

Public Document Pack



County Hall
Rhadyr
Usk
NP15 1GA

Wednesday, 20 November 2024

Notice of Meeting

Governance and Audit Committee

Thursday, 28th November, 2024 at 2.00 pm,
County Hall, The Rhadyr, Usk, NP15 1GA

Please note that there will be an Extended Pre-meeting: Joint Corporate Insurance Briefing Session for Members of the Governance and Audit Committee and Performance and Overview Scrutiny Committee (Training - 12.30-1.30pm). The usual pre-meeting will take place at 1.30pm for Governance and Audit Committee Members and Audit Officers

AGENDA

Item No	Item	Pages
1.	Apologies for Absence	
2.	Declarations of Interest	
3.	Public Open Forum Governance and Audit Committee Public Open Forum Guidance Our Governance and Audit Committee meetings are live streamed and a link to the live stream will be available on the meeting page of the Monmouthshire County Council website If you would like to share your thoughts on any matters being discussed by Governance and Audit Committee, you may attend the meeting in person (or join remotely via Microsoft Teams), or submit written representations (via Microsoft Word, maximum of 500 words). The deadline for submitting representations to the Council is 5pm three clear working days in advance of the meeting. All representations received will be made available to the committee members prior to the meeting. The amount of time afforded to each member of the public to speak is at the	

Committee Chair's discretion. We ask that contributions are no longer than 4 minutes.

If you would like to attend one of our meetings to speak under the Public Open Forum at the meeting, you will need to give three working days' notice by contacting GACRegistertoSpeak@monmouthshire.gov

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

4.	To note the Action List from the previous meeting.	1 - 2
5.	2024/25 Treasury Report	3 - 26
6.	2023/24 MCC Statement of Accounts (Final)	27 - 28
7.	Audit of Accounts report - Audit Wales	29 - 56
8.	Effectiveness of Strategic Risk Management Framework and summary of wider arrangements	57 - 72
9.	Whole Authority Annual Complaints Report	73 - 80
10.	The Ombudsman's Annual Letter	81 - 96
11.	CPR Exemptions - 6 monthly update to 30th September 2024	97 - 110
12.	Internal Audit Quarterley Progress Report (Q2)	111 - 132
13.	Governance and Audit Committee Forward Work Plan	133 - 138
14.	To approve the minutes of the previous meeting held on 17th October 2024	139 - 142
15.	Date of Next Meeting:	

**Paul Matthews
Chief Executive**

MONMOUTHSHIRE COUNTY COUNCIL
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

Andrew Blackmore	<i>Lay Member</i>	
Colin Prosser	<i>Lay Member</i>	
Martin Veale	<i>Lay Member</i>	
Rhodri Guest	<i>Lay Member</i>	
County Councillor Sara Burch	<i>Cantref;</i>	<i>Labour and Co-Operative Party</i>
County Councillor John Crook	<i>Magor East with Undy;</i>	<i>Welsh Labour/Llafur Cymru</i>
County Councillor Tony Easson	<i>Dewstow;</i>	<i>Welsh Labour/Llafur Cymru</i>
County Councillor David Jones	<i>Crucorney;</i>	<i>Independent Group</i>
County Councillor Malcolm Lane	<i>Mardy;</i>	<i>Welsh Conservative Party</i>
County Councillor Phil Murphy	<i>Caerwent;</i>	<i>Welsh Conservative Party</i>
County Councillor Peter Strong	<i>Rogiet;</i>	<i>Welsh Labour/Llafur Cymru</i>
County Councillor Ann Webb	<i>St Arvans;</i>	<i>Welsh Conservative Party</i>

Public Information

Access to paper copies of agendas and reports

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Watch this meeting online

This meeting can be viewed online either live or following the meeting by visiting www.monmouthshire.gov.uk or by visiting our Youtube page by searching MonmouthshireCC.

Welsh Language

The Council welcomes contributions from members of the public through the medium of Welsh or English. We respectfully ask that you provide us with 5 days notice prior to the meeting should you wish to speak in Welsh so we can accommodate your needs.

Aims and Values of Monmouthshire County Council

Our purpose

- to become a zero-carbon county, supporting well-being, health and dignity for everyone at every stage of life.

Objectives we are working towards

- Fair place to live where the effects of inequality and poverty have been reduced;
- Green place to live and work with reduced carbon emissions and making a positive contribution to addressing the climate and nature emergency;
- Thriving and ambitious place, where there are vibrant town centres and where businesses can grow and develop
- Safe place to live where people have a home where they feel secure in;
- Connected place where people feel part of a community and are valued;
- Learning place where everybody has the opportunity to reach their potential

Our Values

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

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

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

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

Kindness: We will show kindness to all those we work with putting the importance of relationships and the connections we have with one another at the heart of all interactions.

Monmouthshire Governance & Audit Committee Question/Consideration Guide

Role of the Pre-meeting

1. Why is the Committee considering this agenda item? (relevance and materiality)
 2. What is the Committee's role and what outcome do Members want to achieve?
 3. Is there sufficient information to achieve this? If not, who could provide this?
 4. What are the confidential views of the auditors on relevant matters?
- Discuss members' views/ key concerns with the papers and agree priorities

Potential Questions/Considerations for the Meeting

Internal Audit (IA)

1. What is the IA functional model and is it fit for purpose?
2. Does IA have sufficient authority and influence across the Authority?
3. Is IA suitably resourced and empowered? Is the annual IA plan appropriate? On what do we make this judgement?
4. Do Chief Officers demonstrably accept and champion the role of IA? How do they do this?
5. Are IA findings acted upon energetically by Officers? How is this demonstrated? Do we effectively challenge and hold officers to account for implementing IA findings?
6. How can we be confident that the internal control environment remains appropriate?
7. Do we have confidence in overall IA effectiveness? On what do we base this?
8. Is the annual/ periodic IA opinion plausible?
9. Do we have sufficient visibility over the work, output and effectiveness of allied IA teams, e.g. TCBC?

Governance

1. Is there a codified and cohesive description of MCC's overall governance arrangements? Is it fit for purpose?
2. Is there clarity over the governance of the various oversight and scrutiny arrangements for (and effectiveness

External Audit (EA)

1. Is the EA team (financial and performance) credible?
2. Are we confident over the arrangements for developing the EA annual work plan/ timetable and is it aligned to our understanding of key risks?
3. Do Chief/ senior officers engage appropriately with EA? How is this demonstrated?
4. Is there a constructive relationship between IA, EA (and other inspectorates)? How is this evidenced?
5. Have relevant officers demonstrably considered the results/ conclusions of EA national and specific reports?
6. Do we have good visibility over emerging issues identified by EA?
7. In respect of ISA260 and equivalent EA financial reports, do officers clearly demonstrate understanding of issues raised and have a credible plan to resolve issues for next financial year?
8. Does EA have confidence in MCC's Officers and governance arrangements?

Budgeting/ Financial Risk/ Reserves

1. Is there a clearly defined, governed and checkpointed process and timetable for developing the Authority's budget?
2. Is there an appropriate suite of financial risk related policies? Are they suitable?
3. Are the key financial/ operational

<p>of) material partnerships and collaborations?</p> <ol style="list-style-type: none"> 3. Is there clarity over the apportionment of responsibilities and decision making authorities? 4. How are governance/ control breaches identified and reported? 5. Are we confident that the arrangements for material expenditure (tendering, contracting and capital procurement) are robust? 6. Do we have confidence in whistleblowing (and similar arrangements) for raising concerns? <p><u>Corporate Risks</u></p> <ol style="list-style-type: none"> 1. Have key accountabilities for the identification, assessment, monitoring and management of risks been adequately defined and implemented? 2. Has the approach to risk management been designed and implemented effectively? 3. How can the Committee be confident that the Corporate Risk Register captures all significant risks facing the Authority? 4. Are the risk mitigation action plans credible and sufficient so as to achieve the desired outcomes? 	<p>assumptions understood, credible, documented and stress tested?</p> <ol style="list-style-type: none"> 4. Does the Finance function have suitable capabilities and capacity to manage financial risk/ meet statutory requirements and obligations to the Council? 5. Do we have confidence that the budgetary process is likely to produce a plausible budget/ MTFP? 6. Are there suitable arrangements in place to manage and report on overall financial performance? <p><u>Financial Statements/ Misstatement Risk</u></p> <ol style="list-style-type: none"> 1. Is there a shared understanding as to the purpose of the Committee in reviewing draft financial statements? <ol style="list-style-type: none"> a. Are the Notes to the Accounts reasonable? b. Are the narrative reports, including the Annual Governance Statement reasonable and accord with the committee's view? 2. Are we comfortable with EA's work and audit opinion?
<p>Questions for the Committee to conclude...</p>	
<p>Do we have the necessary information to form conclusions/make recommendations/ escalate matters to the executive, council, relevant scrutiny committee?</p> <p>Do we need to follow up? If so, how?</p>	

Governance and Audit Committee Action List
17th October 2024

Action	Subject/ Meeting	Officer	Outcome	Due date	Action Status	Recommended to close Action Yes/No
1	Council Progress Update: Audit Wales Work Programme	Hazel Ilett, Scrutiny Manager – Richard Jones, Performance and Data Insight Manager	Relevant scrutiny committee to review the success of Active Travel schemes/ the expectations and aspirations of local residents.		OPEN	No

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REPORT

SUBJECT:	TREASURY MANAGEMENT ACTIVITY UPDATE - QUARTER 2 2024/25
MEETING:	Governance & Audit Committee
DATE:	28th November 2024
DIVISIONS/WARD AFFECTED:	All

1. **PURPOSE:**

- 1.1. The Prudential Code and CIPFA treasury guidance require local authorities to produce annually a Treasury Management Strategy Statement and Prudential Indicators on their likely financing and investment activity, and to ensure that the appropriate governance function that oversees the treasury management activities of the Authority is kept informed of activity quarterly.
- 1.2. The Authority's treasury management strategy for 2024/25 was approved by Council on 22nd March 2024. Over the first half of the year the Authority has borrowed and invest substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.
- 1.3. This report represents the second update of treasury management activity during 2024/25 following the Quarter 1 report being considered by this Committee on the 31th of July 2024.

