

# Public Document Pack



Neuadd y Sir  
Y Rhadyr  
Brynbuga  
NP15 1GA

Dydd Mercher, 5 Ionawr 2022

## Hysbysiad o gyfarfod

### Pwyllgor Llywodraethu ac Awdit

Dydd Iau, 13eg Ionawr, 2022 at 2.00 pm,  
Neuadd Y Sir, Y Rhadyr, Brynbuga, NP15 1GA

### AGENDA

Item No	Item	Pages
1.	Ymddiheuriadau am absenoldeb	
2.	Datganiadau o Fuddiant	
3.	Fforwm Agored i'r Cyhoedd	
4.	Nodi'r Rhestr Weithredu o'r cyfarfod diwethaf	1 - 2
5.	Cyfrifon Archwiliedig Cronfa'r Ymddiriedolaethau (Cronfa'r Degwm/Ffermydd Sir Fynwy)	3 - 40
6.	ISA 260 neu gyfwerth ar gyfer Cronfeydd Ymddiriedolaethau	41 - 62
7.	Asesiad risg gwrth-lwgrwobrwyo	To Follow
8.	Pwyllgor Llywodraethu ac Awdit	To Follow
9.	Blaengynllun	63 - 64
10.	Cadarnhau cofnodion y cyfarfod blaenorol	65 - 68
11.	I nodi dyddiad y cyfarfod nesaf ar 17 Chwefror 2022 am 2.00pm	

**Paul Matthews**  
**Prif Weithredwr**

## CYNGOR SIR FYNWY

### MAE CYFANSODDIAD Y PWYLLGOR FEL SY'N DILYN:

Philip White (Co-opted Member)

County Councillor Peter Clarke	Llangybi Fawr;	Welsh Conservative Party
County Councillor Tony Easson	Dewstow;	Welsh Labour/Llafur Cymru
County Councillor Mat Feakins	Drybridge;	Welsh Conservative Party
County Councillor Jim Higginson	Severn;	Welsh Labour/Llafur Cymru
County Councillor Bryan Jones	Goytre Fawr;	Welsh Conservative Party
County Councillor Paul Jordan	Cantref;	Welsh Conservative Party
County Councillor Malcolm Lane	Mardy;	Welsh Conservative Party
County Councillor Phil Murphy	Caerwent;	Welsh Conservative Party
County Councillor Val Smith	Llanbadoc;	Independent Group
County Councillor Brian Strong	Usk;	Welsh Conservative Party
County Councillor Jo Watkins	Caldicot Castle;	Liberal Democrats

## Gwybodaeth Gyhoeddus

### **Mynediad i gopiâu papur o agendâu ac adroddiadau**

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

### **Edrych ar y cyfarfod ar-lein**

Gellir gweld y cyfarfod ar-lein yn fyw neu'n dilyn y cyfarfod drwy fynd i [www.monmouthshire.gov.uk](http://www.monmouthshire.gov.uk) neu drwy ymweld â'n tudalen Youtube drwy chwilio am MonmouthshireCC. Drwy fynd i mewn i'r ystafell gyfarfod, fel aelod o'r cyhoedd neu i

gymryd rhan yn y cyfarfod, rydych yn caniatáu i gael eich ffilmio ac i ddefnydd posibl y delweddau a'r recordiadau sain hynny gan y Cyngor.

### **Y Gymraeg**

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

# Nodau a Gwerthoedd Cyngor Sir Fynwy

## Ein diben

Adeiladu Cymunedau Cynaliadwy a Chydnerth

### Amcanion y gweithiwn tuag atynt

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

## Ein Gwerthoedd

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

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

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

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

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

# Agenda Item 4

## Audit Committee Action List 25th November 2021

Agenda Item:	Subject	Officer	Outcome
<b>No actions</b>			

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<b>SUBJECT:</b>	<b>THE WELSH CHURCH ACT FUND AUDITED STATEMENT OF ACCOUNTS 2020/21 AND THE INDEPENDENT EXAMINATION REPORT FOR THE MONMOUTHSHIRE FARM SCHOOL ENDOWMENT TRUST FUND 2020/21</b>
<b>MEETING:</b>	<b>Governance &amp; Audit Committee</b>
<b>DATE:</b>	<b>13<sup>th</sup> January 2022</b>
<b>DIVISIONS/WARD AFFECTED:</b>	<b>All</b>

## 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 2020/21, 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 2020/21 (**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 2020/21 (**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 2022.
- 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 21st January 2022.
- 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 2020/21.

