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Wednesday, 30 December 2020

Notice of Meeting

Audit Committee

Thursday, 7th January, 2021 at 2.00 pm,
Remote Meeting

AGENDA

Item No	Item	Pages
1.	Apologies for Absence	
2.	Declarations of Interest	
3.	Public Open Forum	
4.	To note the Action List from the previous meeting i) Officer Call in: Food Procurement follow up ii) Officer Call in: Caldicot Castle follow up	1 - 24
5.	Audit Wales: Monmouthshire Annual Audit Summary 2020	25 - 32
6.	Audited Trust Fund Accounts (Welsh Church Fund/Monmouthshire Farm Educational Trust/Llanelly Hill	33 - 78
7.	ISA 260 or equivalent for Trust Funds	79 - 94
8.	Recovery Planning - Assurance and Risk Assessment Feedback Letter	95 - 102
9.	Forward Work Plan	103 - 104
10.	To confirm minutes of the previous meeting held on 26th November 2020	105 - 110
11.	To confirm the date of the next meeting as 25th March 2021 at 2.00pm	

Paul Matthews
Chief Executive

MONMOUTHSHIRE COUNTY COUNCIL
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

County Councillors:

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

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Aims and Values of Monmouthshire County Council

Our purpose

Building Sustainable and Resilient Communities

Objectives we are working towards

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

Our Values

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

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

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

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

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Agenda Item 4

Audit Committee Actions 26th November 2020

No Action points

Agenda Item:	Subject	Officer	Outcome
6	Unfavourable Audit Opinions	Wendy Barnard/ Chair	Issue invitations to attend the next meeting Heads of Service and Operational managers for Food Procurement and Caldicot Castle
8	Mid Year Treasury Report	Jonathan Davies	Circulate loan interest rate to members (Newport Leisure park)

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SUBJECT:	LIMITED ASSURANCE AUDIT OPINION - FOOD PROCUREMENT - AUDIT COMMITTEE CALL-IN
MEETING:	Audit Committee
DATE:	7th January 2021
DIVISION/WARDS AFFECTED:	All

1. PURPOSE

To inform the Members of the Council's Audit Committee of:

- i) The action taken by management in the Service Area to date and progress against the agreed action plan in respect of the 'Limited Assurance' audit opinion for Food Procurement –Audit Follow up report
- ii) Specifically, the risks described in the action plan provided in this report and the feedback from various managers in addressing the risks highlighted in the action plan.

Opinion: Limited Assurance

Proposed Date of Next Follow Up: To be advised

Service Management Comments:

The original audit report presented to members on the 24/05/2018 described the basis of the unfavourable audit opinion. A subsequent follow up audit undertaken and reported to members of the committee on the 26/11/2020.

The provision of catering through various services within the authority has never benefited from any structured corporate oversight.

The main services of primary sector catering and social care catering (Monmouthshire meals and day centres) are managed by 2 full time professional managers who have offered advice and guidance to other providers on an ad hoc basis.

The audit report highlighted, in particular, the lack of corporate resource to provide support and monitoring. The report focused upon the procurement of food but also touched upon food safety (reference the Pennington report).

Some action has been taken, particularly in relation to raising awareness amongst all departments where food is provided, of the importance of structured procurement and food safety. This has been achieved by the establishment of the Food Procurement Group

which includes representatives from each department where food is provided. The first meeting took place in February 2018 with two further meetings in 2019 and the last in February 2020.

However the lack of a corporate resource that is available to support and monitor all food outlets of the authority was also acknowledged coupled with an acknowledgement that the management and supervision of primary sector catering was under resourced (comprehensive school catering being devolved to the individual schools).

The shortage was partially addressed in 2019 by the appointment of a school meals supervisor albeit on a fixed term contract.

In recent months a proposal to recruit a corporate catering manager and deputy manager along with creating a permanent post for the school meals supervisor has been agreed in principle by both the Enterprise DMT and Social Care DMT.

A budget pressure has also been lodged to fund the supervisor role on a permanent basis and any additional costs associated with the creation of a corporate catering management function.

A job description for the new post has been drafted and is subject to job evaluation assessment.

It is acknowledged that progress in addressing the concerns raised in the audit report has been slow during 2019 and the follow up report highlighted that although acknowledged a reduction in some departments of food procured 'off contract'.

The action plan below identifies that the need for a corporate resource was recognised at an early stage. However the pandemic disrupted progress being made with both the interim HoS (Head of Strategic Projects) and Catering manager being deployed to other duties along with catering services being radically changed a services were changed by the impact of the pandemic.

Subject to funding being secured in the 2021/22 budget the new structure can be implemented and corporate oversight be introduced. The food procurement group meeting will be reconvened to reinforce the correct procurement function and training of staff involved with food provision will be better structured (this will happen irrespective of the corporate role being established to ensure that food procurement (and safety) is reinforced.

The action plan below provides further information (current status column).

2. AUTHOR AND CONTACT DETAILS

Name, Roger Hoggins, Interim Head of Service

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Previously agreed Action Plan

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
1	2.3b	<p>Products purchased by the Authority were not categorised by risk.</p> <p>Inconsistent views of food procurement risk amongst staff.</p> <p>Risk - inconsistency in actions taken by staff due to differing perceptions of risk associated with various types of food.</p>	<p>The minutes of the 1st July 2019 food procurement meeting concluded that there was still a need to understand more of the risks around food, as food commodities were not categorised by risks.</p> <p>The Group discussed food risk and raised the point that more understanding is needed on the risks around food.</p>	<p>Advice and guidance surrounding risk associated with all types of food stuffs should be set out in guidance documents and published on The Hub (food area).</p> <p>Management Response: Presently the Catering Manager and Principal Environmental Health Officer are preparing a range of training courses, including advice and guidance on risks associated with foods, allergen advice, and food hygiene practice.</p> <p>Additionally Catering Manager and Principal Environmental Health Officer are increasing visits to sites to offer advice and guidance.</p>	<p>Catering Manager, with input from Environmental Health With support from Head of Service/Senior Leadership Team</p>	<p>30th September 2020 but noted that dates could be subject to change.</p>	<p>Food Procurement Group meetings to be reconvened to reinforce food procurement/safety issues and to provide a mechanism to distribute information to food providers.</p> <p>As the corporate management resource is established a schedule of site meetings to be introduced.</p>

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
2	1.2a	<p>There was no overall responsible officer for food procurement, across the organization as a whole.</p> <p>Therefore, there was no officer responsible for the oversight and monitoring of food procurement.</p> <p>Risk – Lack of consistency and co-ordination across the Authority. Without a corporate lead, potentially difficult to impose controls and monitor the safety of food procurement.</p> <p>Non-compliance not monitored and therefore lack of positive action, lack of understanding of the risks the Authority may be facing.</p>	<p>The Head of Business Transformation confirmed that a recommendation was made to SLT in August 2019, for the establishment of a centralised supervisory role for the Authority's strategic food strategy.</p> <p>In addition an assessment of resource implications was currently being drafted for consideration by the Chief Officer for Enterprise and SLT.</p>	<p>The Authority should ensure the roles and responsibilities of all staff involved in food procurement are clearly identified along with lines of accountability.</p> <p>Consideration should be given to appointing a lead officer for food procurement. This should include oversight and regular monitoring of all food spend across all departments to highlight any instances of non-compliance with appointed frameworks.</p> <p>Management Response: A Catering Supervisor will be in post, starting April 2020. This should release the Catering Manager from some of the operational side of work, allowing more focus on oversight</p>	Head of Service/Senior Leadership Team/All Members of the Food Procurement Group	30 th September 2020 but noted that dates could be subject to change.	<p>A corporate catering manager structure has been approved by DMT's and will be filled subject to funding.</p> <p>This includes creating a school meals supervisor.</p> <p>The dietician and allergen role continues to be provided by MCC staff with ABHB support but no direct employment has been secured as yet (cost being prohibitive).</p>

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
		<p><i>Potential of food safety standards being breached.</i></p>		<p><i>both of procurement and food safety. This should extend to allowing the Catering Manager to have the right to visit any kitchens in MCC.</i></p> <p><i>Additionally, the Authority will contract the services of a shared part-time Dietician/Allergen specialist, the service will be hosted by Blaenau Gwent, to further help with promoting a consistent message across the Authority.</i></p> <p><i>We also aim to introduce a review of food spend actuals as a standing item on the agenda of the Food Procurement Group. It is a manager's responsibility to use recommended contracts but reviewing this data as</i></p>			

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
				<p><i>a group will allow for opportunity for discussion and challenge, if required.</i></p> <p><i>Head of Service (Strategic Projects) will be requesting SLT send out a message to managers about their need to adhere to both food procurement rules and to follow best practice for food safety.</i></p>			

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
3.	2.1b	<p>Off framework spend was noted in some cases, including the continued use of imprest accounts for food purchases.</p> <p>Risk - Routine non-compliance with CPRs, potential food safety risk, no pre-checks of providers, potentially no on-going contract management during the life of the contract.</p>	<p>Non-compliant suppliers used at the time of the last audit were compared to creditor payments for the period 1st April 2018 to 5th July 2019.</p> <p>Nine "off contract" suppliers including local butchers, milk and egg suppliers, who were identified at the time of the previous audit review, were no longer invoicing the Authority.</p> <p>Milk continued to be purchased from off framework providers. Lloyd's dairy (now known as Sugarloaf) was paid and continue to be used by one department. Merchant Farms had been used in the period reviewed (although last paid on 3/8/18).</p> <p>Sugarloaf was also used for fruit and vegetable purchases by one MCC establishment, as the framework provider (Total Produce) could not deliver to the location. Staff were working with the Catering Manager to resolve</p>	<p>Food should not be purchased from "off framework" providers.</p> <p>Reminders should be sent to all users of the imprest guidelines. In particular, to raise awareness that purchases in excess of £60 should be paid by raising a purchase order.</p> <p>Consideration should be made to defining types of food that cannot be purchased by petty cash. This information can be passed to Internal Audit in order to update and circulate new guidance.</p> <p>Management Response: Further work is needed to define the risks associated with foodstuffs, as this will allow us to define what an acceptable</p>	<p>Head of Service/Senior Leadership Team/All Members of the Food Procurement Group</p>	<p>30th September 2020 but noted that dates could be subject to change.</p>	<p>A Corporate Food Procurement Network was created in 2016 to help better coordinate the actions of those officers who had responsibility for the ordering and preparation of food. A definitive list of all compliant food frameworks that the Council could call off has been drawn up and communicated since 2017. We have also developed a dedicated Food page within the Council's procurement SharePoint area.</p> <p>The food procurement group and training will</p>

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
			<p>delivery issues in order to move to the framework provider.</p> <p>Six locations (5 of which were schools) used either P I Jones or Peter Broughton for fresh fruit and vegetables instead of the approved provider.</p> <p>From a high level check of all MCC imprest accounts i.e. all petty cash transactions coded to D016 (provisions), B086 (Catering) and D020 (Café) for 1st April 2018 to 2nd July 2019, £18,357 was spent in the period.</p> <p>15 locations used petty cash imprests for the purchase of provisions. The highest expenditure (in order) was by Severn View Residential Home (£6.7k), Budden Crescent (£4.6k), Mardy Park (£1.7k), Shire Hall (£1k), with remaining 20 locations each spending less than £1k. Nine further locations had used their imprest accounts for food purchases in 2018/19 for the first time, indicating a possible growth in this area, although it</p>	<p><i>purchase from petty cash is.</i></p> <p><i>The message to use central contracts where they are available will be strongly promoted by SLT, and message reinforced at Food Procurement Group meetings.</i></p>			<p>reinforce the food safety risks and safe working practices.</p>

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
			should be noted that all nine were relatively low spenders on food.				
4.	2.5a	<p>No evidence that contracts were in place between the Authority and some of its food providers.</p> <p>Risk - Authority at risk if there is a dispute between parties. Authority expectations on food safety, quality management not agreed.</p>	<p>Of the continuing off framework arrangements in place, one location confirmed that there was no formal arrangement with their supplier (fruit and vegetables) but the intention was to move to framework provider as soon as possible.</p> <p>Internal Audit reports on My Day My Life and various schools have identified the use of off framework providers for milk, fruit and vegetables.</p> <p>It is recognised that food should not be purchased from "off framework" providers but when exceptions are noted, a contract should be set up and monitored.</p>	<p>All arrangements for the supply of food should be supported by an appropriate and relevant contract.</p> <p>Management Response: As previously stated, there is a need to understand the risks for any foods stuffs that are not purchased via main contracts and the nature of what contracts would need to be put in place. It is understood that food should only be purchased from recommended suppliers, and otherwise only for low risk food products.</p>	Head of Service/Senior Leadership Team/All Members of the Food Procurement Group	30 th September 2020 but noted that dates could be subject to change.	Corporate catering manager and Food procurement group will be used to reinforce the need for better organised food purchasing.

