk.</p>	Strategic, Environmental, Service Delivery Minimalist	Tolerate	Deliver the Monmouthshire County Council Climate and Nature Emergency Strategy	The Climate and Nature Emergency Strategy was approved by Cabinet in May 2024. This strategy is underpinned by four action plans to better reflect the breadth of work that is taking place: Internal decarbonisation, Biodiversity and Nature Recovery, Rivers and Oceans and Community climate change. Progress in implementing the strategy is regularly monitored by the Climate and Nature Emergency Steering Group.	Debra Hill-Howells, Chief Officer Infrastructure & Cllr Catrin Maby, Cabinet member for Climate Change and the Environment
11b	<p>Potential risk that:</p> <p>The Council is unable to deliver services as a result of the increasing frequency of climate-related emergencies such as floods or extreme heatwaves that increase the demand for emergency responses and can cause damage to infrastructure and the closure of facilities</p>	All	2025/26 – High (16) 2026/27 – High (16) 2027/28 – High (16)	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	Medium (8)	The previous risk 11 has been divided into two related, but separate, risks to better reflect differing causes and mitigations.	Environmental, Service Delivery Minimalist	Treat	Prepare and adapt for the impact of climate change	<p>Welsh Government has produced The National Strategy for Flood and Coastal Erosion Risk Management in Wales, and in response, Monmouthshire is currently reviewing our Local Flood Risk Management Strategy and Flood Risk Management Plan; a new combined strategy document is being developed.</p> <p>Much of the work to coordinate emergency responses is organised through the Gwent Local Resilience Forum (LRF). The council continues to</p>	Strategic Leadership Team & Cllr Catrin Maby, Cabinet member for Climate Change and the Environment

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Target Risk Score	Changes to risk level/score	Risk category and appetite level	Transfer /treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
						Post-mitigation risk scores have been re-assessed from high (16) to high (12) following division of risk to reflect breadth of mitigation in place.				work with partners on the LRF to make sure that we are prepared for severe weather events.	
12	Potential risk that: Residents are unable to secure or retain suitable accommodation, leading to rising homelessness and outward migration as a result of failures in the housing market	A Safe Place to Live A Fair Place to Live	2025/26 – High (12) 2026/27 – High (12) 2027/28 – High (12)	2025/26 – Medium (8) 2026/27 – Medium (8) 2027/28 – Medium (8)	Low (4)	Risk levels remain unchanged	Service delivery Minimalist	Treat	Prevent homelessness through Rapid Rehousing	Through Rapid Rehousing the council has facilitated increased resources into homeless prevention, for example through additional staffing and the availability of the Homeless Prevention Fund. New arrangements have been established with partner agencies such as the DWP and Shared Benefit Service to support more people at risk of homelessness. The Housing Support service has been remodelled to include dedicated substance misuse support, temporary accommodation support and re-settlement support. This also includes dedicated support for young people with higher need.	Cath Fallon, Head of Rural Development, Housing and Partnerships, Matthew Gatehouse, Chief Officer People, Performance and Partnerships & Cllr Sara Burch Cabinet member for Rural Affairs, Housing & Tourism and Cllr Angela Sandles, Cabinet member for Equalities and Engagement
									Develop suitable accommodation for homeless people, including long-term housing for all those accommodated in temporary housing and specialist provision for those with additional needs	The availability of both temporary and settled homes for homeless households is being increased through a range of means including partnerships with private landlords through Monmouthshire Lettings and more homes through new build developments and acquisitions. Accommodation is starting to be acquired for temporary accommodation use; Severn View, a former residential home, will be repurposed.	

Appendix 4 – Risk Radar

In line with Strategic Risk Management Policy, the Council has developed a risk radar. The radar outlines some of the potential risks that Monmouthshire may face over the coming years. This report draws on national and global emerging risks identified in a range of horizon scanning reports, including most prominently the World Economic Forum (WEF) global risks report, UK Government’s National Risk Register and Welsh Government’s Future Trends Report. Evidence from this will help inform risk management by highlighting the key uncertainties and challenges that may affect our organisation's objectives and operations. Consideration will be given to the annual Risk Radar Report when identifying and managing strategic risks and in the Council’s wider service planning.

A range of evidence is collated to inform the radar. An overview of risks identified on the radar can be seen below. Risks have been categorised by a main factor and timescale, some will impact across multiple factor categories and varying timescales.



Appendix 5: Strategic Risk Management – Summary

Risk Management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them or responding to them. Strategic risks are those which affect the Council as a whole. Typically these will be key risks which could significantly jeopardise the Council's ability to achieve its objectives, statutory plans and/or provide operational services as planned.

The Council is committed to the effective management of risk. As a large public sector organisation, it is exposed to a wide range of risks and threats in delivering key services to communities. Within the Council the purpose of risk management is to:

- preserve and protect the Council's assets, reputation and staff
- promote corporate governance and aid good management in controlling and managing risks
- support successful delivery of strategic aims, objectives and outcomes
- improve business performance and better anticipate calculated risks where these are likely in delivering improvements
- avoid unnecessary liabilities, costs and failures

The Council seeks to ensure that risk management is effective from strategic to individual services and employees. Therefore, all employees and councillors are responsible for ensuring there are good levels of internal control and risk management throughout the Council in order that the Council's specified outcomes are achieved.

The Council uses a 'traffic light' system of Red/Amber/Green associated with High/Medium/Low to categorise risk levels. This is determined using the risk matrix below.

High risk	The risk is highly likely to occur and the impact will be major. Management action/control evaluation and improvement is required coupled with continued pro-active monitoring
Medium risk	The risk is unlikely to result in a major issue, however, if it did the impact would be significant or serious . This risk is relatively less significant than a High risk however it needs to be closely monitored within timely management action/controls to ensure it does not escalate.
Low risk	The risk is very unlikely to occur and the impact will be minor or moderate at worst. Risk will be managed by seeking control improvements where practical and / or monitoring and reviewing at regular intervals

Risks are also given a score. Scores of 1-4 are low risks, scores of 6-9 are medium risks and scores 12-16 are high risk. Providing a score as well as a risk level allows the variations within risk levels to be more clearly stated.

Major (4)	Low (4)	Medium (8)	High (12)	High (16)
Substantial (3)	Low (3)	Medium (6)	Medium (9)	High (12)
Moderate (2)	Low (2)	Low (4)	Medium (6)	Medium (8)
Minor (1)	Low (1)	Low (2)	Low (3)	Low (4)
	Unlikely (1)	Possible (2)	Likely (3)	Almost certain (4)

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REPORT

SUBJECT Annual report of Freedom of Information Act (FOIA), Data Protection Act (DPA) Breaches, Data Subject Access Requests (DSARs)

MEETING AUDIT COMMITTEE

DATE 12th June 2025

1. PURPOSE

- 1.1 The purpose of this report is to inform members of the committee of how the Council manages its legal responsibilities towards the Freedom of Information Act (FOIA) and Data Protection Act (DPA). These responsibilities are met wholly by the actions of staff and the policies and procedures that are in place. The report also presents relevant performance statistics for the committee to evaluate.

2. RECOMMENDATIONS

- 2.1 Members are asked to scrutinise, review and assess the Council's arrangements for managing and responding to information requests and breaches and to consider the adequacy and effectiveness of those arrangements.

3. KEY ISSUES:

- 3.1 Information is a key resource alongside finance and people. The use, storage and publication of information is governed by legislation in the form of the Freedom of Information and Data Protection Acts. Non-compliance with this legislation can result in financial penalties in severe cases. However, any financial penalties that the Council incur are not as damaging as the disruption to operational services or the loss of personal data.
- 3.2 The majority of information is held in digital format, and modern flexible working practices have increased risk of data loss from cyber-crime or human error. Where personal information is compromised it's called a data breach, and there are protocols to follow to minimise the effects, or harm, to the people concerned.
- 3.3 The statistical data included in this report isn't just for information. It is actively used to target changes in the way information is recorded, making it easier to extract the relevant data on request. It is also used to assess the training needs of the organisation and to focus that training to services with a higher risk of a data breach.

4. FREEDOM OF INFORMATION

- 4.1 Under the Freedom of Information Act (FOIA) 2000 and Environmental Information Regulations (EIR) 2004, members of the public are entitled to request copies of recorded information that the Council holds.

Requests can be for any information held. EIRs are requests for environmental matters. Information held may be in digital form, paper form or recordings. The Council do not have to create information that is not held at the time of request.

Requests may be received via the Contact Centre, website, email, social media or written letter. EIRs can also be submitted verbally. FOIs and EIRs can be received by any member of staff and should be forwarded to the FOI team.

Once received, the Council has 20 working days to provide the response, or to supply a refusal. It is the responsibility of the service departments to search for, collate and redact the information before it is submitted to the requestor.

The Council can only refuse to disclose information if it is covered by an exemption (FOI) or exception (EIR). Examples include personal data of third parties, safeguarding security, disclosure would adversely affect and course of justice. A public interest test (PIT) is often required to apply exemptions/exceptions.

Some FAQ datasets are held on the website for ease of responding to common themes. These are updated quarterly by the FOI team.

Responses are normally sent in the same manner as request received – email, post etc. Enquirers can request alternative formats and methods of return.

If an enquirer is dissatisfied with the response, the FOI team will try to resolve informally in the first instance. If the enquirer remains unsatisfied, they can request an Internal Review which is carried out by the Senior Information Risk Officer (SIRO).

The number of requests received by Monmouthshire County Council in recent years are documented in the following table. It should be noted that FOI/EIR requests received have become more complex and therefore take more time and resource to complete them.

All statistics related to FOI compliance are published on the [FOI page of the Corporate website](#).

4.2 Breakdown of last financial year (April 2024 to March 2025)

Financial Year	Number of requests received
2020-21	796
2021-22	932
2022-23	992 (250 EIR, 742 FOI)
2023-24	1159 (292 EIR, 867 FOI)
2024-25	1021 (217 EIR, 804 FOI)

	2020/21	2021/22	2022/23	2023/24	2024/25
Requests received	796	932	992	1159	1021
Requests closed on time	394 (50%)	685 (73%)	909 (92%)	1069 (92%)	979 (96%)
Internal Reviews	5	11	19	25	15

- 4.3 Internal Reviews (IR) are undertaken when the Council has failed to provide FOI information within the legislative timescales or where the requestor believes we have sent inaccurate or incomplete information.

Members will note a decrease in the number of requests in the last year. This is due to a process change with a portion of requests being handled by the team informally under course of business, rather than registered formally under FOI/EIR legislation.

Requests for standard, readily available information (such as a request for the name and email of the Chief Executive) are handled informally, and there have been **213** requests handled informally in 24/25.

Handling a request informally decreases administrative burden to the team, and allows them to provide more prompt, helpful responses to the enquirers. Alongside the informal response, the offer to handle each request formally is provided to ensure legislative requirements are met. This approach has had positive feedback, with only one enquirer requesting a formal response under the legislation after receiving the informal return.

- 4.4 FOI requests are allocated into the service areas that 'own' the response by the statutory deadlines. This is to help Members identify where the FOI requests are targeted.

Service Area	Number of requests (2023/24 Financial year)	Number of requests (2024/25 Financial year)
Communities & Place	332	309
Children and Young People	97	101
Mon Life	52	46
Other (inc. Whole Org.)	42	38
People & Governance	58	N/A
Law & Governance (2024)	5	25
Policy & Performance	48	72
Resources	221	216
Social Care, Health and Safeguarding	304	214
TOTAL	1159	1021

- 4.5 The Information Governance Officers provide FOI/EIR training where required, with a focus on high-demand and front-line teams.
- 4.6 Considerable effort is being made to 'signpost' people to readily available information rather than respond in detail to an information request. This is linked to opening up data on the website in order for people to self-serve. It should be noted

that in 2024/2025 the FOI team have responded (in full or part) to 19.7% of formal requests themselves, or 33.5% of all requests if including informal responses.

5. DATA PROTECTION ACT BREACHES

- 5.1 Under Article 33 of the UK GDPR 2018, the Council must report any breaches of data to the supervisory authority unless it is unlikely to result in a risk to the rights and freedoms of natural persons. The supervisory authority for the Council is the Information Commissioner's Office (ICO).

All staff are asked to alert the Data Protection Officer if they suspect a breach of personal data. This information is assessed as to whether it is an actual breach and if there is any potential 'harm' to the person (the data subject) whose information has been shared in error.

All potential breaches are investigated thoroughly and logged alongside any relevant information. If it is necessary to report the breach to the ICO, then this must be done within 72 hours of being alerted to the issue. The ICO then make a judgement as to whether the breach was preventable and whether all preventative steps had been taken. They also have the power to issue fines if a serious infringement has occurred. The ICO may, alternatively, issue warnings, reprimands or recommendations.

If a person or organisation has received any personal data of another person/s in error, then they are asked to return, delete or destroy that data. They are also asked to sign a containment form to confirm this.

In most cases, the data subject is also informed that the breach has occurred.

All staff receive mandatory GDPR/Data Protection training and this is now available on the Thinqi Learning Management System. A separate version of this training is available in an online format for any staff or volunteers who do not have access to the Thinqi system. For service areas that deal with a large amount of personal data, bespoke face-to-face training is also provided.

- 5.2 Breaches can be reported to the Information Governance team from internal or external sources and in any way. Breach reporting is encouraged of any kind so it can be evaluated whether they are serious or not. People are not expected to have the degree of knowledge of what constitutes a breach. Once reported, breaches are documented and categorized.
- 5.3 The tables below set out the number of breaches split into directorates and type. It is useful to note that the whole council is classed as a single 'data controller', whilst each school is its own 'data controller' so is responsible for its own data protection management. Table iii shows the number of breaches notified to the ICO.

Table I – Number of Data Breaches recorded 1st April to 31st March (all data in the subsequent tables refer to data collected between these dates)

Directorate	Number of Data Breaches			
	2021/22	2022/23	2023/24	2024/25
Chief Execs	2	3	1	1
Children & Young People	10	12	10	7
Enterprise (Communities & Place)	6	13	10	6
Mon Life	n/a	4	1	6
People & Governance	n/a	3	2	8
Policy, Performance & Scrutiny	n/a	1	2	4
Resources	6	0	0	0

Schools (<i>own Data Controllers</i>)	16	21	16	38*
Social Care, Health & Safeguarding	29	32	24	25
TOTAL	69	89	66	85

**School breach reports has increased over the past year due to active involvement of the Information Governance team with school business administrators and Head Teachers. Awareness of breaches has been raised and schools are actively recognising issues and reporting them to the team.*

Table ii - Type of data breach

	2021/22	2022/23	2023/24	2024/25
Cyber Security Issue	0	0	0	0
Email**	55	70	52	74
Paper Records	3	11	3	9
Laptop/other devices	0	0	0	0
Other*	11	8	11	12
TOTAL	69	89	66	95

** 'Other' breaches include electronic records shared or accessed incorrectly, records not redacted accurately, or photographs being shared without consent*

*** Emails continue to account for a high proportion (78%) of all breaches in 2024/25. This is minor in proportion to the millions of emails sent from MCC accounts each year.*

Table iii - Number of Data Breaches reported to the ICO

	2021/22	2022/23	2023/24	2024/25
Corporate	3	2	1	1
Schools	0	0	0	1
TOTAL	3	2	1	2

- 5.4 For the reports sent to the ICO regarding personal Data Breaches in 2024/25, one did not result in any penalties or sanctions. A decision from the ICO regarding the other report is still awaited. When responding to a report that requires no further action from themselves, the ICO issue a 'checklist' to support learning and training of staff.

Table iv - Number of Data Incidents ('near miss breaches')

	2021/22	2022/23	2023/24	2024/25
Corporate	7	19	31	27
Schools	1	1	3	4
TOTAL	8	20	34	31

- 5.5 The Data Incidents referred to in **Table iv** relate to issues that have occurred where some personal data may have been compromised or lost but has not resulted in a breach. For example, an attachment being sent to the incorrect email address, but the password for the attachment was not shared, would be recorded as an 'incident' as no personal data was accessed by an incorrect recipient.

- 5.6 These Data Incidents, or 'near misses' are tracked and are used to enhance training and other awareness activities. Staff are also encouraged to reflect on their practice and procedures which often instigates change in processes to ensure a breach is not incurred in future. It is positive that these incidents are reported to the team, even if very minor.
- 5.7 Records are kept of data breaches/incidents caused by other organisations that contain MCC data. For example, a member of a Health Board sharing a MCC care report with an incorrect person which resulted in a breach of personal data. These breaches are followed up robustly with the external organisation and recorded for reference purposes.

Table v - Number of External Organisation Breaches and Incidents

	2021/22	2022/23	2023/24	2024/25
Corporate	6	5	7	9
Schools	1	2	1	4
TOTAL	7	7	8	13

- 5.8 Data Protection Impact Assessments (DPIA) are drawn up when services adopt new systems to ensure we are considering the implications of the data protection principles.

6. DATA SUBJECT ACCESS REQUESTS

- 6.1 Under Article 15 of the UK GDPR 2018, an individual is entitled to receive a copy of any records containing their personal data that are held by the Council.

Requests may be received via the Contact Centre, website, email, written letter or via a conversation with a member of staff.

Personal detail collection forms are sent to the requester to confirm their identification.

On receipt of confirmed identification, the Council have one calendar month to respond to the requester. All requests are recorded and sent to the pertinent service to process.

Records that contain third party information need to be redacted so that this information is not visible to the requester.

The records may be returned to the requester in paper or electronic format. This is agreed with the requester at the start of the process.