- 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 in their ISA260 Audit of Accounts report.
- 4.3. The auditors intend to provide an **unqualified examiners report** on the Monmouthshire Farm School Endowment Trust Fund accounts for 2020/21.
- 4.4. 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

Deputy Chief Executive (S151 Officer) & Chief Officer - Resources  
Head of Legal

## 10. BACKGROUND PAPERS

**Appendix 1:** Welsh Church Act Fund Statement of Accounts 2020/21

**Appendix 2:** Monmouthshire Farm School Endowment Trust Fund Statement of Accounts 2020/21

## 11. AUTHOR:

David Jarrett – Senior Accountant Corporate Services

## 12. CONTACT DETAILS

email: [davejarrett@monmouthshire.gov.uk](mailto:davejarrett@monmouthshire.gov.uk)



**APPENDIX 1**

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

**Annual Report and Financial Statements for the  
year ended the 31 March 2021**

Registered Charity Number: 507094

**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

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**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

**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

24, Cathedral Road

Cardiff

CF11 9LJ

**Solicitor**

Matthew Phillips

Head of Legal Services

Monmouthshire County Council

**Investment Custodian**

Monmouthshire County Council

**General Management**

Mr Peter Davies

Deputy Chief Executive

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 2021**

## **Report of the Trustee for the year ended 31 March 2021**

The Trustee presents its annual report and the audited financial statements for the year ended 31 March 2021 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 16<sup>th</sup> 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 1<sup>st</sup> 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 2021**

### **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 gained in value by £346,184 (£408,417 decrease in 2019/20); this increase is primarily due to a large unrealised gain (£422,752) at the 31<sup>st</sup> March 2021 valuation date due to a sustained recovery of the investment markets after the initial shock caused by the Covid-19 pandemic.

Income is principally comprised of investment income of £181,378 (£202,540 in 2019/20), this is reduced since 2019/20 due to the Covid-19 effect on the early part of the financial year on the rate of dividend distributions. 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 £257,946 (£223,076 in 2019/20) and principally comprised grant payments of £244,242 (£211,080 in 2019/20). An increase in charitable expenditure from 2019-20 as Caerphilly County Borough Council has now allocated a large part of its unallocated brought forward balance.

Net gains on investments held amounted to £422,752 (£385,106 net loss in 2019/20). These non-realised investment gains have been due to the reversing of the effect of the Covid-19 pandemic on the financial markets at the height of the initial lockdown period in early April 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 fund 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 31<sup>st</sup> March 2021 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. Investment assets have been revalued as at the 31<sup>st</sup> March 2021 reporting date.

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. 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.

### **Income generation**

The Charity's income was £181,378 compared to £203,436 in 2019/20. 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'.

### **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 Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2021**

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 2020/21, which has been approved by Monmouthshire County Council in its capacity as sole and corporate trustee, on 3<sup>rd</sup> March 2020.

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 2020-21 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 31<sup>st</sup> March 2021 is £5,312,322 (4,966,139 in 2019/20). The Trustee has reviewed its Fund strategy and produced an investment and fund strategy for 2020/21, 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 3<sup>rd</sup> March 2020 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
- 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 Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

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  
Deputy Chief Executive S151 Officer), Monmouthshire County Council**

**Date: 13th January 2022**

## **The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2021**

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 on financial statements**

I have audited the financial statements of the Monmouthshire County Council Welsh Church Act Fund for the year ended 31 March 2021 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 2021 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 of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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.



# **The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2021**

## **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

## **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. 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. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Report on other requirements**

### **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, or returns adequate for my audit have not been received from branches not visited by my team;
- 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.

## **The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2021**

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, and those charged with governance, including obtaining and reviewing supporting documentation relating to the Monmouthshire County Council Welsh Church Act Fund's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Obtaining an understanding of Monmouthshire County Council Welsh Church Act Fund's framework of authority as well as other legal and regulatory frameworks that the charity operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the charity.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Adrian Crompton  
Auditor General for Wales  
24 January 2022

24 Cathedral Road  
Cardiff  
CF11 9LJ

**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

**Statement of financial activities (Sofa) for the year ended 31  
March 2021**

	Notes	2020/21 Total Unrestricted Funds £	2019/20 Total Unrestricted Funds £
<b>Income &amp; Endowments from:</b>			
Investment income	2	181,378	202,540
Other incoming resources		0	896
<b>Total income &amp; Endowments</b>		<b>181,378</b>	<b>203,436</b>
<b>Resources Expended</b>			
Raising funds:			
Investment Property Professional fees		(400)	(1,171)
Management and administration		(2,500)	(2,500)
		(2,900)	(3,671)
<b>Charitable expenditure</b>			
Costs of activities in furtherance of the Charity's objects			
Grants payable	3,4	(244,242)	(211,080)
Management and administration		(4,455)	(5,741)
<b>Other</b>			
Governance Costs	5	(6,349)	(6,255)
<b>Total Resources Expended</b>		<b>(257,946)</b>	<b>(223,076)</b>
Gains/(losses) on investment assets	9,10	422,752	(385,106)
<b>Net Income /(Expenditure)</b>		<b>346,184</b>	<b>(408,417)</b>
<b>Net movement in funds</b>			
Fund balances brought forward April 2020		4,966,139	5,374,556
<b>Fund balances carried forward 31 March 2021</b>	13	<b>5,312,322</b>	<b>4,966,139</b>