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
5.	2.5b	<p>There was a lack of evidence, in the case of “off framework” providers, to show that the Authority has complied with a key Pennington report recommendation.</p> <p>Risk – that the Authority is purchasing high risk food from providers not subject to independent food hygiene checks.</p>	<p>As noted, milk was still purchased from off framework suppliers by one location. Although there is no formal contract in place it was confirmed by Environmental Health that the dairy has a 5 rating on the food hygiene rating scheme (Sugarloaf Dairies)</p> <p>Merchant Farms had been used in the period reviewed (last paid 3rd August 2018). It is worth noting that this business was not known to Environmental Health at time of use and did not have a food hygiene rating. The milk round has since been sold to Raglan Dairy.</p>	<p>Where high risk foods are purchased, contracts should include a requirement that providers undergo independent third party food hygiene audits for high risk foods and meet the standards expected.</p> <p>Management Response: <i>There has been much improvement in making sure that locations that were previously using their own suppliers for products such as meat, dairy are no longer using them, and have switched to approved suppliers. However the message will be further promoted via the Food Procurement Group.</i></p>	Head of Service/Senior Leadership Team	30 th September 2020 but noted that dates could be subject to change.	The recommendations of the Pennington Report relates to the outbreak of E.coli and the subsequent review of food hygiene enforcement measures across Wales. The stance of the Strategic Procurement Manager has been that no food types that carry the risk of E.coli transmission should be procured off contract. All food types procured via the existing NPS frameworks have undertaken all the appropriate due diligence checks, including regular independent third

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							<p>party food hygiene audits as part of the supplier's ongoing contract management. This message has been communicated and reinforced through the Corporate Food Procurement Network.</p>

SUBJECT:	LIMITED ASSURANCE AUDIT OPINION - CALDICOT CASTLE - AUDIT COMMITTEE CALL-IN
MEETING:	Audit Committee
DATE:	7th January 2021
DIVISION/WARDS AFFECTED:	All

1. PURPOSE

To inform the Members of the Council's Audit Committee of:

- The action taken by management in the Service Area to date and progress against the agreed action plan in respect of the 'Limited Assurance' audit opinion for MonLife Caldicot Castle Follow up October 2019.

Opinion: Limited Assurance

Proposed Date of Next Follow Up: Scheduled for Qtr x, 2021/22 (subject to any impact from Covid-19)

Action for Service Area Management:

Please provide:

- *A brief summary of why an unfavourable audit opinion / second unfavourable audit opinion was issued by Internal Audit for this area.*

Within the last review, six significant and 14 moderate recommendations were raised. Of these 20 recommendations, 10 were found to have not been implemented, six were fully implemented, three were partially implemented and one was no longer applicable. Whilst in total half of the recommendations had been implemented, only one of the six significant risk recommendations had been fully implemented. Most of these recommendations were around weddings and events and were outstanding and controls in this area remained weak, with inconsistencies identified in audit testing and risk of failure to maximise income. Overall, despite some improvements being identified, the updated audit opinion on Caldicot Castle was Limited assurance

- *(For a second consecutive unfavourable audit opinion) Reason(s) why action was not taken in response to the original Internal Audit report.*

At the time of the review, recent staffing changes had taken place as part of a complete Attractions restructure across 4 venues involving many staff and changes in systems, responsibilities and reporting. Part of this involved the appointment of an Attractions Group Manager to oversee all systems and procedures for consistency. Whilst

addressing some of the recommendations made by Audit, we acknowledge that our systems were not consistent across all services and through these discrepancies errors had occurred. The below also outlines a real focus within this area with thorough interventions to address the issues and concerns raised by Audit

- *Assurance of how you plan to address the outstanding issues moving forward to result in an improved opinion on any future follow-up review.*

Since this time we have also introduced a Business Support Team Lead role across MonLife to focus on all areas of administration including bookings, hire agreements, training on front of house systems, invoicing, banking, ordering, payroll etc. All staff have received extensive training in the past year on systems and procedures with the addition of user manuals and there will also be regular spot checks and internal auditing of these systems as we move forwards. Standardisation of all forms in a central location on a new MonLife Sharepoint site has also been implemented across the Attractions to ensure consistency and accuracy of data and when staff move around sites they are aware of the same processes. The introduction of a staff handbook and user manuals for specific areas provides up-to-date information for all staff and can be used as a reference point.

Site coordinators have had financial training and are regularly spot checking booking forms and correct processes are being followed. Regular meetings with staff and continually training package will ensure all staff are up to date with any changes to procedures and are aware of their responsibilities in processing the correct administration.

Many of the actions identified were remedied within 12 weeks (February 2020). All remaining actions have been addressed (April 2020) and once the site is back operational we will be able to test our systems now in place.

2. AUTHOR AND CONTACT DETAILS

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Previously agreed Action Plan

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
1	3	<p>There were no procedure notes or guidance documents setting out what information was required when booking a wedding or other event.</p> <p>Risk – Staff are not aware of appropriate processes, which could lead to inconsistencies and potential favourable treatment.</p> <p>Forms do not request appropriate information.</p> <p>Failure to obtain appropriate additional documentation e.g. risk assessments and insurance certificates.</p>	<p>As at the last review, there were no documented procedures in place at the time of this review. Management could demonstrate that some ideas had been considered but nothing had been finalised.</p> <p>Booking forms were in the process of being looked at, but 3 different forms were used at the time of the review. Therefore, not all the necessary information was being collected consistently and the full terms and conditions were not made available.</p>	<p>Wedding booking procedures should be developed to inform all staff of appropriate processes, the information that should be obtained and how this should be stored to assist in the event preparations and thereafter.</p> <p>All pre-existing wedding forms should be reviewed and revised to ensure that appropriate information is collected and the terms/conditions of the booking are agreed.</p> <p>Management Response: We acknowledge that our booking procedures at the time of the audit inspection were not robust. Existing procedures have now been streamlined to ensure there is a clear process in place for event bookings that all staff adhere to. Regarding pre-existing bookings, the Attractions Manager and Site Lead at Caldicot Castle, will scrutinise the pre-existing</p>	<p>Visitor Attractions Group Manager / Site Co-ordinator (Caldicot Castle)</p>	<p>1st April 2020 (ongoing process for monthly scrutiny)</p>	<p>Robust booking forms in place for all events and weddings. These have been designed and staff have been trained in using the forms and the processes to follow. T&C have been updated and approved by Audit and Legal department. All processes are laid out in the Attractions handbook for staff.</p>

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
				<i>and all new wedding and event paperwork on a monthly basis to ensure processes are being adhered to. This process will be incorporated into the monthly management meetings at each site.</i>			
2	4	<p>Prices charged were not consistent with brochure pricing.</p> <p>Risk - Potential that income may not be maximised, or that customers may not be treated fairly or transparently. Reputational risk.</p>	<p>Of a sample of 7 weddings and parties (5 of which had already taken place and 2 of which were upcoming), 2 prices had not been charged consistently with the brochure prices.</p> <p>This worked out to be a loss of £680 to the Castle based on expected prices. These were charged at 47% and 33% less than the approved published prices.</p> <p>Overall, the number of wedding bookings remained low, meaning that potential income</p>	<p>The charges for all weddings booked should be consistent and applied in line with the agreed pricing structure.</p> <p>The Visitor Attractions Group Manager should randomly review records to ensure that pricing guidance has been adhered to and that appropriate information has been recorded.</p> <p>In the event of deviation from the agreed pricing guide, the cost centre budget holder should approve this decision and this should be documented.</p> <p>Management Response:</p> <p>A rolling three year price schedule for weddings has already been finalised for the</p>	<p>Visitor Attractions Group Manager / MonLife Engagement and Workforce Development Manager</p>	<p>29th February 2020</p>	<p>3 year pricing schedule has been established and used across all attractions sites for consistency and accurate pricing/quotes for enquires. Any reductions in pricing is referred to a senior member of staff within MonLife for considerations to be made and the outcome documented.</p>

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
			<p>levels were not maximised.</p>	<p><i>next three years commencing in the financial year 2020/21.</i></p> <p><i>A procedure for approving any deviation from these published and agreed rates is now in place which is decided upon by the Group Manager and/or a member of the senior management in MonLife.</i></p> <p><i>Any discounted pricing is dealt with on a case by case basis and only offered if there is a strong justifiably need to do so. This process is documented in staff handbook under FAQ's.</i></p>			

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
3	5	<p>Lack of consistency in booking processes and documentation.</p> <p>Hire agreements were not in place for wedding and party bookings.</p> <p>Risk - Both parties may be unaware of terms and conditions. Parties have not signed to agree to their responsibilities.</p>	<p>The Site Co-ordinator Caldicot Castle & Country Park confirmed that a booking request form was now used to request hire. This is completed by the external hirer.</p> <p>After the request form was received, a confirmation letter was issued from the Castle which included all details of the booking. This letter is signed by the Site Co-ordinator and the hirer is asked to countersign and return. Terms and Conditions were included in this document. This was based upon an existing Leisure document and whilst the Attractions Manager did not like the appearance of the document, content was appropriate for the Castle's purposes. However, discussions with the Weddings,</p>	<p>Hire agreements should be reviewed and updated, with a single form agreed and used consistently for all future bookings.</p> <p>The Site Co-ordinator Caldicot Castle & Country Park should consider consulting other areas within the Authority, which utilise hire agreements such as schools and Leisure for templates etc.</p> <p>The hirer should be required to sign to agree with terms of hire on behalf of the Authority.</p> <p>Management Response: With MonLife now going live, we have standard hire agreements and booking procedures in place across the service.</p> <p>All booking forms are confirmed in the follow-up confirmation letter with our terms and conditions which hirers must sign and return to confirm the booking.</p>	<p>Visitor Attractions Group Manager / Site Co-ordinator (Caldicot Castle)</p>	<p>29th February 2020</p>	<p>Standardised booking and hire agreement forms are in place across all MonLife services. Staff are aware of the correct procedures and the forms to use. Customers are sent the hire agreement along with the T&C to sign and return. When circumstances or additional items are added on to a booking then a new booking form and hire agreement are sent out including the new additions for agreement and signature of the client.</p>

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
			<p>Conference and Activities Co-ordinator showed that she was not using this process and had developed a separate form. In addition, she had also been on occasions using the previous form identified during the last audit review (which did not include appropriate hire agreements or T&Cs). As a result, there was no consistency in the documentation used.</p>				

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
4	6	<p>Documentation to support additional costs charged was not sufficient.</p> <p>No proof of debt was available to support additional charges.</p> <p>Some additional charges had not been invoiced.</p> <p>Risk - Lack of proof of debt could cause issues with recovery, meaning income due to the Authority may not be received.</p> <p>Potential for allegations of favouritism, if costs are not transparent and consistent.</p> <p>The full costs of event provision may not be recovered.</p>	<p>During the 2019/20 season, there was only one wedding that had corkage charged as the others were mainly ceremonies with pre-paid drinks packages.</p> <p>Discussion with the Weddings, Conference and Activities Coordinator stated that there was no process for recording this. She was unaware of the previous form used for this purpose and in the instance noted above, no proof of debt was recorded.</p>	<p>The process for recording sundries and additional charges should be reviewed.</p> <p>The Castle team should establish proof of debt by ensuring that the customer signs to agree all charges and accept the debt in full.</p> <p>Management Response: Our booking process now instructs that any amendments after receiving the initial booking confirmation for an event, must be followed up by issuing a new booking confirmation confirming the extra requirements.</p> <p>The client is required to sign and return this to confirm that they agree with the additional requirements and costs, which also provides our proof of debt.</p>	<p>Site Co-ordinator (Caldicot Castle) along with Weddings and Events Co-ordinator</p>	<p>29th February 2020</p>	<p>When circumstances or additional items are added on to a booking then a new booking form and hire agreement are sent out including the new additions for agreement and signature of the client. Any changes made within 12 weeks of the event will be paid in full at the time of change being made.</p>

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
5	14 / 19	<p>Weddings and parties were not being invoiced for in line with the payment terms.</p> <p>Invoices were late in being sent out, leading to significant delay in the collection of income.</p> <p>Payment Card Industry Data Security Standard (PCI DSS) compliance breaches were evident.</p> <p>Payment terms were not adhered to.</p> <p>Risk – Money owed to the Authority may not be fully received. The Authority may be fined for lack of PCI DSS compliance (up to £800 per week).</p>	<p>Of the sample of 5 previous events, only one had been invoiced for. This invoice was raised 7 weeks after the booking. The invoice was for £19k and due to the way the booking was conducted (using the old booking form) there was no hire agreement or proof of debt.</p> <p>The Weddings, Conference and Activities Coordinator had emailed clients on a couple of occasions to chase payments for the other events but they were very close to the date of the wedding and community bookings.</p> <p>On one occasion, the final balance was not paid until 10 days before the wedding.</p> <p>There was also an issue identified in terms of PCI</p>	<p>Weddings, parties and community events should be invoiced in a timely manner, which allows payment to be collected at least 12 weeks prior to the date of the event in accordance with the payment terms.</p> <p>Events that have not been paid for in full prior to the date of the event and despite repeated reminders should not be allowed to proceed.</p> <p>All payments by card should only be taken in full accordance with the PCI DSS. If necessary, advice from the Systems Administration & Banking Team in the Finance department should be sought.</p> <p>Management Response: The booking process now stipulates that clients should be invoiced at least 12 weeks in advance of the event and that any enquires that are received within this period, are payable in full immediately.</p>	Visitor Attractions Group Manager	29 th February 2020	All events/weddings/bookings pay a deposit and then the balance 12 weeks before the vent. If the vent is within 12 weeks of the date of booking then full payment is taken at the time of booking. All payments are taken in accordance with the PCIDSS

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
			<p>compliance – the Weddings, Conference and Activities Coordinator informed IA that sometimes clients call her to process payment. If she was not in the office, she would record the card details down on a piece of paper and then telephone a colleague at the Castle with the details to process the payment. This was not compliant with the PCI DSS regulations and should not be done in any circumstances.</p>	<p><i>Furthermore, we will be undertaking additional GDPR training which will assist in this process and develop staff knowledge accordingly and ensure all payments are taken in accordance with PCIDSS.</i></p>			

Monmouthshire County Council Annual audit summary 2020

This is our audit summary for Monmouthshire County Council. It shows the work completed since the last Annual Improvement Report, which was issued in June 2019. 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 43 councillors who represent the following political parties:

- Conservative: 25
- Labour: 9
- Independent Group: 5
- Liberal Democrat: 3
- Independent (not part of Independent Group): 1

The Council spent £177.8 million on providing services during 2019-20, which is the fifth lowest spend of the 22 unitary councils in Wales.