- 6.2 The vast majority of DSARs relate to Social Care and, because these records can go back many years, responding to these requests is quite an undertaking. The number of DSARs therefore may not reflect the resources needed to collate the information. The volume of requests has increased significantly in the last two financial years and is becoming even more resource intensive.
- 6.3 For the purposes of this report, the number of DSARs received and responded to is shown in the table below. This includes a breakdown of the main request service areas.
- 6.4 Financial Year 2020/21 49 DSARs

Financial Year 2021/22	61 DSARs
Financial Year 2022/23	94 DSARs
Financial Year 2023/24	108 DSARs
Financial Year 2024/25	115 DSARs

6.5 Number of Data Subject Access Requests for Financial Years (as current data stands)

Data Subject Access Requests	2020/21 Number	2021/22 Number	2022/23 Number	2023/24 Number	2024/25 Number
Children's Services	31	41	69	57	68
Adult Services	6	4	9	16	7
Mixed Children's and Adult Services	3	2	10	4	37
Whole Authority	9	14	6	31	3
TOTAL	49	61	94	108	115
<i>No. of individual requestors above</i>	<i>41</i>	<i>47</i>	<i>67</i>	<i>88</i>	<i>92</i>
<i>No. of 'on time' replies (28 days)</i>	<i>57%</i>	<i>59%</i>	<i>64%</i>	<i>65%</i>	<i>58%</i>
<i>No. of enquiries received concerning potential illegal activities eg, National Fraud organisations, Rent Smart Wales, Home Office Immigration</i>	<i>13</i>	<i>6</i>	<i>11</i>	<i>31</i>	<i>112</i>

7. CONSULTEES:

Information, Security and Technology Team
Chief Officer Resources

8. BACKGROUND PAPERS:

FOI requests, DPA breach notifications & DSARs records

AUTHOR: Sian Hayward – Head of Information Security and Technology & SIRO

CONTACT DETAILS:

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SUBJECT:	SRS INTERNAL AUDIT ANNUAL REPORT – 2024/25
MEETING:	GOVERNANCE & AUDIT COMMITTEE
DATE:	JUNE 2025
DIVISION/WARDS AFFECTED:	ALL

NON-PUBLICATION

Not Applicable.

1. PURPOSE:

To outline the work carried out in respect of the Shared Resource Service (SRS) for the year ended March 31, 2025 which forms the basis of the annual opinion of the Head of Internal Audit and enables the provision of assurance to the Governance & Audit Committee.

2. RECOMMENDATIONS:

To note the overall opinion provided by the Torfaen Head of Internal Audit and the intended coverage for 2025/26.

3. KEY ISSUES:

The audit risk assessment determined that the programme of work for 2024/25 should comprise 11 separate reviews [10 SRS and 1 GPA] to allow an overall opinion to be given as to the adequacy and effectiveness of governance, risk management and control.

The resultant 8 'full', 2 'substantial' and 1 'moderate' audit opinion enables the determination of an overall opinion of "*generally satisfactory, some improvement required*". This recognises continued maintenance of the improvement achieved in previous years as the number of audits findings has again reduced and that areas for improvement will always exist as there was a small increase in the number of high risk issues/recommendations.

The expectation is that all agreed recommendations are implemented and that all opinions are at least 'moderate' if not 'substantial' which has been achieved.

The internal audit service can only ever provide reasonable assurance that there are no major weaknesses in the system of internal control.

The implications for the year 2025/26 is the requirement for 11 separate reviews and a similar resource requirement to that for 2024/25.

4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

Not Applicable.

5. OPTIONS APPRAISAL

Not Applicable.

6. EVALUATION CRITERIA

The report relies upon several measures/milestones i.e.

- Risk Assessment to inform required coverage for the year ahead.
- Allocation of resource to assessed risk and required coverage.
- Engagement of the SRS and Finance & Governance Board.
- Completion of the proposed programme of work and the reporting of results.

7. REASONS:

Not Applicable.

8. RESOURCE IMPLICATIONS:

Not Applicable.

9. CONSULTEES:

This report compiles the results of the detailed progress reports presented to the SRS Finance & Governance Board on a quarterly basis. It is scheduled to be reported at its next meeting.

SRS Senior Management also receive the report, which they have accepted and acknowledged.

10. BACKGROUND PAPERS:

SRS Annual Internal Audit Report 2024-25

11. AUTHOR:

M Corcoran, Group Auditor, Torfaen County Borough Council Internal Audit

12. CONTACT DETAILS:

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SHARED RESOURCE SERVICE

Annual Internal Audit Report

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2024/25

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Executive Summary

Introduction

This report outlines the internal audit work we have carried out for the year ended 31 March 2025.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control (i.e., the organisation’s system of internal control).

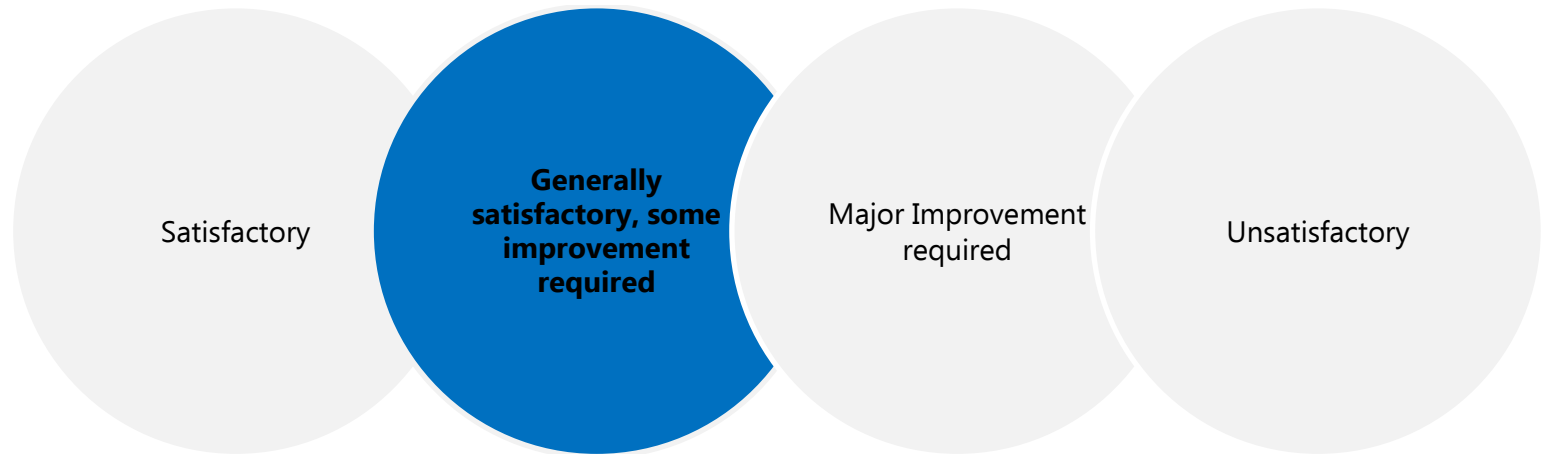
This is achieved through a risk-based plan of work, agreed with management, which should provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1.

The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

Head of Internal Audit Overall Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow an overall opinion to be given as to the adequacy and effectiveness of governance, risk management and control. It should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

Our opinion is as follows:



Defined as:

- Medium risk rated weaknesses identified in individual assignments that are not significant in aggregate to the system of internal control; and/or
- High risk rated weaknesses identified in individual assignments that are isolated to specific systems or processes; and
- None of the individual assignment reports have an overall classification of critical risk.

Implications:

The agreed audit plan contained 11 areas for review [10 SRS and 1 GPA], generating 8 'full', 2 'substantial' and 1 'moderate' audit opinion. The overall opinion (based on the 10 areas of the SRS) recognises the continued maintenance of the improvement achieved in previous years. Areas for improvement will always exist. The expectation is that all agreed recommendations will be implemented and that all opinions are at least 'moderate' if not 'substantial' which has been achieved.

Improvement (see Pages 06 - 08) is required in those areas identified to enhance the adequacy and effectiveness of the internal control framework.

An explanation of all the types of opinion can be found in Appendix 2.

Basis of opinion

Our opinion is based on:

- All audits undertaken during the year.
- Any follow up action taken in respect of audits from previous periods.
- Any significant recommendations not accepted by management and the resulting risks.
- The effects of any significant changes in the organisation's objectives or systems.
- Any limitations which may have been placed on the scope or resources of internal audit.
- Any reliance that is placed upon third party assurances.

Acknowledgement

The plan for this year was again ‘flexed’ to accommodate operational issues within the Shared Resource Service, all audits were completed within the year.

For 2025-26, it is hoped that all audits can happen as planned throughout the year.

Internal Audit would like to take this opportunity to thank all SRS staff for their co-operation and assistance in ensuring the completion of audits identified in the plan.

Summary of Findings

The table starting on page 06 records a summary of the key findings from our programme of internal audit work for the year.

Overview

	SRS	GPA
Number of reviews	10	1
Audit Type - System	7	1
Audit Type - Follow Ups	3	
Risk Assessment – High	1	
Risk Assessment – Medium	7	1
Risk Assessment - Low	2	
Findings – High	2	3
Findings – Medium	7	6
Findings - Low	2	

- 20 findings to improve weaknesses in the design of controls and/or operating effectiveness (see Page 06) were identified.

All final reports issued during the year contained agreed action plans, dates, and responsible officers for improving the internal control environment.

Internal Audit Work Conducted

Introduction

The table below sets out the results of our internal audit work and the system opinion for each individual audit assignment plus any implications for next year's plan. We also include a comparison between planned internal audit activity and actual activity.

Results of individual assignments

Ref	Review / Opinion	Fieldwork Completed	Draft		Final	Num Tested	%age in place	No of Findings		
			Issued	Response	Issued			H	M	L
SRS-24001	Active Directory, Full	27/11/24	27/11/24	27/11/24	27/11/24	8	100			
SRS-24002	Application Integration Service, Full	1/11/24	1/11/24	1/11/24	1/11/24	22	100			
SRS-24003	Business Management, Full	27/8/24	28/8/24	29/8/24	29/8/24	19	100			
SRS-24005	HALO, Full	20/11/24	20/11/24	20/11/24	20/11/24	1	100			
SRS-24006	Information Security Management System, Full	6/8/24	7/8/24	7/8/24	8/11/24	71	98		1	
SRS-24007	IT Disposals, Substantial	11/2/25	13/2/25	25/2/25	25/2/25	10	70		2	1
SRS-24008	IT Service Continuity Management, Substantial	11/3/25	13/3/25	17/3/25	17/3/25	27	78	2	4	
SRS-24009	Mobile Computing, Full	16/12/24	6/1/25	30/1/25	30/1/25	54	98			1
SRS-24010	Software Asset Management, Full	26/2/25	27/2/25	27/2/25	27/2/25	17	100			
SRS-24011	Solarwinds, Full	15/1/25	16/1/25	16/1/25	16/1/25	1	100			
Totals						230		2	7	2

Ref	Review / Opinion	Fieldwork Completed	Draft		Final	Num Tested	%age in place	No of Findings		
			Issued	Response	Issued			H	M	L
SRS-24004	Data Centre – GPA, Moderate	2/8/24	6/8/24	20/8/24	20/5/24	83	89	3	6	
Totals						83		3	6	-

Implications for the 2025 – 26 audit plan

The internal audit plan detailed below has been agreed with management.

Audit Ref	LAST SYSTEM AUDIT	LAST SYSTEM OPINION	TYPE	PROJECT_NAME	QTR	HOURS
SRS – 25001	17/6/22	SUBSTANTIAL	SYS	Change Management	2	89
SRS – 25002	30/3/23	FULL	SYS	Cybersecurity	4	89
SRS – 25004	27/3/23	FULL	SYS	Firewall	4	89
SRS – 25005	5/4/22	SUBSTANTIAL	SYS	Identity and Access Management	1	89
SRS – 25006	8/8/24	FULL	FUP	Information Security Management System	1	15
SRS – 25007	25/2/25	SUBSTANTIAL	FUP	IT Disposals	3	37
SRS – 25008	17/3/25	SUBSTANTIAL	FUP	IT Service Continuity Management	3	52
SRS – 25009	30/1/25	FULL	FUP	Mobile Computing	2	15
SRS – 25010	23/1/23	FULL	SYS	O365	4	89
SRS – 25011	23/2/23	FULL	SYS	Virtualisation	4	89
SRS TOTAL						653
SRS – 25003	20/8/24	MODERATE	FUP	Data Centre – GPA	2	52
GPA TOTAL						52

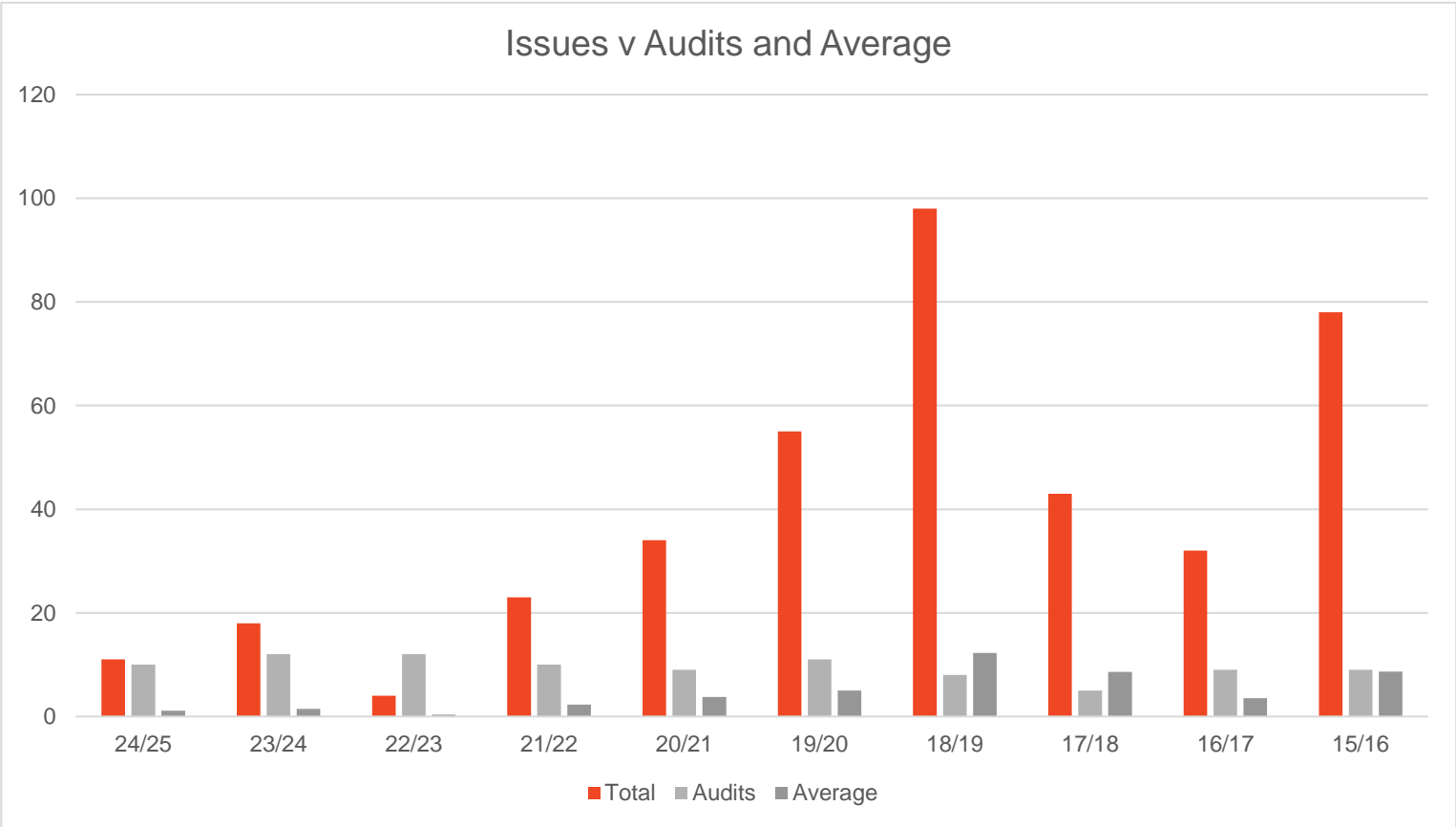
Individual audit opinion ratings:

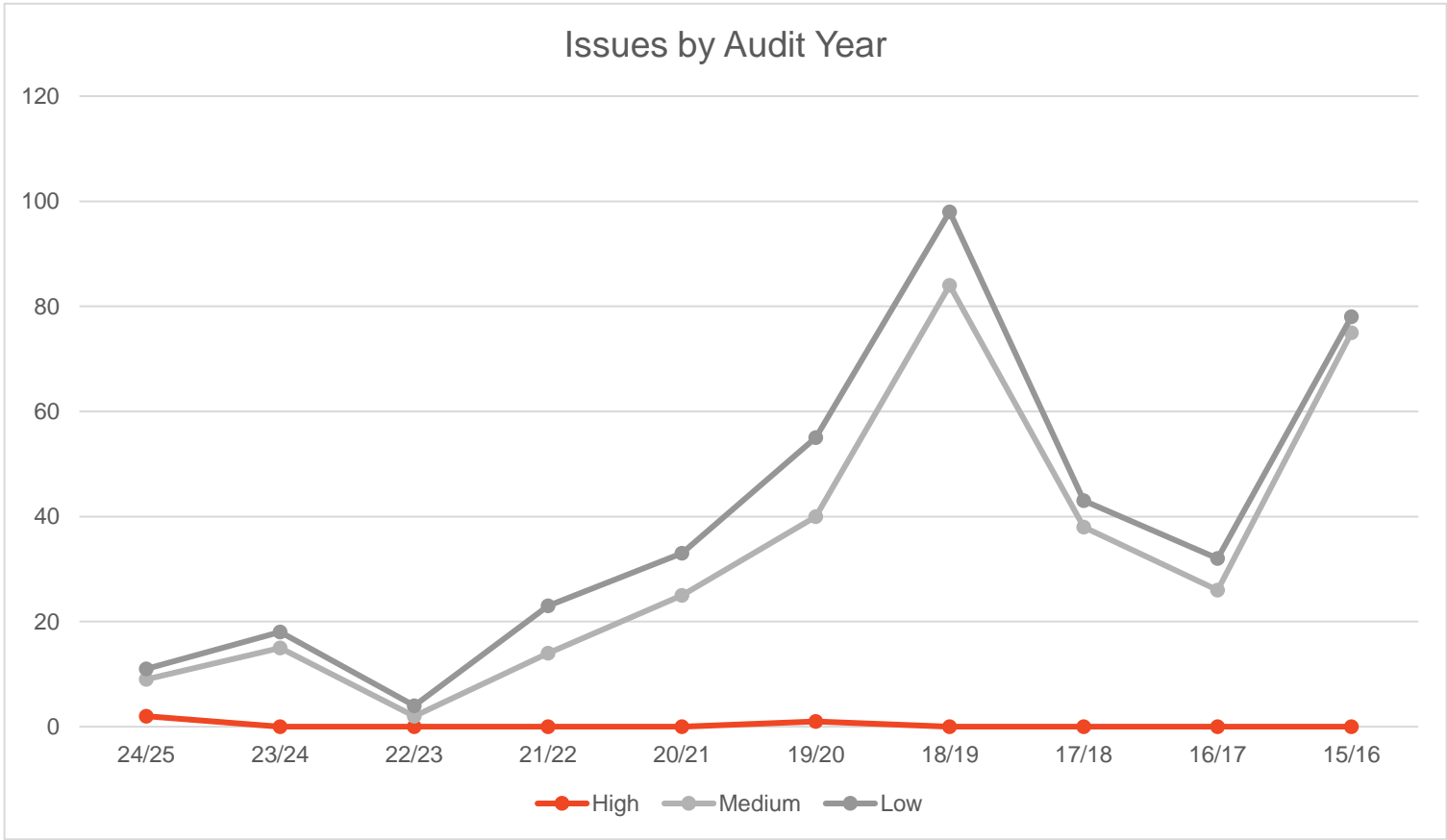
The ratings below are now used for both systems and follow up audit reviews, confirmation of at least the existing review control environment for a follow up.