2. **RECOMMENDATIONS:**

That Governance & Audit committee review the results of treasury management activities and the performance achieved in quarter 2 as part of their delegated responsibility to provide scrutiny of treasury policy, strategy and activity on behalf of Council.

3. **KEY ISSUES:**

3.1. **Key data metrics at quarter end:**

Type	Metric	Q4 23/24	Q1 24/25	Q2 24/25
External	Bank of England base rate	5.25%	5.25%	5.00%
External	UK Consumer Prices Index	3.2%	2.0%	1.7%
External	10-year UK gilt yield	3.94%	4.29%	4.01%
Internal	Council Borrowing	£173.9m	£177.7m	£175.3m
Internal	Borrowing Average rate	3.50%	3.62%	3.60%
Internal	Investments	£11.9m	£10.3m	£16.0m
Internal	Investment Average rate	5.16%	5.30%	5.13%
Internal	Credit score/rating	A+ / 4.51	AA-/4.3	AA-/4.1

3.2. **Key messages:**

Treasury management activities undertaken during the second quarter complied fully with the CIPFA code and the limits and indicators as set out in the Authority's approved Treasury Management Strategy.

The Authorities average cost of borrowing has remained stable during the period.

Cash balances increased slightly over the quarter by 5.7m to £16m as part of the managed internal borrowing strategy. During the quarter, the authority's investment balances ranged from between £10.5m and £50.1m.

Investments in externally managed pooled funds generated £46k (5.68%) income return, together with an £87k (2.40%) unrealised capital gain during the quarter.

Unrealised capital losses over the lifetime of the investments stand at £290k, for which the Authority maintains a sufficient treasury risk reserve to mitigate against any required realisation.

The Authority continues to invest in a specific Environmental, Social and Governance (ESG) investment product and is prioritised for investment where returns remain competitive. During the quarter this product returned 4.88% compared to an average rate of 5.02% for all Money Market Funds.

Non-treasury investments, comprising the Authority's Solar farm and two strategic property assets, are forecast to generate £509k or 1.64% return during 2024/25 (1.06% in 2023/24).

4. **ECONOMIC SUMMARY**

- 4.1. **Economic background:** UK headline consumer price inflation remained around the Bank of England (BoE) target later in the period, falling from an annual rate of 3.2% in March to 2.0% in May and then rebounding marginally to June to 2.2% in July and August, as was expected, due to base effects from energy prices. Core and services price inflation remained higher at 3.6% and 5.6% respectively in August.
- 4.2. The UK economy continued to expand over the period, albeit slowing from the 0.7% gain in the first calendar quarter to 0.5% (downwardly revised from 0.6%) in the second.
- 4.3. With headline inflation lower, the BoE cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%, with the lone dissenter preferring Bank Rate to be cut again to 4.75%. The meeting minutes and vote suggested a reasonably hawkish tilt to rates, with sticky inflation remaining a concern among policymakers.
- 4.4. The latest BoE Monetary Policy Report, published in August, showed policymakers expected GDP growth to continue expanding during 2024 before falling back and moderating from 2025 to 2027. Unemployment was forecast to stay around 4.5% while inflation was shown picking up in the latter part of 2024 as the previous years' energy price declines fell out of the figures before slipping below the 2% target in 2025 and remaining there until early 2027.

5. **BORROWING ACTIVITY**

- 5.1. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio and, where practicable, to maintain borrowing and investments below their underlying levels, known as internal borrowing.

- 5.2. Gilt yields were volatile over the 6-month period and have reduced slightly between April and September 2024. Much of the downward pressure from lower inflation figures was counteracted by upward pressure from positive economic data.
- 5.3. On 30th September 2024, the PWLB certainty rates for maturity loans were 4.79% for 10 year loans, 5.27% for 20-year loans and 5.13% for 50-year loans. Their equivalents on 30th June 2024 were 4.96%, 5.37% and 5.18% respectively.
- 5.4. Whilst the cost of short-term borrowing from other local authorities spiked to around 7% in late March 2024, primarily due a dearth of LA-LA lending/borrowing activity during the month, as expected shorter-term rates reverted to a more normal range and were generally around 5.00% - 5.25%.
- 5.5. The Authority's borrowing position at the end of the quarter is:

	30.06.24 Balance	30.06.24 Weighted Average Rate	30.06.24 Weighted Average Maturity (years)	Balance Movement	30.9.24 Balance	30.9.24 Weighted Average Rate	31.9.24 Weighted Average Maturity (years)
	£m	%	(years)		£m	%	(years)
Public Works Loan Board	125.1	3.3	19.8	2.2	127.3	3.4	19.6
Banks (LOBO)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Welsh Govt Interest Free	7.5	0.0	1.7	0.5	8.0	0.0	2.7
Local Authorities / Other	45.0	5.0	0.3	(5.0)	40.0	4.9	0.4
Total borrowing	177.7	3.6	13.9	(2.4)	175.3	3.6	14.4

- 5.6. The Authority's total borrowing has reduced slightly over the quarter by £2.4m due to timing differences between temporary borrowing maturing and being replaced.
- 5.7. The weighted average maturity has increased from Q1 due to a longer dated fixed rate loan of £5m being taken during the period, providing an increased level of budget certainty.

6. INVESTMENT ACTIVITY

- 6.1. During the year, the authority's investment balances ranged from between £10.5m and £50.1m due to timing differences between income and expenditure. The movement in investments during the quarter was:

	30.6.24 Balance	Net Movement	30.9.24 Balance	30.9.24 Income Return	30.9.24 Weighted Average Maturity Days
	£m	£m	£m	%	
Banks & building societies (unsecured)	(2.0)	1.0	(1.0)	Average 5.02%	Up to 180 days

Government (incl. local authorities)	(3.0)	(5.0)	(8.0)		
Money Market Funds (MMFs)	(1.3)	(1.7)	(3.0)		
Multi asset income, Pooled funds	(4.0)	0.0	(4.0)	5.15%	N/A
Total investments	(10.3)	(5.7)	(16.0)	5.13%	

- 6.2. Bank Rate reduced from 5.25% 5.00% in August 2024 with short term interest rates largely being around these levels. The rates on DMADF deposits ranged between 4.94% and 5.19% and money market rates between 4.87% and 5.23%.
- 6.3. **Externally Managed Pooled Funds:** £4m of the Authority's investments are invested in externally managed strategic pooled multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and longer-term price stability.
- 6.4. These funds provide an important diversification for the Authority and generated £46k (5.68%) income return, together with a £87k (2.40%) unrealised capital gain in year.
- 6.5. Accumulated unrealised capital losses over the lifetime of the investment stand at £290k. The Authority maintains an adequate treasury risk reserve to mitigate against the risk that capital losses on pooled funds become realised and consequently result in a charge against the Council Fund.

7. Environmental, Social and Governance

- 7.1. Throughout the quarter the investment portfolio has been assessed against 3 charters that organisations can voluntarily sign up for to ensure that all are meeting minimum level of ESG responsibility.
- 7.2. The authority continues to hold an ESG specific Investment product. This fund aims to provide security of capital and liquidity while focussing on the performance of the underlying issuers on a range of environmental, social and governance.
- 7.3. At 30th September 2024 the Authorities ESG specific Money Market Fund returned 4.88% compared to an average rate of 5.02% for all Money Market Funds. The best and worst performing funds earned 4.88% and 5.03% respectively.

8. NON-TREASURY INVESTMENTS:

- 8.1. The authority continues to hold £31.08m of non-financial asset investments and their forecast performance can be seen in the table below:

	Budgeted net (income) / expenditure 2024/25 £000's	Carrying Value 31.03.24 £000's	Budgeted return 2024/25 %	Net return 2023/24 %
Oak Grove Solar Farm	(403)	5,611	7.17	9.45
Newport Leisure Park & service loan	(234)	18,819	1.24	0.15
Castlegate Business Park	128	6,654	-1.92	-3.46
Overall portfolio	(509)	31,084	1.64	1.06

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

- 8.2. The investment at Oak Grove Solar Farm continues to provide a substantial return on investment. The forecast return for the year remains lower than 2023/24 due to some grid outages and prevailing weather conditions.
- 8.3. The investment at Newport leisure park continues to provide a net income stream for the Authority, although this is budgeted to remain slightly lower than the expected 2% return after borrowing until currently negotiated rent free concessions end.
- 8.4. The investment in Castlegate is still budgeting a net negative return on investment. Continued negotiations with interested parties should further improve the net return in 2024/25 and as rental concessions periods advance. The majority of anchor tenant space is now occupied. This continues to represent a significant improvement on the position since the anchor tenant vacated their space in Spring 2022.
- 8.5. A more detailed report on the performance of these investments was received by the Performance & Overview scrutiny committee in October 2024.

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

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

10. **CONSULTEES**

Cabinet Member - Resources

Arlingclose Limited – External Treasury management advisors to Monmouthshire CC

11. **BACKGROUND PAPERS**

Appendix 1 – 2024/25 Treasury Management Quarter 2 update

Glossary of treasury terms

12. **AUTHORS**

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2024/25 Treasury Management Report – Quarter 2 update (as at 30th September 2024)

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

1. External market conditions

- 1.1. Economic background: UK headline consumer price inflation remained around the Bank of England (BoE) target later in the period, falling from an annual rate of 3.2% in March to 2.0% in May and then rebounding marginally to June to 2.2% in July and August, as was expected, due to base effects from energy prices. Core and services price inflation remained higher at 3.6% and 5.6% respectively in August.
- 1.2. The UK economy continued to expand over the period, albeit slowing from the 0.7% gain in the first calendar quarter to 0.5% (downwardly revised from 0.6%) in the second. Of the monthly figures, the economy was estimated to have registered no growth in July.
- 1.3. Labour market data was slightly better from a policymaker perspective, showing an easing in the tightness of the job market, with inactivity rates and vacancies declining. However, a degree of uncertainty remains given ongoing issues around the data collected for the labour force survey by the Office for National Statistics. Figures for the three months to July showed the unemployment rate fell to 4.1% (3mth/year) from 4.4% in the previous three-month period while the employment rate rose to 74.8% from 74.3%.
- 1.4. Over the same period average regular earnings (excluding bonuses) was 5.1%, down from 5.4% in the earlier period, and total earnings (including bonuses) was 4.0% (this figure was impacted by one-off payments made to NHS staff and civil servants in June and July 2023). Adjusting for inflation, real regular pay rose by 2.2% in May to July and total pay by 1.1%.
- 1.5. With headline inflation lower, the BoE cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%, with the lone dissenter preferring Bank Rate to be cut again to 4.75%. The meeting minutes and vote suggested a reasonably hawkish tilt to rates, with sticky inflation remaining a concern among policymakers.
- 1.6. The latest BoE Monetary Policy Report, published in August, showed policymakers expected GDP growth to continue expanding during 2024 before falling back and moderating from 2025 to 2027. Unemployment was forecast to stay around 4.5% while inflation was shown picking up in the latter part of 2024 as the previous years' energy price declines fell out of the figures before slipping below the 2% target in 2025 and remaining there until early 2027.
- 1.7. Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of

further cuts, with November 2024 the likely next one, taking Bank Rate down to around 3% by the end of 2025.