As at 31 March 2020, the Council had £15.2 million of usable financial reserves. This is equivalent to 9% of the Council's annual spend on services, this is the joint second lowest percentage of the 22 unitary councils in Wales.

Key facts

Monmouthshire County has none of the most deprived 10% of areas in Wales, this is the lowest of the 22 unitary councils in Wales¹.

Monmouthshire's population is projected to increase by 6% between 2020 and 2040 from 94,768 to 100,492, including a 5.2% decrease in the number of children, a 3.9% decrease in the number of the working-age population and a 35.6% increase in the number of people aged 65 and over².

The Auditor General's duties

We complete work each year 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 Council has to put in place arrangements to get value for money for the resources it uses, and the Auditor General has to be satisfied that it has done this.

- **Continuous improvement**

The Council also has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements.

- **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.

¹ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales (Welsh Index of Multiple Deprivation 2019)

² Source: Stats Wales



Since the Spring of 2020, the ongoing pandemic has affected our audit work. We recognise the huge strain on public services and have reshaped our work programme, and found new ways of working to reduce its impact on public bodies' response to COVID-19, while still meeting our statutory duties.



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.

What we found

Audit of Monmouthshire County Council's 2019-20 Accounts

Each year we audit the Council's financial statements.

For 2019-20:

- The Auditor General gave an unqualified, true and fair opinion on the Council's financial statements on 26 October 2020. This was after the statutory deadline of 15 September 2020 as a result of pressures caused by the COVID-19 pandemic, and the Council took the appropriate statutory measures to explain this delay on its website.
- The Council'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 Council and with our knowledge of the Council.
- The quality of the draft statements presented for audit by the statutory deadline on 15 June 2020 was generally good, although our closing Audit of Financial Statements Report identified some areas for improvement in future years.
- A number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Audit Committee in our Audit of Financial Statements Report in October 2020.
- In addition to the Auditor General's responsibilities for auditing the Council'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, and we will report the outcomes of this work in more detail to the Audit Committee once it is completed.
- The Auditor General issued the certificate confirming that the audit of accounts for 2019-20 has been completed.
- Key facts and figures from the 2019-20 financial statements can be accessed [here](#).

Well-being of Future Generations Examination – An examination of ‘Reducing child poverty and social isolation and improve economic inclusion’ (November 2019)

The examination that we undertook in 2019-20 considered the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to reduce child poverty and social isolation and improve economic inclusion. We concluded that the Council is starting to apply the sustainable development principle in relation to its social justice agenda, but does not yet have a long-term plan. The report can be viewed [here](#).

Continuous Improvement

The Auditor General certified that the Council has met its legal duties for improvement planning and reporting, and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2020-21.

Financial Sustainability (August 2020)

During 2019-20, we examined the financial sustainability of each council in Wales. In Monmouthshire County Council, we identified that increasing cost pressures and variable levels of savings delivery are impacting on the Council’s financial sustainability and, while the approach to take corrective in-year actions to balance the financial position has been successful in prior years, it will become increasingly difficult to sustainably fund future budget pressures as they continue to grow. The report can be viewed [here](#).

National Fraud Initiative (October 2020)

In October 2020, the Auditor General published his report on the findings of the latest National Fraud Initiative (NFI) data-matching exercise in Wales. The exercise helped public bodies in Wales, including the 22 unitary authorities, identify fraud and overpayments amounting to £8 million. The report can be accessed on our [website](#). NFI continues to be developed and in the forthcoming NFI exercise (NFI 2020-2022), local authorities will have access to matches designed to help identify potential fraudulent applications for COVID-19 business support grants.

Review of Whistleblowing and Fairness at Work (Grievance) arrangements (November 2019)

We performed a follow-up review of these arrangements in 2019, to assess the Council’s progress in addressing our proposals for improvement arising from our initial 2014 review. We concluded that the Council has responded positively to our 2014 review to strengthen its Whistleblowing and Fairness at Work arrangements, and seeking feedback from those involved could lead to further improvements. The report can be viewed [here](#).

Environmental Health Follow-up Review (December 2019)

We examined whether the Council’s environmental health service was continuing to deliver its statutory obligations with fewer resources. Overall, we found that the Council has acted upon the recommendations raised in our 2014 national report in this area. The environmental health service currently has financial stability and should use this period of stability to build resilience

through achieving the right balance of statutory, discretionary and income-generating services. The report can be viewed [here](#).

Leisure Services Follow-up Review (December 2019)

Our review sought to assess whether the Council could assure itself that the delivery of its leisure services offered value for money, in the context of an earlier national report issued in this area in 2015. We concluded that the Council is making progress in addressing our 2015 recommendations and has considered whether the delivery of its leisure service offers value for money. The report can be viewed [here](#).

Follow-up Review of Corporate Arrangements for Safeguarding of Children (March 2020)

Our review sought to assess whether the Council could provide assurance that it has made effective progress against the proposals for improvement contained in our 'Whole Authority review of Safeguarding' report published in August 2018. We concluded that the Council has responded positively to our report and recognises the progress it has made against the proposals for improvement and what more it needs to do to fully address them. The report can be viewed [here](#).

Other Inspectorates

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response. CIW published its Local Authority Performance Review in August 2020; it is available [here](#). Estyn undertook an inspection of Local Government Education Services in Monmouthshire in January 2020. The report is available [here](#).

Local Government Studies

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. Since the last annual improvement report we have published the following reports, the findings of which relate to the Welsh local government sector as a whole (as opposed to the Council):

The 'Front Door' to Social Care (September 2019)

We considered the effectiveness of the new 'front door' to social care, looking specifically at services for adults. We found that whilst councils are preventing social-care demand, information, advice and assistance are not consistently effective. The full report can be viewed [here](#).

Review of Public Services Boards (October 2019)

We inspected how Public Services Boards are operating; looking at their membership, terms of reference, frequency and focus of meetings, alignment with other partnerships, resources and scrutiny arrangements. We concluded that Public Services Boards are unlikely to realise their potential unless they are given freedom to work more flexibly and think and act differently. The full report can be viewed [here](#).

Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act (November 2019)

We examined how the new duties and responsibilities of the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act are being rolled out and delivered. We found that victims and survivors of domestic abuse and sexual violence are often let down by an inconsistent, complex and fragmented system. The full report can be viewed [here](#).

Rough Sleeping in Wales – Everyone's Problem; No One's Responsibility (July 2020)

We looked at how well public services are responding to the issue of rough sleeping. Overall, we found that responding to COVID-19 is an opportunity for public bodies to start addressing long standing weaknesses in partnership working which has stopped them from tackling rough sleeping in the past. The full report can be viewed [here](#).

Better Law Making (September 2020)

This report draws on five reports published between 2019 and today looking at how local authorities are responding to the challenge of implementing new legislation. Implementation is a complex task which needs to be fully thought through by the Welsh Government and the Senedd whenever they bring forward and make any new legislation. The paper highlights the difficulties faced by local authorities and their public sector partners in implementing their new responsibilities. The full report can be viewed [here](#).

Commercialisation in Local Government (October 2020)

Councils have conducted commercial activity for a long time, and many councils are exploring additional commercial opportunities to mitigate against the financial pressures they face. Our report is specifically targeted at helping elected members and senior officers to examine and judge the potential impact on their organisations when considering whether to undertake commercialisation. It also helps councils to demonstrate how well they are discharging their value for money responsibilities. The full report can be viewed [here](#).

Planned work for 2020-21

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

The most significant risk and issue facing councils and the wider public sector during 2020-21 is the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our work for 2020-21 includes:

- **Recovery planning in response to the COVID-19 pandemic.**
- **COVID-learning project – helping to identify and share learning from the way in which public bodies have responded to the pandemic.**
- **Assurance and risk assessment.**
- **A review of the Council's financial sustainability.**
- **A review of the Council's Waste and Recycling Service.**
- **A follow-up review of the Council's homelessness provision.**

The Auditor General is independent of government, and is 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, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

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.

SUBJECT:	THE WELSH CHURCH ACT FUND AUDITED STATEMENT OF ACCOUNTS 2019/20 AND THE INDEPENDENT EXAMINATION REPORT FOR THE MONMOUTHSHIRE FARM SCHOOL ENDOWMENT TRUST FUND 2019/20
MEETING:	Audit Committee
DATE:	7th January 2021
DIVISIONS/WARD AFFECTED:	All

1. PURPOSE:

- 1.1. The purpose of this report is to provide the audited annual accounts for The Welsh Church Act Trust Fund and Independent Examination Report for The Monmouthshire Farm School Endowment Trust Fund for 2019/20, subsequent to the audit process undertaken by Audit Wales, for consideration by Audit Committee fulfilling their appointed scrutiny function.

2. RECOMMENDATIONS:

- 2.1. That the audited accounts for The Welsh Church Act Fund 2019/20 (**Appendix 1**) is reviewed in conjunction with the Audit Wales ISA260 Audit of Accounts report for The Welsh Church Act Fund.
- 2.2. That the audited financial statements for The Monmouthshire Farm School Endowment Trust Fund for 2019/20 (**Appendix 2**) is reviewed in conjunction with the Independent Examination Report for The Monmouthshire Farm School Endowment Trust Fund.

3. KEY ISSUES

- 3.1. Audit Committee approval of the audited accounts for The Welsh Church Act Fund should follow the audit process and under the current Charity Commission guidelines, the accounts should be completed and filed with them by the 31st January 2021.
- 3.2. Audit Committee review of the final Monmouthshire Farm School Endowment Trust Fund accounts is undertaken prior to presentation to the Trust Funds Management Board on the 22nd January 2021.
- 3.3. The outbreak of the COVID-19 pandemic has caused significant disruption, both to the Trusts management teams and Audit Wales in being able to complete the necessary work to satisfy audit requirements to the required deadlines. Despite this disruption the audited statements have been produced within required timescales and as to enable the statements to be lodged with the relevant committees as required.
- 3.4. The meeting of the required deadlines has required a joint effort between the Trusts management and Audit Wales and management would like to acknowledge the professional and supportive approach that Audit Wales have taken despite unprecedented circumstances and challenges.

4. REASONS

- 4.1. It is pleasing to note that the auditors intend to provide an **unqualified opinion** on the Welsh Church Act Fund Accounts for 2019/20.

- 4.2. The final audited statements for the Welsh Church Fund Act (**Appendix 1**) incorporates all adjustments for “corrected misstatements” identified by Audit Wales and noted in their ISA260 Audit of Accounts report.
- 4.3. Of significant note, the ISA260 Audit of Accounts report raised the following issue:
- **Emphasis of matter – effects of COVID-19 on the valuation of investment property funds**
- We draw attention to Note 10 of the financial statements, which describes uncertainties regarding the valuations of investment property funds arising from the current COVID-19 pandemic. Audit Wales opinion is not modified in respect of this matter.
- 4.4. The auditors intend to provide an **unqualified examiners report** on the Monmouthshire Farm School Endowment Trust Fund accounts for 2019/20.
- 4.5. The final audited statements for the Monmouthshire Farm School Endowment Trust (**Appendix 2**) incorporates all adjustments for “corrected misstatements” identified by Audit Wales in their examination report.