Rating	% controls tested deemed operating
NIL	0 – 10%
LIMITED	11 – 49%.
MODERATE	50 – 69%
SUBSTANTIAL	70 – 89%
FULL	90 – 100%

Direction of Control Travel

Metric	24/25	23/24	22/23	21/22	20/21	19/20	18/19	17/18	16/17	15/16
Total Issues	11	18	4	23	34	55	98	43	32	78
Num Audits	10	12	12	10	9	11	8	5	9	9
High	2	0	0	0	0	1	0	0	0	0
Medium	7	15	2	14	25	39	84	38	26	75
Low	2	3	2	9	8	15	14	5	6	3





Implications for Management

The mix and focus of our internal audit plans differs between years so the above results are indicative and not directly comparable. This year has seen an increase in the number of high-risk findings, and comparable numbers of medium and low risk findings based on 2023/24. This is primarily due to the audit of the GPA Data Centre, outside the direct control of the SRS. The number of audits performed has remained roughly constant.

Comparison of planned and actual activity 2024/25

Ref	Stage	Type	Title	Quarter	
				Planned	Complete
SRS-24001	COM	FUP	Active Directory	3	3
SRS-24002	COM	SYS	Application Integration Service	2	3
SRS-24003	COM	SYS	Business Management	2	2
SRS-24004	COM	SYS	Data Centre - GPA	1	2
SRS-24005	COM	FUP	HALO	3	3
SRS-24006	COM	SYS	Information Security Management System	1	2
SRS-24007	COM	SYS	IT Disposals	4	4
SRS-24008	COM	SYS	IT Service Continuity Management	4	4
SRS-24009	COM	SYS	Mobile Computing	2	4
SRS-24010	COM	SYS	Software Asset Management	3	4
SRS-24011	COM	FUP	SolarWinds	3	4

Appendix 1: Limitations and responsibilities

Limitations inherent to the internal auditor's work

Our work has been performed subject to the limitations outlined below.

Overall Opinion based on all work carried out

The overall opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our agreed annual programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence, management and the Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended, or other relevant matters were brought to our attention.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to the Shared Resource Service is for the period 1 April 2024 to 31 March 2025. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that the:

- design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix 2: Overall Opinion Types

Limitations inherent to the internal auditor’s work

The table below sets out the five types of overall opinion that we use, along with an indication of the types of findings that may determine the opinion given. The Head of Internal Audit will apply his judgement when determining the appropriate opinion so the guide given below is indicative rather than definitive.

Opinion	Factors contributing to this opinion
Satisfactory	<ul style="list-style-type: none">A limited number of medium risk rated weaknesses may have been identified, but generally only low risk rated weaknesses have been found in individual assignments; andNone of the individual assignment reports have an overall report classification of either high or critical risk.
Generally satisfactory with some improvements required	<ul style="list-style-type: none">Medium risk rated weaknesses identified in individual assignments that are not significant in aggregate to the system of internal control; and/orHigh risk rated weaknesses identified in individual assignments that are isolated to specific systems or processes; andNone of the individual assignment reports have an overall classification of critical risk.
Major improvement required	<ul style="list-style-type: none">Medium risk rated weaknesses identified in individual assignments that are significant in aggregate but discrete parts of the system of internal control remain unaffected; and/orHigh risk rated weaknesses identified in individual assignments that are significant in aggregate but discrete parts of the system of internal control remain unaffected; and/orCritical risk rated weaknesses identified in individual assignments that are not pervasive to the system of internal control; andA minority of the individual assignment reports may have an overall report classification of either high or critical risk.

<i>Unsatisfactory</i>	<ul style="list-style-type: none">▪ High risk rated weaknesses identified in individual assignments that in aggregate are pervasive to the system of internal control; and/or▪ Critical risk rated weaknesses identified in individual assignments that are pervasive to the system of internal control; and/or▪ More than a minority of the individual assignment reports have an overall report classification of either high or critical risk.
<i>None</i>	<ul style="list-style-type: none">▪ An opinion cannot be issued because insufficient internal audit work has been completed. This may be due to either:<ul style="list-style-type: none">□ Restrictions in the audit programme agreed with the Audit Committee, which meant that our planned work would not allow us to gather sufficient evidence to conclude on the adequacy and effectiveness of governance, risk management and control; or□ We were unable to complete enough reviews and gather sufficient information to conclude on the adequacy and effectiveness of arrangements for governance, risk management and control.

Contact Information

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SUBJECT:	INTERNAL AUDIT Annual Report 2024/25
DIRECTORATE:	Resources
MEETING:	Governance and Audit Committee
DATE:	June 2025
DIVISION/WARDS AFFECTED: All	

1. PURPOSE

To receive and consider the Annual Internal Audit Report for 2024/25.

2. RECOMMENDATION(S)

That the Governance and Audit Committee receive, comment on and endorse the Annual Report.

3. KEY ISSUES

- 3.1 The Public Sector Internal Audit Standards and from April 2025 the Global Internal Audit Standards require the Chief Internal Auditor to provide an annual opinion based upon and limited to the work performed on the overall adequacy and effectiveness of Monmouthshire County Council's framework of governance, risk management and internal control. This is achieved through a risk-based plan of work, agreed with management, which should provide a reasonable level of assurance. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.
- 3.2 The audit opinions issued reflect the level of assurance obtained; these are shown at Appendix B. **35** audit opinions were issued during 2024/25 ranging from Substantial to Limited assurance (a total of 37 opinions were issued in 2023/24). The overall opinion was **Reasonable assurance**, which indicates *There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.*
- 3.3 **9 Limited assurance** opinions were issued.

-
- 3.4 The 2024/25 Audit opinion is partially reliant on previous work undertaken by the team where Reasonable Assurance opinions were issued; there have been no significant changes to the organisation's systems or key personnel and no major frauds were identified.
 - 3.5 Internal Audit opinions on the work undertaken at the SRS by Torfaen Internal Audit team were also taken into consideration.
 - 3.6 The Internal Audit team achieved 81% of the agreed 2024/25 audit plan against a target of 80%.

4. REASONS

- 4.1 Monmouthshire County Council, as a local government organisation, is subject to The Accounts and Audit (Wales) Regulations 2014 and therefore has a duty to make provision for internal audit in accordance with the Local Government Act.
- 4.2 Internal Audit provides an independent, objective assurance and consulting activity and is designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to improve the effectiveness of risk management, control and governance processes.
- 4.3 In line with the Public Sector Internal Auditing Standards (PSIAS), the Chief Internal Auditor should present a formal annual report to the Council which gives an opinion on the overall adequacy and effectiveness of the Council's internal control environment, governance arrangements and risk management processes. The Standards require an external review of Internal Audit to be completed at least every five years. An External Quality Assessment (EQA) was completed during the 2023/24 financial year by the Acting Audit Manager of Caerphilly County Borough Council, this found that the Internal Audit team were 'Generally Compliant' with the PSIAS.
- 4.4 The PSIAS were replaced by the Global Internal Audit Standards with effect from the 1st April 2025 and therefore this will be the last annual report written under those auditing standards.

5. RESOURCE IMPLICATIONS

None.

6. CONSULTEES

Deputy Chief Executive / Chief Officer (Resources) & S151 Officer

7. BACKGROUND PAPERS

Internal Audit Annual Report
Operational Internal Audit Plan 2024/25
Public Sector Internal Auditing Standards
Shared Resource Service (SRS) – Internal Audit Annual Report
2024/25 (Torfaen IA Team)

8. AUTHOR AND CONTACT DETAILS

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INTERNAL AUDIT ANNUAL REPORT 2024/25

Date of Report Issue

June 2025

Report Author

Jan Furtek, Acting Chief Internal Auditor
Page 86



1. Introduction

- 1.1 Monmouthshire County Council, as a local government organisation, is subject to The Accounts and Audit (Wales) Regulations 2014 and therefore has a duty to make provision for internal audit in accordance with the Local Government Act.
- 1.2 The Regulations state that the Responsible Finance Officer (S.151) of the organisation shall maintain an adequate and effective internal audit of the accounts of that organisation and its systems of internal control. Internal Audit undertakes this role on behalf of the S.151 Officer. Internal Audit is seen as an independent function established by the management of Monmouthshire County Council for the review of the internal control system as a service to the organisation. It enhances and protects organisational value by providing risk-based and objective assurance, advice and insight.
- 1.3 In line with the Public Sector Internal Audit Standards, the Chief Internal Auditor should present a formal annual report to the Governance and Audit Committee which gives an opinion on the overall adequacy and effectiveness of the Council's internal control environment. The annual report should also:
- disclose any qualifications to that opinion, together with reasons for the qualification;
 - present a summary of the audit work undertaken to formulate the opinion;
 - draw attention to any issues the Chief Internal Auditor judges particularly relevant to the preparation of the annual governance statement (to be reported separately);
 - compare the work actually undertaken with that planned and summarise the performance of the internal audit function against its performance measures and criteria;
- 1.4 This report is the Annual Internal Audit Report which meets the requirements of the Standards. It provides the overall audit opinion for Members on the internal controls operating within the County Council and provides a summary of the work completed during the year, identifying key findings and outcomes from the work undertaken. It also outlines the performance of the Internal Audit team during the year against agreed pre-set targets.
- 1.5 The internal controls operating within the Council are of a complex nature, reflecting the organisational arrangements. Internal Audit plans its work to address the major risks that the Authority faces. That work is not designed to check the work of others but to comment on the

controls in place to protect the Council from loss of assets or inefficient operations, whatever the cause.

1.6 The objectives of the Section for the year were: -

- a. To deliver an internal audit service in accordance with the Public Sector Internal Auditing Standards and meeting statutory requirements;
- b. To undertake risk-based assessments of the Authority's internal control environment and hence contribute to the Annual Governance Statement;
- c. To maintain and enhance the audit involvement in all areas as an aid to good financial stewardship and protection of public funds.

2. Audit Opinion

2.1 In 2024/25, based on the planned work undertaken during the year, overall, the systems and procedures in place were adequately controlled, although risks were identified which could compromise the overall control environment; improvements are required. The opinion definitions are noted at Appendix A.

2.2 The overall audit opinion for the internal controls operating within the Council in 2024/25 was **Reasonable assurance**:

The Internal Audit team has completed its internal audit work for the year based upon the Operational Audit Plan approved by the Audit Committee in April 2024. The Plan was designed to ensure adequate coverage over the Council's financial and operational systems using a risk based assessment methodology.

The audit work included reviews, on a sample basis, of each of these systems/establishments sufficient to discharge the Authority's responsibilities for Internal Audit under Section 151 of the Local Government Act 1972 and The Accounts and Audit (Wales) Regulations 2014. The opinion is based upon the work undertaken. Work was planned in order to provide sufficient evidence to give me reasonable assurance of the internal control environments tested.

The 2024/25 Audit opinion is partially reliant on previous work undertaken by the team where Reasonable Assurance opinions were issued; there have been no significant changes to the organisation's systems or key personnel and no major frauds were identified.

Internal Audit opinions on the work undertaken at the SRS by Torfaen Internal Audit team were also taken into consideration.

Based on the planned work undertaken during the year, in my view the internal controls in operation give **Reasonable Assurance**; *There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.*

The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

Jan Furtek
Acting Chief Internal Auditor
June 2025

- 2.3 On undertaking audit reviews in accordance with the Annual Audit Plan, an opinion is given on how well the internal controls of the system or establishment are operating. Internal audit reports provide a balanced view of the controls in place. The opinion is determined by the number of strengths and weaknesses identified during the course of the review and the risk rating and priority given to each. Each audit review undergoes a comprehensive review process by the Chief Internal Auditor and/or Principal Auditor before the draft report is sent out to management. The controls are generally measured against a predetermined matrix of expected internal controls for each system; for fundamental systems these are usually derived from CIPFA.

- 2.4 The overall opinion has been compiled from individual audit reviews undertaken during the year [see Appendix B], consideration of the previous years' Internal Audit opinion and how management have responded to recommendations previously issued:

Audit Opinion	2022/23	%	2023/24	%	2024/25	%
Substantial	7	32	8	23.5	3	9
Considerable*	10	45	-	-	-	-
Reasonable	4	18	18	53	21	64
Limited	1	5	8	23.5	9	27
No Assurance	-	-	0	0	0	0
	22	100	34	100	33	100

Qualified	-	-	1	-	2	-
Unqualified	3	-	2	-	0	-
	3	-	3	-	2	-

Total Opinions	25	-	37	-	35	-
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Overall Opinion	Reasonable Assurance	Reasonable Assurance	Reasonable Assurance
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* The 'Considerable' audit opinion ceased to be used with effect from 01st April 2023.

- 2.5 The Annual Internal Audit Report for the Shared Resource Service (Torfaen CBC Internal Audit Team) will be presented to the June 2025 meeting of the Governance & Audit Committee.
- 2.6 The Internal Audit opinions on the work undertaken at the SRS by Torfaen Internal Audit team were taken into consideration within this annual report. The SRS are the Council's IT providers, so assurances have been provided on the adequacy of controls in place within that organisation to demonstrate effective governance, risk management and internal control processes.
- 2.7 Extract from the Annual Internal Audit Report 2024/25 of the Shared Resource Service - "The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control. The overall opinion is **Generally Satisfactory**.
- A Medium risk rated weaknesses identified in individual assignments that are not significant in aggregate to the system of internal control; and/or

- High risk rated weaknesses identified in individual assignments that are isolated to specific systems or processes; and
 - None of the individual assignment reports have an overall classification of critical risk.
- 2.8 Managers within directorates need to ensure that robust internal controls are in place and adhered to in order to ensure that the systems in operation run efficiently and effectively and the scope for misappropriation, theft or error is minimised. Chief Officers and Heads of Service have a responsibility to ensure that the Council's Financial Procedure Rules and Contract Procedure Rules are complied with at an operational level. Staff should be made aware of these and the requirements therein and the consequences of non-compliance.

3. Extent of Coverage

- 3.1 During 2023/24 and into the 2024/25 financial year, the Deputy Chief Executive / Strategic Director – Resources along with the Chair of the Governance & Audit Committee and the Acting Chief Internal Auditor considered the future delivery model for Internal Audit services within Monmouthshire. A report regarding this was considered by the Governance & Audit Committee in April 2024.
- 3.3 The Internal Team started the 2024/25 year with a full establishment of 5 FTE auditors. Within the April 2024 restructure it was agreed to add a post into the structure, a Counter Fraud Officer, this position was recruited to in October 2024 with the Officer commencing work for Monmouthshire in January 2025.
- 3.4 For the whole year, the Chief Internal Auditor continued to be employed on an acting basis following the departure of the previous post holder in April 2023. The recruitment process for this position is currently underway.
- 3.5 There have been no significant changes in systems or personnel in key position over the course of the year.
- 3.6 Overall, whilst not all planned audits were carried out, the actual number achieved is considered acceptable in view of the relative risk and priorities of other audit needs. Planned audit work not undertaken during the year is shown at Appendix C.

4. Audit Coverage

- 4.1 The full list of audit reviews completed by the Section during the year is shown in the attached Appendix B, together with the relevant internal control opinion issued for each audit.

- 4.2 Control opinions range from Substantial to No Assurance in accordance with the definitions shown in Appendix A. In June 2023 it was agreed with the Governance & Audit Committee that the audit opinions used by the Internal Audit team would be revised to bring them in line with those recommended by CIPFA for use across the UK public sector.
- 4.3 Audit reviews concluding with a control opinion of Limited assurance are routinely reported (in summary form) to the Governance and Audit Committee. For 2024/25, 9 **Limited assurance** opinions were issued; further details are included within Section 5 of this report. The significant increase of the number of reviews where a negative assurance rating was provided is of concern and will need to be closely monitored to see if any pattern emerges.
- 4.4 The added value, non-opinion work undertaken by Internal Audit is shown at Appendix D; this is mainly financial advice and monitoring the implementation of the agreed recommendations along with the completion of the Annual Governance Statement.
- 4.5 During the course of the year, the team has completed 3 unplanned (reactive) pieces of work in addition to the completion of the audit plan.
- Bank Imprest - Severn View Residential
 - Anti-Fraud, Corruption & Bribery Risk Assessment
 - Financial Assessment of Domiciliary Care Tenders

5. Update on Unfavourable Audit Opinions issued

- 5.1 During the 2024/25 financial year, the Internal Audit team have continued to follow-up reviews where a previous 'Limited' audit opinion had been issued. It is pleasing to confirm that where the most recent follow-up review has been conducted, the area examined has received a more favourable audit opinion.