- 1.8. The US Federal Reserve (the Fed) also cut interest rates during the period, reducing the Federal Funds Rate by 0.50% to a range of 4.75%-5.00% at its policy meeting in September. The forecasts released at the same time by the central bank suggested a further 1.00% of easing is expected by the end of the calendar year, followed by the same amount in 2025 and then a final 0.50% of cuts during 2026.
- 1.9. Having first reduced interest rates in June, the European Central Bank (ECB) held steady in July before cutting again in September, reducing its main refinancing rate to 3.65% and its deposit rate to 3.50%. Unlike the Fed, the ECB has not outlined a likely future path of rates, but inflation projections remain in line with the central bank's previous forecasts where it will remain above its 2% target until 2026 on an annual basis.
- 1.10. **Financial markets:** Sentiment in financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year not too far from where they started. However, the volatility in response to economic, financial and geopolitical issues meant it was a bumpy ride for bond investors during that time.
- 1.11. Over the period, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.00% but hit a high of 4.41% in May and a low of 3.76% in mid-September. While the 20-year gilt started at 4.40% and ended at 4.51% but hit a high of 4.82% in May and a low of 4.27% in mid-September. The Sterling Overnight Rate (SONIA) averaged 5.12% over the period to 30th September.
- 1.12. **Credit review:** Arlingclose maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.
- 1.13. Having had its outlook increased by Fitch and ratings by S&P earlier in the period, Moody's upgraded Transport for London's rating to A2 from A3 in July.
- 1.14. Moody's also placed National Bank of Canada on Rating Watch for a possible upgrade, revising the outlook on Standard Chartered to Positive, the outlook to Negative on Toronto Dominion Bank, and downgrading the rating on Close Brothers to A1 from Aa3.
- 1.15. S&P upgraded the rating on National Bank of Canada to A+ from A, and together with Fitch, the two rating agencies assigned Lancashire County Council with a rating of AA- and A+ respectively.
- 1.16. Credit default swap prices were generally lower at the end of the period compared to the beginning for the vast majority of the names on UK and non-UK lists. Price volatility over the period was also generally more muted compared to previous periods.
- 1.17. Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

2. Movement in Treasury balances

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

Table 1: Balance Sheet Summary

	31.3.24 £m	Movement from YE £m	30.06.24 £m	Movement from Q1 £m	30.09.24 £m
General Fund CFR	198.3	0.0	198.3	0.0	198.3
Less: *Other debt liabilities	(2.3)	0.0	(2.3)	0.0	(2.3)
Borrowing CFR	196.0	0.0	196.0	0.0	196.0
Less: External borrowing	(173.9)	(3.8)	(177.7)	2.4	(175.3)
Net External borrowing	22.1	(3.8)	18.3	2.4	20.7
Less: Usable reserves	(25.3)	0.0	(25.3)	0.0	(25.3)
Less: Working capital	(8.8)	5.5	(3.3)	(8.0)	(11.3)
(Net Investments)	(11.9)	1.6	(10.3)	(5.7)	(16.0)

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

- 2.2. The Authority pursued its strategy of keeping borrowing and investments below their underlying levels for the quarter, known as internal borrowing. Table 1 above highlights that at the end of the quarter the Authority was internally borrowed by £20.7m, meaning that reserves and working capital were being used in lieu of external borrowing.
- 2.3. At the end of the quarter the Authority had net investments of £16.0m. Balances over the period ranged from between £10.5m and £50.1m due to timing differences between income and expenditure and borrowing activity.
- 2.4. The treasury management position at 30th September 2024 and the change during the year is shown in Table 2 below.

Table 2: Borrowing and Investment Summary

	30.6.24 Balance £m	30.6.24 Rate %	Movement	30.9.24 Balance £m	30.9.24 Rate %
Long-term borrowing	121.1	3.25	3.8	124.9	3.30
Short-term borrowing	56.6	4.39	(6.2)	50.4	4.35
Total borrowing	177.7	3.62	(2.4)	175.3	3.6
Long-term investments	0.0	N/A	0.0	0.0	N/A
Short-term investments	(3.0)	5.15	(5.0)	(8.0)	5.02
Pooled Funds	(4.0)	5.55	0.0	(4.0)	5.15
Cash and cash equivalents	(3.3)	Included in ST above	(0.7)	(4.0)	Included in ST above
Total investments	(10.3)	5.3	(5.7)	(16.0)	5.13
Net Borrowing	167.4		(8.1)	159.3	

- 2.5. The authorities net borrowing position has slightly decreased over the quarter. This is primarily due to timing differences in funding and expenditure increasing short term

investments.

3. Borrowing activity during the year

- 3.1. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio and, where practicable, to maintain borrowing and investments below their underlying levels, known as internal borrowing.
- 3.2. After substantial rises in interest rates since 2021 many central banks have now begun to reduce rates, albeit slowly. Gilt yields were volatile over the 6-month period and have reduced slightly between April and September 2024. Much of the downward pressure from lower inflation figures was counteracted by upward pressure from positive economic data. Data from the US continues to impact global bond markets including UK gilt yields.
- 3.3. The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the half year and 4.79% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.18%. Rates for 20-year maturity loans ranged from 5.01% to 5.57% during the half year, and 50-year maturity loans from 4.88% to 5.40%.
- 3.4. Whilst the cost of short-term borrowing from other local authorities spiked to around 7% in late March 2024, primarily due a dearth of LA-LA lending/borrowing activity during the month, as expected shorter-term rates reverted to a more normal range and were generally around 5.00% - 5.25%.
- 3.5. At 30th September 2024 the Authority held £175.3m of loans, a decrease of £2.4m from 30th June 2024, as part of its strategy for funding previous and current years' capital programmes.
- 3.6. Outstanding loans on 30th September are summarised in Table 3 below.

Table 3: Borrowing Position

	30.6.24 Balance	30.6.24 Weighted Average Rate	30.6.24 Weighted Average Maturity (years)	Balance Movement	30.9.24 Balance	30.9.24 Weighted Average Rate	30.9.24 Weighted Average Maturity (years)
	£m	%	(years)		£m	%	(years)
Public Works Loan Board	125.2	3.3	19.8	2.2	127.3	3.4	19.6
Banks (LOBO)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Welsh Gov Interest Free	7.5	0.0	1.7	0.5	8.0	0.0	2.7
Local authorities /Other	45.0	5.0	0.3	(5.0)	40.0	4.9	0.4
Total borrowing	177.7	3.6	13.9	(2.4)	175.3	3.6	14.4

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

3.8. To that end, a long-term PWLB loan was taken during the period to achieve some cost certainty.

Table 4: Long-dated Loans borrowed

	Amount £m	Rate %	Period (years)
PWLB EIP Loan	5.0	4.71	16
Total	1.0		

3.9. Other borrowing activity

3.10. **LOBO Loans:** The Authority does not hold any LOBO (Lender’s Option Borrower’s Option) loans.

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

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

4. Investment activity during the quarter

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

4.2. The Authority holds significant invested funds during the year, representing income received in advance of expenditure plus balances and reserves held. During the quarter, the Authority’s investment balances ranged from between £10.5m and £50.1m due to timing differences between income and expenditure. The investment position at the end of the quarter was:

Table 5: Treasury Investment Position

	30.6.24 Balance	Net Movement	30.9.24 Balance	30.9.24 Income Return	30.9.24 Weighted Average Maturity Days
	£m	£m	£m	%	
Banks & building societies (unsecured)	(2.0)	1.0	(1.0)	Average 5.02%	Up to 180 days
Government (incl. local authorities)	(3.0)	(5.0)	(8.0)		
Money Market Funds (MMFs)	(1.3)	(1.7)	(3.0)		
Multi asset income, Pooled funds	(4.0)	0.0	(4.0)	5.15%	N/A

Total investments	(10.3)	(5.7)	(16.0)	5.13%
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- 4.3. Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 4.4. The Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.
- 4.5. Bank Rate reduced from 5.25% to 5.00% in August 2024 with short term interest rates largely being around these levels. The rates on DMADF deposits ranged between 4.94% and 5.19% and money market rates between 4.87% and 5.23%.
- 4.6. The combination of risk and return metrics are shown in the extracts from the Arlingclose quarterly investment benchmarking in the table below.

Table 6: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	<u>Bail-in Exposure</u>	Weighted Average Maturity (days)	Rate of Return
					%
MCC 31.03.2024	A+	4.51	62%	4	5.01
MCC 30.06.2024	AA-	4.30	52%	4	5.15
MCC 30.09.2024	AA-	4.10	33%	59	4.81
Similar LAs	AA-	4.30	34%	97	4.93
All LAs	A+	4.60	61%	11	4.90

- 4.7. The weighted average maturity days have increased due to a £5 million DMO deposit over six months. This was linked to longer-term PWLB borrowing taken during the quarter which was subsequently invested at a favourable rate, ensuring cost-neutral borrowing over the investment period. The deposit is set to mature before the year-end at a time when short-term borrowing rates typically spike.
- 4.8. **Externally Managed Pooled Funds:** £4m of the Authority’s investments are invested in externally managed strategic pooled multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and longer-term price stability.
- 4.9. These funds provide an important diversification for the Authority and generated £46k (5.68%) income return, together with a £87k (2.40%) unrealised capital gain during the quarter.
- 4.10. Accumulated unrealised capital losses over the lifetime of the investment stand at £290k. The Authority maintains an adequate treasury risk reserve to mitigate against the risk that capital losses on pooled funds become realised and consequently result in a charge against the Council Fund.