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 2021**

**Balance Sheet as at 31 March 2021**

	Notes	2020/21 Unrestricted Funds £	2019/20 Unrestricted Funds £
<b>Fixed assets</b>			
Investment Land	9	428,750	403,500
Investments	10	4,874,627	4,477,125
		<b>5,303,377</b>	<b>4,880,625</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	41,506	44,745
Cash at bank and in hand		196,733	227,964
		<b>238,239</b>	<b>272,709</b>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	12	(229,294)	(187,195)
<b>Net current assets or liabilities</b>		<b>8,946</b>	<b>85,514</b>
<b>Net assets or liabilities</b>		<b>5,312,322</b>	<b>4,966,139</b>
<b>The Funds of the Charity:</b>			
Unrestricted Funds	13	5,312,322	4,966,139
<b>Total Charity funds</b>		<b>5,312,322</b>	<b>4,966,139</b>

The accounts on pages 7 to 16 were approved by the Trustee on **13/01/2022**, and signed on their behalf by:

**By order of the Trustee**

**Mr Peter Davies**  
**Deputy Chief Executive – Monmouthshire County Council**

**Date: 13th January 2022**

**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

**Statement of Cash flows as at 31 March 2021**

	note	Total Funds £	Prior Year Funds £
<b>Cash flows from operating activities</b>			
<i>Net cash provided by operating activities</i>	7	(212,608)	(370,534)
<hr/>			
<b>Cash flow from investing activities</b>			
Dividends and rents from investments		181,378	202,540
<hr/>			
<i>Change in cash and cash equivalents in the reporting period</i>		(31,230)	(167,994)
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>227,964</b>	<b>395,958</b>
<hr/>			
<i>Cash and cash equivalents at the end of the reporting period</i>		<b>196,733</b>	<b>227,964</b>
<hr/>			

**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

**Notes to the financial statements for the year ended 31 March  
2021**

**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 accrual's 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 accrual's 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 2021

### 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 31<sup>st</sup> March 2021 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 31<sup>st</sup> March 2021 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 31<sup>st</sup> March 2021 as listed on the dmo.gov website. The value of the 'pooled' investment with Monmouthshire County Council is the cash value as at the 31<sup>st</sup> March 2021.

### 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

	2021	2020
	£	£
Investments with Monmouthshire County Council	2,289	3,425
Investment Property Rental Income	3,580	4,200
External Investments	175,509	194,915
	<b>181,378</b>	<b>202,540</b>



**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

**3 Grants Payable**

	2021	2020
	£	£
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	32,955	33,727
Torfaen County Borough Council	24,151	42,300
Newport City Council	55,296	39,737
Blaenau Gwent County Borough Council	25,586	25,586
Caerphilly County Borough Council	106,254	69,730
	<b>244,242</b>	<b>211,080</b>

The management and administration cost of the fund and grants distributed were £7,355 during the year.

**4 Analysis of Grants**

	Grants to Organisations	Grants to Individuals
	£	£
The Advancement of Education	6,498	3,200
The Advancement of Religion	99,326	0
The Relief of Poverty	12,080	24,151
Other Purposes Beneficial to the Community	98,987	0
Total	<b>216,891</b>	<b>27,351</b>

Caerphilly County Borough Council, Newport City Council and Torfaen County Borough Council have under spent their allocations for 2020/21 by £61,750, £25,205 and £15,627 respectively. These unspent balances are retained for distribution in 2021/22. Grants to Churches and other Religious establishments totaled £99,326 and Community Organisations £98,987 respectively during the financial year. Grants of essential equipment and furnishings to the value of £36,231 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 2020-21

**5 Governance Costs**

	2021	2020
	£	£
Auditor's remuneration	6,255	6,255
	<b>6,255</b>	<b>6,255</b>

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.

**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

**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 2021**

	Current Year £	Prior Year £
<i>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</i>	<b>346,184</b>	(408,417)
<b>Adjustments for non-cash transactions</b>		
(Gains) /losses on investments	<b>(422,752)</b>	385,106
Dividends, Interest & Rents from investments	<b>(181,378)</b>	(202,540)
(Increase)/ decrease in debtors / bad debts	<b>3,239</b>	7,306
Increase/(decrease) in creditors	<b>42,099</b>	(151,989)
<b>Net cash provided and (used in) operating activities</b>	<b>(212,608)</b>	(370,534)

**8 Analysis of cash and cash equivalents as at 31 March 2021**

	Current Year £	In Year Movement £	Prior Year £
Cash at bank	<b>196,733</b>	(31,231)	227,964
<b>Total cash and cash equivalents</b>	<b>196,733</b>	(31,231)	227,964