Year	Assignment	Original Opinion	Revised Opinion
2023/24	Chepstow School	Limited	Reasonable
	Till Floats	Limited	Reasonable
	Commissioning & Contracts	Limited	Reasonable
	Mileage	Limited	Follow-up delayed – see Appendix C
	General Expenses	Limited	Follow-up delayed – see Appendix C
	Children Looked After Savings	Limited	Follow-up delayed – see Appendix C

Year	Assignment	Original Opinion	Revised Opinion
	Private Sector Leasing	Limited	Reasonable
	Democratic Services & Governance	Limited	Reasonable

- 5.2 During the 2024/25 financial year **9 Limited** audit opinions were issued. It is intended that each of these will be followed up during the 2025/26 year.

The reasons as to why these reviews were considered to be of limited assurance was presented to the Committee over the course of the year via the Chief Internal Auditors quarterly reports, with the exception of those issued during Quarter 4. Extracts from those reports issued during quarter 4 detailing the reasons why the opinion was issued can be found within Appendix G to I of this report. Links are included within the table below to the Committee reports where the other reviews were discussed.

Year	Assignment	Opinion	Date Issued (final report)	Details
2024/25	Job Evaluation	Limited	September 2024	G&AC - Sept 2024
2024/25	Procurement Cards	Limited	December 2024	G&AC - Nov 2024
2024/25	Mardy Park Residential	Limited	March 2025	G&AC - Nov 2024
2024/25	Facilities & Building Cleaning	Limited	February 2025	G&AC - Nov 2024
2024/25	Bank Imprest - Severn View Residential	Limited	October 2024	G&AC - Nov 2024
2024/25	Caldicot School	Limited	April 2025	G&AC - Feb 2025
2024/25	Supply Staff at Schools	Limited	May 2025	Appendix F
2024/25	Contract Management	Limited	March 2025 (draft)	Appendix G
2024/25	Pupil Referral Service	Limited	March 2025 (draft)	Appendix H

6. Follow-up of Recommendations and Agreed Management Actions

- 6.1 A requirement of the Public Sector Internal Audit Standards (PSIAS) is to monitor and ensure that management actions (recommendations)

have been effectively implemented or that senior management have accepted the risk of not taking action (2500.A1).

- 6.2 The Internal Audit team issued 141 recommendations during the 2023/24 financial year. The table below provides an overall summary of results of this exercise. Overall, 96% of recommendations had either been fully or partially implemented. This was an improvement from 84% in the previous year.

Measure	Number	Percentage
Recommendations fully implemented	93	66%
Recommendations partially implemented	42	30%
Recommendations fully or partially implemented	135	96%
Recommendations not implemented	3	2%
Recommendations considered no longer relevant	3	2%
Responses not received	0	0%
Total number of recommendations	141	100%

- 6.3 The completion of this exercise has shown that senior management have actively looked to address the recommendations made by Internal Audit to improve the overall control environment of their areas. The intelligence from this exercise has been used to inform the 2025/26 Internal Audit Plan and also used to provide assurance for the overall Chief Internal Auditors annual opinion (ref 2.2).

7. Non-Audit Duties

- 7.1 The team now has a minimal involvement with controlled stationery, although the team still administers the imprest account process. The audit team have worked over the year to close down the remaining imprest accounts with now only a small number of approved accounts remaining for operational reasons. Internal Audit involvement with this process is now minimal.

8. Fraud, Irregularity and Special Work/Investigations

- 8.1 The Internal Audit team have been involved with 9 special investigations during the course of the year;

S01 – A concern was raised by management within an area of Communities & Place. An informal fact find was completed and the concern was not substantiated.

S02 – The Chief Executive requested the Chief Internal Auditor to complete a formal review of a complaint resolution process within Adult

Services due to concerns that agreed actions had not been undertaken. A memo was issued to the Chief Executive highlighting areas for further improvement in the area.

S03 – A member concern regarding a 3rd party who conducted business with MCC was informally investigated and no further action was deemed necessary.

S04 – Following the internal audit review at Caldicot School a formal investigation took place under the Schools Disciplinary Policy regarding a number of specific concerns. The outcome of that process is confidential.

S05 – Concerns were raised by management regarding the Amenity Fund at Mardy Park Residential Home where money was unaccounted for. A full audit review of Mardy Park was subsequently completed which resulted in a Limited Assurance opinion.

S06 – The Chief Internal Auditor was requested to sit as part of the Safeguarding Practitioner Concerns panel for a concern within Adult Services where several employees were being investigated under the Councils Disciplinary Policy. These concerns related to the overclaiming of mileage and working hours and has been dealt with by management under the disciplinary policy.

S07 – A concern was raised by a Headteacher regarding their School Private Fund following the resignation of their Admin Support Officer. A review was completed and advice provided to move the School forward with appropriate controls being implemented.

S08 – A number of concerns were raised against an employee within the Infrastructure directorate and the Chief Internal Auditor was appointed as the investigating officer under the MCC Disciplinary Policy. This case was ongoing at year end and related to incorrect tender processes, misuse of Council equipment and safeguarding.

S09 – The Chief Internal Auditor was requested to investigate a concern under the Disciplinary Policy for an ex-employee of Adult Services. This case related to fraudulent mileage claims and had safeguarding implications. The investigation was ongoing at year end.

8.2 Where necessary, the above cases have been discussed with the Police either through Safeguarding Practitioner Concerns or through separate referrals to Action Fraud and the Gwent Police Financial Investigation Unit.

8.3 The Internal Audit Team is responsible for co-ordinating the National Fraud Initiative (NFI) process for the Council, an initiative run by the Cabinet Office. This is a biennial data matching exercise that matches electronic data within and between participating bodies to detect and

prevent fraud and overpayments from the public purse across the UK. On an annual basis Council Tax and Electoral Roll data is collated and matched.

- 8.4 The Council's first Fraud Risk Assessment was completed by the Chief Internal Auditor and presented to the Governance & Audit Committee in January 2025. This will be reviewed during the 2025/26 financial year and an updated version brought back to committee for review.
- 8.5 Over the course of the year, the Internal Audit team developed a training module on the Thingji e-Learning system covering Fraud, Corruption & Bribery. This was deemed to be mandatory training for all staff and members of the Council. It is pleasing to report that all members of the Strategic Leadership Team and their respective Directorate Management Teams have completed the module. As of the 20th May, the overall completion rate was 56.3% and has been broken down by service areas below.

Directorate	Completion Rate
Chief Executives	84%
Resources	81%
Law & Governance	76%
Customer, Culture and Wellbeing (MonLife)	54%
Learning, Skills and Economy	52%
Communities & Place	41%
Social Care & Health	33%
Members	29%

It was noted that the completion rates above would be affected by staff who are on long term absence from work either through sickness, extended leave or maternity leave.

Consideration also needs to be made by the training team and Chief Officers as to how the training can be provided to the 'harder to reach' areas of the Council including those without IT access and those at Schools.

- 8.6 In March 2025, Audit Wales completed a review of Monmouthshire County Council's Counter Fraud Arrangements. It was found that **the Council has recently strengthened its counter-fraud arrangements but recognises there are further steps it can take**. The management response to this report is currently being prepared with the report due to be presented to a future meeting of the Governance & Audit Committee.

9. Training

- 9.1 During the year a number of staff attended external courses / webinars on a variety of topics to ensure continued professional development.
- 9.2 The Section also participates in a number of local audit groups including the Welsh Chief Auditors' Group and the national Chief Auditors Network.
- 9.3 Management fully support the development and training of the audit staff and will continue to send staff to appropriate seminars/courses etc., to maintain an awareness of technical and legislative developments and to support user groups within the area in order to provide a more effective service. This will be beneficial on a personal and professional level.

10. Audit Team Performance

- 10.1 To ensure a quality Internal Audit service is provided, the Section uses a range of performance indicators which it compares with other Welsh authorities via the Welsh Chief Auditors' Group.
- 10.2 As shown at Appendix G, 81% of the agreed plan was completed against a target of 80%.
- 10.3 Excluding finalisation work from 2023/24, 72 audit jobs were included in the audit plan for 2024/25; 58 jobs were completed to at least draft report stage. [Not all jobs in the plan would warrant an audit opinion e.g. audit advice, Annual Governance Statement, external work etc.].
- 10.4 As a measure of the quality of the work produced, the Team was able to report that 100% of its recommendations were accepted by the service managers. [This does not take into account reports that were in draft at year end]. The percentage of previously agreed recommendations which had been implemented or partially implemented will be reported later in the year.
- 10.5 Getting audit reports out to clients in a timely manner is a key aspect of maintaining relationships and ensuring control weakness are addressed at an early stage.
 - a. Final reports were sent out 3.8 days following receipt of management comments, against a target of 5 days.
 - b. Draft reports were sent out to clients 1.8 days after the completion of the audit work against a target of 10 days.
- 10.6 Of the audit evaluation questionnaires which were returned by operational managers, 100% were 'satisfied' or 'very satisfied' with the audit service they had received. Where managers have highlighted any

areas for improvement, these will be considered and acted upon by the Chief Internal Auditor. All clients have the opportunity to discuss any concerns with the audit process directly with the Chief Internal Auditor.

11. Conclusions

- 11.1 It is considered that, over the course of the financial year, the objectives of the Team (as stated in paragraph 1.6) have been met.
- 11.2 The reporting procedures for all areas of the Team are now well established. Working practices are updated as a matter of course to underpin the quality of work undertaken. Team meetings are held on a regular basis to ensure all staff are kept aware of new developments and management can monitor progress of work against the plan.
- 11.3 The Team's management maintained a continuous review process throughout the year to ensure, where possible, that the highest risk areas were targeted and the Operational Plan for 2025/26 was also designed to ensure that any priority areas outstanding would be covered in the next financial year.
- 11.4 The objective of the Internal Audit Team is to provide assurance to Management and Members of the adequacy of the internal control environment, governance arrangements and risk management processes within Monmouthshire. Reduced audit staff resources leads to less coverage across the services provided by the Council which limits the assurance that can be given. In addition the team becomes less flexible in its ability to undertake special investigations in response to allegations of fraud, theft or non-compliance.
- 11.5 The Chief Internal Auditor will have to monitor the situation closely and use a range of options to ensure appropriate audit coverage is provided. Although demands on the resources are increasing, the Chief Internal Auditor is confident that adequate and appropriate coverage will be provided throughout the Council; prioritisation may be required.
- 11.6 Finally, the support of all audit staff as well as senior management must be acknowledged in helping to continue to provide a comprehensive and valuable service to the Authority.

Definitions of Internal Audit Opinions Used

SUBSTANTIAL ASSURANCE	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
REASONABLE ASSURANCE	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
LIMITED ASSURANCE	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
NO ASSURANCE	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Unqualified – the terms and conditions of the grant were complied with.

Qualified - the terms and conditions of the grant were not complied with.

Audit Opinions

Overall Opinion 2024/25 - Reasonable Assurance

Summary

	22/23	23/24	23/24
Substantial	7	8	3
Considerable	10	-	-
Reasonable	4	18	21
Limited	1	8	9
No Assurance	-	0	0
	22	34	33
Unqualified	3	2	2
Qualified	0	1	0
Total Opinions	25	37	35

Job Number	Directorate	Service	Job Name	Risk Rating / Priority	Final (31/03/24)	Opinion Given
P2425-15	Children & Young People	Primary Schools	Cross Ash Primary	Medium	Yes	Substantial
P2425-43	Communities & Place	Enterprise and Community Animation	Homelessness Assessment & Prevention	High	Yes	Substantial
P2425-52	Customer, Culture and Wellbeing - Mon Life	Environment & Culture	Active Travel	High	Yes	Substantial
P2425-01	Resources	Finance - Revenues, Systems & Exchequer	Till Floats (Follow-up)	Medium	No	Reasonable
P2425-02	Resources	Finance - Revenues, Systems & Exchequer	Corporate Sundry Debtors	Medium	Yes	Reasonable
P2425-04	Resources	Landlord & Commercial Services	Property Services Helpdesk/ Reactive Maintenance	Medium	No	Reasonable

Job Number	Directorate	Service	Job Name	Risk Rating / Priority	Final (31/03/24)	Opinion Given
P2425-07	Law & Governance	Local Democracy	Democratic Services & Governance (Follow-up)	High	Yes	Reasonable
P2425-12	Children & Young People	Achievement & Attainment	Flying Start (2023/24)	Medium	Yes	Reasonable
P2425-16	Children & Young People	Primary Schools	Rogiet Primary	Medium	Yes	Reasonable
P2425-19	Children & Young People	Primary Schools	Trellech Primary	Medium	No	Reasonable
P2425-21	Children & Young People	Secondary Schools	Chepstow School (Follow-up)	High	Yes	Reasonable
P2425-22	Children & Young People	Schools General	Schools Control Risk Self Assessments	Medium	Yes	Reasonable
P2425-27	Social Care, Safeguarding & Health	Adult Services	Commissioning & Contracts (Follow-up)	High	Yes	Reasonable
P2425-31	Social Care, Safeguarding & Health	Childrens Services	St. David's Day Fund	Medium	No	Reasonable
P2425-32	Social Care, Safeguarding & Health	Childrens Services	Youth Offending Service (2023/24)	Medium	Yes	Reasonable
P2425-34	Social Care, Safeguarding & Health	Public Protection	Registration Services	High	Yes	Reasonable
P2425-39	Communities & Place	Placemaking, Housing, Highways and Floods	Traffic & Safety	High	Yes	Reasonable
P2425-40	Communities & Place	Placemaking, Housing, Highways and Floods	Car Parks	Medium	Yes	Reasonable
P2425-44	Communities & Place	Enterprise and Community Animation	Private Sector Leasing (Follow-up)	High	Yes	Reasonable
P2425-45	Communities & Place	Neighbourhood Services	Waste Collections	Medium	Yes	Reasonable
P2425-50	Customer, Culture and Wellbeing - Mon Life	Community Hubs, Community Education & Libraries	Usk Post Office	Medium	Yes	Reasonable

Job Number	Directorate	Service	Job Name	Risk Rating / Priority	Final (31/03/24)	Opinion Given
P2425-51	Customer, Culture and Wellbeing - Mon Life	Community Hubs, Community Education & Libraries	Contact Centre	Medium	Yes	Reasonable
P2425-54	Customer, Culture and Wellbeing - Mon Life	Customer, Culture and Wellbeing - Mon Life General	Control Risk Self-Assessments	Medium	Yes	Reasonable
P2425-60	People, Performance and Partnerships	Performance & Data Insight	Service Business Plans	Medium	Yes	Reasonable
P2425-03	Resources	Finance - Revenues, Systems & Exchequer	Procurement Cards (2023/24)	Medium	Yes	Limited
P2425-10	Children & Young People	Inclusion	Pupil Referral Unit	Medium	No	Limited
P2425-20	Children & Young People	Secondary Schools	Caldicot School	Medium	Yes	Limited
P2425-24	Children & Young People	Schools General	Supply Staff at Schools	High	No	Limited
P2425-29	Social Care, Safeguarding & Health	Adult Services	Mardy Park Residential	Medium	Yes	Limited
P2425-38	Communities & Place	Decarbonisation, Transport & Support Services	Facilities & Building Cleaning	Medium	Yes	Limited
P2425-41	Communities & Place	Placemaking, Housing, Highways and Floods	Contract Management	High	No	Limited
P2425-57	People, Performance and Partnerships	Human Resources	Job Evaluation / Equal Pay	High	Yes	Limited
U2425-01	Social Care, Safeguarding & Health	Adult Services	Bank Imprest - Severn View Residential/Crick Park	n/a	Yes	Limited

Job Number	Directorate	Service	Job Name	Risk Rating / Priority	Final (31/03/24)	Opinion Given
P2425-13	Children & Young People	CYP Finance & Support Services	School Improvement Grant	Medium	Yes	Unqualified
P2425-42	Communities & Place	Enterprise and Community Animation	Housing Support Grant	Medium	Yes	Unqualified

2024/25 Planned jobs not undertaken

Job number	Directorate	Service	Job Name	Reason
P2425-14	Children & Young People	CYP Finance & Support Services	Pupil Development Grant	We were notified in September 2024 that Internal Audit certification of the grant was not required for the 2023/24 grant year.
P2425-18	Children & Young People	Primary Schools	Thornwell Primary	Arranged visit postponed at request of Strategic Director. Visit since undertaken and report issued.
P2425-23	Children & Young People	Schools General	Schools Financial Regulations Training	Planned training delayed due to new Contract Procedure Rules not being approved until February 2025.
P2425-28	Social Care, Safeguarding & Health	Adult Services	My Mates	Fieldwork ongoing at year end due to the absence of key members of staff within the My Mates team.
P2425-30	Social Care, Safeguarding & Health	Safeguarding, Quality Assurance & Child Protection	CLA Savings (Follow-Up)	Delayed at request of Strategic Director for Social Care & Health
P2425-33	Social Care, Safeguarding & Health	Children's Services	MyST	Carried forward into 2025/26 plan
P2425-48	Customer, Culture and Wellbeing - Mon Life	Leisure Services	Monmouth Leisure Centre	Fieldwork ongoing at year end. Carried forward to 2025/26.
P2425-49	Customer, Culture and Wellbeing - Mon Life	Visitor Attractions	Museums Service	Fieldwork ongoing at year end. Carried forward to 2025/26.
P2425-53	Customer, Culture and Wellbeing - Mon Life	Environment & Culture	Markets	Fieldwork ongoing at year end. Carried forward to 2025/26.
P2425-58	People, Performance and Partnerships	Payroll & Systems	Employee Travel (Mileage Claims) (Follow-up)	Delayed at request of Chief Officer - People, Performance & Partnership due to

Job number	Directorate	Service	Job Name	Reason
				delays in the approval of a new Travel & Reimbursement Policy.
P2425-59	People, Performance and Partnerships	Payroll & Systems	Employee General Expenses (Follow-up)	Delayed at request of Chief Officer - People, Performance & Partnership due to delays in the approval of a new Travel & Reimbursement Policy.
P2425-66	Corporate	Corporate	Corporate Governance Working Group	Group has not met.
P2425-70	Corporate	Corporate	Implementation of new Follow-up of Agreed Actions / Recommendations system	Project put on hold due to a lack of resource within the digital team to move forward with the system.