4.11. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority’s medium to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over the longer term that total returns will exceed cash interest rates.

4.12. **Statutory override:** In April 2023 the Department for Levelling Up, Housing and Communities (DLUHC) published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended for two years until 31st March 2025 but no other changes have been made; whether the override will be extended beyond the new date is unknown but commentary to the consultation outcome suggests not. The Authority will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken and currently holds a treasury equalisation reserve which could be used to mitigate the impact of the statutory override not being extended and unrealised losses on pooled investment funds are required to be recognised.

5. Environmental, Social and Governance

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

Table 7: ESG Charter Signatories

	UN Principles for Responsible Investment	Uk Stewardship Code 2020	Net-Zero Asset Managers Initiative
Aberdeen Asset Liquidity	✓	✓	✓
Aegon	✓	✓	✓
CCLA Investment Management	✓	✓	✓
Federated (Prime Rate) Liquidity Fund	✓	✓	✓
HSBC Global Asset Management	✓	✓	✓
LEGAL AND GENERAL MMF	✓	✓	✓
Ninety-One	✓	✓	✓
STATE STREET	✓	✓	✓
Morgan Stanley - No Longer Used	✓	✓	x
Goldman Sachs - No Longer Used	✓	✓	x

5.2. An updated list of signatories to the three charters is provided by the Authority’s treasury advisors each quarter and will continue to be monitored. Any counterparties not signed up to all three charters will be removed from the Authorities investment portfolio.

5.3. At 30th September 2024 the Authorities ESG specific Money Market Fund returned 4.88% compared to an average rate of 5.02% for all Money Market Funds. The best and worst performing funds earned 4.88% and 5.03% respectively.

6. Non-Treasury Investments

- 6.1. The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return.
- 6.2. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and/or for commercial purposes (made primarily for financial return).
- 6.3. Investment Guidance issued by DLUHC and Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return.
- 6.4. The Authority held a net book value of £31.08m of such non-financial asset investments at the 31st March 2024 (£32.2m as at 31st March 2023) made up of:

Table 8: Budget performance

	Forecast net (income) / expenditure 2024/25 £000's	Carrying Value 31.03.24 £000's	Budgeted Return 2024/25 %	Net return 2023/24 %
Oak Grove Solar Farm	(403)	5,611	7.17	9.45
Newport Leisure Park & service loan	(234)	18,819	1.24	0.15*
Castlegate Business Park	128	6,654	-1.92	-3.46
Overall portfolio	(509)	31,084	1.64	1.06

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

- 6.5. These investments continue to represent an important income diversification for the Council and contributes towards the overall funding of Council services.
- 6.6. Returns on both the Newport Leisure park and Castlegate investments will improve as the profile of rental concessions advances. A more detailed report on the performance of these investments was included in a report to the Performance & Overview scrutiny committee on 7th October 2024.
- 6.7. The Authority also holds a portfolio of legacy non-financial asset investments that have been held for over a decade and are retained for income generation, capital gain or to support wider economic development or broader policy objectives. Income generation for these agricultural, retail and industrial assets are a secondary consideration and as such return against original investment would be considered negligible.

7. Treasury budget performance

7.1. The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 9 below.

Table 9: Budget performance

	Forecast 30.09.24 £000's	Budget £000's	Over / (under) Budget £000's
Interest Payable			
PWLB	4,428	4,046	383
Market loans	12	135	(123)
Short term loans	2,481	2,916	(435)
Other Activities (Internal Arrangements)	155	155	0
Total Interest payable on borrowing	7,076	7,252	(176)
Interest Receivable			
Invested cash short term	(993)	(1,176)	183
Pooled Funds	(198)	Included above	(198)
Finance lease income	(55)	Included above	(55)
Total income from Investments	(1,246)	(1,176)	(70)
Total	6,077	6,077	(246)

8. Compliance with treasury limits and indicators

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

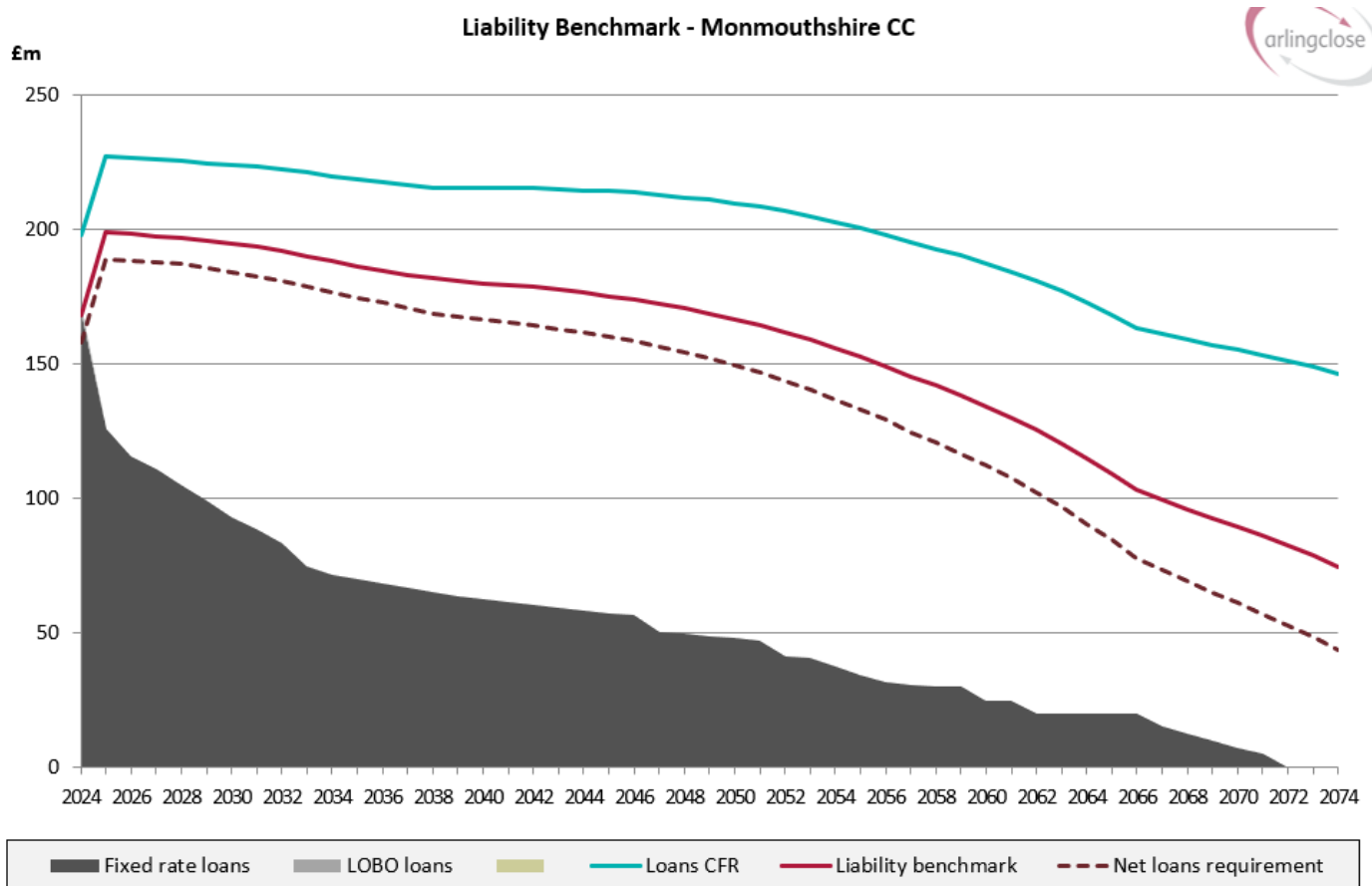
8.2. **Liability Benchmark:** This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 10: Liability Benchmark

	31.3.24 Actual	31.3.25 Forecast	31.3.26 Forecast	31.3.27 Forecast	31.3.28 Forecast
Loans CFR	196.0	227.2	226.9	226.1	225.6

Less: Balance sheet resources	(34.1)	(38.2)	(38.2)	(38.2)	(38.2)
Net loans requirement	161.9	189.0	188.7	187.9	187.4
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0
Liability benchmark	171.9	199.0	198.7	197.9	197.4
Current loan profile	(171.9)	(127.2)	(117.3)	(112.3)	(105.9)
Borrowing requirement	0.0	71.8	81.4	85.6	91.5

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



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

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

Table 11: Borrowing Limits

	2024/25 Maximum	30.9.24 Actual	2024/25 Operational Boundary	2024/25 Authorised Limit	Complied?
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	during the year £m	£m	£m	£m	Yes/No
Borrowing	187.7	175.3	252.6	268.0	Yes
PFI, Finance Leases & Other LT liabs	2.3	2.3	2.8	3.8	Yes
Total debt	190.0	177.6	255.4	271.8	Yes

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

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

Table 12: Maturity Structure of borrowing

Maturity	30.9.24 Actual	Lower Limit	Upper Limit	Complied?	31.3.24 Actual (For comparison)
Under 12 months	29%	0%	50%	Yes	29%
12 months and within 24 months	3%	0%	30%	Yes	3%
24 months and within 5 years	11%	0%	30%	Yes	10%
5 years and within 10 years	15%	0%	30%	Yes	16%
10 years and within 20 years	9%	0%	30%	Yes	10%
20 years and within 30 years	12%	0%	30%	Yes	12%
30 years and within 40 years	10%	0%	30%	Yes	10%
40 years and within 50 years	11%	0%	30%	Yes	12%
50 years and above	0%	0%	30%	Yes	0%

Table 13: Investment Limits

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

Real estate investment trusts	£0m	£5m	Yes
Limit per non-UK country	£0m	£4m	Yes
Other Investments	£0m	£2m	Yes

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

Table 14: Credit Risk

	30.9.24 Actual	2024/25 Target	Complied?
Portfolio average credit	AA-/4.10	A-/5.0	Yes

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

Table 15: Principal invested for period longer than a year

	During 2024/25
Actual principal invested for 365 days & beyond year end	£0m
Limit	£6m
Complied?	Yes

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

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

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

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

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

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SUBJECT:	AUDITED STATEMENT OF ACCOUNTS 2023/24 - MONMOUTHSHIRE COUNTY COUNCIL
MEETING:	Governance & Audit Committee
DATE:	28th November 2024
DIVISIONS/WARD AFFECTED:	All

1. PURPOSE:

- 1.1. The purpose of this report is to provide the Governance & Audit Committee with the audited 2023/24 Statement of Accounts for Monmouthshire County Council for scrutiny and approval.