**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

**9 Investment Land and Property**

	<b>Total</b>
	<b>£</b>
<b>Valuation</b>	
At 1 April 2020	403,500
Disposals	0
Revaluation	25,250
<b>At 31 March 2021</b>	<b>428,750</b>
<b>Depreciation</b>	
At 1 April 2020	0
Charge in year	0
Disposals	0
<b>At 31 March 2021</b>	<b>0</b>
<b>Net book Value</b>	
At 1 April 2020	403,500
<b>At 31 March 2021</b>	<b>428,750</b>

Tangible Investment Assets solely consist of freehold land. Valuations were carried out in accordance with the valuation policy in the 2021/22 financial year and on thereafter on an annual rolling basis.

**10 Investments**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
CCLA - COIF Property Fund	<b>1,001,732</b>	<b>1,023,878</b>
UBS Multi Asset Income Fund	<b>660,959</b>	<b>599,874</b>
M&G Charibond Fund	<b>690,455</b>	<b>688,610</b>
Schroders Income Maximiser	<b>342,860</b>	<b>280,188</b>
M&G Charifund	<b>512,338</b>	<b>415,975</b>
CCLA - COIF Investment Fund	<b>1,207,996</b>	<b>1,009,279</b>
Treasury Stock 2024 2.5%	<b>108,287</b>	<b>109,321</b>
Invested with Monmouthshire County Council	<b>350,000</b>	<b>350,000</b>
	<b>4,874,627</b>	<b>4,477,125</b>

The Trust has investments held with UBS, M&G, Schroeder's, CCLA, HM Treasury and Monmouthshire County Council, which are generally managed by the trust's 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 0.4700% for 2020/21 (0.6690% for 2019/20).

**The Monmouthshire County Council Welsh Church Act Fund  
Annual Report for year ended 31 March 2021**

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**

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
<i>Prepayment &amp; accrued income</i>		
Investment Income	40,165	44,745
Other Debtors	0	0
MCC Bank Transfer	1,341	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
	<b>41,506</b>	<b>44,745</b>

All investment interest due from the trustee was paid in year in 2020-21.

**12 Creditors**

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Grant creditors	215,025	180,553
Other creditors	14,269	6,641
	<b>229,294</b>	<b>187,195</b>

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 2020 £	Incoming resources £	Resources Expended £	Other Recognised Gain / (Loss) £	Balance 31 March 2021 £
Unrestricted funds	4,966,139	181,378	(257,946)	422,752	<b>5,312,322</b>

## **The Monmouthshire County Council Welsh Church Act Fund Annual Report for year ended 31 March 2021**

### **14 Related party transactions**

During the year transactions with related parties arose as follows:

	<b>2021</b>		<b>2020</b>	
	<b>Receipts</b>	<b>Payments</b>	<b>Receipts</b>	<b>Payments</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Monmouthshire County Council	<b>3,630</b>	<b>4,455</b>	<b>3,425</b>	<b>4,897</b>

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 £4,455 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 2021**

Registered Charity Number: 525649

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

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**Monmouthshire Farm School Endowment Trust Fund**  
**Annual report for the year ended 31st March 2021**

**Trustees, officers and advisers**

**Trustees**

R Edwards  
Monmouthshire County Council

D Yeowell  
Torfaen County Borough Council  
Left during year

P Murphy  
Monmouthshire County Council  
Commenced during year.

Professor J D Hayes  
University College Wales Aberystwth

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

**Independent Examiners**

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 2021**

### **Report of the Trustees for the year ended 31st March 2021**

The Trustees present their annual report and the independently examined financial statements for the year ended 31 March 2021 of The Monmouthshire Farm School Endowment Trust Fund. The information with respect to the Trustees, officers and advisers 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 £14,678 (£26,517 in 2019/20).

#### **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 increased in value by £26,021 (£30,746 decrease in 2019/20) over the financial year as a result of incoming resources (from investments) exceeding outgoing resources.

Income consists of interest on investment stock and cash held of £26,510 (£26,508 in 2019/20), and £0 (£0 2019/20) in respect of the annual payment from the Roger Edwards Educational Trust. Expenditure of £16,401 (£29,063 in 2019/20) primarily comprised of grants payable of £14,678 (£26,517 in 2019/20) in line with the Charity's objects. An unrealised investment gain of £15,912 (£28,191 loss in 2019/20) 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 have 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 5<sup>th</sup> March 2020. 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 2021**

### **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 are entitled to receive 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 2020/21 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 5<sup>th</sup> March 2020.