Appendix D

Non opinion related audit work 2024/25 Internal Audit Added Value

Job number	Directorate	Service	Job Name
P2425-25	Children & Young People	CYP General	Audit Advice
P2425-26	Children & Young People	CYP General	Monitoring Implementation of Previous Recommendations
P2425-35	Social Care, Safeguarding & Health	Social Care, Safeguarding & Health General	Audit Advice
P2425-36	Social Care, Safeguarding & Health	Social Care, Safeguarding & Health General	Financial Assessments
P2425-37	Social Care, Safeguarding & Health	Social Care, Safeguarding & Health General	Monitoring Implementation of Previous Recommendations
P2425-46	Communities & Place	Communities & Place General	Audit Advice
P2425-47	Communities & Place	Communities & Place General	Monitoring Implementation of Previous Recommendations
P2425-55	Customer, Culture and Wellbeing - Mon Life	Customer, Culture and Wellbeing - Mon Life General	Audit Advice
P2425-56	Customer, Culture and Wellbeing - Mon Life	Customer, Culture and Wellbeing - Mon Life General	Monitoring Implementation of Previous Recommendations
P2425-61	People, Performance and Partnerships	Welsh Language	Welsh Language Compliance
P2425-62	People, Performance and Partnerships	People, Performance and Partnerships General	Audit Advice
P2425-63	People, Performance and Partnerships	People, Performance and Partnerships General	Monitoring Implementation of Previous Recommendations
P2425-64	Corporate	Corporate	Annual Governance Statement
P2425-65	Corporate	Corporate	National Fraud Initiative (NFI)
P2425-67	Corporate	Corporate	Financial Monitoring Board

Job number	Directorate	Service	Job Name
P2425-68	Corporate	Corporate	Fleet Management Board
P2425-69	Corporate	Corporate	Anti Fraud, Corruption & Bribery training
P2425-71	Corporate	Corporate General	Audit Advice
P2425-72	Corporate	Corporate General	Monitoring Implementation of Previous Recommendations
P2425-25	Children & Young People	CYP General	Audit Advice
P2425-26	Children & Young People	CYP General	Monitoring Implementation of Previous Recommendations
P2425-35	Social Care, Safeguarding & Health	Social Care, Safeguarding & Health General	Audit Advice
P2425-36	Social Care, Safeguarding & Health	Social Care, Safeguarding & Health General	Financial Assessments
P2425-37	Social Care, Safeguarding & Health	Social Care, Safeguarding & Health General	Monitoring Implementation of Previous Recommendations
P2425-46	Communities & Place	Communities & Place General	Audit Advice

Performance of the Internal Audit Section

Performance Indicator	2020/21	2021/22	2022/23	2023/24	Annual Target	2024/25
Percentage of planned audits completed	57%	64%	72%	82%	80%	82%
Average no. of days from end of fieldwork to issue of a draft report	16 days	6 days	4.4 days	1.8 days	10 days	1.8 days
Average no. of days from receipt of agreement to draft report to issue of the final report	38 days	5 days	8.5 days	1.4 days	5 days	3.8 days
Percentage of recommendations made that were accepted by the clients	99%	99%	100%	100%	95%	100%
Percentage of clients at least 'satisfied' by audit process	100%	100%	100%	100%	95%	100%

Appendix F

Use of Supply Staff at Schools – Limited Assurance

The objective was to evaluate the financial and administrative controls, as well as the effectiveness of the governance framework, related to the use of supply teachers and support staff in Monmouthshire's Schools.

A framework for supply teachers was established by the Welsh Government in September 2023, aimed at improving transparency and working conditions. Significant spending was noted with off-framework suppliers, raising concerns about compliance. The audit revealed a critical weakness in procurement practices, leading to a 'Limited' assurance rating. This indicates that improvements are necessary in governance, risk management, and control systems.

Safeguarding measures were found to be satisfactory and were not a cause for concern.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	1
SIGNIFICANT	Important risk that requires attention as soon as possible.	3
MODERATE	Risk partially mitigated but should still be addressed.	3
STRENGTH	No risk. Sound operational controls and processes confirmed.	10

Ref.	CRITICAL
2.01	<p>Monmouthshire Schools had spent a considerable amount with an off framework provider for the provision of supply staff in schools.</p> <p>Where Schools had procured supply staff from suppliers not included on the Framework, compliance with Public Procurement Thresholds and Contract Procedure Rules was not demonstrated.</p>

Ref.	SIGNIFICANT
1.05	<p>The Agency and Self Employed Workers Policy required updating to include current framework links and guidance. Minimal guidance had been issued to signpost Schools to the current framework arrangements.</p>

Ref.	SIGNIFICANT
	The policy did not outline requirements to comply with Procurement Policies and Legislation and was not being followed by all Schools.
2.03	Governing Body awareness and agreement was not always documented where the School had engaged with an off- framework provider.
3.03	There were significant variances against agreed agency budgets resulting in additional budget pressures to Schools.

Ref.	MODERATE
3.04	Schools operating supply insurance schemes did not always appear to be benefiting from the policy being in place resulting in additional costs to the budget.
4.05	Schools operated an inconsistent process for recording the use of supply staff in School.
4.06	Schools were not always able to demonstrate that supply workers had received and understood the induction information provided during their employment at the School.

Contract Management – Limited Assurance (Draft Report)

The primary objective of the audit was to evaluate the contract management arrangements across the Communities & Place directorate to ensure effective service delivery. The audit identified several key issues, including the absence of a detailed contracts register, lack of a contract forward work planner, and non-compliance with Contract Procedure Rules (CPRs), which could lead to potential legal and reputational risks.

A sample of 15 suppliers was reviewed, covering significant expenditures across various services, to assess compliance with procurement processes.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	0
SIGNIFICANT	Important risk that requires attention as soon as possible.	7
MODERATE	Risk partially mitigated but should still be addressed.	0
STRENGTH	No risk. Sound operational controls and processes confirmed.	2

Ref.	SIGNIFICANT
1.01	A complete Contract Register was not in place.
1.02	A complete Contract Forward Work Planner was not in place.
1.03	Goods and Services have been procured without compliance to the Authority's Contract Procedures Rules and in some cases Public Procurement Thresholds.
3.01	Signed contracts could not always be provided.
3.02	Suppliers were not always provided with performance measures to deliver against. Where measures were set these were not always robust enough to drive and monitor performance.
3.03	Regular contract management meetings with suppliers were not always held. When meetings were held, they were not always fully documented.
3.04	Contract extensions were not always being administered via the Contract Procedure Rules Exemption Process.

Pupil Referral Service (PRS) – Limited Assurance (Draft Report)

The primary objective of the audit was to assess the financial and administrative controls within the PRS. The audit focused on key areas such as budget monitoring, payroll controls, procurement processes, asset security, and safeguarding policies. A review of Additional Learning Needs (ALN) processes was also included within the review.

The PRS was found to be operating with a significant deficit budget, without a recovery plan in place. Several issues were identified concerning the timely submission of starter and leaver forms, resulting in both underpayments and overpayments. Additionally, employees did not consistently provide adequate details for mileage claims. The audit revealed non-compliance with Contract Procedure Rules in the procurement of Alternative Education services, raising concerns about transparency and value for money. While DBS checks were in place, not all staff had completed mandatory GDPR and fraud awareness training, posing a risk to compliance with data protection regulations.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	1
SIGNIFICANT	Important risk that requires attention as soon as possible.	20
MODERATE	Risk partially mitigated but should still be addressed.	11
STRENGTH	No risk. Sound operational controls and processes confirmed.	15

Ref.	CRITICAL
1.01	The Pupil Referral Service was operating with a deficit budget that was not supported by a recovery plan.

Ref.	SIGNIFICANT
2.01	Starter and Leaver forms were not always submitted in a timely manner and with the correct information. This resulted in under and overpayments.
2.02	Employees submitting mileage claims had not adequately detailed their journeys, deducted home to work mileage consistently and attached a valid VAT receipt.

Ref.	SIGNIFICANT
2.03	Employees were required to make expense claims when alternative methods were available.
2.04	Driving at work checks were not always demonstrated on an annual basis for employees travelling for PRS duties.
2.05	Return to work paperwork was not available to demonstrate management of employee absences. Records were not always updated promptly to ensure correct data was processed through payroll.
2.06	TLR Allowances were not processed in a timely manner and were not always paid in line with the agreed Teachers Pay & Conditions Document.
3.02	Compliance with Contract Procedure Rules could not be demonstrated for the procurement of Alternative Education provision.
3.03	Purchase Orders were not always raised in a timely manner to demonstrate prior authorisation of the committed expenditure.
3.04	Invoices were not always correctly coded to relevant accounts.
3.05	Payment of invoices was not always made in a timely manner.
3.06	There were outstanding orders still open for over 6 months including from previous financial years.
4.02	The Pupil Referral Service did not hold a full inventory register of its assets. The IT asset records held by SRS had not been reviewed to confirm the service still held the listed assets.
4.03	GDPR and Fraud Awareness training had not been completed by all members of the PRS staff.
5.02	The Management Committee membership did not appear to reflect the agreed Instrument of Government.
5.03	Register of Business Interest Forms had not been recently completed by the Management Committee.
5.04	There was no process in place to ensure Pupil Referral Staff were completing Employee Disclosure Forms. There were undocumented business interests.
6.06	It was not demonstrated that references were in place for all new starters in September 2024. References held were provided internally and did not cover periods prior to agency engagement with the service.
6.07	Education Workforce Council (EWC) registrations were not in place for the PRS Pupil Engagement Officers.
6.08	PRS registers were not always completed in full and contained missing marks and 'N' codes. The service could not demonstrate they held complete records of attendance and had followed up pupil absences.
6.09	Confirmation of safeguarding checks undertaken by Agencies supplying the PRS were not always retained.

Ref.	MODERATE
1.02	The Management Committee did not receive regular budget updates or note the current deficit budget position.

Ref.	MODERATE
1.03	The Service Business Plan or supporting action plans did not include financial costings.
2.07	Progression of UPS Teachers pay scales was not always applied in a timely manner.
2.08	Employees have claimed high amounts of mileage to undertake their roles.
4.04	A record was not maintained to demonstrate the IT equipment allocated to staff.
4.05	System passwords had been shared between officers.
5.05	Management Committee meeting minutes did not always include the name of clerk or demonstrate that the previous meeting minutes had been agreed to allow them to be signed by the Chair.
5.06	The Pupil Referral Service did not have a schedule in place to demonstrate the policies in place and to assist managing the review schedule. Policies required approval from the Management Committee.
6.10	The current PRS Safeguarding Policy was not always clearly available to staff with old versions linked in the Staff Handbook.
6.11	Trip Risk Assessments and timing improvements were required for trips and activities recorded on the EVOLVE system.
7.07	Learner Behaviour Risk Assessments did not set out a clear review schedule or reiterate the need to update the document following any changes.



REPORT

SUBJECT:	TREASURY MANAGEMENT OUTTURN REPORT 2024/25
MEETING:	Governance & Audit Committee
DATE:	12th June 2025
DIVISIONS/WARD AFFECTED:	All

1. **PURPOSE:**

- 1.1. The Prudential Code and CIPFA treasury guidance require local authorities to produce annually a Treasury Management Strategy Statement and Prudential Indicators on their likely financing and investment activity, and to ensure that the appropriate governance function that oversees the treasury management activities of the Authority is kept informed of activity quarterly. This report represents the fourth and final update of treasury management activity during 2024/25.

2. **RECOMMENDATIONS:**

That Governance & Audit committee review the results of treasury management activities and the performance achieved in quarter 4 and throughout 2024/25 as part of their delegated responsibility to provide scrutiny of treasury policy, strategy and activity on behalf of Council.

3. **KEY ISSUES:**

- 3.1. The Authority's treasury management strategy for 2024/25 was approved by Council on 22nd February 2024. Over the final quarter of the year the Authority has continued to borrow and invest substantial sums of money and has therefore been exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

3.2. **Key data metrics during the quarter:**

Type	Metric	Q1	Q2	Q3	Q4
External	Bank of England base rate	5.25%	5.00%	4.75%	4.50%
External	UK Consumer Prices Index	2.0%	1.7%	2.5%	2.6%
External	10-year UK gilt yield	4.29%	4.01%	4.57%	4.69%
Internal	Borrowing	£177.7m	£175.3m	£184.5m	£202.3m
Internal	Borrowing Average rate	3.62%	3.60%	3.71%	3.90%
Internal	Investments	£10.3m	£16.0m	£15.5m	£16.0m
Internal	Investment Average rate	5.30%	5.13%	5.03%	5.17%
Internal	Credit score/rating	AA- / 4.3	AA- / 4.1	AA- / 3.95	A+ / 4.50

3.3. **Key messages:**

<i>Treasury management activities undertaken during the last quarter and for the full 2024/25 financial year complied fully with the CIPFA code and the limits and indicators as set out in the Authority's approved Treasury Management Strategy.</i>
<i>The Authorities average cost of borrowing has increased over the year, driven by increases in Gilt yields which have remained volatile. Financial market sentiment was reasonably positive over most of the period, but economic, financial and geopolitical issues meant the trend of market volatility remained.</i>
<i>£3.0m of Lender Option Borrower Option (LOBO) loans were called during the year. The Authority chose to repay these at no extra cost, refinancing temporarily from short term cashflows and subsequently via new PWLB loans. The Authority has no remaining LOBO loans.</i>
<i>Cash balances increased slightly over the year but remain comparatively low as part of the continued internal borrowing strategy. During the year, the authority's investment balances ranged from between £10.2m and £50.1m.</i>
<i>Investments in externally managed pooled funds generated £197k (5.42%) income return, together with a £10k (0.27%) unrealised capital loss in year.</i>
<i>Unrealised capital losses over the lifetime of the investments stand at £378k, for which the Authority maintains a sufficient risk reserve to mitigate against realisation. The statutory override relating to the realisation of capital gains/losses has been extended to 1 April 2029.</i>
<i>The authority continues to utilise an Environmental, Social and Governance specific Investment product opened in 2023/24. This fund aims to provide security of capital and liquidity while focussing on the performance of the underlying issuers on a range of environmental, social and governance measures.</i>
<i>Non-treasury investments, comprising the Authority's Solar farm and two strategic investment property assets, generated a £11k or 0.04% return (1.06% in 2023/24). This was inclusive of a bad debt provision of £417k (the return excluding this provision was 1.52%).</i>

4. **ECONOMIC SUMMARY**

- 4.1. **Economic background:** Both the UK and US elected new governments during the period, whose policy decisions impacted the economic outlook. The Chancellor of the Exchequer delivered her Spring Statement in March 2025, following her Budget in October 2024. Based on the plans announced, the Office for Budget Responsibility downgraded its predictions for UK growth in 2025 to 1% from 2%. However, it upgraded its predictions for the four subsequent years. Inflation predictions for 2025 were pushed up, to 3.2% from 2.6%, before seen as falling back to target in 2027. The market reaction to the Spring Statement was more muted compared to the Budget, with very recent market turbulence being driven more by US trade policy decisions and President Trump.
- 4.2. UK annual Consumer Price Index (CPI) inflation continued to stay above the 2% Bank of England (BoE) target in the later part of the period. The Office for National Statistics (ONS) reported headline consumer prices at 2.8% in February 2025, down from 3.0% in the previous month and below expectations. Core CPI also remained elevated, falling slightly in February to 3.5% from 3.7% in January, just below expectations for 3.6% but higher than the last three months of the calendar year.
- 4.3. The UK economy Gross Domestic Product (GDP) grew by 0.1% between October and December 2024, unrevised from the initial estimate. This was an improvement on the zero growth in the previous quarter, but down from the 0.4% growth between April and June 2024. Of the monthly GDP figures,

the economy was estimated to have contracted by 0.1% in January, worse than expectations for a 0.1% gain.

- 4.4. The BoE's Monetary Policy Committee (MPC) held Bank Rate at 4.5% at its March 2025 meeting, having reduced it in February. This follows earlier 0.25% cuts in November and August 2024 from the 5.25% peak. At the March MPC meeting, members voted 8-1 to maintain Bank Rate at 4.5%, with the one dissenter preferring another 25 basis points cut. The meeting minutes implied a slightly more hawkish tilt compared to February when two MPC members wanted a 50bps cut. In the minutes, the Bank also upgraded its Q1 2025 GDP forecast to around 0.25% from the previous estimate of 0.1%.

5. **BORROWING ACTIVITY**

- 5.1. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio and, where practicable, to maintain borrowing and investments below their underlying levels, known as internal borrowing.
- 5.2. Economic, financial and geopolitical issues has resulted in the trend of market volatility remaining during the year. In the latter part of the year, volatility increased and bond yields started to fall following a January peak, as the economic uncertainty around likely US trade policy impacted financial markets.
- 5.3. The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the period and 5.42% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.71%. Rates for 20-year maturity loans ranged from 5.01% to 6.14% during the period, and 50-year maturity loans from 4.88% to 5.88%.
- 5.4. For the majority of the year the cost of short-term borrowing from other local authorities closely tracked Base Rate at around 5.00% - 5.25%. However from late 2024 rates began to rise, peaking at around 6% in February and March 2025.
- 5.5. The Authorities' borrowing position at the end of the year can be seen below:

	31.3.24 Balance	31.3.24 Weighted Average Rate	31.3.24 Weighted Average Maturity (years)	Balance Movement	31.3.25 Balance	31.3.25 Weighted Average Rate	31.3.25 Weighted Average Maturity (years)
	£m	%	(years)		£m	%	(years)
Public Works Loan Board	125.1	3.3	20.1	20.4	145.5	3.7	17.0
Banks (LOBO)	3.0	4.5	19.6	(3.0)	0.0	0.0	0.0
Welsh Govt Interest Free	7.7	0.0	1.8	(1.0)	6.7	0.0	2.7
Local Authorities / Other	38.0	4.9	0.4	12.0	50.0	5.3	0.4
Total borrowing	173.9	3.5	14.9	28.4	202.3	3.9	12.4

- 5.6. The Authority's total borrowing increased by £28.4 million over the year, reflecting the decision to secure additional long-term borrowing to provide greater cost certainty. In some instances, long-term borrowing was arranged in advance of the maturity of the short-term debt it was intended to replace, enabling the Authority to take advantage of favourable movements in interest rates.