5. OPTIONS APPRAISAL

- 5.1. Not applicable.

6. EVALUATION CRITERIA

Not applicable

7. RESOURCE IMPLICATIONS

- 7.1. As outlined in the respective Accounts to be found in the Appendices.

8. WELLBEING OF FUTURE GENERATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING)

- 8.1. There are no implications directly arising from the recommendations and decisions highlighted in this report.

9. CONSULTEES

Chief Officer - Resources
Head of Legal

10. BACKGROUND PAPERS

Appendix 1: Welsh Church Act Fund Statement of Accounts 2019/20

Appendix 2: Monmouthshire Farm School Endowment Trust Fund Statement of Accounts 2019/20

11. AUTHORS:

Jonathan Davies – Finance Manager

12. CONTACT DETAILS

email: jonathandavies2@monmouthshire.gov.uk

**The Monmouthshire County Council
Welsh Church Act Fund**

**Annual Report and Financial Statements for the
year ended the 31 March 2020**

Registered Charity Number: 507094

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2020**

Contents

Trustee, Officers and Advisors	1
Report of the Trustee	2
Independent Auditors' Report	6
Statement of financial Activities	8
Balance Sheet	9
Cashflow Statement	10
Notes to the Financial Statements	11

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2020**

Trustee, Officers and Advisors

Trustee

Monmouthshire County Council

Secretary

Matthew Phillips

Monitoring Officer

Monmouthshire County Council

Registered Office

County Hall

The Rhadyr

Usk

NP15 1GA

Auditors

Audit Wales

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Solicitor

Matthew Phillips

Head of Legal Services

Monmouthshire County Council

Investment Custodian

Monmouthshire County Council

General Management

Mr Peter Davies

Director of Resources

Monmouthshire County Council

Bankers

Barclays Bank

1-5 St David's Way

St David's Centre

Cardiff

CF10 2DP

The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2020

Report of the Trustee for the year ended 31 March 2020

The Trustee presents its annual report and the audited financial statements for the year ended 31 March 2020 of The Monmouthshire County Council Welsh Church Act Fund ('the Charity').

The information with respect to the Trustee, officers and advisors set out on page 1 forms part of this report.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on the 16th July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and the UK Generally Accepted Practice as it applies from the 1st January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Structure, Governance and Management

The Charity is governed by the Welsh Church Act 1914 and the Welsh Church Act (Designation and Specification) Order 1996 and is registered with the Charity Commissioners under charity number 507094. A model scheme for the administration of the fund has been prepared and has been submitted to the Welsh Government for approval.

The Trust covers the Council administrative areas of Blaenau Gwent, Caerphilly, Monmouthshire, Torfaen and the City of Newport, with Monmouthshire County Council being designated as the host Authority. The Monmouthshire Welsh Church Act Fund was established on 1 April 1996, from the former Gwent Welsh Church Act Fund and part of the former Mid Glamorgan Welsh Church Act Fund.

Monmouthshire County Council as the Corporate Body is the Trustee for the Welsh Church Fund and therefore there are no policies and procedures adopted for the induction and training of trustees. The trustees also have regard to the Charity Commission's guidance on public benefit.

The management of the Trust Fund is undertaken by officers of the Council and a calculated proportion of their time is charged to the Fund.

Objectives

The primary object of the Charity for each year, as stated in its governing document, is to assist public groups and individuals for educational, social, recreational and other charitable benefit purposes. Grants are available from the Fund for capital or revenue purposes. Capital grants may be awarded to assist organisations in the furnishing and upkeep of buildings. Revenue grants are designed to further the aims of societies and to assist individuals in their various pursuits.

Grants allocation policy

An annual budget set by the Trustee for grant payments is split between the administrative areas of Blaenau Gwent, Caerphilly, Monmouthshire, Torfaen and Newport on a population basis.

A Committee set up by the Trustee approves grant applications on a basis in line with full Council meetings or as deemed required by the participating authorities. Grants are made in pursuance of the Charity's objectives.

The grant allocation of each financial year is considered in line with the long-term financial viability of the trust and to maintain the ability to generate funds in future years for distribution by maintaining sufficient capital assets.

The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2020

Review of activities and future developments

The statement of financial activities for the year is set out on page 7 of the financial statements. A summary of the financial results and the work of the Charity are set out below.

The Fund has decreased in value by £408,417 (£117,776 decrease in 2018/19); this decrease is primarily due to a large unrealised loss (£385,106) at the 31st March 2020 valuation date due to the effect on the investment markets caused by the Covid-19 pandemic.

Income is principally comprised of investment income of £202,540 (£210,597 in 2018/19), The Trust has utilised the Trustee's own investment managers to manage the fund, thus, controlling management fees and therefore maximising returns whilst at the same time maintaining a balanced capital risk strategy.

Charitable resources expended during the year amounted to £223,076 (£369,772 in 2018/19) and principally comprised grant payments of £211,080 (£355,400 in 2018/19). The decrease in charitable expenditure from 2018-19 equates to the current rate of charitable funding available for distribution, though Caerphilly Borough Council still has a large unallocated brought forward balance available.

Net losses on investments held amounted to £385,106 (£41,399 net gain in 2018/19). These non-realised investment losses have been due to the effect of the Covid-19 pandemic on the financial markets at the height of the initial lockdown period in early March 2020. The 'Trusts' current investment strategy, diversifying the portfolio across several investment categories in the last couple of financial years has enabled some investment values to remain fairly stable amid the current volatility in the financial markets. The long-term projections on these charity based investments as indicated by the Trustees' Treasury consultants continue to offer a balanced risk portfolio between income generation and asset growth.

Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Trust about the future or that are otherwise uncertain. Estimates have been made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Trust's Balance Sheet at 31st March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

The revaluation of investment property and property funds

Valuation techniques are used to determine the carrying amount of pooled property funds and investment property. Market activity is being impacted in many sectors by Covid-19. At the 31st March 2020 reporting date, property fund managers and property investment valuers consider that they can attach less weight to previous market evidence for comparison purposes. They are faced with an unprecedented set of circumstances upon which to case a judgement. The fall in transactions and lack of clarity on pricing means that all major industry valuers have now added Material Uncertainty clauses to their property fund and investment property valuations.

Changes in the valuation assumptions used, together with significant changes in rental growth could affect (increase or decrease) the fair value of property-based investments. Indicative net asset statements for property funds are subject to uncertainty at the reporting date and the valuation for pooled property funds and investment property is less reliable than usual. As the investments are held on a long-term strategy basis, the fund does not foresee any long-term negative effect in the generation of future income streams. A retrospective valuation was undertaken post year-end due to Covid-19 and Furlough considerations at the year-end date.

Income generation

The Charity's income was £203,436, compared to £210,597 in 2018/19. The diverse market investment strategy that mainly replaced the pooled investment strategy with Monmouthshire County Council has continued to produce consistent returns in the financial markets due to investment in more specific charitable investment funds. This income generation forms the main basis of the following years grant allocations to ensure continuity and non-degradation of the funds capital assets and to perpetuate the charity as a 'going concern'.

The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2020

Bad debt provision

There are no bad debts arising in the year of account.

Investment powers, policy and performance

Under the terms of the Trust Deed, the Trustee has general powers of investment, subject to the provisions of The Trustee Act 2000. The investment policy of the Trust is to maximise the rate of investment return, whilst employing a risk strategy that minimises any potential reduction in the capital value of the Fund.

The Trustee has reviewed its investment strategy and produced an investment and fund strategy for 2019/20, which has been approved by Monmouthshire County Council in its capacity as sole and corporate trustee, on March 6th 2019.

Financial market investments have been restated at the financial year-end to reflect their current open market value.

Changes in fixed assets

The fixed asset investments were re-valued in the 2019-20 financial year in line with the Investment Asset policy of revaluation every year.

Reserves

The Trustee's policy is to maintain the level of investments at a level that provides sufficient annual income to fund the Charity's charitable expenditure. The level of funds held at 31st March 2020 is £4,966,139 (5,374,556 in 2018/19). The Trustee has reviewed its Fund strategy and produced an investment and fund strategy for 2019/20, which states that the purpose of reserves is to maintain investments such that they realise sufficient income to provide grants to organisations at a consistent level. Whilst, the strategy is to ensure that there is no long-term detrimental effect on overall reserve balances, recommendations made by the Charity Commission has resulted in grants allocations being made in line with investment returns.

Governance of the Charity

Representative Councillors from each of the five administrative areas of Blaenau Gwent, Caerphilly, Monmouthshire, Torfaen and Newport are appointed by their respective councils annually to form a committee to oversee fund management. Members are appointed to the committee for the term of the Council.

Risk management

The Trustee has undertaken a review of the major risks to which the Charity is exposed and its risk management and internal control procedures should be updated to ensure that systems are in place to mitigate the risks identified. The risk assessment was considered by Monmouthshire County Council on 6th March 2019 and no risks were identified.

Auditors

Audit Wales were appointed as auditors to the Welsh Church Act Fund in 2007/08.

Statement of Trustee's responsibilities

The Trustee is responsible for preparing financial statements for each financial year, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity and its financial activities for that period.

In preparing those financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2020**

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operational existence.

The Trustee confirms that it has complied with the above requirements in preparing the financial statements.

The Trustee is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable it to ensure that the financial statements comply with the Charities Act 1993 It is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee certifies that:

- as far as it is aware, there is no relevant information of which the Charity's auditors are unaware; and
- as Trustee of the Charity, it has taken all the steps that it ought to have taken in order to make itself aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

By order of the Trustee

Mr Peter Davies
Director of Resources (Acting S151 Officer), Monmouthshire County Council

Date:

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2020**

**Report of the Auditor General for Wales to the Trustee of the
Monmouthshire County Council Welsh Church Act Fund**

Report on the audit of the financial statements

Opinion

I have audited the financial statements of The Monmouthshire County Council Welsh Church Act Fund for the year ended 31st March 2020, which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the charity as at 31st March 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you were:

- the trustee use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Report on other requirements

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The trustee is responsible for the other information in the annual report and accounts. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2020

Matters on which I report by exception

I have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require me to report to you if, in my opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustee report;
- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities

Responsibilities of the Trustee for the financial statements

As explained more fully in the Trustee Responsibility Statement set out on page 4 of the Trustee Report, the trustee is responsible for preparing the financial statements in accordance with the Charities Act 2011, for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

I have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Adrian Crompton
Auditor General for Wales
Date:

24 Cathedral Road
Cardiff
CF11 9LJ

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2020**

**Statement of financial activities (Sofa) for the year ended 31
March 2020**

	Notes	2019/20 Total Unrestricted Funds £	2018/19 Total Unrestricted Funds £
Income & Endowments from:			
Investment income	2	202,540	210,597
Other incoming resources		896	0
Total income & Endowments		203,436	210,597
Resources Expended			
Raising funds:			
Investment Property Professional fees		(1,171)	(679)
Management and administration		(2,500)	(2,000)
		(3,671)	(2,679)
Charitable expenditure			
Costs of activities in furtherance of the Charity's objects			
Grants payable	3,4	(211,080)	(355,400)
Management and administration		(5,741)	(5,813)
Other			
Governance Costs	5	(6,255)	(5,880)
Total Resources Expended		(223,076)	(367,093)
Gains/(losses) on investment assets	9,10	(385,106)	41,399
Net Income /(Expenditure)		(408,417)	(117,776)
Transfers between funds	13	0	0
Net movement in funds		(408,417)	(117,776)
Fund balances brought forward April 2019		5,374,556	5,492,332
Fund balances carried forward 31 March 2020	13	4,966,139	5,374,556

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

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2020**

Balance Sheet as at 31 March 2020

	Notes	2019/20 Unrestricted Funds £	2018/19 Unrestricted Funds £
Fixed assets			
Investment Land	9	403,500	394,000
Investments	10	4,477,125	4,871,730
		4,880,625	5,265,730
Current assets			
Debtors: amounts falling due within one year	11	44,745	52,052
Cash at bank and in hand		227,964	395,958
		272,709	448,010
Current Liabilities			
Creditors: amounts falling due within one year	12	(187,195)	(339,184)
Net current assets or liabilities		85,514	108,826
Net assets or liabilities		4,966,139	5,374,556
The Funds of the Charity:			
Unrestricted Funds	13	4,966,139	5,374,556
Total Charity funds		4,966,139	5,374,556

The accounts on pages 7 to 16 were approved by the Trustee on 07th January 2021, and signed on their behalf by:

By order of the Trustee

**Mr Peter Davies
Director of Resources – Monmouthshire County Council**

Date:

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2020**

Statement of Cash flows as at 31 March 2020

	note	Total Funds £	Prior Year Funds £
Cash flows from operating activities			
<i>Net cash provided by operating activities</i>	7	(370,534)	(183,180)
<hr/>			
Cash flow from investing activities			
Dividends and rents from investments		202,540	210,597
<hr/>			
<i>Change in cash and cash equivalents in the reporting period</i>		(167,994)	27,417
Cash and cash equivalents at the beginning of the reporting period		395,958	368,541
<hr/>			
<i>Cash and cash equivalents at the end of the reporting period</i>		227,964	395,958
<hr/>			

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2020**

**Notes to the financial statements for the year ended 31 March
2020**

1 Principal accounting policies

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

The trust constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

A summary of the principal accounting policies, which have been applied consistently, are set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, as modified by the inclusion of investments and tangible fixed assets at market value. During the year, the Charity reviewed its accounting policies in accordance with FRS 102 'Accounting Policies'. No accounting policies have been changed as a result.