### **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 5th 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 2021. The Trustees also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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

### **By order of the Trustees**

Trustee:

Date: 19<sup>th</sup> July 2021

**Monmouthshire Farm School Endowment Trust Fund  
Annual report for the year ended 31st March 2021**

**Report of the independent examiner to the Trustees 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 2021, which are set out on pages 5 to 11.

**Responsibilities and basis of report**

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

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

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

**Independent examiner's statement**

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

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

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

Adrian Crompton  
Auditor General for Wales  
24 January 2022

24 Cathedral Road  
Cardiff  
CF11 9LJ

**Monmouthshire Farm School Endowment Trust Fund**  
**Annual report for the year ended 31st March 2021**

**Statement of financial activities (Sofa) for the year ended 31st March 2021**

	Notes	2021 Unrestricted Funds £	2020 Unrestricted Funds £
<b>Income &amp; Endowments from:</b>			
Investment income	2	26,510	26,508
<b>Total income &amp; Endowments</b>		<b>26,510</b>	<b>26,508</b>
<b>Resources Expended</b>			
<b>Charitable expenditure</b>			
Costs of activities in furtherance of the Charity's objects			
Expenditure on charitable activities	3	14,678	26,517
Other expenditure	3 & 4	1,723	2,546
<b>Total Resources expended</b>		<b>16,401</b>	29,063
Gains/(losses) on investment assets	5	15,912	(28,191)
<b>Net Income / (Expenditure)</b>		<b>26,021</b>	(30,746)
<b>Net movement in funds</b>			
Fund balances brought forward 1 April 2020		<b>627,904</b>	658,650
<b>Fund balances carried forward 31 March 2021</b>		<b>653,925</b>	627,904

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

**Balance Sheet as at 31 March 2021**

**Monmouthshire Farm School Endowment Trust Fund**  
**Annual report for the year ended 31st March 2021**

	Notes	2021	2020
		Unrestricted Funds	Unrestricted Funds
		£	£
<b>Fixed assets</b>			
Investments	7	<b>630,881</b>	614,968
		<b>630,881</b>	614,968
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	<b>0</b>	245
Cash at bank and in hand		<b>23,761</b>	16,615
		<b>23,761</b>	16,860
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	9	<b>716</b>	3,924
<b>Net current assets</b>		<b>23,045</b>	12,936
<b>Net assets</b>		<b>653,925</b>	627,904
<b>The Funds of the Charity:</b>			
Unrestricted Funds	10	<b>653,925</b>	627,904
<b>Total Charity funds</b>		<b>653,925</b>	627,904

The financial were approved by the Trustees on 19<sup>th</sup> July 2021 and signed on their behalf by:

Trustee:

Date: 19<sup>th</sup> July 2021

# Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2021

## 2021

### 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.

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

## Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2021

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 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 adjustment in the forthcoming financial year are as follows:

### The revaluation of investment property and property funds

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.

### 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

	2021	2020
	£	£
Interest on cash balances	181	87
Interest on Investments	26,329	26,421
	<b>26,510</b>	<b>26,508</b>

## 3 Expenditure on Charitable Activities

	2021	2020
	£	£
Grants payable	14,678	26,517
Management & administration	1,723	2,546
	<b>16,401</b>	<b>29,063</b>

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

	2021	2020
	£	£



**Monmouthshire Farm School Endowment Trust Fund**  
**Annual report for the year ended 31st March 2021**

Net incoming resources is stated after charging:

Independent Examiner's remuneration	<b>1,458</b>	1,762
	<b>1,458</b>	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 2020 £	Market Value 2021 £	Gain/(Loss) £
Charibond	235,745	235,269	(476)
OEIC	159,116	177,442	18,326
COIF	220,107	218,170	(1,937)
Total	614,968	630,881	15,912

## **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 2021**

**7 Fixed asset investments**

	Total £
Valuation at 1 April 2020	<b>614,968</b>
Purchase	
Net revaluation gain	<b>15,912</b>
<b>Valuation at 31 March 2021</b>	<b>630,881</b>

Fixed asset investments solely consist of the quoted investments. All investments are stated at their market value at 31st March 2021. The historical cost of the investments at 31st March 2020 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 2021 are as follows:

	£	%
COIF	218,170	34,6%
Charibond	235,269	37,3%
OEIC Fund	177,442	28,1%

The percentage shown above is the percentage of the total portfolio market value as at 31<sup>st</sup> March 2021.

**8 Debtors**

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
HM Revenue and Customs	0	245
	0	245

**9 Creditors**

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Accruals and deferred income	<b>716</b>	3,924
	<b>716</b>	3,924

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 2021**

**10 Unrestricted Funds**

	Balance 1 April 2020	Incoming resources	Resources Expended	Investment Gain/(Loss)	Balance 31 March 2021
	£	£	£	£	£
Permanent endowed funds	627,904	26,510	16,401	15,912	653,925

**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: 2020-21

Date issued: December 2021

Document reference: 2758A2021-22

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 the Wales Audit Office at [infoofficer@audit.wales](mailto: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**

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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 2021. 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 continues to have a significant impact on all aspects of society. 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 despite 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.