- 5.7. The lender of the authorities remaining Lender's Option Borrower's Option (LOBO) Loan exercised their option to call and increase the interest rate on their loans of £3.0m. The option exercised proposed a rate change from 4.50% to 8.2%. The Authority chose to repay this loan at no extra cost, financing initially through short term cashflows and then through a new PWLB equal instalment of principal (EIP) loans.

6. **INVESTMENT ACTIVITY**

- 6.1. During the year, the authority's investment balances ranged from between £10.2m and £50.1m due to timing differences between income and expenditure. The movement in investments during the year was:

	31.3.24 Balance	Net Movement	31.3.25 Balance	31.3.25 Income Return	31.3.25 Weighted Average Maturity Days
	£m	£m	£m	%	
Banks & building societies (unsecured)	(1.9)	(0.1)	(2.0)	Average 5.09%	Up to 180 days
Government (incl. local authorities)	(3.0)	0.0	(3.0)		
Money Market Funds (MMFs)	(3.0)	(4.0)	(7.0)		
Multi asset income, Pooled funds	(4.0)	0.0	(4.0)	5.42%	N/A
Total investments	(11.9)	(4.1)	(16.0)		

- 6.2. Bank Rate reduced from 5.25% to 5.00% in August 2024, again to 4.75% in November 2024 and again to 4.5% in February 2025 with short term interest rates largely being around these levels. The rates on DMADF deposits ranged between 4.45% and 5.19% and money market rates between 4.5% and 5.3%.
- 6.3. **Externally Managed Pooled Funds:** £4m of the Authority's investments are invested in externally managed strategic pooled multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and longer-term price stability.
- 6.4. These funds provide and important diversification for the Authority and generated £197k (5.42%) income return, together with a £10k (0.27%) unrealised capital loss in year.
- 6.5. Accumulated unrealised capital losses over the lifetime of the investment stand at £378k. The Authority maintains an adequate treasury risk reserve to mitigate against the risk that capital losses on pooled funds become realised and consequently result in a charge against the Council Fund.
- 6.6. The IFRS 9 Statutory Override that means that fair value movements of these investments do not have to be recognised directly in the General Fund. was originally set to end on 31 March 2025. However, following feedback from the 2025 Local Government Finance Settlement consultation, the Government has decided to implement transitional arrangements for legacy investments.
- 6.7. The IFRS 9 Statutory Override will remain in place for the Council's existing pooled fund investments held as of 1 April 2024. The override will continue to apply to these investments until 1 April 2029.

7. **Environmental, Social and Governance**

- 7.1. Throughout the year the investment portfolio has been assessed against 3 charters that organisations can voluntarily sign up for to ensure that all are meeting minimum level of ESG responsibility.
- 7.2. The funds actively invested in by the Authorities' continued to be signatories of all three charters. Investments in two funds that were not signatories of the Net-Zero Asset Managers Initiative have subsequently been unwound.
- 7.3. A new ESG specific Investment product opened during the previous financial year continues to be used. This fund aims to provide security of capital and liquidity while focussing on the performance of the underlying issuers on a range of environmental, social and governance.
- 7.4. At 31st March 2025 the ESG specific Money Market Fund returned 4.41% compared to an average rate of 4.52% for all non ESG specific Money Market Funds.

8. **NON-TREASURY INVESTMENTS:**

- 8.1. The authority continues to hold £28.2m (£31.1m as at 31st March 2024) of non-financial asset investments and their forecast performance can be seen in the table below:

	Net (income) / loss 2024/25 £000's	Carrying Value 31.03.25 £000's	Net return 2024/25 %	Net return 2024/25 %
Oak Grove Solar Farm	(304)	5,785	5.25	9.45
Newport Leisure Park & service loan	(220)	15,616	1.41	0.15*
Castlegate Business Park	513	6,784	-7.56**	-3.46
Total	(11)	28,185	0.04	1.06

*Includes a one-off write-off of historic bad debt of £217k. Net return excluding this write-off would be 1.31% (overall portfolio 1.76%).

**includes one-off provision for bad debt of £248k & £169k relating to service charges and business rates respectively. Net return excluding this write-off would be -1.42% (overall portfolio 1.52%)

- 8.2. The investment at Oak Grove Solar Farm continues to provide a good return on investment and is reflective of higher energy prices and the ability to export energy at a higher price.
- 8.3. The investment at Newport leisure park continues to provide a net income stream for the Authority, although this remains lower than the expected 2% return (after borrowing are allowed for) until currently negotiated rent free periods with new tenants' end.
- 8.4. The investment in Castlegate is still providing a net negative return on investment, however continued negotiations with interested parties will further improve the net return in 2025/26 following the end of rent free periods. The majority of anchor tenant space is now occupied. This continues to represent a significant improvement on the position since the anchor tenant vacated their space in Spring 2022.

9. **Compliance with treasury limits and indicators**

- 9.1. The Section 151 officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA code and the limits and indicators as set out in the Authority's approved Treasury Management Strategy.

10. **CONSULTEES**

Cabinet Member - Resources

Head of Finance, (Section 151 officer)

Arlingclose Limited – External Treasury management advisors to Monmouthshire CC

11. **APPENDICIES**

Appendix 1 – 2024/25 Treasury Management Outturn report

Glossary of treasury terms

12. **AUTHORS**

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2024/25 Treasury Management Outturn Report – (as at 31st March 2025)

Section 1	External market conditions
Section 2	Movement in treasury balances
Section 3	Borrowing activity during the year
Section 4	Investment Activity during the year
Section 5	Environmental, Social and Governance
Section 6	Non-treasury investments
Section 7	Treasury budget performance
Section 8	Compliance with prudential indicators and treasury limits

1. **External market conditions**

- 1.1. Economic background: Both the UK and US elected new governments during the period, whose policy decisions impacted the economic outlook. The Chancellor of the Exchequer delivered her Spring Statement in March 2025, following her Budget in October 2024. Based on the plans announced, the Office for Budget Responsibility downgraded its predictions for UK growth in 2025 to 1% from 2%. However, it upgraded its predictions for the four subsequent years. Inflation predictions for 2025 were pushed up, to 3.2% from 2.6%, before seen as falling back to target in 2027. The market reaction to the Spring Statement was more muted compared to the Budget, with very recent market turbulence being driven more by US trade policy decisions and President Trump.
- 1.2. After revising its interest rate forecast in November following the Budget, the council's treasury management advisor, Arlingclose, maintained its stance that Bank Rate will fall to 3.75% in 2025.
- 1.3. UK annual Consumer Price Index (CPI) inflation continued to stay above the 2% Bank of England (BoE) target in the later part of the period. The Office for National Statistics (ONS) reported headline consumer prices at 2.8% in February 2025, down from 3.0% in the previous month and below expectations. Core CPI also remained elevated, falling slightly in February to 3.5% from 3.7% in January, just below expectations for 3.6% but higher than the last three months of the calendar year.
- 1.4. The UK economy Gross Domestic Product (GDP) grew by 0.1% between October and December 2024, unrevised from the initial estimate. This was an improvement on the zero growth in the previous quarter, but down from the 0.4% growth between April and June 2024. Of the monthly GDP figures, the economy was estimated to have contracted by 0.1% in January, worse than expectations for a 0.1% gain.
- 1.5. The labour market continued to cool, but the ONS data still require treating with caution. Recent data showed the unemployment rate rose to 4.4% (3mth/year) in the three months to January 2025 while the economic inactivity rate fell again to 21.5%. The ONS reported pay growth over the same three-month period at 5.9% for regular earnings (excluding bonuses) and 5.8% for total earnings.
- 1.6. The BoE's Monetary Policy Committee (MPC) held Bank Rate at 4.5% at its March 2025 meeting, having reduced it in February. This follows earlier 0.25% cuts in November and August 2024 from the 5.25% peak. At the March MPC meeting, members voted 8-1 to maintain Bank Rate at 4.5%, with the one dissenter preferring another 25 basis points cut. The meeting

minutes implied a slightly more hawkish tilt compared to February when two MPC members wanted a 50bps cut. In the minutes, the Bank also upgraded its Q1 2025 GDP forecast to around 0.25% from the previous estimate of 0.1%.

- 1.7. The February Monetary Policy Report (MPR) showed the BoE expected GDP growth in 2025 to be significantly weaker compared to the November MPR. GDP is forecast to rise by 0.1% in Q1 2025, less than the previous estimate of 0.4%. Four-quarter GDP growth is expected to pick up from the middle of 2025, to over 1.5% by the end of the forecast period. The outlook for CPI inflation showed it remaining above the MPC's 2% target throughout 2025. It is expected to hit around 3.5% by June before peaking at 3.7% in Q3 and then easing towards the end of the year, but staying above the 2% target. The unemployment rate was expected to rise steadily to around 4.75% by the end of the forecast horizon, above the assumed medium-term equilibrium unemployment rate of 4.5%.
- 1.8. Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would continue to fall throughout 2025. From the cuts in August and November 2024 and February 2025, which took Bank Rate to 4.50%, May is considered the likely month for the next reduction, with other cuts following in line with MPR months to take Bank Rate down to around 3.75% by the end of 2025.
- 1.9. The US Federal Reserve paused its cutting cycle in the first three months of 2025, having reduced the Fed Funds Rate by 0.25% to a range of 4.25%-4.50% in December, the third cut in succession. Fed policymakers noted uncertainty around the economic outlook but were anticipating around 0.50% of further cuts in the policy rate in 2025. Economic growth continued to rise at a reasonable pace, expanding at an annualised rate of 2.4% in Q4 2024 while inflation remained elevated over the period. However, growth is now expected to weaken by more than previously expected in 2025, to 1.7% from 2.1%. The uncertainty that President Trump has brought both before and since his inauguration in January is expected to continue.
- 1.10. The European Central Bank (ECB) continued its rate cutting cycle over the period, reducing its three key policy rates by another 0.25% in March, acknowledging that monetary policy is becoming meaningfully less restrictive. Euro zone inflation has decreased steadily in 2025, falling to 2.2% in March, the lowest level since November 2024. Over the current calendar year, inflation is expected to average 2.3%. GDP growth stagnated in the last quarter of the 2024 calendar year, after expanding by 0.4% in the previous quarter. For 2025, economic growth forecasts were revised downwards to 0.9%.
- 1.11. **Financial markets:** Financial market sentiment was reasonably positive over most of the period, but economic, financial and geopolitical issues meant the trend of market volatility remained. In the latter part of the period, volatility increased and bond yields started to fall following a January peak, as the economic uncertainty around likely US trade policy impacted financial markets. Yields in the UK and US started to diverge in the last month of the period, with the former rising around concerns over the fiscal implications on the UK government from weaker growth, business sentiment and higher rates, while the latter started falling on potential recession fears due to the unpredictable nature of policy announcements by the US President and their potential impact.
- 1.12. The 10-year UK benchmark gilt yield started the period at 3.94% and ended at 4.69%, having reached a low of 3.76% in September and a high of 4.90% in January in between. While the 20-year gilt started at 4.40% and ended at 5.22%, hitting a low of 4.27% in September and a high of 5.40% in January. The Sterling Overnight Rate (SONIA) averaged 4.90% over the period.

- 1.13. The period in question ended shortly before US President Donald Trump announced his package of 'reciprocal tariffs', the immediate aftermath of which saw stock prices and government bond yields falling and introduced further uncertainty over the economic outlook.
- 1.14. **Credit review:** In October, Arlingclose revised its advised recommended maximum unsecured duration limit on most banks on its counterparty list to six months. Duration advice for the remaining five institutions, including the newly added Lloyds Bank Corporate Markets, was kept to a maximum of 100 days. This advice remained in place at the end of the period.
- 1.15. Fitch revised the outlook on Commonwealth Bank of Australia (CBA) to positive from stable while affirming its long-term rating at AA-, citing its consistent strong earnings and profitability.
- 1.16. Other than CBA, the last three months of the period were relatively quiet on the bank credit rating front, with a small number of updates issued for a number of lenders not on the Arlingclose recommended counterparty list.
- 1.17. On local authorities, S&P assigned a BBB+ to Warrington Council, having previously withdrawn its rating earlier in 2024, and also withdrew its rating for Lancashire County Council due to the council deciding to stop maintaining a credit rating. However, it still holds a rating with Fitch and Moody's. Moody's withdrew its rating of Cornwall Council after it chose to no longer maintain a rating.
- 1.18. Credit default swap prices generally trended lower over the period but did start to rise modestly in March, but not to any levels considered concerning. Once again, price volatility over the period remained generally more muted compared to previous periods.
- 1.19. Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

2. Movement in Treasury balances

- 2.1. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available to offset the CFR or for investment.

Table 1: Balance Sheet Summary

	31.3.24 £m	Movement £m	31.3.25 £m
General Fund CFR	198.3	11.2	209.6
Less: *Other debt liabilities	(2.3)	0.4	(1.9)
Borrowing CFR	196.0	11.6	207.7
Less: External borrowing	(173.9)	(28.4)	(202.3)
Net External borrowing	22.2	(16.7)	5.4
Less: Usable reserves	(25.3)	2.1	(25.3)
Less: Working capital	(8.8)	(10.6)	3.9
(Net Investments) at 31st March 2023	(11.9)	(4.1)	(16.0)

* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

- 2.2. The Authority pursued its strategy of keeping borrowing and investments below their underlying levels for the majority of the year, known as internal borrowing, in order to reduce risk and keep

interest costs low. Table 1 above highlights that at the end of the year the Authority was internally borrowed by £5.4m, meaning that reserves and working capital were being used in lieu of external borrowing.

- 2.3. At the end of the year the Authority had net investments of £16.0m. Balances over the year ranged from between £10.2m and £50.1m due to timing differences between income and expenditure and borrowing activity.
- 2.4. The treasury management position at 31st March 2025 and the change during the year is shown in Table 2 below.

Table 2: Borrowing and Investment Summary

	31.3.24 Balance £m	31.3.24 Rate %	Movement	31.3.25 Balance £m	31.3.25 Rate %
Long-term borrowing	124.2	3.3	14.5	138.7	3.5
Short-term borrowing	49.7	4.2	13.9	63.6	4.9
Total borrowing	173.9	3.5	28.4	202.3	3.9
Long-term investments	0.0	N/A	0.0	0.0	N/A
Short-term investments	(3.0)	4.93	0.0	(3.0)	5.09
Pooled Funds	(4.0)	5.60	0.0	(4.0)	5.42
Cash and cash equivalents	(4.9)	Included in ST above	(4.1)	(9.0)	Included in ST above
Total investments	(11.9)	5.16	(4.1)	(16.0)	5.17
Net Borrowing	162.0		24.3	186.3	

- 2.5. The authorities net borrowing position has increased over the year which is reflective of an increasing CFR, and additional long term loans taken out during the year to provide a further degree of certainty over future interest costs in a rising interest rate environment.

3. Borrowing activity during the year

- 3.1. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio and, where practicable, to maintain borrowing and investments below their underlying levels, known as internal borrowing.
- 3.2. Economic, financial and geopolitical issues has resulted in the trend of market volatility remaining during the year. In the latter part of the year, volatility increased and bond yields started to fall following a January peak, as the economic uncertainty around likely US trade policy impacted financial markets.
- 3.3. The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the period and 5.42% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.71%. Rates for 20-year maturity loans ranged from 5.01% to 6.14% during the financial year, and 50-year maturity loans from 4.88% to 5.88%.
- 3.4. For the majority of the year the cost of short-term borrowing from other local authorities closely tracked Base Rate at around 5.00% - 5.25%. However from late 2024 rates began to rise, peaking at around 6% in February and March 2025.

3.5. At 31st March 2025 the Authority held £202.3m of loans, an increase of £28.4m from 31st March 2024, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 31st March are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.24 Balance £m	31.3.24 Weighted Average Rate %	31.3.24 Weighted Average Maturity (years)	Balance Movement	31.3.25 Balance £m	31.3.25 Weighted Average Rate %	31.3.25 Weighted Average Maturity (years)
Public Works Loan Board	125.1	3.3	20.1	20.4	145.5	3.7	17.0
Banks (LOBO)	3.0	4.5	19.6	(3.0)	0.0	0.0	0.0
Welsh Gov Interest Free	7.7	0.0	1.8	(1.0)	6.7	0.0	2.7
Local authorities /Other	38.0	4.9	0.4	12.0	50.0	5.3	0.4
Total borrowing	173.9	3.5	14.9	28.4	202.3	3.9	12.4

3.6. The Authority's chief objective when borrowing has always been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

3.7. To that end, during the year some short-term borrowing was replaced with long-term PWLB borrowing at competitive rates of interest.

Table 4: Long-dated Loans borrowed

	Amount £m	Rate %	Period (years)
PWLB Maturity Loan – 26/03/2025	5.0	4.85	1.3
PWLB EIP Annuity – 05/03/2025	2.3	5.4	20
PWLB Maturity Loan – 03/02/2025	5.0	4.90	1.25
PWLB Maturity – 24/12/2024	5.0	5.22	1.3
PWL Maturity – 09/12/2024	5.0	5.09	1.0
PWLB EIP Loan – 07/08/2024	5.0	4.71	16
PWLB EIP Loan – 28/06/2024	1.0	4.75	9
Total	28.3		

3.8. Other borrowing activity

3.9. **LOBO Loans:** On 1st April 2024 the Authority held £3.0m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate and terms or to repay the loan at no additional cost. The LOBO loans repaid in year are summarised in Table 5 below.

Table 5: LOBO Loans repaid in Year

	Amount	Rate	Final Maturity	New rate proposed %	Action taken by Authority
	£m	%			
Loan 1	3.0	4.5	04/11/2043	8.2	Repaid at no cost and refinanced by PWLB loan @ 4.71% for 16 years
Total	3.0	4.50		8.2	

3.10. CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. No activities of this type were undertaken throughout the financial year.

3.11. The Authority currently holds commercial investments that were purchased prior to the change in the CIPFA Prudential Code. The Authority is not planning to purchase any investment assets primarily for yield within the next three years and so is able to access PWLB borrowing if considered cost effective.