Incoming Resources

All income is accounted for on an accruals basis.

Cash Balances

Cash is sums of money available for immediate use by the Welsh Church Fund. Such items are deemed to be cash balances held in the Fund's bank accounts (less unrepresented cheques). The Welsh Church Fund does not hold Cash in Hand

Resources expended

All expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

Grants payable

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

Management and administration

Management and administration costs include expenditure on administration of the Charity and, an appropriate apportionment of overheads based upon a time allocation.

Governance Costs

Governance costs comprise costs involving the compliance with constitutional and statutory requirements. These costs relate to audit fees payable to the appointed external auditor.

Irrecoverable VAT

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

Recognition of liabilities

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

The Monmouthshire County Council Welsh Church Act Fund

Annual Report for year ended 31 March 2020

Debtors/ Creditors

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

Fund accounting

Funds are unrestricted funds which are available for use at the discretion of the Trustee in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Investment Land and Property

Capitalisation, Replacement and Valuation

The Trust's policy is to revalue its Investment land on an annual basis in line with the Charities SORP. Valuations will also be undertaken where identified that there have been material movements between formal valuations, as holdings are Investment Land not tangible fixed assets.

An Independent Valuer of Williams Associates, a qualified Land Valuer and Chartered Surveyors, re-valued all Investment Land as at 31st March 2020 and all assets held at year-end are included in the accounts at that valuation date. Vacant properties are valued at open market value.

Depreciation

Land is not depreciated. The Fund currently has no buildings on the fixed asset register.

Investments

Any realised and unrealised gains and losses on revaluation or disposals of investments are included in the statement of financial activities. The Authority is authorised to invest any surplus income or dispose of any investments when it deems appropriate. Investments are strategically placed in investment funds specifically designed for charitable organisation. The basis of valuation on the market based investments held with CCLA, M&G, UBS and Schroder's, is the open market value of the unit holdings on the 31st March 2020 multiplied by the units held. Investment performance is reviewed periodically in light of prevailing economic changes. The Treasury Stock 2024 valuation is based upon the market value of the Treasury Gilts at the 31st March 2020 as listed on the dmo.gov website. The value of the 'pooled' investment with Monmouthshire County Council is the cash value as at the 31st March 2020.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided.

Cash flow statement

The Charity has produced a cash flow statement under Financial Reporting Standard 102 under section 7 on the basis that it meets the relevant conditions and size criteria specified in the Companies Act.1985.

2 Investment income

	2020	2019
	£	£
Investments with Monmouthshire County Council	3,425	3,975
Investment Property Rental Income	4,200	6,214
External Investments	194,915	200,408
	202,540	210,597

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2020**

3 Grants Payable

	2020	2019
	£	£
Grants have been paid to the following administering Local Authorities for them to make to groups and individuals on behalf of the Fund:		
Monmouthshire County Council	33,727	42,025
Torfaen County Borough Council	42,300	38,425
Newport City Council	39,737	33,943
Blaenau Gwent County Borough Council	25,586	24,400
Caerphilly County Borough Council	69,730	216,607
	211,080	355,400

The management and administration cost of the fund and grants distributed were £5,741 during the year.

4 Analysis of Grants

	Grants to Organisations	Grants to Individuals
	£	£
The Advancement of Education	2,349	3,750
The Advancement of Religion	81,559	0
The Relief of Poverty	43,100	0
Other Purposes Beneficial to the Community	80,322	0
Total	207,330	3,750

Caerphilly Borough Council, Newport City Council and Torfaen County Borough Council have under spent their allocations for 2019/20 by £103,253, £27,645 and £5,925 respectively. These unspent balances are retained for distribution in 2020/21. Grants to Churches and other Religious establishments totaled £81,559 and Community Organisations £80,322 respectively during the financial year. Grants of essential equipment and furnishings to the value of £43,100 were allocated to individuals for the relief of families deemed to be in poverty. No organization or individual received more than one grant award during 2019-20.

5 Governance Costs

	2020	2019
	£	£
Auditor's remuneration	6,255	5,880
	6,255	5,880

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2020**

No indemnity insurance for Trustee's liability has been purchased by the Charity. Though no specific indemnity insurance has been purchased by the Charity, the Fund is covered by Monmouthshire County Councils' fidelity guarantee insurance. Insurance covers financial losses incurred as a result of fraudulent acts conducted by Authority employees but does not cover the Trustee for any wrong decisions that may have been made.

6 Taxation

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

The Charity is not separately registered for VAT because it falls within the Local Authority's VAT Registration as Corporate trustee and accordingly, all their expenditure is recorded exclusive of any VAT incurred.

7 Reconciliation of net income/ (expenditure) to net cash flow from operating activities as at 31 March 2020

	Current Year £	Prior Year £
<i>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</i>	(408,417)	(117,776)
Adjustments for non-cash transactions		
(Gains) /losses on investments	385,106	(41,399)
Dividends, Interest & Rents from investments	(202,540)	(210,597)
(Increase)/ decrease in debtors / bad debts	7,306	2,466
Increase/(decrease) in creditors	(151,989)	184,126
Net cash provided and (used in) operating activities	(370,534)	(183,180)

8 Analysis of cash and cash equivalents as at 31 March 2020

	Current Year £	In Year Movement £	Prior Year £
Cash at bank	227,964	(167,994)	395,958
Total cash and cash equivalents	227,964	(167,994)	395,958

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2020**

9 Investment Land and Property

	Total
	£
Valuation	
At 1 April 2019	394,000
Disposals	0
Revaluation	9,500
At 31 March 2020	403,500
Depreciation	
At 1 April 2019	0
Charge in year	0
Disposals	0
At 31 March 2020	0
Net book Value	
At 1 April 2019	394,000
At 31 March 2020	403,500

Tangible Investment Assets solely consist of freehold land. A late revaluation was under-taken as at 31st March 2020 due to restrictions imposed by the Covid-19 pandemic at year-end. Valuations will be carried out in accordance with the valuation policy in the 2020/21 financial year and on thereafter on an annual rolling basis.

10 Investments

	2020	2019
	£	£
CCLA - COIF Property Fund	1,023,878	1,050,649
UBS Multi Asset Income Fund	599,874	687,279
M&G Charibond Fund	688,610	689,393
Schroders Income Maximiser	280,188	422,246
M&G Charifund	415,975	535,509
CCLA - COIF Investment Fund	1,009,279	1,025,599
Treasury Stock 2024 2.5%	109,321	111,055
Invested with Monmouthshire County Council	350,000	350,000
	4,477,125	4,871,730

The Trust has investments held with UBS, M&G, Schroeder's, CCLA, HM Treasury and Monmouthshire County Council, which are generally managed by the trusts treasury management advisors. Returns from Monmouthshire County Council are generated on a "pooled" basis. The average rate of interest generated on the pooled funds from Monmouthshire was 0.6690% for 2019/20 (0.5839% for 2018/19).

The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2020

At the reporting date, the fall in financial market transaction volumes and lack of clarity on pricing means that all major industry valuers have now added Material Uncertainty clauses to their property fund and investment property valuations. Therefore, financial; property fund managers and property investment valuers consider that they can attach less weight to previous market evidence for comparison purposes. Changes in the valuation assumptions used and this together with significant changes in rental growth could affect (increase or decrease) the fair value of equity-based instruments and property-based investments. Indicative net asset statements for property funds are subject to uncertainty at the reporting date and the valuation for pooled investment property funds and financial investment funds is less reliable than usual.

There were no additions or disposals of investments during the financial year. None of the Investments are held outside of the territorial limits of the United Kingdom and the cost of the revaluations is contained within the charity management fee charged annually from Monmouthshire County Council.

11 Debtors

	2020 £	2019 £
Amounts falling due within one year		
<i>Prepayment & accrued income</i>		
Investment Income	44,745	52,052
Other Debtors	0	0
MCC Bank Transfer	0	0
<i>Trade debtors</i>		
Rental income	0	0
Bad debt provision for loss of rental income	0	0
<i>Other Debtors</i>		
HM Revenue and Customs	0	0
Other Debtors	0	0
	44,745	52,052

All investment interest due from the trustee was paid in year in 2019-20.

12 Creditors

	2020 £	2019 £
Amounts falling due within one year		
Grant creditors	180,553	327,931
Other creditors	6,641	11,253
	187,195	339,184

Grant creditors are recognised on the amounts awarded by the five constituent authorities of the Welsh Church Fund unpaid at the financial year-end. Other creditors are fees reimbursable for professional services utilised during the financial year by the Charity.

13 Funds

Balance 1 April 2019	Incoming resources	Resources Expended	Other Recognised Gain / (Loss)	Balance 31 March 2020
----------------------------	-----------------------	-----------------------	--------------------------------------	-----------------------------

**The Monmouthshire County Council Welsh Church Act Fund
Annual Report for year ended 31 March 2020**

	£	£	£	£	£
Unrestricted funds	5,374,556	203,436	(226,747)	(385,106)	4,966,139

There were no transfers between funds during the 2019-20 financial year.

14 Related party transactions

During the year transactions with related parties arose as follows:

	2020		2019	
	Receipts	Payments	Receipts	Payments
	£	£	£	£
Monmouthshire County Council	3,425	4,897	3,975	4,785

Members of the Authority have direct control over the Welsh Church Fund's financial and operating policies. Where work or services have been commissioned, or where grants were made during the financial year in which members had an interest, members have a duty to declare such an interest. The Welsh Church Fund must ensure that grants allocated were in full compliance with the Authority's standing orders and that grants were made with proper consideration of declarations of such interests.

During the financial year, members who declared an interest did not take part in any discussion or decision relating to grants made or works or services commissioned. Details of all interests declared are recorded in minutes or relevant meetings and recorded in the Register of Members' Interest, open to public inspection at County Hall, Usk.

There are outstanding balances for expenditure of £4,897 with Monmouthshire County Council. The Trust also held a £350,000 investment fund balance with Monmouthshire County Council at the year-end.

15 Trustee's Expenses, Remuneration and Benefits

No Expenses, Remuneration or Benefits were incurred during the year of account

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**Monmouthshire Farm School Endowment
Trust Fund**

**Annual report
for the year ended 31 March 2020**

Registered Charity Number: 525649

**Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2020**

Contents

Trustees, officers and adviser	1
Report of the Trustees	2
Independent examiner's report	4
Statement of financial activities	5
Balance sheet	6
Notes to the financial statements	7

**Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2020**

Trustees, officers and advisers

Trustees

R Edwards
Monmouthshire County Council

D Yeowell
Torfaen County Borough Council

P Murphy
Monmouthshire County Council
Commenced during year.

Professor J D Hayes
University College Wales Aberystwth

S B Jones
Monmouthshire County Council
Left during year

K Backhouse
Director Usk Campus – Coleg Gwent
Left during year

A Easson
Monmouthshire County Council

Helen Morgan
Director Usk Campus – Coleg Gwent
Commenced during year

D W.H Jones
Monmouthshire County Council

D Havard
Caerphilly County Borough Council

B Thomas
Blaenau Gwent County Borough Council

M Feakins
Mounmouthshire County Council

Dr W O C Symondson
University of Wales College Cardiff

B Jones
Monmouthshire County Council
Commenced in year.

Secretary

Matthew Phillips
Head of Legal Services
Monmouthshire County Council

Registered Office

County Hall, The Rhadyr, Usk, NP15 1GA

Auditors

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

Solicitors

Matthew Phillips
Head of Legal Services
Monmouthshire County Council

Investment custodian

Monmouthshire County Council

Bankers

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

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2020

Report of the Trustees for the year ended 31st March 2020

The Trustees presents their annual report and the independently examined financial statements for the year ended 31 March 2020 of The Monmouthshire Farm School Endowment Trust Fund. The information with respect to the Trustees, officers and advisors set out on page 1 forms part of this report. The financial statements have been prepared in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and Charity Act 2011. The financial statements comply with the Charity's trust deed.