2. RECOMMENDATIONS:

- 2.1. That the committee note that the accounts have been amended since the draft version was published to reflect the outcomes of the external audit process, as detailed within the Audit Wales ISA 260 Audit of Accounts Report.
- 2.2. That the Governance and Audit committee approve the final audited Monmouthshire County Council Statement of Accounts for 2023/24 as shown at **Appendix 1**.

3. KEY ISSUES

The Accounts closure process

- 3.1. Legislation requires that the draft Statement of Accounts are produced each year by 31st May following the financial year they relate to, with audited accounts to be published by 31st July.
- 3.2. Welsh Government, in recognising the continued demands and pressures on public sector resources and capacity, continue to allow Councils the flexibility to publish the Statement of Accounts after the statutory deadline. This is subject to providing a statutory notice as per paragraph 10(4) of the regulations detailing the reasons for not meeting the deadline. This notice was made by the Council on the 31st May 2024.
- 3.3. The draft Statement of Accounts was subsequently signed by the Responsible Finance Officer on the 1st July 2024. The accounts were published on the Council's website and were considered by this committee on the 31st July 2024.
- 3.4. The production of the draft accounts for 2023/24 was completed 19 days earlier than in 2022/23 and 40 days earlier than the accounts for 2021/22. Completion was in line with the timetable communicated to Audit Wales at the start of the closure process.
- 3.5. A public inspection period commenced from 31st July 2024 to 29th August 2024. No requests for further information or questions were received.

- 3.6. The external audit process has been ongoing since July 2024 will conclude on 29th November 2024, in line with the agreed timetable. This represents a significant improvement compared to the 2022/23 Audited Accounts, which were given final sign off in February 2024.

Audit conclusion

- 3.7. It is pleasing to note that the auditors intend to once again provide an ***unqualified audit opinion***. The Council wish to acknowledge the continuing strength of relationship between the Council and Audit Wales and the professional and constructive approach in which audit colleagues continue to conduct their activities.
- 3.8. There were no recommendations raised in this years ISA 260 Audit Report which is encouraging to note. This reflects positively on the internal financial governance controls in place in the Council and on the dedication of the finance and wider service teams in maintaining high standards of financial records and supporting documentation.
- 3.9. Audit Wales have included commentary on two significant issues regarding the inclusion of up to date figures for the Cardiff Capital Region City Deal (CCRCD) and the ongoing uncertainty regarding the legal process relating to the Renting Homes Wales (Act) 2016. These are regional/national issues that are not solely in the Council's control and have developed since the draft accounts were published. Whilst both are considered to have a immaterial impact to the Council, they are matters to be monitored.
- 3.10. Appendix 3 of the ISA 260 Audit Report contains a list of corrected misstatements. The majority of the these do not affect the primary financial statements, rather the notes to the accounts. Those affecting the primary statements relate to the duplication of a capital addition, and an error in the uplift in the carrying value of assets.
- 3.11. All misstatements have been corrected in full within the audited Statement of Accounts found in ***Appendix 1***.

4. REASONS

- 4.1. To approve the Council's final audited Statement of Accounts which incorporate all adjustments for "corrected misstatements" which have been identified by Audit Wales and as noted within their ISA 260 Audit of Accounts report.

5. CONSULTEES

Acting Chief Executive
Cabinet Member for Resources
Audit Wales

6. BACKGROUND PAPERS

Appendix 1: Audited Statement of Accounts 2023/24

7. AUTHORS:

Ruth Donovan
Assistant Head of Finance
Email: ruthdonovan@monmouthshire.gov.uk
Phone: (01633) 644592

Audit of Accounts Report – Monmouthshire County Council

Audit year: 2023-24

Date issued: November 2024

Document reference: 4596A2024



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

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

About Audit Wales

Our aims and ambitions

Assure



the people of
Wales that public
money is well
managed

Explain



how public
money is being
used to meet
people's needs

Inspire



and empower
the Welsh
public sector to
improve



Fully exploit
our unique
perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent
voice



Increase our
visibility,
influence and
relevance



Be a model
organisation for
the public sector
in Wales and
beyond

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Introduction

I have now largely completed my audit in line with my Detailed Audit Plan May 2024.

This Audit of Accounts Report summarises the main findings from my audit of your 2023-24 annual report and accounts. My team have already discussed these issues with the Section 151 Officer.

Whilst our audit is largely complete, there are some areas of work that remain ongoing at the time of writing. We will provide a verbal update to the Governance and Audit Committee upon these areas:

- Agreement of consolidation adjustments concerning the Cardiff Capital Region City Deal;
- Resolution of matters relating to the Renting Homes (Wales) Act 2016 and provision of electrical certificates to housing tenants;

I am very grateful to your officers for their support in undertaking this audit.



Adrian Crompton

Auditor General for
Wales

Financial statements' materiality



Materiality £3.766 million

My aim is to identify and correct material misstatements, ie those that might otherwise cause the user of the accounts to be misled.

Materiality is calculated using:

- 2023-24 gross expenditure of £376.6 million calculated using 2023-24 draft accounts.
- Materiality percentage of 1%

I apply the materiality percentage to gross expenditure to calculate materiality.

I will report to you any misstatements above £188,000, calculated as 5% of materiality (called the 'trivial level').



Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts. We set lower materiality levels for these as follows:

- Remuneration report £1,000
- Related party disclosures £10,000

Ethical compliance



Compliance with ethical standards

We believe that:

- we have complied with the ethical standards we are required to follow in carrying out our work;
- we have remained independent of yourselves;
- our objectivity has not been comprised; and
- we have no relationships that could undermine our independence or objectivity.

Proposed audit opinion



Audit opinion

We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 1**.



Significant Issues

There are no uncorrected misstatements to report.

However, our report includes commentary on two matters:

- Inclusion of figures from the audited 2022-23 accounts of the Cardiff Capital Region City Deal (CCRCD), due to late receipt of the draft 2023-24 accounts from the same body. Since receiving the draft 2023-24 accounts we have confirmed that there is no material difference in income, expenses, assets or liabilities between 2022-23 audited and 2023-24 draft CCRCD accounts. -
- Ongoing uncertainty regarding a legal process relating to the Renting Homes (Wales) Act 2016. At the time of writing there is no impact on the financial statements however we continue to monitor developments and will update verbally at the committee meeting should the situation change.

Further comment on these matters is included in the "other significant matters" section of our report.



Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is specified as being necessary by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 2**.

Issues arising during the audit



Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

Uncorrected misstatements

Management have agreed to amend all misstatements identified during the audit. There are no uncorrected misstatements in the accounts.

Corrected misstatements

During our audit, we identified misstatements that have been corrected by management, but which we consider should be drawn to your attention.

These are set out in **Appendix 3**.



Other significant issues

In the addition to misstatements identified during the audit we also report other significant issues to you. The following significant issue has been identified:

Inclusion of 2022-23 audited figures from Cardiff Capital Region City Deal (CCRCD) due to late receipt of draft 2023-24 accounts

When collating its accounts, the Council consolidates its share of income, expenses, assets and liabilities from the CCRCD, who forward their accounts to the ten constituent Councils each year for this purpose.

For 2023-24 there was a delay in receiving both the audited 2022-23 accounts and the draft 2023-24 CCRCD accounts. The Council has therefore included audited 2022-23 CCRCD figures in these final accounts as it was judged too complex and onerous to implement any further changes in time for issue. Details of the amendments that have been made to this set of accounts are found in **Appendix 3**.

Our analysis shows that there is no material difference in income, expenses, assets or liabilities between 2022-23 audited and 2023-24 draft CCRCD accounts. Therefore, we are satisfied that the Council's final 2023-24 accounts are not materially misstated by inclusion of audited 2022-23 CCRCD figures.

Ongoing legal case in relation to the Renting Homes (Wales) Act 2016

From December 2023, the Renting Homes (Wales) Act 2016 brought into effect a change in rights for tenants and increased safety responsibilities for landlords. As the Councils does not own any dwellings there is currently thought to be limited impact on the Council and as such no disclosures regarding this matter have been made in the 2023-24 financial statements.

However, a legal process regarding the implementation of this Act is ongoing and we are required to monitor this process until the date of certification. Should any developments require additional disclosures to be made in the financial statements prior to certification we will update the Council in due course.

Appendix 1

Proposed audit report

The report of the Auditor General for Wales to the members of Monmouthshire County Council

Opinion on financial statements

I have audited the financial statements of Monmouthshire County Council for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

Monmouthshire County Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Monmouthshire County Council as at 31 March 2024 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

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.

My staff and I are independent of Monmouthshire County Council 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 Monmouthshire County Council'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 responsible financial officer 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 Responsible Financial Officer is responsible for the other information contained within 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.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of Monmouthshire County Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing Monmouthshire County Council'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 the responsible financial officer anticipates that the services provided by Monmouthshire County Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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, the head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Monmouthshire County Council'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. As part of this discussion, I identified potential for fraud in the posting of unusual journals
- Obtaining an understanding of Monmouthshire County Council's framework of authority as well as other legal and regulatory frameworks that Monmouthshire County Council 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 Monmouthshire County Council.

- Obtaining an understanding of related party relationships.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- 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 Monmouthshire County Council'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. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Monmouthshire County Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
29 November 2024

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Appendix 2

Letter of representation

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Cardiff
CF10 4BZ

28 November 2024

Representations regarding the 2023-24 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Monmouthshire County Council for the year ended 31 March 2024 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 Code of Practice on Local Authority Accounting in the United Kingdom 2023-24; 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 Monmouthshire County Council 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. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the Governance and Audit Committee

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 Monmouthshire County Council on 28 November 2024.