4. Investment activity during the year

4.1. The CIPA Treasury Management Code now defines treasury management investments as those investments which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

4.2. The Authority holds significant invested funds during the year, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged from between £10.2m and £50.1m due to timing differences between income and expenditure. The investment position at year end was:

Table 6: Treasury Investment Position

	31.3.23 Balance	Net Movement	31.3.25 Balance	31.3.25 Income Return	31.3.25 Weighted Average Maturity Days
	£m	£m	£m	%	
Banks & building societies (unsecured)	(1.9)	(0.1)	(2.0)	Average 5.09%	Up to 180 days
Government (incl. local authorities)	(3.0)	0.0	(3.0)		
Money Market Funds (MMFs)	(3.0)	(4.0)	(7.0)		
Multi asset income, Pooled funds	(4.0)	0.0	(4.0)	5.42%	N/A

Total investments	(11.9)	(4.1)	(16.0)		
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- 4.3. Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 4.4. The Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.
- 4.5. The combination of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in the table below.
- 4.6. Bank Rate reduced from 5.25% to 5.00% in August 2024, again to 4.75% in November 2024 and again to 4.5% in February 2025 with short term interest rates largely being around these levels. The rates on DMADF deposits ranged between 4.45% and 5.19% and money market rates between 4.5% and 5.3%.

Table 7: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	<u>Bail-in Exposure</u>	Weighted Average Maturity (days)	Rate of Return
					%
MCC 31.03.2024	A+	4.51	62%	4	5.01
MCC 31.03.2025	A+	4.50	75%	3	5.17
Similar LAs	AA-	3.92	30%	105	4.53
All LAs	A+	4.77	64%	8	4.65

- 4.7. Whilst bail-in exposure as a percentage metric remains higher in comparison to similar Local Authorities, this is skewed by the overall lower value of investments held at 31st March 2025.
- 4.8. **Externally Managed Pooled Funds:** £4m of the Authority's investments are invested in externally managed strategic pooled multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and longer-term price stability.
- 4.9. These funds provide an important diversification for the Authority and generated £197k (5.42%) income return, together with a £10k (0.27%) unrealised capital loss in year.
- 4.10. Accumulated unrealised capital losses over the lifetime of the investment stand at £378k. The Authority maintains an adequate treasury risk reserve to mitigate against the risk that capital losses on pooled funds become realised and consequently result in a charge against the Council Fund.
- 4.11. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even

years; but with the confidence that over the longer term that total returns will exceed cash interest rates.

4.12. **Statutory override:** The IFRS 9 Statutory Override was originally set to end on 31 March 2025. However, following feedback from the 2025 Local Government Finance Settlement consultation, the Government has decided to implement transitional arrangements for legacy investments.

4.13. The key points are:

- The IFRS 9 Statutory Override will remain in place for existing pooled fund investments held as of 1 April 2024. The override will continue to apply to these investments until 1 April 2029.
- Any new pooled fund investments made after 1 April 2024 will not benefit from the override and will be subject to IFRS 9 compliance, meaning fair value movements must be recognised directly in the General Fund.

4.14. The Government's intention is that this transitional period will provide councils with additional time to manage their pooled fund investment strategies, ensuring a smoother alignment with industry accounting standards.

4.15. For Monmouthshire County Council, this means that

- During 2024/25 and subsequent financial years up to 2028/29, fair value movements on our existing pooled fund investments will continue to be recorded in an unusable reserve, rather than impacting the General Fund.
- Any new pooled fund investments acquired after 1 April 2024 will need to account for fair value movements directly in the General Fund.
- As of the date of this report, the Council has not made any new pooled fund investments after 1 April 2025 and currently has no plans to do so.

5. Environmental, Social and Governance

5.1. Throughout the year the investment portfolio has been assessed against 3 charters that organisations can voluntarily sign up for to ensure that all are meeting minimum level of ESG responsibility. These are shown in the table below:

Table 8: ESG Charter Signatories

	UN Principles for Responsible Investment	Uk Stewardship Code 2020	Net-Zero Asset Managers Initiative
Aberdeen Asset Liquidity	✓	✓	✓
Aegon	✓	✓	✓
CCLA Investment Management	✓	✓	✓
Federated (Prime Rate) Liquidity Fund	✓	✓	✓
HSBC Global Asset Management	✓	✓	✓
LEGAL AND GENERAL MMF	✓	✓	✓
Ninety-One	✓	✓	✓

STATE STREET	✓	✓	✓
Morgan Stanley - No Longer Used	✓	✓	x
Goldman Sachs - No Longer Used	✓	✓	x

- 5.2. The majority of the Authorities funds were invested in organisations that were signatories of all three charters. Investments in two funds that were not signatories of the Net-Zero Asset Managers Initiative have subsequently been unwound.
- 5.3. An updated list of signatories to the three charters is provided by the Authority's treasury advisors each quarter and will continue to be monitored. Any counterparties not signed up to all three charters will be removed from the Authorities investment portfolio.
- 5.4. The authority continues to utilise a ESG specific Investment product opened in 2023/24. This fund aims to provide security of capital and liquidity while focussing on the performance of the underlying issuers on a range of environmental, social and governance.
- 5.5. At 31st March 2025 the ESG specific Money Market Fund returned 4.41% compared to an average rate of 4.52% for the authorities non ESG Money Market Funds.
- 5.6. The Council will continue to monitor further opportunities to expand its proactive approach to ESG through specific investments.

6. Non-Treasury Investments

- 6.1. The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return.
- 6.2. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and/or for commercial purposes (made primarily for financial return).
- 6.3. Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return.
- 6.4. The Authority held a net book value of £28.2m of such non-financial asset investments at the 31st March 2025 (£31.1m as at 31st March 2024) made up of:

	Net (income) / loss 2024/25 £000's	Carrying Value 31.03.25 £000's	Net return 2024/25 %	Net return 2023/24 %
Oak Grove Solar Farm	(304)	5,785	5.25	9.45
Newport Leisure Park & service loan	(220)	15,616	1.41	0.15*
Castlegate Business Park	513	6,784	-7.56**	-3.46
Total	(11)	28,185	0.04	1.06

*includes a one-off write-off of £217k of historic bad debt. Net return excluding this write-off would be 1.31% (overall portfolio 1.76%).

**includes one-off provision for bad debt of £248k & £169k relating to service charges and business rates respectively. Net return excluding this write-off would be -1.42% (overall portfolio 1.52%)

6.5. The Authority also holds a portfolio of legacy non-financial asset investments that have been held for over a decade and are retained for income generation, capital gain or to support wider economic development or broader policy objectives. These assets are managed as part of the Asset Investment Strategy. Income generation for these agricultural, retail and industrial assets are a secondary consideration and as such return against original investment would be considered negligible.

7. Treasury performance

7.1. The Authority measures the financial performance of its treasury management activities in terms of its impact upon the revenue budget. The following table shows that the overall net cost of its activities was £317K (5.35%) less than originally budgeted at the start of the year. The large variance is reflective of the volatile economic environment that continues to impact treasury management forecasts.

Table 9: Budget performance

	Actual £000's	Budget £000's	Over / (under) Budget £000's
Interest Payable			
PWLB	4,651	4,046	605
Market loans	12	135	(123)
Short term loans	2,198	2,916	(718)
Total Interest payable on borrowing	6,861	7,097	(236)
Interest Receivable			
Internally managed investments	(1,051)	(1,176)	125
Pooled Funds	(204)	Included above	(204)
Other Interest	(2)	0	(2)
Total income from Investments	(1,257)	(1,176)	(81)
Total	5,604	5,921	(317)

8. Compliance with treasury limits and indicators

8.1. The Section 151 officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA code and the limits and indicators as set out in the Authority's approved Treasury Management Strategy.

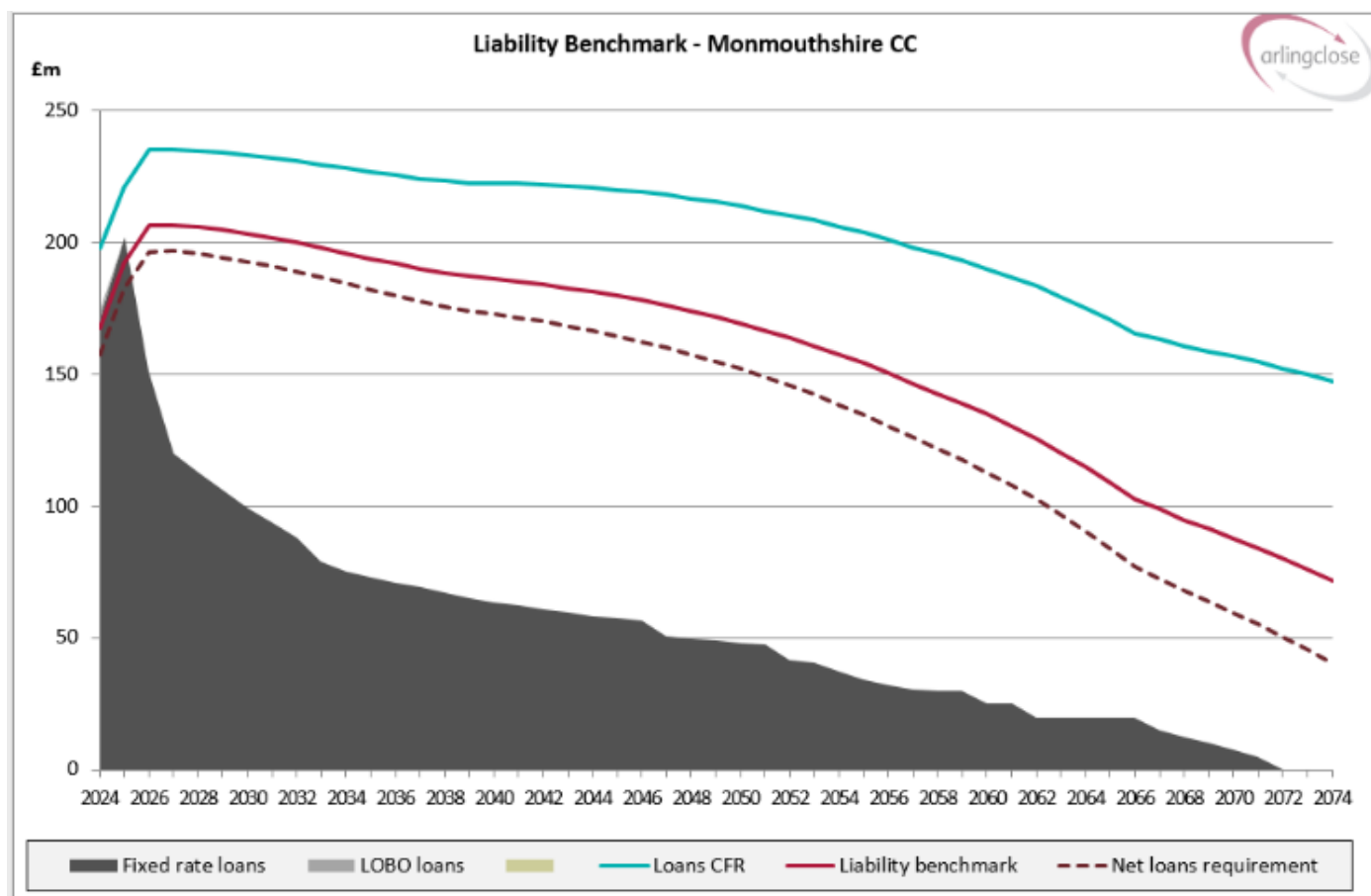
8.2. **Liability Benchmark:** This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic

focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 10: Liability Benchmark

	31.3.25 Actual	31.3.26 Forecast	31.3.27 Forecast	31.3.28 Forecast
Loans CFR	207.7	235.2	235.4	234.8
Less: Balance sheet resources	(5.4)	(38.7)	(38.7)	(38.7)
Net loans requirement	202.3	196.5	196.7	196.1
Plus: Liquidity allowance	0.0	10.0	10.0	10.0
Liability benchmark	202.3	206.5	206.7	206.1
Current loan profile	(202.3)	(151.7)	(120.6)	(113.6)
Borrowing requirement	0.0	54.8	86.1	92.5

- 8.3. Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing is in line with the medium-term financial plan, minimum revenue provision on new capital expenditure is based on the annuity method, and expenditure and reserves all increasing by inflation of 2.5% p.a. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing.



8.4. The gap between the dotted red line and the grey shaded area of the chart represents the forecast difference between the estimated borrowing requirement and the Council's current borrowing profile. If capital expenditure plans remain accurate, this represents a borrowing requirement which will need be met by new and replacement borrowing over time.

8.5. **Borrowing limits:** Compliance with the [authorised limit](#) and [operational boundary](#) for external debt is demonstrated in the table below.

Table 11: Borrowing Limits

	2024/25 Maximum during the year £m	31.3.25 Actual £m	2024/25 Operational Boundary £m	2023/24 Authorised Limit £m	Complied? Yes/No
Borrowing	202.3	202.3	252.6	268.0	Yes
PFI, Finance Leases & Other LT liabs	2.3	1.9	2.8	3.8	Yes
Total debt	204.6	204.2	255.4	271.8	Yes

8.6. **Note:** Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

8.7. Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Table 12: Maturity Structure of borrowing

Maturity	31.3.25 Actual	Lower Limit	Upper Limit	Complied?	31.3.24 Actual (For info)
Under 12 months	31%	0%	50%	Yes	29%
12 months and within 24 months	10%	0%	30%	Yes	3%
24 months and within 5 years	10%	0%	30%	Yes	10%
5 years and within 10 years	12%	0%	30%	Yes	16%
10 years and within 20 years	9%	0%	30%	Yes	10%
20 years and within 30 years	11%	0%	30%	Yes	12%
30 years and within 40 years	7%	0%	30%	Yes	10%
40 years and within 50 years	10%	0%	30%	Yes	12%
50 years and above	0%	0%	30%	Yes	0%

Table 13: Investment Limits

	Maximum in year	2024/25 Limit	Complied? Yes/No
The UK Government	£24.1m	Unlimited	Yes
Local Authorities per counterparty	£0m	£4m	Yes
Secured Investments	£0m	£4m	Yes
Banks per counterparty, rating A- or above	£2m (£3m total for the Councils operational bank)	£2m (£3m total for the Councils operational bank)	Yes
Building societies (unsecured)	£0m	£2m	Yes
Registered providers (e.g. Housing Associations (unsecured)	£0m	£2m	Yes
Money Market Funds	£4m	£4m	Yes
Any group of pooled funds under the same management	£2m	£5m	Yes
Real estate investment trusts	£0m	£5m	Yes
Limit per non-UK country	£0m	£4m	Yes
Other Investments	£0m	£2m	Yes

8.8. Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating and credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 14: Credit Risk

	31.3.25 Actual	2024/25 Target	Complied?
Portfolio average credit	A+/4.50	A-/5.0	Yes

8.9. **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Table 15: Principal invested for period longer than a year

	During 2024/25
Actual principal invested for 365 days & beyond year end	£0m
Limit	£5m
Complied?	Yes

8.10. Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Authorised Limit	<p>The affordable borrowing limit determined in compliance with the Local Government Act 2003 (English and Welsh authorities) and the Local Government in Scotland Act 2003. This Prudential Indicator is a statutory limit for total external debt. It is set by the Authority and needs to be consistent with the Authority's plans for capital expenditure financing and funding. The Authorised Limit provides headroom over and above the <i>Operational Boundary</i> to accommodate expected cash movements. Affordability and prudence are matters which must be taken into account when setting this limit.</p> <p>(see also <i>Operational Boundary</i>, below)</p>
Balances and Reserves	Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.
Bail-in	Refers to the process which the banking regulatory authorities will use to restructure a financial institution which is failing or likely to fail. Unsecured creditors of and investors in that financial institution will participate in its restructure who will, as a consequence, incur a non-recoverable loss (commonly referred to as a 'haircut') on their obligation/investment. Local authority investments with banks and building societies such as term deposits, certificates of deposit, call accounts and non-collateralised bonds are unsecured investments and are therefore vulnerable to bail-in.
Bank Rate	The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.
Bond	A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.
Capital Expenditure	Expenditure on the acquisition, creation or enhancement of capital assets
Capital Financing Requirement (CFR)	The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.
Capital growth	Increase in the value of the asset (in the context of a collective investment scheme, it will be the increase in the unit price of the fund)
Capital receipts	Money obtained on the sale of a capital asset.
CIPFA	Chartered Institute of Public Finance and Accountancy
Constant Net Asset Value (CNAV)	Also referred to as Stable Net Asset Value. A term used in relation to the valuation of 1 share in a fund. This means that at all times the value of 1 share is £1/€1/US\$1 (depending on the currency of the fund). The Constant NAV is maintained since dividend income (or interest) is either added to the shareholders' account by creating shares equal to the value of interest earned or paid to the shareholder's bank account, depending on which option is selected by the shareholder.
Collective Investment Schemes	Funds in which several investors collectively hold units or shares. The assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'Pooled Funds'). Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes / pooled funds.
Corporate Bonds	Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

Corporate Bond Funds	Collective Investment Schemes investing predominantly in bonds issued by companies and supranational organisations.
CPI <i>Also see RPI</i>	Consumer Price Index. (This measure is used as the Bank of England's inflation target.)
Credit Default Swap (CDS)	A Credit Default Swap is similar to an insurance policy against a credit default. Both the buyer and seller of a CDS are exposed to credit risk. Naked CDS, i.e. one which is not linked to an underlying security, can lead to speculative trading.
Credit Rating	Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.
Cost of carry	When a loan is borrowed in advance of requirement, this is the difference between the interest rate and (other associated costs) on the loan and the income earned from investing the cash in the interim.
Credit default swaps	Financial instrument for swapping the risk of debt default; the buyer effectively pays a premium against the risk of default.
Diversification / diversified exposure	The spreading of investments among different types of assets or between markets in order to reduce risk.
Derivatives	Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded 'over the counter'.
ECB	European Central Bank
Federal Reserve	The US central bank. (Often referred to as "the Fed")
Floating Rate Notes	A bond issued by a company where the interest rate paid on the bond changes at set intervals (generally every 3 months). The rate of interest is linked to LIBOR and may therefore increase or decrease at each rate setting
GDP	Gross domestic product – also termed as "growth" in the economy. The value of the national aggregate production of goods and services in the economy.
General Fund	This includes most of the day-to-day spending and income. (All spending and income related to the management and maintenance of the housing stock is kept separately in the HRA).
Gilts (UK Govt)	Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.
Housing Revenue Account (HRA)	A ring-fenced account of all housing income and expenditure, required by statute
IFRS	International Financial Reporting Standards

Income Distribution	The payment made to investors from the income generated by a fund; such a payment can also be referred to as a 'dividend'
Investments - Secured - unsecured	Secured investments which have underlying collateral in the form of assets which can be called upon in the event of default Unsecured investments do not have underlying collateral. Such investments made by local authorities with banks and building societies are at risk of bail-in should the regulator determine that the bank is failing or likely to fail.
Liability Benchmark	Term in CIPFA's Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level (which may be zero).
LOBOs	LOBO stands for 'Lender's Option Borrower's Option'. The underlying loan facility is typically long term and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at predetermined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility.
LVNAV (Low Volatility Net Asset Value)	From 2019 Money Market Funds will have to operate under a variable Net Value Structure with minimal volatility (fluctuations around £1 limited to between 99.8p to 100.2p)
Maturity	The date when an investment or borrowing is repaid.
Maturity profile	A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by-quarter or month-by-month basis.
MiFID II	MiFID II replaced the Markets in Financial Instruments Directive (MiFID I) from 3 January 2018. It is a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
Money Market Funds (MMF)	Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.
Minimum Revenue Provision	An annual provision that the Authority is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets
Non-Specified Investments	Term used in the Communities and Local Government Guidance and Welsh Assembly Guidance for Local Authority Investments. It includes any investment for periods greater than one year or those with bodies that do not have a high credit rating, use of which must be justified.
Net Asset Value (NAV)	A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.
Operational Boundary	This is the limit set by the Authority as its most likely, i.e. prudent, estimate level of external debt, but not the worst case scenario. This limit links directly to the Authority's plans for capital expenditure, the estimates of the Capital Financing Requirement (CFR) and the estimate of cashflow requirements for the year.
Permitted Investments	Term used by Scottish Authorities as those the Authority has formally approved for use.