## Proposed examiners' report

- 7 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

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

### Corrected misstatements

- 9 The draft Trustee Report included references to 'material valuation uncertainties' with regard to the valuation of property funds and investment properties held by the Fund, which had been previously reported in the audited 2019-20 accounts.
- 10 Our audit identified that the Fund's valuers no longer identified such uncertainties in its valuations, and as such these references in the Trustee Report were no longer required. These references have therefore been removed from the final accounts.
- 11 Other than the above matter, and some minor amendments relating to presentation or narrative detail, there are no misstatements arising from our examination which we need to bring to your attention.

# Appendix 1

## Proposed examiners' report

### Report of the independent examiner to the Trustees 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 2021, which are set out on pages 6 to 11.

#### Responsibilities and basis of report

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

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

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

#### Independent examiner's statement

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

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

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

Adrian Crompton  
Auditor General for Wales  
24 January 2022

24 Cathedral Road  
Cardiff  
CF11 9LJ



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Cardiff CF11 9LJ

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Website: [www.audit.wales](http://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: 2020-21

Date issued: December 2021

Document reference: 2759A2021-22

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 the Wales Audit Office at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

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# 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**

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Appendix 3 – Summary of corrections made	13

# Audit of accounts report

## Introduction

- 1 We summarise the main findings from our audit of your 2020-21 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 £55,416 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.
- 7 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

- 8 The COVID-19 pandemic has continued to have a significant impact on all aspects of our society. 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 posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 9 The pandemic has unsurprisingly affected our audit. The entirety of our financial audit was undertaken remotely. Despite the challenging circumstances, officers effectively supported us in this by providing us with appropriate and timely information to inform our audit. Specifically, officers:
  - provided electronic working papers;
  - provided audit evidence to the audit team via e-mail or a shared folder accessible to both officers and Audit Wales staff; and
  - were available by video conferencing for discussions, and for the sharing of on-screen information/evidence.
- 10 We continue to review our learning for our audit process from the COVID-19 pandemic and what we might adopt in the future to enhance that process.



## Proposed audit opinion

- 11 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**.
- 12 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 13 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards.
- 14 Our proposed audit report is set out in **Appendix 2**.

## Issues arising from the audit

### Uncorrected misstatements

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

### Corrected misstatements

- 16 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

- 17 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.
  - Any other matters specifically required by auditing standards to be communicated to those charged with governance.
- 18 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  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

13 January 2022

### Representations regarding the 2020-21 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 2021 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.
- 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.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

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 13 January 2022.

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: 13 January 2022

**Signed by:**

Philip White  
Chair, Audit Committee  
Monmouthshire County Council

Date: 13 January 2022

# 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

#### Opinion on financial statements

I have audited the financial statements of the Monmouthshire County Council Welsh Church Act Fund for the year ended 31 March 2021 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 2021 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

## 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. 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. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Report on other requirements

### 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, or returns adequate for my audit have not been received from branches not visited by my team;
- 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, and those charged with governance, including obtaining and reviewing supporting documentation relating to the Monmouthshire County Council Welsh Church Act Fund's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud.

- Obtaining an understanding of Monmouthshire County Council Welsh Church Act Fund's framework of authority as well as other legal and regulatory frameworks that the charity operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the charity.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Adrian Crompton  
Auditor General for Wales  
24 January 2022

24 Cathedral Road  
Cardiff  
CF11 9LJ



# 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
<b>Trustee Report and Investments (Note 10)</b>	To remove references to 'material valuation uncertainties' in the year.	<p>The draft accounts included references to 'material valuation uncertainties' with regard to the valuation of property funds and investment properties held by the Fund, which had been previously reported in the audited 2019-20 accounts.</p> <p>Our audit identified that the Fund's valuers no longer identified such uncertainties in its valuations, and as such these references in the accounts were no longer required.</p> <p>These references have been removed from the final accounts.</p>
<b>Statement of Financial Activity (SoFA)</b>	To ensure that sub-totals in the SoFA are accurate.	<p>Our audit identified that the sub-total for 'total resources expended' in the SoFA did not include £2,900 of resources expended for raising funds (although the final 'net income' total did correctly include this expenditure).</p> <p>The sub-total in the SoFA within the final accounts has been corrected to include this expenditure.</p>
<b>Various</b>	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.