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:

Signed by:

Jonathan Davies
Acting Section 151 Officer

Andrew Blackmore
Chair, Governance and Audit Committee

Date:

Date:

Appendix 3

Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention.

Value of correction	Accounts areas	Explanation
£52,355,000	<p>Note 11.4 Agency Income and Expenditure</p> <p>Two grants treated on an agency basis were excluded from the disclosure note.</p> <p>This amendment only affects the note and does not impact the primary statements.</p>	<p>To ensure completeness of the disclosure and compliance with the CIPFA code.</p>
£24,927,000	<p>Note 13.1 Categories of Financial Instruments</p> <p>A misclassification between rows in the note required that:</p> <p><u>Long term</u></p> <ul style="list-style-type: none">– Principal Sum Borrowed was increased by £24,583,000; and– EIR adjustments were decreased by £24,583,000 <p><u>Short term</u></p> <ul style="list-style-type: none">– Principal Sum Borrowed was increased by £344,000; and– Accrued Interest was decreased by £344,000 <p>This amendment only affects the note and does not impact the primary statements.</p>	<p>To ensure accuracy of the financial statements and compliance with the CIPFA Code.</p>

<p>£8,749,000</p>	<p>Note 12.1 Property, Plant and Equipment</p> <p>The CIPFA code requires that the carrying values of assets at the 31 March are materially in line with current values. Due to the current economic climate, for example increases in build costs, the authority have uplifted the valuation of some properties to ensure compliance with this CIPFA code requirement.</p> <p>An error in the uplift calculation resulted in the net book value of land and buildings being overstated by £8,749,000.</p> <p>The error has been corrected resulting in the net book value of assets in the Balance Sheet reducing by £8,749,000.</p> <p>Corresponding entries have also been made to the revaluation reserve and capital notes.</p>	<p>To ensure accuracy of the disclosures and compliance with the CIPFA code.</p>
<p>£5,123,000</p>	<p>Note 13.3 Fair Values of Financial Instruments</p> <p>A working paper error resulted in an understatement of the fair value of borrowings at 31 March 2024 requiring the value to be uplifted by £5,123,000.</p> <p>Note 13.3 is a disclosure note only and the amendment does not impact the primary statements.</p>	<p>To ensure accuracy of the disclosures and compliance with the CIPFA code.</p>

<p>£4,353,000</p>	<p>Note 10.10 Accumulated Absences Account</p> <p>A misclassification between rows in the note required that:</p> <ul style="list-style-type: none"> – Settlement or cancellation of the accrual made at the end of the preceding year was increased by £4,353,000; and – Amounts accrued at the end of the current year was decreased by £4,535,000 <p>This amendment only affects the note and does not impact the primary statements.</p>	<p>To ensure accuracy of the disclosure and compliance with the CIPFA code.</p>
<p>£3,857,000</p>	<p>Note 12.8 Capital Expenditure and Capital Financing</p> <p>A misclassification between rows in the note required that that:</p> <ul style="list-style-type: none"> – Enhancing value – Property, Plant and Equipment was increased by £3,857,000 – Enhancing value – Investment Properties was decreased by £3,740,000 – Enhancing value – Vehicles was decreased by £117,000 <p>This amendment only affects the note and does not impact the primary statements.</p>	<p>To ensure accuracy of the financial statements and compliance with the CIPFA Code.</p>

<p>£2,409,000</p>	<p>Note 13.4 Nature and Extent of Risks arising from Financial Instruments</p> <p>A working paper error resulted in an overstatement of the impact of a 1% change in interest rates on the fair value of fixed rate borrowing. This required the value to be reduced by £2,409,000.</p> <p>Note 13.4 is a disclosure note only and the amendment does not impact the primary statements.</p>	<p>To ensure accuracy of the disclosures and compliance with the CIPFA code.</p>
<p>£2,087,000</p>	<p>Note 13.6 Creditors</p> <p>A misclassification meant creditors relating to the Cardiff Capital Region City Deal (CCRCD) were incorrectly disclosed in the Accumulating Compensated Absences line in the note.</p> <p>£2,087,000 creditors in relation to CCRCD have now been disclosed separately within the note. There is no impact on the note total.</p> <p>This amendment only affects the note and does not impact the primary statements.</p>	<p>To ensure accuracy of the disclosures and compliance with the CIPFA code.</p>

<p>£1,653,000</p>	<p>Note 12.11 Operating Leases – Authority as Lessor</p> <p>Agreed rental increases in a number of lease agreements had not been captured within the future lease payment calculations. This required increases to the values disclosed as follows:</p> <p>Not later than one year increased by £37,000 Later than one year and not later than five years increased by £682,000 Later than five years increased by £934,000</p>	<p>To ensure accuracy of the financial statements and compliance with the CIPFA Code.</p>
<p>£328,000</p>	<p>Note 11.1 Expenditure and Funding Analysis</p> <p>A reclassification of £328,000 between the Communities & Place and Resources rows of the note was required to ensure the disclosure agreed with the Council’s outturn report.</p> <p>This amendment only affects the note and does not impact the primary statements.</p>	<p>To ensure accuracy of the disclosure and compliance with the CIPFA code.</p>

<p>£324,000</p>	<p>Note 12.1 Property, Plant and Equipment</p> <p>A capital addition of £324,000 was duplicated in error meaning the value of land and buildings in note 12.1 was overstated.</p> <p>This meant that the value of land and buildings in the Balance Sheet, expenditure in the Comprehensive Income and Expenditure Statement and related notes were also overstated by £324,000.</p> <p>The amendment removes the duplicate from the fixed asset register and reduces the value of land and buildings and capital expenditure by £324,000.</p> <p>Officers undertook a review of capital schemes which was tested by Audit Wales and confirms that this was an isolated error, and no risk of material misstatement is present.</p>	<p>To ensure accuracy of the disclosures and compliance with the CIPFA code.</p>
<p>£200,000</p>	<p>Note 12.9 Capital Commitments</p> <p>A commitment of £200,000 was removed from the disclosure as it did not meet the Council's recognition criteria for disclosure.</p> <p>This amendment only affects the note and does not impact the primary statements.</p>	<p>To ensure accuracy of the disclosure and compliance with the CIPFA code.</p>

<p>£45,000</p>	<p>Note 16.8 Officer’s Emoluments</p> <p>A missing termination payment to one individual resulted in a change in bandings from the £60,000 - £65,000 band to the £110,000 - £115,000 band.</p> <p>This amendment only affects the note and does not impact the primary statements.</p>	<p>To ensure completeness and accuracy of the financial statements and compliance with the CIPFA Code.</p>
<p>Various</p>	<p>Note 16.4 Related Party Transactions</p> <p>Various narrative and formatting amendments have been made to the note and additional transactions have been added to the as follows:</p> <ul style="list-style-type: none"> – Income: £1,138,052 – Payments: £22,143 <p>These amendments only affect the note and does not impact the primary statements.</p>	<p>To ensure completeness and accuracy of the disclosures and compliance with the CIPFA code.</p>
<p>Various</p>	<p>Note 16.7 Senior Officer Remuneration</p> <p>Benefits in kind were missing from the disclosure for two officers, these totalled £1,076</p> <p>Additional disclosures were added to the note to explain the interim arrangements between the Chief Officer of People and Governance departing and the Chief officer of Law and Governance joining the Authority. Honorarium payments totalling £9,912 paid during the interim period were added to the disclosure.</p> <p>These amendments only affect the note and do not impact the primary statements.</p>	<p>To ensure completeness of the disclosure and compliance with the CIPFA Code.</p>

Various

Various

Several minor amendments were made to the financial statements relating to revisions of disclosures of information, narrative changes, casting errors or typos.

To ensure completeness and accuracy of the financial statements and compliance with the CIPFA Code.

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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.

SUBJECT:	Effectiveness of Strategic Risk Management Framework
MEETING:	Governance and Audit Committee
DATE:	28th November 2024
DIVISIONS/WARDS AFFECTED:	All

1. PURPOSE:

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

2. RECOMMENDATIONS:

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

3. KEY ISSUES:

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

Part 1 - Effectiveness of strategic risk management arrangements

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

- The further definition of the Council's risk appetite, using a 'risk appetite range' for various categories of risk that are based on organisational activity.
- 3.4 A period of transition in implementing the policy was agreed until April 2025 to allow the council time to strengthen arrangements in line with the revised policy, including:
- Developing directorate risk registers and embedding these in planning and decision-making processes.
 - Reviewing policy documents to ensure that risk, and risk appetite, has been considered and is captured.
 - Adapting and updating the format of the strategic risk register
 - Strengthening risk management training and awareness for all officers.
- 3.5 Appendix 1 provides a self-assessment of the effectiveness of the operation of strategic risk management arrangements. This incorporates an assessment of the progress made in implementing the new or amended requirements of the new policy. This also includes a section on the Council's risk control policies that are aligned to the strategic risk management policy, following a separate overview and assessment of these provided to the committee in September 2024.
- 3.6 In addition, some of the strategic risks identified in appendix 2 will have further risk controls in place. In reviewing the risks provided the committee should consider if there is any further assurance of the risk controls in place they require from risk owners. This could then be requested to be provided to Governance & Audit Committee or coordinated with the remits of scrutiny committees.