Pooled funds	See Collective Investment Schemes (above)
Premiums and Discounts	<p>In the context of local authority borrowing, (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and (b) the discount is the gain arising when a loan is redeemed prior to its maturity date. If on a £1 million loan, it is calculated* that a £100,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,100,000 plus accrued interest. If on a £1 million loan, it is calculated that a £100,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £900,000 plus accrued interest.</p> <p>PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate.</p> <p>*The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.</p>
Private Finance Initiative (PFI)	Private Finance Initiative (PFI) provides a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts can typically last for 30 years, during which time the asset is leased by a public authority.
Prudential Code	Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.
Prudential Indicators	Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators between authorities.
PWLB	Public Works Loans Board. It is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
Quantitative Easing	In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It “does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller’s bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England (known as reserves). The end result is more money out in the wider economy”. Source: Bank of England
Registered Provider of Social Housing	Formerly known as Housing Association
Revenue Expenditure	Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges

RPI	Retail Prices Index. A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are uprated using the CPI index.
SORP	Statement of Recommended Practice for Accounting (Code of Practice on Local Authority Accounting in the United Kingdom).
Specified Investments	Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than 1 year. UK government, local authorities and bodies that have a high credit rating.
Supported Borrowing	Borrowing for which the costs are supported by the government or third party.
Supranational Bonds	Instruments issued by supranational organisations created by governments through international treaties (often called multilateral development banks). The bonds carry an AAA rating in their own right. Examples of supranational organisations are those issued by the European Investment Bank, the International Bank for Reconstruction and Development.
Treasury Management Code	CIPFA's Code of Practice for Treasury Management in the Public Services.
Temporary Borrowing	Borrowing to cover peaks and troughs of cash flow, not to fund spending.
Term Deposits	Deposits of cash with terms attached relating to maturity and rate of return (interest)
Unsupported Borrowing	Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.
Usable Reserves	Resources available to finance future revenue and capital expenditure
Variable Net Asset Value (VNAV)	A term used in relation to the valuation of 1 share in a fund. This means that the net asset value (NAV) of these funds is calculated daily based on market prices.
Working Capital	Timing differences between income/expenditure and receipts/payments
Yield	The measure of the return on an investment instrument

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SUBJECT:	WHISTLEBLOWING ANNUAL REPORT
MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	JUNE 2025

1. PURPOSE:

The purpose of this report is to provide the Audit and Governance Committee with information in relation to the number of whistleblowing cases in Monmouthshire County Council from 1st April 2024 to 31st March 2025. This report is to be provided on an annual basis.

2. RECOMMENDATION:

That the Committee notes the information.

3. KEY ISSUES:

Whistleblowing is defined as:

‘The action someone takes to report wrongdoing at work that affects others’ ([The law - Whistleblowing at work - Acas](#) 2024).

Monmouthshire County Council’s Whistleblowing Policy was last reviewed and updated in 2024. It is intended that the next review will be completed by April 2026.

A record of all whistleblowing cases is held centrally, in a secure location.

Over the period 1st April 2024 to 31st March 2025, the information in relation to the number of whistleblowing cases in Monmouthshire County Council is as follows:

NUMBER OF CASES	SUBJECT MATTER (CONFIDENTIAL)	ACTION TAKEN
1	Employee Conduct	Investigation concluded and consequent recommendations implemented

The data for 1st April 2024 to 31st March 2025 can be compared to the number of whistleblowing cases over the previous 3 years, reported on a financial year basis:

YEAR	NUMBER OF CASES	SUBJECT MATTER (CONFIDENTIAL)	ACTION TAKEN
2023-2024	0	N/A	N/A
2022-2023	1	Safeguarding	Investigation concluded and consequent recommendations implemented
2021-2022	1	Employee Conduct	Investigation concluded and formal HR policies followed consequently

The above table shows that in the last 4 years, Monmouthshire County Council has dealt with 3 cases of whistleblowing.

4. REASONS:

Monmouthshire County Council and school Governing Bodies expect the highest standards of conduct from all employees and therefore encourage employees and others with serious concerns about any aspect of the Council/School's work to come forward and voice those concerns in a safe environment.

In line with the Council's commitment to openness and accountability, employees are encouraged to raise concerns. Such concerns will be taken seriously, investigated and appropriate action taken in response. The Whistleblowing Policy is designed to ensure that concerns about wrongdoing or malpractice can be raised without fear of victimisation, subsequent discrimination, disadvantage or dismissal.

The Policy aims to:

- Encourage an individual to feel confident to raise a serious concern at the earliest opportunity
- Provide a route for an individual to raise concerns and to receive feedback on any action taken
- Provide reassurance that an individual will be protected from reprisals or victimisation, if they have made a disclosure in good faith.

5. BACKGROUND PAPERS:

None

6. AUTHOR:

Philippa Green
Head of HR

PhilippaGreen@Monmouthshire.gov.uk

GOVERNANCE & AUDIT COMMITTEE WORK PROGRAMME 2025-26

1ST MAY 2025

Reports to be with Peter by – 7th April 2025
 Reports to be with Wendy Barnard/Chair prior to pre-meeting – 10th April 2025
 Pre-meeting – 14th April 2025
 Finalised reports to Democratic Services – 17th April 2025
 Despatch by Democratic Services – 23rd April 2025

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Self - assessment of Performance Management Arrangements Report	Richard Jones		✓			
Audit Wales Work Programme: Council Progress Update	Richard Jones		✓			
Internal Audit Plan 25/26	Jan Furtek				✓	
Implementation of Internal Audit agreed recommendations	Jan Furtek				✓	
Internal Audit Charter, Mandate and Strategy	Jan Furtek				✓	
Audit Wales Work Programme and Timetable quarterly update - March 2025	Steve Wyndham/Charlotte Owen					✓
Audit Wales Annual Audit Plan 2025 - 26	Steve Wyndham					✓

12TH JUNE 2025

Reports to be with Peter by – 23rd May 2025
 Reports to be with Wendy Barnard/Chair prior to pre-meeting – 29th May 2025
 Pre-meeting – 2nd June 2025
 Finalised reports to Democratic Services – 3rd June 2025
 Despatch by Democratic Services – 4th June 2025

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Effectiveness of Strategic Risk Management Framework	Richard Jones		✓			
Draft Freedom of Information (FOI) & Data Protection Act (DPA) Breaches & Data Subject Access Request (DSARs)	Sian Hayward		✓			
Internal Audit Annual Report 2024/25	Jan Furtek				✓	
SRS Annual Internal Audit Report – Torfaen CBC IA Team	Jan Furtek				✓	

2024/25 Treasury Outturn report	Jonathan Davies	✓				
Audit Wales Annual Audit Summary 2024	Audit Wales/Richard Jones		✓			✓
Audit Wales Counter Fraud Arrangements Review & Management Response	Audit Wales/Richard Jones		✓			✓
Whistleblowing Annual Report	Philippa Green	✓				✓

24TH JULY 2025

Reports to be with Peter by – 7th July 2025

Reports to be with Wendy Barnard/Chair prior to pre-meeting – 10th July 2025

Pre-meeting – 14th July 2025

Finalised reports to Democratic Services – 15th July 2025

Despatch by Democratic Services – 16th July 2025

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Revenue & Capital MTFP update and process	Jon Davies	✓				
2025/6 Q1 - Treasury report	Jon Davies	✓				
2024/25 Draft WCF/Mon Farm Statement of Accounts	Jon Davies	✓				
Draft Annual Governance Statement 2024/25	Jan Furtek				✓	
CPR Exemptions - 6 monthly update to 31st March 2025	Jan Furtek				✓	
Global Internal Audit Standards – Implementation and Self-Assessment	Jan Furtek				✓	
Draft Self-Assessment Report 2024/25	Richard Jones		✓			
Governance & Audit Committee Annual report 2024/5	Chair – Andrew Blackmore		✓			

11TH SEPTEMBER 2025

Reports to be with Peter by – 22nd August 2025

Reports to be with Wendy Barnard/Chair prior to pre-meeting – 28th August 2025

Pre-meeting – 1st September 2025

Finalised reports to Democratic Services – 2nd September 2025

Despatch by Democratic Services – 3rd September 2025

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Internal Audit Quarterly progress report (Q1)	Jan Furtek				✓	
2024/25 MCC Draft Statement of Accounts	Jon Davies	✓				

16TH OCTOBER 2025

Reports to be with Peter by – 29th September 2025

Reports to be with Wendy Barnard/Chair prior to pre-meeting – 2nd October 2025

Pre-meeting – 6th October 2025

Finalised reports to Democratic Services – 7th October 2025

Despatch by Democratic Services – 8th October 2025

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Anti-Fraud, Corruption & Bribery Policy Update	Jan Furtek				✓	

27TH NOVEMBER 2025

Reports to be with Peter by – 10th November 2025

Reports to be with Wendy Barnard/Chair prior to pre-meeting – 13th November 2025

Pre-meeting – 17th November 2025

Finalised reports to Democratic Services – 18th November 2025

Despatch by Democratic Services – 19th November 2025

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
25/26 Q2 Treasury report	Jon Davies	✓				
2024/25 MCC Statement of Accounts Final	Jon Davies	✓				
ISA260 audit report of MCC accounts	Rachel Freitag/Jon Davies					✓
Audit Wales Work Programme: Council Progress update	Richard Jones		✓			
Whole Authority Annual Complaints Report	Annette Evans			✓		
The Ombudsmans's Annual Letter	Annette Evans			✓		
Audit Grants report	Audit Wales					✓
Audit Wales Financial Sustainability Review	Audit Wales					✓
Annual Audit Plan 24-25 Welsh Church Funds						✓
CPR Exemptions - 6 monthly update to 30th September 2025	Jan Furtek				✓	
Internal Audit quarterly progress report (Q2)	Jan Furtek				✓	

15TH JANUARY 2026

Reports to be with Peter by – 24th December 2025

Reports to be with Wendy Barnard/Chair prior to pre-meeting – Wednesday 31st December 2025

Pre-meeting – 5th January 2026

Finalised reports to Democratic Services – 6th January 2026

Despatch by Democratic Services – 7th January 2026

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
2024/5 WCF/Mon Farm Statement of Accounts Final	Jon Davies	✓				
2026/27 Capital strategy & Treasury strategy	Jon Davies	✓				
Effectiveness of Strategic Risk Management Framework and summary of wider arrangements	Richard Jones		✓			

26TH FEBRUARY 2026

Reports to be with Peter by – 9th February 2026

Reports to be with Wendy Barnard/Chair prior to pre-meeting – 12th February 2026

Pre-meeting – 16th February 2026

Finalised reports to Democratic Services – 17th February 2026

Despatch by Democratic Services – 18th February 2026

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
ISA260 for trust funds	Rachel Freitag/Jon Davies					✓
25/26 Q3 Treasury report	Jon Davies	✓				
Anti Fraud, Bribery & Corruption Risk Assessment	Jan Furtek				✓	
Internal Audit quarterly progress report (Q3)	Jan Furtek				✓	
Draft Internal Audit Plan 2025/26	Jan Furtek				✓	

Public Document Pack Agenda Item 14

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Governance and Audit Committee held
at Council Chamber, County Hall, The Rhadyr USK on Monday, 2nd June, 2025 at 2.00
pm**

PRESENT: Andrew Blackmore (Chairman),
County Councillor Tony Easson (Vice Chairman)

Lay Members: Rhodri Guest,

County Councillor: Sara Burch, John Crook, David Jones,
Malcolm Lane, Phil Murphy, Peter Strong and Ann Webb

OFFICERS IN ATTENDANCE:

Peter Davies	Deputy Chief Executive and Chief Officer for Resources
Jan Furtek	Acting Chief Internal Auditor
Wendy Barnard	Democratic Services Officer
Charlotte Owen	Audit Wales Officer
Richard Jones	Performance and Data Insight Manager
Jonathan Davies	Head of Finance
Emma Tapper	Governance & Assurance Officer
Steve Wyndham	Audit Wales Officer

APOLOGIES:

Colin Prosser

1. Election of Chair

Andrew Blackmore was elected as Chair of the Governance and Audit Committee.

2. Appointment of Vice Chair

County Councillor Tony Easson was appointed as Vice Chair.

3. Declarations of Interest

No declarations of Interest were made.

4. Public Open Forum

No members of the public were present.

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

The action list from the previous meeting was noted.

<https://www.youtube.com/live/2Dy0fE-F8Uo?si=ILXQCNjvoDiP0z6k>

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at Council Chamber, County Hall, The Rhadryr USK on Monday, 2nd June, 2025 at 2.00 pm

Draft Internal Audit Plan: This was circulated to Committee Members and the final version is on the agenda today [CLOSED]

Update of Contract Procedures Rules - Advise Leader of the Committee's Comments: A conversation with the Leader took place with a satisfactory outcome that enabled Council to approve the report to Update Contract Procedural Rules. [CLOSED]

6. Self Assessment of Performance Management Arrangements Report

The Performance and Data Insights Manager presented a report on the Self- Assessment of Performance Management Arrangements. Following presentation of the report, Members were invited to ask questions:

<https://www.youtube.com/live/2Dy0fE-F8Uo?si=11puRV0mfEOwydoK>

As contained in the report recommendations, members used the update provided to inform their understanding of the effectiveness of the operation of the authority's performance management arrangements and to identify any areas where they feel action needs to be taken or further information provided.

7. Audit Wales Work Programme: Council Progress Report

The Performance Analyst presented the Audit Wales Work Programme: Council Progress Report. Following presentation of the report, Members were invited to ask questions:

<https://www.youtube.com/live/2Dy0fE-F8Uo?si=BcSxujvHAXgX9Ox8>

As per the report recommendations, Members scrutinised the council's response to the Audit Wales work programme, seeking assurance that adequate progress is being made and Members had an opportunity to refer any issues contained within Audit Wales national studies to other committees for consideration where they identify there are findings of particular relevance to the council that need further scrutiny.

8. Audit Wales Q4 work programme and timetable update

Audit Wales Officers presented the Audit Wales Q4 Work Programme and Timetable update. Following presentation of the report, Members were invited to ask questions:

https://www.youtube.com/live/2Dy0fE-F8Uo?si=OropOliv_5DTO83j

The report was noted.

9. Audit Wales Annual Audit Plan 2025/26

Audit Wales Officers presented the Audit Wales Annual Audit Plan 2025/26. Following presentation of the report, Members were invited to ask questions:

<https://www.youtube.com/live/2Dy0fE-F8Uo?si=HuWA6S32EeIJxZKy>

The report was noted.

10. Internal Audit Plan 2025/26

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at Council Chamber, County Hall, The Rhadyr USK on Monday, 2nd June, 2025 at 2.00 pm

The Acting Chief Internal Auditor presented the Internal Audit Plan 2025/26. Following presentation of the report, Members were invited to ask questions:

<https://www.youtube.com/live/2Dy0fE-F8Uo?si=iPpemloPhDcnSH7E>

As recommended, the Governance and Audit Committee reviewed, commented on and approved the Internal Audit Plan 2025/26.

11. Implementation of Internal Audit agreed recommendations

The Acting Internal Auditor presented a report on the Implementation of Internal Audit agreed recommendations. Following presentation of the report, Members were invited to ask questions:

<https://www.youtube.com/live/2Dy0fE-F8Uo?si=D2HaLporhnOHsa1O>

As contained in the report recommendations, the Governance & Audit Committee noted this report and the actions taken by operational managers.

12. Internal Audit Charter, Mandate and Strategy

The Acting Chief Internal Auditor presented a report on the Internal Audit Charter, Mandate and Strategy. Following presentation of the report, Members were invited to ask questions:

<https://www.youtube.com/live/2Dy0fE-F8Uo?si=7zghFTvKuf-8MnB2>

As per the report recommendations, the Committee noted the Internal Audit Mandate and Methodologies. The Committee approved the Internal Audit Charter, Mandate and Strategy.

13. Governance and Audit Committee Forward Work Plan

The Forward Work Plan was noted.

<https://www.youtube.com/live/2Dy0fE-F8Uo?si=7zghFTvKuf-8MnB2>

14. To approve the minutes of the previous meeting

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

<https://www.youtube.com/live/2Dy0fE-F8Uo?si=SbkapJIZUjJ6F7Dn>

15. Date of Next Meeting: 12th June 2025

Meeting ended at 3.27 pm

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