Status and administration

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

Objects

The primary object of the Charity, as stated in its governing document, is to make awards to students in need of assistance to attend Usk Agricultural College, or at the discretion of the governing body, any other college, institution or university to pursue courses of study in agricultural subjects. The governing body can use its discretion to apply any unawarded income to provide funding towards the cost of facilities or amenities at Usk College which would benefit these students. The grants awarded have allowed the beneficiaries to pursue land based courses to enhance career opportunities. The area of benefit is clearly defined; household income is a consideration when making the award. The total grant awards were £26,517.

Review of activities and future developments

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

The Fund has decreased in value by £30,746 (£48,903 decrease in 2018/19) over the financial year as a result of incoming resources (including income from investments and income from the Roger Edwards Educational Trust) being outweighed by outgoing resources.

Income consists of interest on investment stock and cash held of £26,508 (£25,429 in 2018/19), and £0 (£1,426 2018/19) in respect of the annual payment from the Roger Edwards Educational Trust. Expenditure of £29,063 (£77,358 in 2018/19) primarily comprised of grants payable of £26,517 (£75,605 in 2018/19) in line with the Charity's objects. Unrealised investment loss of £28,191 (£1,590 gain in 2018/19) was made in relation to investments held.

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

Investment powers, policy and performance

Under the terms of the Trust Deed, the Trustees have general powers of investment, subject to the provisions of the Trustee Act 2000. The Trustees has reviewed their investment strategy and produced an investment and fund strategy for 2019/20 which was approved by Monmouthshire County Council in its capacity as Trust administrator on 6th March 2019. Investments are strategically placed in low-risk investments. Investment performance is reviewed periodically in light of prevailing economic changes.

Grant making policy

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

Changes in fixed assets

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

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2020

Reserves

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

The Trust has reviewed its fund strategy and produced an investment and fund strategy for 2018-19 which states that it is the Trust's policy to maintain funds at approximately the current level and utilise the annual income received to fund its charitable expenditure. This was approved by Cabinet on the 6th March 2019.

Governance of the Charity

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

Risk management

Monmouthshire County Council as appointed administrator of the Trust Fund periodically review the major risks to which the Charity is exposed as part of the Authority's overall risk management processes. The Roger Edwards Educational Trust has historically provided significant income to this trust to be used for the distribution of grants. This income is received after the independent examination of the accounts and therefore this is usually late in the financial year. A risk assessment policy was approved by Cabinet on 6th March 2019.

Independent examiners

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

Trustees' responsibilities

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

The Trustees confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st March 2020 The Trustees also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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

By order of the Trustees

Trustee:

Date: 21st January 2019

**Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2020**

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

I report on the financial statements of Monmouthshire Farm School Endowment Trust Fund for the year ended 31st March 2020, which are set out on pages 5 to 10.

Responsibilities and basis of report

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

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

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

Independent examiner's statement

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

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

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

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

24 Cathedral Road
Cardiff CF11 9LJ

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2020

Statement of financial activities (Sofa) for the year ended 31st March 2020

	Notes	2020 Unrestricted Funds £	2019 Unrestricted Funds £
Income & Endowments from:			
Investment income	2	26,508	25,429
Other incoming resources (REET)		0	1,436
Total income & Endowments		26,508	26,865
Resources Expended			
Charitable expenditure			
Costs of activities in furtherance of the Charity's objects			
Expenditure on charitable activities	3	26,517	75,605
Other expenditure	3 & 4	2,546	1,753
Total Resources expended		29,063	77,358
Gains/(losses) on investment assets	5	(28,191)	1,590
Net Income / (Expenditure)		(30,746)	(48,903)
Net movement in funds			
Fund balances brought forward 1 April 2019		658,650	707,553
Fund balances carried forward 31 March 2020		627,904	658,650

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

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2020

Balance Sheet as at 31 March 2020

	Notes	2020	2019
		Unrestricted	Unrestricted
		Funds	Funds
		£	£
Fixed assets			
Investments	7	614,968	643,160
		614,968	643,160
Current assets			
Debtors: amounts falling due within one year	8	245	7,462
Cash at bank and in hand		16,615	11,751
		16,860	19,213
Current Liabilities			
Creditors: amounts falling due within one year	9	3,924	3,724
Net current assets		12,936	15,480
Net assets		627,904	658,650
The Funds of the Charity:			
Unrestricted Funds	10	627,904	658,650
Total Charity funds		627,904	658,650

The financial were approved by the Trustees on 5th October 2020 and signed on their behalf by:

Trustee:

Date: 21st January 2019

**Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2020**

**Notes to the financial statements for the year ended 31st March
2020**

1 Principal accounting policies

Basis of accounting

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

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

Resources expended

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

Incoming Resources

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

Grants payable

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

Management and administration

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

Debtors/ Creditors

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

Irrecoverable VAT

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

Recognition of liabilities

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

Fund accounting

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

Investments

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

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2020

Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Trust about the future or that are otherwise uncertain. Estimates have been made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Trust's Balance Sheet at 31st March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

The revaluation of investment property and property funds

Valuation techniques are used to determine the carrying amount of pooled property funds and investment property. Market activity is being impacted in many sectors by Covid-19. At the March 2020 reporting date, property fund managers and property investment valuers consider that they can attach less weight to previous market evidence for comparison purposes. They are faced with an unprecedented set of circumstances upon which to base a judgement. The fall in transactions and lack of clarity on pricing means that all major industry valuers have now added Material Uncertainty clauses to their property fund and investment property valuations.

Changes in the valuation assumptions used, together with significant changes in rental growth could affect (increase or decrease) the fair value of property-based investments. Indicative net asset statements for property funds are subject to uncertainty at the reporting date and the valuation for pooled property funds and investment property is less reliable than usual. As the investments are held on a long-term strategy basis, the fund does not foresee any long-term negative effect in the generation of future income streams. A retrospective valuation was undertaken post year-end due to Covid-19 and Furlough considerations at the year-end date.

Transition to FRS 102

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

Cash flow statement

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

2 Investment income

	2020	2019
	£	£
Interest on cash balances	87	255
Interest on Investments	26,421	25,174
	26,508	25,429

3 Expenditure on Charitable Activities

	2020	2019
	£	£
Grants payable	26,517	75,605
Management & administration	2,546	1,753
	29,063	79,358

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2020

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

4 Governance Costs

	2020	2019
	£	£
Net incoming resources is stated after charging:		
Auditor's remuneration	1,762	1,762
	1,762	1,762

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

5 Gains and losses on revaluation and disposal of investment assets

	Market Value 2019	Market Value 2020	Gain/(Loss)
	£	£	£
Charibond	234,907	235,745	838
OEIC	182,392	159,116	(23,276)
COIF	225,860	220,107	(5,753)
Total	643,159	614,968	(28,191)

6 Taxation

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

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

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2020

7 Fixed asset investments

	Total £
Valuation at 1 April 2019	643,160
Purchase	
Net revaluation loss	(28,191)
Valuation at 31 March 2020	614,968

Fixed asset investments solely consist of the quoted investments. All investments are stated at their market value at 31st March 2020. The historical cost of the investments at 31st March 2019 was £639,000. All of the Charity's investments are quoted in the UK. The details of these are disclosed in the table below, being Charibond, COIF and OEIC Fund.

Investments with a market value greater than 5% of the total portfolio market value at 31st March 2020 are as follows:

	£	%
COIF	220,107	35.8%
Charibond	235,745	38.3%
OEIC Fund	159,116	25.9%

The percentage shown above is the percentage of the total portfolio market value as at 31st March 2020.

8 Debtors

	2020 £	2019 £
Amounts falling due within one year		
Receivable from The Roger Edwards Educational Trust	0	1,657
	0	5,500
Welsh Church Fund		
HM Revenue and Customs	245	305
	245	7,462

9 Creditors

	2020 £	2019 £
Amounts falling due within one year		
Accruals and deferred income	3,924	3,724
	3,924	3,724

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

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2020

10 Unrestricted Funds

	Balance 1 April 2019	Incoming resources	Resources Expended	Investment Gain/(Loss)	Balance 31 March 2020
	£	£	£	£	£
Permanent endowed funds	658,650	26,508	29,063	(28,191)	627,904

11 Related party transactions

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

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Independent Examination Report – the Monmouthshire Farm School Endowment Trust Fund

Examination year: 2019-20

Date issued: December 2020

Document reference: 2205A2020-21

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

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

Contents

We intend to issue an unqualified examiners' report on your accounts. There are some matters to report to you prior to their approval.

Independent Examination Report

Introduction	4
Impact of COVID-19 on this year's examination	4
Proposed examiners' report	5
Issues arising from the examination	5

Appendices

Appendix 1 – Proposed examiners' report	7
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Independent Examination Report

Introduction

- 1 The charity's Trustee is responsible for preparing the financial statements in accordance with the Charities Act 2011 (the Act) and have considered that this year under section 144(2) of the Act an independent examination is needed of them.
- 2 We are responsible for providing an independent examiners' report on the Monmouthshire Farm School Endowment Trust Fund (the Fund) financial statements as at 31 March 2020. An independent examination involves reviewing whether the charity has, in all material respects:
 - maintained accounting records in accordance with Section 130 of the Act; and
 - prepared accounts which accord with the accounting records and comply with the accounting requirements of the Act.
- 3 We are also required to report to you any matter that, in our opinion, attention should be drawn to enable a proper understanding of the accounts to be reached prior to the accounts being approved by the trustees. Where this is the case our team has already discussed these issues with officers.
- 4 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this year's examination

- 5 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges faced. We are extremely grateful to the professionalism of the team in supporting us to complete our examination in such difficult circumstances.
- 6 The pandemic has unsurprisingly affected our examination. We continue to work remotely which means that we have not had direct access to systems such as the Council's financial ledger and shared drives, and have had to separately request all such information and working papers from Council staff for this examination. However, all information requested has been provided as required.
- 7 The pandemic has also affected the accounts. Narrative has now been included within Note 1 of the final accounts to outline uncertainty in the valuation of property fund investments arising from COVID-19. As this uncertainty has been reported to the charity by the valuer, the charity is required to disclose it in the accounts. As this matter has been disclosed in the final accounts, our 2019-20 examiners' report is not modified in respect of this matter.

- 8 We will be reviewing what we have learned for our examination process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

Proposed examiners' report

- 9 We intend to issue an unqualified examiners' report on this year's accounts. Our proposed report is set out in **Appendix 1**.

Issues arising from the examination

Uncorrected misstatements

- 10 There are no misstatements identified in the accounts which remain uncorrected.

Corrected misstatements

- 11 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations below.

Exhibit 1: summary of corrections made

Area of correction	Nature of correction	Reason for correction
Note 7: Fixed Asset Investments	To correctly disclose investment balances in the financial statements.	Our examination identified that investments within Note 7 did not agree to investment manager reports and were consequently overstated by £3,708. This has now been corrected in the final accounts.
Note 8: Debtors	To correctly present comparative balances in the financial statements.	Our examination identified that the comparative 2018-19 debtor balance due from the Roger Edwards Educational Trust was recorded as £5,000 in the draft accounts, when it was actually £1,657. This has now been corrected in the final accounts.

Area of correction	Nature of correction	Reason for correction
Various	To correct minor presentational or narrative errors in the Trustee Report and accounts.	Other minor corrections have been made to the Trustee Report and financial statements to amend errors in narrative or presentation.

Appendix 1

Proposed examiners' report

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

I report on the accounts of Monmouthshire Farm School Endowment Trust Fund for the year ended 31 March 2020, which are set out on pages 6 to 11.

Responsibilities and basis of report

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

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

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

Independent examiner's statement

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

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

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

Adrian Crompton
Auditor General for Wales
11 January 2021

24 Cathedral Road
Cardiff
CF11 9LJ



Audit Wales
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Website: www.audit.wales

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

Audit of Accounts Report – the Monmouthshire County Council Welsh Church Act Fund

Audit year: 2019-20

Date issued: December 2020

Document reference: 2206A2020-21

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

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

Contents

We intend to issue an unqualified audit report on your Accounts. There are some matters to report to you prior to their approval.

Audit of Accounts Report

Introduction	4
Impact of COVID-19 on this year's audit	4
Proposed audit opinion	5
Issues arising from the audit	5

Appendices

Appendix 1 – Final Letter of Representation	7
Appendix 2 – Proposed audit report	10
Appendix 3 – Summary of corrections made	13

Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2019-20 annual report and financial statements in this report.
- 2 We have already discussed these issues with management.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £51,433 for this year's audit.
- 5 In addition, we consider that related party transactions may be of more importance to the reader and we have set a lower materiality level for these.
- 6 We have now substantially completed this year's audit, although at the time of issuing this report we are awaiting two final items of audit evidence:
 - Confirmation from UBS that controls over investments held with them applied for the whole of the 2019-20 financial year; and
 - Confirmation that two items of expenditure selected for review during the audit were approved in the 2019-20 financial year.
- 7 We can provide a further verbal update on these outstanding items when we present this report to the Audit Committee.
- 8 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this year's audit

- 9 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges faced. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 10 The pandemic has unsurprisingly affected our audit. We continue to work remotely which means that we have not had direct access to systems such as the Council's financial ledger and shared drives, and have had to separately request all such information and working papers from Council staff for this audit. However, all information requested has been provided as required.
- 11 The pandemic has also affected the accounts. Narrative has been included below Note 10 of the financial statements to outline uncertainty in the valuation of property fund investments arising from COVID-19. As this uncertainty has been

reported to the charity by the valuer, the charity is required to disclose it in the accounts. We have also included an 'emphasis of matter' paragraph within our audit certificate to draw attention to this, although our 2019-20 audit opinion is not modified in respect of this matter.