Part 2 - Risk Register updates overview

- 3.7 The council continues to operate in a dynamic environment and has controls in place to assess, manage and mitigate, as far as possible, a variety of risks. The strategic risk register regularly evolves and adapts in line with this. This will include adjusting the focus, detail and risk levels of risks where necessary. An overview of the changes to the risks and progress with mitigating actions is provided in Appendix 2. Some of the more significant changes since the last report to the committee in April 2024 include:
- The pre-mitigation risk scores for risk 3 have increased from 12 (high) to 16 (high) to reflect pressure on the capital budget. Post-mitigation risk scores remain unchanged.
 - Pre-mitigation risk scores for risk 4 have decreased from 16 to 12 for 25/26 and 26/27. The 24/25 post-mitigation risk score has increased from 8 (medium) to 12 (high); risk levels remain medium for 25/26 onwards. This reflects the immediate pressure faced within workforce planning but recognises the foundations that the people strategy has put in place to mitigate this risk.
 - Risk 8 remains a high risk (12) of meeting the care and support needs of some vulnerable adults due to an increase in demand and complexity of cases. The pre-mitigation risk score has been re-assessed from 16 (high) to 12.
 - Risk 9 has been divided into two related, but separate, risks; one which focuses on school attendance and attainment, and one which focuses on behaviours that challenge, to provide greater clarity in managing and mitigating the risk.
 - Risk 10 has been refocused to reflect progress made in developing the replacement local development plan and the risk that this may not be approved by Council following public consultation. The post-mitigation risk level for 26/27 has increased from medium to high.
 - The risk on the delivery of public bus services, previously risk 14, has been de-escalated from the strategic risk register as it is no longer a significant risk to the whole organisation. This risk

will be monitored closely within the relevant directorate risk register, and may escalate to the strategic risk register in future, if needed.

- 3.8 This report does not include the full risk register or a full update of progress against mitigating actions. Scrutiny of that aspect of the work rests with Performance and Overview Scrutiny Committee and the full register will be presented to the committee at its December meeting. The full strategic risk register will also be presented to Cabinet for consideration in December. Members of Governance and Audit Committee have access to the papers of other committees should they wish to familiarise themselves with the wider work. All councillors can also access a live version of the risk register on the authority's intranet site.

Chief Officer Commentary

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

4. REASONS:

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

5. AUTHORS:

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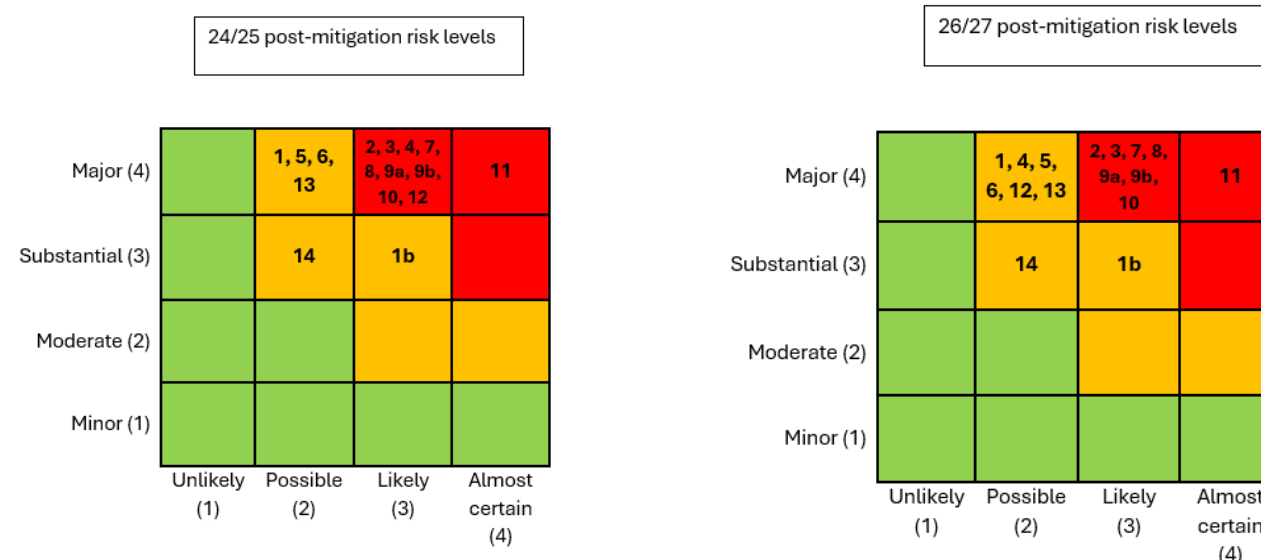
Appendix 1- Self-assessment of the effectiveness of the strategic risk management framework

Strategic Risk Management			
<p>The strategic risk register captures the high and medium level strategic risks that face the council in line with the council’s risk management policy. This ensures that:</p> <ul style="list-style-type: none"> • Strategic risks are identified and monitored by the authority • Risk controls are appropriate and proportionate • Senior managers and elected members systematically review the strategic risks facing the authority 			
	How well are we doing?	How do we know?	Action & timescale
<p>Is there a collective view of the council’s strategic risk management arrangements and risk appetite that is communicated and understood?</p>	<p>The council’s strategic risk management policy and guidance has been updated and agreed. The council has also defined its risk appetite and agreed a risk appetite statement. These documents are available on the council’s intranet.</p> <p>The policy is being embedded in the council, the requirements have been integrated as part of the Council’s performance management framework, including in the service business planning process.</p> <p>The awareness of the policy, and the importance of adhering to it, needs to be further embed through the organisation. There is a need to develop a risk management training offer to support the effective discharge of risk management responsibilities.</p>	<p>Strategic risk management policy and guidance</p> <p>Risk appetite statement</p>	<p>Embed the updated strategic risk management policy – April 2025</p> <p>Develop strategic risk management training and guidance – April 2025</p>
<p>Is strategic risk management embedded in the council?</p>	<p>The strategic risk register is updated regularly and available to all members and officers to view at any time. There are arrangements to formally review and report the whole strategic risk register six monthly.</p> <p>Directorate risk registers are being developed to strengthen the management of risks at a directorate level and facilitate risk identification and mitigation between a service (service business plan) and strategic (risk register) level. Two directorate risk registers are in the process of being established with arrangements being prepared to complete the remaining three directorates by April 2025.</p> <p>The starting point for identifying risks are often service business plans, where heads of service and service managers identify risk to their service. Quality assurance of these plans has continued to show service-based risk registers are</p>	<p>Strategic risk management policy and guidance</p> <p>Strategic risk register</p> <p>Service business plans risk registers</p>	<p>Embed the updated strategic risk management policy – April 2025</p> <p>Develop strategic risk management training and guidance – April 2025</p>

	often not robust enough or fully completed. This shows strategic risk management remains not consistently embedded at a service level. Further strategic risk management training, as part of implementing the updated risk management policy will be undertaken.		
Is there a shared understanding of the most significant corporate risks?	<p>The strategic risk register identifies high and medium level strategic risks and ensures risk levels are assessed, and mitigating actions are identified. The register is updated regularly, which ensures it remains focussed on the most significant strategic risks facing the council. It is available to all members and officers to view at any time and has regular reporting arrangements in place. This ensures there is a shared understanding of strategic risks facing the council.</p> <p>The latest update of the strategic risk register has embedded some of the requirements of the new policy, including risk category, appetite level and treat/tolerate categories. Further work is needed to embed the remaining requirements of the policy in the register, including target risk scores. This will be completed as part of the continued planned implementation of the policy.</p> <p>Service business plans not being robust enough or fully complete impacts on the effectiveness of service risk identification and management. This may subsequently be having an impact on the effective identification and management of strategic risks, although other arrangements in place, including the development of directorate risk registers, will limit this, strengthening service risk registers remains important.</p>	<p>Strategic risk register</p> <p>Service business plans risk register</p>	<p>Embed the requirements of the strategic risk management policy in reporting arrangements – April 2025</p> <p>Develop strategic risk management training and guidance – April 2025</p>
Is there integration with other risk control arrangements that facilitate the management of risk?	<p>Strategic risk management is an integral part of the Council's activities to support decision-making in achieving its objectives. The updated strategic risk management policy identifies other corporate risk control arrangements that the council has in place through which risks are identified and managed and need to integrate with strategic risk management policy. These are Health and Safety, Emergency Planning, Insurance, Finance, Internal Audit, Information Governance & Cyber Security.</p> <p>An assessment of the effectiveness of each of these risk control arrangements, following the same process that is used to evaluate the strategic risk</p>	<p>Strategic risk management policy</p> <p>Overview of the effectiveness of risk control policies</p>	<p>Assess progress in implementing the actions to develop or strengthen risk control arrangements – April 2025</p>

	<p>management arrangements, was completed in August 2024 and reported to the committee in September 2024. The assessment demonstrates the arrangements in place to identify, respond, monitor and report risk. The assessment identifies actions that need to be completed to develop or strengthen the arrangements. An update on the progress with implementing these actions will form part of the next assessment of the effectiveness of risk control arrangements reported to Governance & Audit Committee.</p>		
<p>Is there a robust risk management assurance framework in place?</p>	<p>There are arrangements to formally review the whole strategic risk register six monthly. These are facilitated by the performance and data insight team in liaison with risk owners and include review reports to Strategic Leadership Team and cabinet. The strategic risk register is formally reported to Governance & Audit Committee, Performance & Overview scrutiny committee and Cabinet. This provides assurance on the robustness of risk management framework in place.</p> <p>Directorate risk registers are being developed to strengthen the management of risks at a directorate level. These are being facilitated by the performance and data insight team in coordination with Directorate Management Teams.</p> <p>An internal audit review of risk management has been completed and was given a reasonable assurance rating. This identified strengths and some weaknesses. Actions to respond to the recommendations have been agreed and are being implemented. The findings from the review have informed the development of the updated strategic risk management policy.</p> <p>A review of strategic risk management arrangements is reported to Governance and Audit Committee six monthly. Risk management arrangements also form part of the Council's annual self-assessment report. These arrangements are providing assurance of the framework in place and informed areas for development identified in this report.</p>	<p>Strategic risk register</p> <p>Strategic risk management reports</p>	<p>Embed the updated strategic risk management policy – April 2025</p> <p>Complete actions in response to the internal audit review recommendations – April 2025</p>

Appendix 2 - Monmouthshire County Council Whole Authority Strategic Risk Assessment Overview – November 2024



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

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk category and appetite level	Transfer/treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
Risks to resources										
1	Potential risk that: Financial pressures and increased complexity of demand for services impact on delivering all of the council's commitments in the Community and Corporate plan, leading to longer term outcomes for the county not being achieved	All	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – Medium (8) 2025/26 – Medium (8) 2026/27 – Medium (8)	Risk levels remain unchanged	Strategic Cautious	Treat	Regularly review progress made in implementing the commitments of the community and corporate plan, ensuring resource is targeted in the most pertinent areas Review the progress of the Enabling Strategies which support delivery of the community and corporate plan to ensure alignment of resources with policy priorities	A six-month progress report and annual self-assessment report on the delivery of the community and corporate plan is completed. The community and corporate plan measurement framework has been revised and agreed by Cabinet in September. The enabling strategies which support the delivery of the community and corporate plan have now been updated. These will be subject to an annual review of progress, as outlined in each strategy.	Paul Matthews, Chief Executive & Cllr Mary Ann Brocklesby, Leader