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

GOVERNANCE AND AUDIT COMMITTEE  
FORWARD WORK PLANNER 2021/22

Date of Meeting	Title	Description/Purpose	Lead Officer
<b>13TH JAN 2022</b>			
13.01.21	Audited Trust fund Accounts (Welsh Church Fund/Mon Farms)	Annual Report and Financial Statements for the year ended the 31 March 2021	Dave Jarrett/Nikki Wellington
13.01.21	ISA 260 or equivalent for Trust Funds		Audit Wales
13.01.22	Anti bribery risk assessment		Peter Davies
13.01.22	Governance & Audit Committee Review		Peter Davies
<b>17TH FEB 2022</b>			
17.02.22	Overview of Performance Management arrangements	To present an update on the current effectiveness of the Authority's performance management arrangements	Performance Manager
17.02.21	Treasury Policy and Strategy report 2022-3	This suite of documents includes the Treasury Policy, The Treasury Management Strategy, the Minimum Revenue Provision Policy & the Investment and Borrowing strategies for 2023/4. 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.	Jon Davies
17.02.22	WAO Annual Audit Summary		Audit Wales/Emma Davies
17.02.22	Whole Authority annual complaints report		Annette Evans
17.02.22	Assessment of the Robustness of the budget process and adequacy of reserves		Jon Davies

GOVERNANCE AND AUDIT COMMITTEE  
FORWARD WORK PLANNER 2021/22

17.02.22	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
<b>31ST MAR 2022</b>			
31.03.22	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
31.03.22	Annual Performance Review of Investment Committee		Deb Hill-Howells
31.03.22	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
31.03.22	Annual Audit 22-23		Audit Wales
<b>May-22</b>			
	Annual Grants report		Audit Wales
	annual governance statement review 2020-1		Andrew Wathan

# Public Document Pack Agenda Item 10

## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held  
at County Hall, Usk - Remote Attendance on Thursday, 25th November, 2021 at 2.00 pm

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

County Councillor: M.Feakins, P. Jordan, M.Lane, P. Murphy,  
V. Smith, B. Strong and J.Watkins

### **OFFICERS IN ATTENDANCE:**

Matt Phillips	Chief Officer People and Governance and Monitoring Officer
Andrew Wathan	Chief Internal Auditor
Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Wendy Barnard	Democratic Services Officer
Emma Davies	Performance Officer
Richard Jones	Performance Manager
Rachel Freitag	Audit Wales Officer
Matthew Gatehouse	Head of Policy and Governance

### **APOLOGIES:**

County Councillors A. Easson

#### **1. Declarations of Interest**

No declarations of interest were made.

#### **2. Public Open Forum**

No members of the public were at the meeting.

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

There were no actions from the previous meeting.

#### **4. Governance and Audit Committee Review**

This item deferred until the next meeting.

#### **5. Update on Unfavourable Internal Audit Opinions**

The Chief Internal Auditor introduced the six-monthly report on progress of unfavourable opinions. The Committee was advised that there was no recommendation to call in operational managers and Heads of Service to justify lack of progress and to hold to account for future improvements.

Following presentation of the report, members were invited to ask questions and to make comments:

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of Governance and Audit Committee held at County Hall, Usk - Remote Attendance on Thursday, 25th November, 2021 at 2.00 pm

- A Committee Member asked if responsibility for Food Procurement had moved to Cardiff City Council due to the collaborative work and was informed that regardless of whether or not the responsibility has moved, there is a duty for the recommendations to be followed up. Clarification will be sought if this is part of the collaborative work and will be reported to the next meeting.
- In response to a question, it was confirmed that the 2018/19 opinion on Caldicot Castle and the 2019/20 Caldicot Castle follow up refer to the same audit. There was no follow up due to Covid and Caldicot Castle remains on the list to be followed up.
- A Committee Member asked if the inability to follow up some audits due to Covid would add to the Internal Audit Team workload and if there are sufficient staff resources to cover the additional work. It was explained that the additional workload will be managed within the current workload. The audit plan will take into consideration follow up work, new jobs and staff needed. This includes follow up work on more favourable opinions.
- A Committee Member observed that the lack of action must be discouraging. It was clarified that the follow-on report does not include limited opinions. The limited opinion assurances issued generally have a positive response. When followed up, operational managers have implemented many of the improvements necessary to resolve the risks identified resulting in very few requests to invite operational managers and their Head of Service to the Committee.

The recommendations below were approved with no instruction to call in any operational managers or heads of service.

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

#### **6. Audit Wales Certificate of Compliance for the audit of Monmouthshire County Council's assessment of performance 2020/21**

The Audit Wales Officer presented the Audit Wales Certificate of Compliance for the audit of Monmouthshire County Council's assessment of performance report. The certificate confirms that the authority has legally complied with the requirements of the Local Government Measure to produce an improvement plan and an annual assessment to measure progress against it. This is the last year of this requirement as the Local Government Measure has been superseded by the Local Government and Elections Act 2021.

The Performance Manager thanked Audit Wales for their work producing the document. The Local Government and Elections Act requires changes to performance arrangements. In future, the Council must produce an annual self- assessment report which will refer to 2021/22 performance and will be reported into the Governance and Audit Committee.