- 12 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

Proposed audit opinion

- 13 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 14 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 15 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards.
- 16 Our proposed audit report is set out in **Appendix 2**.

Issues arising from the audit

Uncorrected misstatements

- 17 There are no misstatements identified in the accounts which remain uncorrected.

Corrected misstatements

- 18 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

Other significant issues arising from the audit

- 19 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you:
- concerns about the qualitative aspects of accounting practices and financial reporting;
 - any significant difficulties during the audit;
 - significant matters discussed and corresponded upon with management which we need to report to those charged with governance;
 - any other matters significant to the oversight of the financial reporting process that we need to report;

- any identified material weaknesses in internal controls; and
- any other matters specifically required by auditing standards to be communicated to those charged with governance.

20 There were no issues arising in these areas this year that we need to report to you.

Appendix 1

Final Letter of Representation

[Audited body's letterhead]

Auditor General for Wales
Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

7 January 2021

Representations regarding the 2019-20 financial statements

This letter is provided in connection with your audit of the financial statements of Monmouthshire County Council Welsh Church Act Fund for the year ended 31 March 2020 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Charities SORP 2015; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Monmouthshire County Council Welsh Church Act Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions.

Representations by the Trustee

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Trustee on 26 November 2020.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Peter Davies
Chief Officer, Resources and Acting
Section 151 Officer
Monmouthshire County Council

Date: 7 January 2021

Signed by:

Philip White
Chair, Audit Committee
Monmouthshire County Council

Date: 7 January 2021

Appendix 2

Proposed Audit Report

The independent auditor's report of the Auditor General for Wales to the Trustee of the Monmouthshire County Council Welsh Church Act Fund

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Monmouthshire County Council Welsh Church Act Fund for the year ended 31 March 2020 under the Charities Act 2011. These comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – effects of COVID-19 on the valuation of investment property funds

I draw attention to Note 10 of the financial statements, which describes uncertainties regarding the valuations of investment property funds arising from the current COVID-19 pandemic. My opinion is not modified in respect of this matter.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Report on other requirements

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Trustee is responsible for the other information in the annual report and accounts. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Matters on which I report by exception

I have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require me to report to you if, in my opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustee report;
- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or

- I have not received all of the information and explanations I require for my audit.

Responsibilities

Responsibilities of the Trustee for the financial statements

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is responsible for preparing the financial statements in accordance with the Charities Act 2011, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

I have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Adrian Crompton
Auditor General for Wales
11 January 2021

24 Cathedral Road
Cardiff
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Appendix 3

Summary of corrections made

During our audit we identified the following misstatements that have been corrected by management within the final accounts, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: summary of corrections made

Area of correction	Nature of correction	Reason for correction
Statement of Financial Position	To correctly disclose incoming resources within the Statement.	Our audit identified that the reversal of a £3,689 debtor during the year had been incorrectly offset against 'other incoming resources' in the Statement, as opposed to 'investment income'.
Statement of Cash Flows	To correctly disclose the impact of cash transactions within the Statement.	Within the draft accounts, both 'net cash used in operating activities' and 'dividends and rents from investments' were overstated by the incorrect inclusion of £2,896 of other incoming resources. The two errors offset within the Statement of Cash Flows, so the net totals are unaffected.
Note 1: Accounting Policies	To correctly disclose all material accounting policies applied by the charity.	Our audit identified that the draft accounts: <ul style="list-style-type: none">• included no accounting policy for cash (a material account area); and• included narrative below Note 10 (investments) which was more appropriately disclosed as a separate accounting policy within Note 1. Note 1 now correctly discloses these items within the final accounts.
Note 3: Grants Payable	To accurately present grants payable within the Note.	Our audit identified that total grants payable to Caerphilly County Borough Council were understated by £3,000 in the draft accounts (although the total within Note 3 was correct).

Area of correction	Nature of correction	Reason for correction
Note 9: Investment Land and Property	To correctly present the value of investments within Note 9.	Narrative below Note 9 of the draft accounts explained that investment property was not revalued in 2019-20 as a result of the COVID-19 pandemic. However, the charity accounting framework specifically requires annual valuations of investment property. Consequently, valuations of such property were obtained for the final accounts, leading to an increase in value of £9,500.
Note 12: Creditors	To accurately present creditors within the Note.	Our audit identified that £5,689 of creditors for prior period audit fees had been wrongly removed as it has not yet been paid. This creditor has since been reinstated in the final accounts.
Note 14: Related Party Transactions	To accurately present related party relationships within the Note.	Within the draft accounts, narrative below Note 14 outlined £4,200 of outstanding income due from Monmouthshire County Council. However, this income relates to rent amounts collected by the Council from third parties on the charity's behalf. It therefore does not constitute a related party transaction, so this narrative has been removed in the final accounts.
Various	To correct minor presentational or narrative errors in the Trustee Report and accounts.	A number of minor corrections have been made to the Trustee Report and financial statements to amend errors in narrative or presentation.



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

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Date issued: December 2020

Dear Paul

Recovery planning – Assurance and Risk Assessment feedback

I hope this letter finds you safe and well in these particularly challenging times.

I thought it might be useful to write to you at this point to summarise the progress that we have made to date with our Recovery planning – Assurance and Risk Assessment project, and to give you some feedback to inform your ongoing recovery work.

During the early summer we engaged with officers to see how we could best work with Councils to focus our work on your learning from the first wave of the pandemic. Through document reviews, meetings with officers, and observation of a library service meeting we have gained insight into some of the steps the Council has been taking to reopen services, respond to the ongoing challenges of the pandemic and plan for the future. In our conversations with officers, we have become aware of their high level of understanding of the impact of the pandemic on local communities.

We are committed to sharing learning and feedback in real time, and as such have already shared relevant learning points from our meeting observation. We're also sharing the learning we hear about through our Covid-19 learning project which you may have already picked up on through our tweets, blogs and Covid Learning digest emails. We've highlighted a number of practice examples from the Council's approach including:

- The Council's COVID-19 data dashboard.
- Examples of the services Monmouthshire's libraries have been providing throughout the pandemic.
- Your work to help the mental health of the county's communities during lockdown.

- The changes you made to the management of open public spaces during lockdown which helped support biodiversity.

Since early July, we have started our recovery planning project focussing on the question: **‘Are recovery processes planned and delivered with proper regard for economy, efficiency and effectiveness and are they being done in accordance with the sustainable development principle?’**.

We recognise that recovery from the COVID-19 pandemic will be a long and more complex process than some other emergencies, such as flooding, which are more timebound and linear in their nature. The COVID recovery phase will, to a large extent, have to run alongside a continuing response phase with priorities being reassessed continuously as a result. The key challenge of recovery for all public bodies in Wales is to build back better in a sustainable way.

We are providing the feedback in this letter with a view to supporting your recovery processes in real time, focussing on economy, efficiency, and effectiveness and taking account of the sustainable development principle. In this spirit, we have summarised our key thoughts and findings to date, as well as some key areas you may wish to consider going forward.

Response and recovery structures

We identified the following strengths:

- The Council moved quickly to develop, agree and implement a revised set of strategic aims in May 2020 in response to the COVID-19 pandemic. The Coronavirus Strategy on a page clearly and succinctly sets out the Council’s priorities in responding to the pandemic.
- In early July 2020, the Council updated its strategic aims in a new ‘Transition’ Strategy. Following the format of the Coronavirus Strategy, the new strategy sets out revised aims and actions to support local residents and businesses to emerge from the national lockdown.
- The Council published a further Winter Strategy in December 2020.
- The Council has been very clear that a Recovery Strategy will follow, but only once the Council is confident that COVID-19 is manageable into the medium term. Until then its priorities, as set out in the Transition and Winter Strategies, aim to seek a balance between protecting lives, maintaining services and rebuilding the local economy. This is a prudent approach which will help the Council to manage its role in the pandemic in both the short and medium term.
- The Council’s data dashboard enables officers and elected members to access information on the latest trends of COVID-19 incidences within Monmouthshire and surrounding areas.
- A COVID-19 Coordinating Group provides oversight of the emergency response and assesses COVID-related risks. The Council initially

developed a COVID-specific risk register, but risks have now been incorporated into the strategic risk register or service business plans, as appropriate. These are monitored using the Council's existing risk management arrangements. Cabinet also receive regular updates on risk management arrangements in relation to COVID-19.

- The Council is playing an active role within the Gwent Recovery Co-ordinating Group. This regional approach of councils working with other public services within the region is enhancing synergies and co-ordinating services across the region.

Areas for consideration going forward:

- When the Council produces its Recovery Strategy, it may be helpful to set out how it links strategically to other local, regional and national recovery processes.
- It will also be important for the Council to actively demonstrate the consideration of the Sustainable Development principle throughout the recovery process.

Reshaping services

We identified the following strengths:

- Our observation of a meeting to discuss the next steps for the library service demonstrated that the Council has a well-constructed and considered approach to service reintroduction.
- Where possible, the Council has used digital technology to help it safely open up access to services. For example, a booking system for household waste recycling sites and e-book provision and click and collect services for libraries.
- The Council has also demonstrated examples of using learning from delivering services differently during the pandemic to shape future service delivery. For example, Cabinet recently agreed to continue using the HWRC booking system long term following its success to safely manage visitor numbers. The Council is also considering how reduced levels of grounds maintenance has enhanced biodiversity in the county's open spaces and what learning can be taken forward from this.
- We fully recognise the considerable efforts made by all Council staff to maintain essential services in the initial period of the pandemic and have heard of the flexibility and commitment shown by redeployed staff.
- The pandemic prompted many residents to help out in their communities and the Council has been proactive in mobilising these volunteers. It set up a Community Action Volunteer Team (CAVT) to coordinate those offering help with people in need of support. It is also positive to see that the

Council is exploring how it can continue to engage with and draw on the help of these volunteers going forwards.

- The Council has also worked closely with businesses to safely reopen town centres following the end of lockdown. This included widening pavements and changing traffic flows to improve safety and enable social distancing. The Council is currently reviewing these arrangements, taking into account the views of residents and business owners, and amending where appropriate. The Council also actively promoted the Shop Local, Shop Monmouthshire campaign to encourage residents to support their local businesses.

Area for consideration going forward:

- The Council may wish to explore how the pandemic may provide further opportunities to innovate and drive longer term changes to service delivery to better meet the economic, social and environmental needs of the local area.

Financial sustainability

We identified the following strengths:

- The Council has demonstrated a clear and consistent understanding of the financial impact of COVID-19 on its 2020-21 budget and income streams and has regularly reported those impacts to Cabinet.
- In response to the significant financial challenges this year, the Council has also increased the frequency of its budget monitoring reports. As a result, Cabinet will receive additional reports on the financial position at months 7 and 9.

Areas for consideration going forward:

- Budget monitoring reports do not detail how much Welsh Government COVID-related funding has already been agreed and what is expected for the remainder of the year. The Council should consider including this information so elected members can see the amounts already agreed and the estimated extent of any potential shortfall that will need to be funded from reserves.
- The Council has a history of successfully managing in-year budget deficits and plans to address its true cost pressure (i.e. excluding COVID-related costs and income losses) of £1.23m in 2020/21 through cost reductions, stopping non-essential expenditure, and funding eligible expenditure from capital receipts. However, developing balanced budgets for 2021-22 and

beyond will be increasingly challenging given the additional uncertainty over future pandemic related costs and income losses, and the extent to which these may or may not be covered by Welsh Government funding beyond March 2021.

- The Council's low levels of useable reserves will make the financial challenge of COVID-19 more difficult to manage if they are needed to meet additional costs or supplement income losses caused by the pandemic in future. At the end of 2019-20, the Council had £15.2m of useable reserves. This equates to 9% of the Council's net cost of services, which is amongst the lowest in Wales. Plans to use reserves to fund any impact of COVID-19 will further deplete reserve levels.
- We would welcome the opportunity to observe the budget development process.