A Committee Member thanked an Audit Wales Officer for contacting her to clarify some points outside the meeting.

The report was noted.

#### **7. Review of Strategic Risk Register (6-monthly)**

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of Governance and Audit Committee held at County Hall, Usk - Remote Attendance on Thursday, 25th November, 2021 at 2.00 pm

The Performance Officer presented the 6-monthly report to review the Strategic Risk Register. Following presentation of the report questions and comments were invited from Committee Members:

- A Committee Member questioned a potential shortfall in funding to replace European Union (EU) funding previously available and asked if sufficient account has been taken of risks arising from the previous levels of funding not being unavailable. It was confirmed that residual risks from de-escalated risks are considered and the Committee was referred to risks 4a and 4b for the management of financial related risks noting that potential shortfalls would be included as appropriate. If the risk is more significant consideration would be given to the risk being included in its own right.

The Deputy Chief Executive and Chief Officer for Resources highlighted the UK Government levelling up funding. Whilst the first two bids made were unsuccessful, further bids will be made. The authority has been very successful with its bids for Community Resilience Funding. These funds are likely to be replaced by the Shared Prosperity Fund; the replacement for EU funding. The bidding process is undecided and is a risk.

- A Committee Member thanked officers for the report and wished to highlight two high level risks. 1) Risk 12 – reduction of Carbon emissions and enquired how much 'resilience' is being focussed upon and 2) Risk 5 - the recruitment and retention of staff to maintain services and any improvements to the recruitment process.

Regarding Risk 12, the Performance Manager explained that there are two clear mitigating actions; a) delivering our climate emergency strategy and b) how the authority prepares and adapts to the impact of climate change recognising that the risk level is high with some factors outside our control. An example of mitigation on the impact of climate change is work with the Public Service Board piloting some natural flood risk management techniques and work on climate resilience plans.

In consideration of Risk 5, the Chief Officer People and Governance responded that the intention is to create a recruitment process based on genuine talent acquisition. Different approaches are already being used to attract suitable candidates. He referenced the global skills shortage. He explained there are software applications under consideration, career development/ leadership training and identifying the best ways to work for the benefit of both employees and residents in the County to improve recruitment and retention. The priority is to retain competitive advantage.

- In response to a Member's question about the authority's commercial strategy, it was confirmed that £50M was borrowed. The Government disallows use of the funding for renting under the strategy and asked what the implications would be for the Council. The Deputy Chief Executive explained that one of the requirements of the Investments Committee is that it presents an annual report. This will be presented early in the new year. It was confirmed that the Chancellor has tightened the ability for Councils to use PWLB borrowing for commercial activity for yield and return. This has not been the intention of the authority but instead to use the returns generated from commercial investments to maintain frontline services. It may create some hindrance to investment outside the county boundary and advice is being sought accordingly. The Castlegate and Newport Leisure Park are retrospective acquisitions.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of Governance and Audit Committee held at County Hall, Usk - Remote Attendance on Thursday, 25th November, 2021 at 2.00 pm

As detailed in the recommendations, Members used the risk assessment to consider the effectiveness of the authority's risk management arrangements and the extent to which the strategic risks facing the authority are appropriately captured.

Members scrutinise, on an on-going basis, the risk assessment and responsibility holders to ensure that risk is being appropriately managed.

#### **8. Implementation of Agreed Internal Audit Recommendations**

The Chief Internal Auditor reported on the Implementation of Agreed Internal Audit Recommendations. Following presentation of the report, Members were invited to ask questions and to make comments.

A Member asked if the drop off in implementation of the agreed recommendations was related to Covid factors. It was responded that this was partially so as operational managers were directed elsewhere and their priorities were changed to uphold frontline provision rather than implementing recommendations. Audit staff are working with managers to follow up and request evidence of implementation. Senior Leadership Team has lent its support to promoting this course of action. It is predicted that there will be a significant improvement in the next report to the Committee in 6 months.

The Deputy Chief Executive explained that the Chief Internal Auditor regularly attends Senior Leadership Team meetings to strengthen interaction with SLT and Department Leadership Teams. Accepting the mitigating circumstances that have had an impact, there is a clear expectation that improvements must be made, and there is already evidence of this occurring.

The recommendation that the Governance & Audit Committee considers this report, identify any concerns of non-implementation of audit recommendations and where appropriate consider calling-in any managers for further explanation as to why the implementation of actions has not been as productive as expected was noted.

#### **9. Forward Work Planner**

The following change to the planner was made:

- Overview of Performance Management arrangements moved to 17<sup>th</sup> February 2022

#### **10. To confirm minutes of the previous meeting**

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

#### **11. To confirm the date of the next meeting as 13th January 2022**

**Meeting ended at 3.05 pm**