Impact on staff

We identified the following strengths:

- The Council has established a number of initiatives to support staff well-being. These include a portal where staff can access information on a range of relevant topics, an informal group where staff can discuss issues and concerns with colleagues, and a more formal Health and Welfare Group to address staff welfare issues.
- The Council has also strived to communicate with staff and keep them connected while the majority work remotely. For example, a weekly Digital 'cwtch' allows staff to meet regularly to receive updates, ask questions and discuss topics of concern. The Council also set up nearly 700 IT accounts for staff who didn't already have them so they could access the latest information and be kept up to date.
- The Council's strategic collaboration with the Shared Resource Service is reported to be effectively supporting remote working.
- Recognising that some staff were struggling to work from home, in July the Council reopened County Hall to staff, using a booking system to restrict numbers and ensure social distancing.
- The Council is currently evaluating its future office requirements as part of its 'Changing Spaces' project. Although the council was already consolidating its office space prior to the pandemic, the Council recognises that the shift to remote working presents further opportunities to consider how and where its staff will work in the future.
- The Council has already surveyed staff about the impact of home working arrangements.

Areas for consideration going forward:

- The Council may wish to continue to regularly engage formally with staff to understand how to continue to support staff well-being as the challenges presented by COVID-19 continue and evolve.

Return to democratic arrangements

We identified the following strengths:

- The Council's transition to virtual decision-making and committee meetings was fast and well managed, allowing it to return to the full democratic decision-making process earlier than many other councils in Wales. The committee programme was initially suspended at the end of March 2020 due to the national lockdown. By July, all meetings had been reinstated and were being live broadcast. The Council benefitted from already having some of the required infrastructure in place and the constitution had previously been amended to enable remote attendance at meetings. Members received support on using MS Teams so they could participate in the remote meetings.
- Our observations of a selection of meetings found that:
 - the technology works well;
 - many elected members are sufficiently competent with the software to contribute fully at meetings; and
 - chairs are, on the whole, responding well to the challenges of chairing virtual meetings.
- The Council has actively responded to member feedback and, in September 2020, began operating hybrid committee meetings. Participants can now choose to attend committee meetings either in the Council chamber or remotely. The benefits of the hybrid model extend beyond the pandemic and will help make democracy and attendance at all meetings (both internal and public) more accessible to all.

Areas for consideration going forward:

- We noted that some elected members would benefit from refresher training on using MS Teams.
- Select Committees may wish to consider how they will scrutinise the Council's progress against the aims and actions set out in the 'plan on a page' strategies.

I hope that this summary of our work to date is useful to you and would be happy to discuss with you and receive any feedback from you to inform any future

summaries. We look forward to continuing to work with you during 2021 and would welcome further opportunities to work alongside you in real time.

Yours sincerely

Charlotte Owen
Audit Lead

cc Gareth Lucey and Non Jenkins
Audit Managers

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AUDIT COMMITTEE FORWARD WORK PLANNER 2020/21

25th Feb 21				
25.02.21	Internal Audit Progress report - quarter 3	This is a regular quarterly report which identified the performance of the IA team along with how well it is progressing against the agreed plan and the level of assurance it gives by way of opinions issued to service areas.		Andrew Wathan
25.02.21	Treasury Policy and Strategy report 2020-21	This suite of documents includes the Treasury Policy, The Treasury Management Strategy, the Minimum Revenue Provision Policy & the Investment and Borrowing strategies for 2020/21. If approved the targets and limits included will be used to guide and control the management of the Authority's treasury activities for the year and also non treasury Investment activity.	All Wards	Jon Davies
25.02.21	Whole Authority annual complaints report		All wards	Annette Evans
25th Mar 2021				
25.03.21	Whole Authority Strategic Risk Assessment	To provide Audit Committee with an overview of the current strategic risks facing the authority in the Whole Authority Strategic Risk Assessment.		Richard Jones
25.03.21	Annual Governance Statement review 2019-20	Provides overall assurance on the governance arrangements in place within MCC during financial year.		Andrew Wathan
25.03.21	Annual Performance Review of Investment Committee			Deb Hill-Howells

AUDIT COMMITTEE FORWARD WORK PLANNER 2020/21

25.03.20	6 month update on unfavourable opinions - Internal Audit	At the conclusion of Internal Audit jobs an opinion on the adequacy of the internal control environment, governance and risk management processes is given. This report provides Audit Committee with an update of how services are progressing in order to demonstrate improvements		Andrew Wathan
Apr-21	Information Breaches (twice yearly)			Matt Gatehouse
Jun-21	Overview of Performance Management arrangements	To present an update on the current effectiveness of the Authority's performance management arrangements	Not Applicable	Performance Manager

Public Document Pack Agenda Item 10

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held
at Remote Meeting on Thursday, 26th November, 2020 at 2.00 pm

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

County Councillor: P. Clarke, A. Easson, M. Feakins, M. Lane,
P. Murphy, V. Smith and B. Strong

OFFICERS IN ATTENDANCE:

Andrew Wathan	Chief Internal Auditor
Peter Davies	Chief Officer, Resources
Tracey Harry	Head of People Services and Information Governance
Wendy Barnard	Democratic Services Officer
Gareth Lucey	Wales Audit Officer
Charlotte Owen	Wales Audit Officer
Richard Jones	Performance Manager
Jonathan Davies	Central Accountancy Finance Manager
David Walton	Audit Manager

APOLOGIES:

County Councillors J. Watkins

1. Declarations of Interest

There were no declarations of interest.

2. Public Open Forum

No members of the public were present.

3. To note the Action List from the previous meeting

There were no items outstanding items from the last action list.

4. Audit Wales Certificate of Compliance for the audit of Monmouthshire County Council's assessment of performance for 2019/20

The Audit Wales Officer presented the Audit Wales Certificate of Compliance for the audit Monmouthshire County Council's assessment of performance for 2019/20.

The Performance Manager responded that the certificate related to publication of the Council's Corporate Plan annual report 2019/20'. The plan is an important part of the Council's performance management arrangements and is available on the website for residents to view.

A Member observed that this was a very pleasing report.

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at Remote Meeting on Thursday, 26th November, 2020 at 2.00 pm

The Audit Committee accepted the report as presented. The Chair thanked the Audit Wales Officers for presenting the report.

5. Self - Evaluation

The Chief Internal Auditor introduced this item reminding the Committee that Members had undertaken self-evaluation in 2019/20. An update was also provided in June 2020.

There were eight items in the action plan – the deadlines have yet to be met. Progress is being made towards all actions. Discussions have taken place about training for members of the Committee. Members took part in a training session this morning for effective Audit Committees arranged by the South West Audit Partnership (SWAP).

A further update will be provided in the new year.

Councillor Smith apologised for being unable to access the training. Arrangements are in hand to forward the presentation to members unable to attend.

6. Update on Unfavourable Audit Opinions

The Chief Internal Auditor provided an update on unfavourable audit opinions to consider progress where limited assurance audit opinions have been issued. Two limited assurance opinions have been followed up and a second limited assurance audit opinion issued for Food Procurement and Caldicot Castle. To provide context, approximately 30-35 assurance opinions are issued per year, 23% of which are limited. The majority have an improved opinion awarded as controls have improved following a further review by the Internal Audit Team.

A Member asked if private work is undertaken at Raglan Depot, and it was confirmed that members of the public can take their vehicle there for an MOT.

As recommended the Audit Committee noted the improvements made by service areas following the original **Limited** assurance audit opinions issued.

As a result of a second consecutive **Limited** assurance opinion, Members agreed to call in to the next meeting the respective Head of Service and Operational Manager responsible for:

- Food Procurement follow up
- Caldicot Castle follow up

The Members of the Audit Committee were concerned about the lack of improvement made after the follow up audit review, and confirmed their decision to call in the operational manager and the Head of Service to provide justification for lack of progress and hold them to account for future improvements.

7. Executive summary - Use of Agency Workers

The Chief Internal Auditor and the Audit Manager presented the report to provide some additional information on a previous limited assurance opinion from 2018/19 regarding use of Agency Workers.

The Chief Officer for Resources and the Head of People Services responded to the report outlining the steps taken so far to address areas for improvement.

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at Remote Meeting on Thursday, 26th November, 2020 at 2.00 pm

Following this information, Members were invited to ask questions.

A Member commented that the information provided will be considered as part of the budget discussions.

A Member suggested that there was looseness in the organisation regarding the use of agency workers, questioned the agency fee, and had concerns about the payment of agency workers.

It was confirmed that companies must meet certain criteria for us to engage with them to meet the necessary controls and that how the companies are run is not part of our responsibility.

The follow up audit will identify if the agreed actions have been implemented which will be reported back to Audit Committee. Some recommendations have been implemented and some are outstanding

In response to a question, the Audit Manager added that more senior manager oversight has been included in the policy as in the recommendation.

A Member asked if it will be possible to recruit all agency staff through Randstad or if other agencies will be required. It was explained that, within the terms of the contract, Randstad can use other suppliers, so there is no need to go outside of its service, only in exceptional circumstances.

It was explained that, for schools, the spend on supply and agency costs was raised at Joint Advisory Group (JAG). The new national recruitment service will apply appropriate standards as and when staff needed.

People Services and Procurement will be monitoring off contract spend and will raise with Chief Officers as necessary. The issues raised in the audit report regarding controls have been built into the contract. Available is an online dashboard at individual manager level with details of spend, numbers and names of staff recruited, and assignment length so it will be much simpler for managers to monitor their use of agency workers.

A Member asked why agencies are used instead of an in house service and how widely the contract was advertised. It was confirmed that the contract was procured using the tender process.

It was explained that agencies are used where it is difficult to recruit, sometimes leading to lengthy agency assignments. In response to a question, it was clarified that the introduction of performance targets was declined because agencies are used mostly in social care, schools and waste services where there is a need to immediately replace staff to maintain staffing ratios or to continue services. It would be difficult to have a performance target in these circumstances.

A Member requested an update as early as possible in the new financial year in view of the sizeable concerns to see what progress has been. It was agreed that there is a need to allow the new service to embed.

The Chair thanked the Officers for their Management response.

The Audit Committee noted the significant concerns raised in the report, the action taken by management to address those concerns and acknowledge what still needs to be

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at Remote Meeting on Thursday, 26th November, 2020 at 2.00 pm

implemented by management to demonstrate improvements in the way this service is administered within the Council.

If the Members of the Audit Committee are concerned about lack of improvement or progress being made after the follow up review in 2021/22,, consideration should be given to calling in the operational managers and the Head of Service to obtain further assurance that the agreed improvements will be made and that satisfactory progress is being made to address control weaknesses highlighted in the Internal Audit report.

8. Mid-Year Treasury Report

The Mid-Year Treasury Report was presented to the Audit Committee by the Finance Manager. A short verbal addition to the report was made to update Members on the results of the Public Works Loan Board (PWLB) consultation. This included important changes relevant to the authority. This morning the PWLB lowered its rates by 100 basis points for all new standard loans. Further conditions are imposed on authorities wishing to access loans (such as being asked to submit high level descriptions of capital spending plans within the medium term). Authorities have been asked to confirm that there is no intention to purchase commercial investment assets primarily for the purpose of yield within medium term budgets regardless of whether those transactions would have notionally been financed from sources other than the PWLB. The implications will be discussed with the Treasury advisers and will be taken into account during budget setting for 2021/22.

Following introduction of the report, Members were invited to ask questions:

A Member observed that the UK Government had yesterday announced £1.3 billion for Wales, and enquired what percentage would come to Monmouthshire particularly in view of the unexpected expenditure on COVID 19 and flooding. It was explained that there are no early indications but the Welsh Government budget is due to be published in December.

In response to a question, it was confirmed that BPs is Basis points

It was clarified that the authority borrows from local authorities and other government agencies across the UK, not solely within Wales.

The Chair requested details of current performance and outlook in terms of non-treasury investments. It was explained that the valuation of property listed at March 2020 would take into account the economic uncertainty at that time. The most recent position is that there is ongoing negotiation with tenants of properties regarding rental deferral agreement to balance short term income streams with longer term stability. A further report will be provided in due course.

In response to a question, it was clarified that the properties were bought with loans. In response to concerns, it was commented that Newport Leisure Park is just about covering costs and the other properties are doing reasonably. It was confirmed that we pay interest on the loan used to purchase the property. The Finance Manager will provide the loan interest rate to Members outside of the meeting.

Members reviewed the treasury management activities in the first half of 2020/21 using this report and discussed with officers any changes to the process that should be considered for incorporation into the 2021/22 Treasury Management Strategy Statement which will be considered at the January Audit Committee.

9. Forward Work Planner

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Audit Committee held
at Remote Meeting on Thursday, 26th November, 2020 at 2.00 pm**

The Forward Work Planner was noted. The Anti Bribery training has been delivered to Audit Committee and will be removed from the Planner.

10. To confirm minutes of the previous meeting held on 15th October 2020

The minutes of the meeting held on 15th October 2020 were confirmed as an accurate record.

11. To confirm the date of the next meeting as 7th January 2021

Meeting ended at 3.35 pm

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