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk category and appetite level	Transfer/treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
1b	Potential risk that: A small working political majority makes it harder to ensure timely and appropriate decision making which results in delays and uncertainty in some projects	All	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – Medium (9) 2025/26 – Medium (9) 2026/27 – Medium (9)	Risk levels remain unchanged	Strategic, Service delivery Cautious	Tolerate	Utilise members seminars and scrutiny workshops to engage and involve all councillors in the development of policy Maintain a fully populated forward work planner of Cabinet and Council business	Members seminars are being used to share developments and involve councillors on significant forthcoming decisions. Scrutiny workshops are being held to seek councillors’ involvement in the development of proposals. An established forward work planner is in place. There is a need to improve the timeliness of completion of the cabinet and council forward plan and align the forward plans of each committee.	Paul Matthews, Chief Executive & Cllr Mary Ann Brocklesby, Leader
2	Potential risk that: Some services will become financially unsustainable in the short to medium term in their current form due to increasing demand and continuing financial pressures	All	2024/25 – High (16) 2025/26 – High (16) 2026/27 – High (16)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	Risk levels remain unchanged	Service delivery Cautious	Treat	Ensure that services deliver within budget, deliver savings targets and continue to identify, review and challenge pressures Develop a set of budget proposals for 2025/26 Strengthen medium to long term strategic financial planning as part of the Medium-term financial plan	Regular budget monitoring is undertaken. The latest forecast is an overall in year deficit of £3,388,000 made up of in-year budget pressures alongside a forecast shortfall in meeting budgeted savings targets. A programme of budget recovery actions is being implemented to achieve a balanced budget. A medium-term financial plan update and budget setting process and timeline for the 2025/26 budget has been developed. Following receipt of Welsh Government’s provision settlement in December draft budget proposals will be released for public consultation in January, with final budget proposals due to be presented in Council in March 2025. The Medium-Term Financial Strategy (MTFS) was approved by Council in July 2024. As part of the development of the strategy, a delivery plan has been established. Progress with implementing the strategy will be regularly reviewed as part of six-monthly MTFP updates.	Peter Davies, Deputy Chief Executive and Chief Officer Resources & Cllr Ben Callard, Cabinet Member for Resources
3	Potential risk that: The authority is unable to maintain key infrastructure and meet other identified pressures due to insufficient capital funding availability	All	2024/25 – High (16) 2025/26 – High (16) 2026/27 – High (16)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	Pre-mitigation risk scores have increased from 12 to 16 to reflect pressure on the capital budget. Post-mitigation risk scores remain unchanged.	Service delivery Cautious	Treat	Regularly review assumptions as part of the capital MTFP taking account of any new information that is relevant and the consequential impact on the revenue MTFP Review and refresh the council’s Capital Strategy	The Medium-Term Financial Plan (MTFP) model was reviewed and updated as part of the development of the MTFS in July 2024. The Capital Programme for 2025-2029 will be reviewed and reconsidered during the 2025/26 budgetary process. Capital and Asset Management working groups have been established to strengthen the scrutiny and challenge of the Capital Programme. The Capital strategy will be refreshed and brought alongside final budget proposals to Council in March 2025.	Peter Davies, Deputy Chief Executive and Chief Officer Resources & Cllr Ben Callard, Cabinet Member for Resources
4	Potential risk that: Increases in the number of people exiting the labour	All	2024/25 – High (16) 2025/26 – High (12)	2024/25 – High (12) 2025/26 – Medium (8)	Pre-mitigation risk scores have decreased from 16 to 12 for	Service delivery, Governance Minimalist	Treat	Recruit and retain staff more effectively	The People Strategy was approved by Cabinet in June 2024 and contains a specific objective, and actions, aimed at improving recruitment and retention. The progress of the strategy will be reviewed annually.	Matthew Gatehouse, Chief Officer People,

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk category and appetite level	Transfer/treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
	market, a UK skills shortage and wage inflation will impact recruitment, particularly for posts that require specific skills or qualifications, retention and workforce planning and affect the delivery of Council services		2026/27 – High (12)	2026/27 – Medium (8)	25/26 and 26/27. The 24/25 post-mitigation risk score has increase from 8 (medium) to 12 (high)				An e-recruitment system is being implemented to support the development of recruitment as a genuine talent acquisition process.	Performance and Partnerships & Cllr Ben Callard, Cabinet Member for Resources
								Embed workforce planning to ensure the right skills, expertise and knowledge are available for future changes	The People Strategy was approved by Cabinet in June 2024 and focusses on strengthening workforce planning. The progress of the strategy will be reviewed annually. A new work experience and apprentice policy has been developed to create a new pipeline of people being recruited and trained to supply the workforce of the future.	
5	Potential risk that: Loss or corruption of data due to cyber-attack or data mismanagement, which will compromise the delivery of essential council services	All	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – Medium (8) 2025/26 – Medium (8) 2026/27 – Medium (8)	Risk levels remain unchanged	Information governance, service delivery Averse	Tolerate	Ensure robust arrangements are in place to safeguard the organisation’s data and systems from cyber-attack	The Council recognises that total elimination of cyber-attack is not possible, but the focus is on ensuring robust arrangements are in place to safeguard data and systems from cyber-attack via: physical barriers to the network, staff awareness, training and culture and structured governance, risk analysis and business continuity planning.	Sian Hayward, Head of Information, Technology & Security & Cllr Ben Callard, Cabinet Member for Resources
Risks to service delivery										
6	Potential risk that: Significant harm to a child or adult may occur due to a specific failure of safeguarding arrangements	A Connected Place Where People Care	2024/25 – Medium (8) 2025/26 – Medium (8) 2026/27 – Medium (8)	2024/25 – Medium (8) 2025/26 – Medium (8) 2026/27 – Medium (8)	Risk levels remain unchanged	Safeguarding Averse	Tolerate	Continually monitor and evaluate safeguarding processes and practice and ensure good accountability for safeguarding	The most recent Annual Safeguarding Evaluation Report was presented to Council in October 2024. The report evaluates the progress of the Council’s key safeguarding priorities during 2023/24, highlighting progress, identifying risks and setting out actions and priorities for 2024/25.	Jane Rodgers, Chief Officer Social Care, Safeguarding & Health & Will Mclean, Chief Officer Children & Young people, & Cllr Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
7	Potential risk that: Risk of harm if we are unable to meet the care and support needs of some vulnerable children due to an increase in demand, complexity of cases and insufficiency of registered placements	A Connected Place Where People Care	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	Risk levels remain unchanged	Safeguarding Averse	Treat	Develop and expand the Children’s Services Commissioning Strategy in response to the intention to eliminate profit from children’s social care	A commissioning and placement strategy has been developed, with a specific emphasis on the development of in-county residential and support living accommodation. This is aligned with Welsh Government’s ambition to eliminate profit from children’s care. Two children’s homes have been commissioned through partnership models, one of which is a specialised provision for children with very complex	Jane Rodgers, Chief Officer Social Care, Safeguarding & Health & Cllr Ian Chandler, Cabinet Member for Social Care,

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk category and appetite level	Transfer/treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
									needs. Finding appropriate placements for children remains challenging.	Safeguarding and Accessible Health Services
								Continue to implement the fostering strategy	The overall offer to foster carers is being reviewed to see where and how more foster cares can join the in-house team. Little progress has been made in the net numbers of in-house foster carers despite considerable effort and attention. The recruitment and retention of foster carers remains an area of significant challenge	
8	Potential risk that: Risk of harm if we are unable to meet the care and support needs of some vulnerable adults due to an increase in demand and complexity of cases	A Connected Place Where People Care	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	Pre-mitigation risk levels re-assessed to High (12) from High (16)	Safeguarding Averse	Treat	Rebalance reablement and long-term care within our in-house care at home service	There is increased capacity to provide reablement service to those who would benefit from it. While this is good progress the aim is to improve this further. In line with the aims of the commissioning strategy the focus is on further increasing the availability of in-house home care to support reablement as opposed to providing long term care.	Jane Rodgers, Chief Officer Social Care, Safeguarding & Health & Cllr Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
								Monitor requests for Domiciliary Care to ensure demand is being met and delays are minimised	All referrals are triaged at point of referral to ensure that those in most need are prioritised for assessment and intervention. Case reviews are being undertaken, applying the principles of the Social Services and Well-being Act to ensure a strengths-based approach looking at individual, family and community based support where appropriate. Access to care and support is not always timely; however, overall there is increased capacity across home care.	
								Implement a 'place-based' approach to create sustainability in care at home services	The Council remains committed to developing a more sustainable care at home sector for the future. A comprehensive strategy for commissioning home care through increased block purchasing has been developed. Engagement with local providers to progress the strategy has commenced. There has been an increase in residential placements and costs of residential care is having a big impact on the budget in Adult Social Care.	
9a	Potential risk that: Failure to return attendance figures to those seen before the pandemic, particularly	A Learning Place	2024/25 – High (12) 2025/26 – High (12)	2024/25 – High (12) 2025/26 – High (12)	Recently revised risk	Strategic Minimalist	Treat	Complete the consultation on the new Attendance and Engagement Policy and processes	The Local Authority Attendance and Engagement Policy has been updated to encompass all aspects of the Engaging, Belonging and Participating guidance issued by Welsh Government in October 2023 and will be consulted on with schools.	Will Mclean, Chief Officer Children & Young People & Cllr Martyn

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk category and appetite level	Transfer/treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
	among vulnerable pupils and those eligible for free school meals, could lead to a worsening in educational attainment		2026/27 – High (12)	2026/27 – High (12)				Work with schools and partners to better understand drivers of low attendance	Programmes such as Community Focused Schools (which focuses on the way in which families work with schools), Trauma Informed Schools and emotionally based school avoidance (EBSA) approaches have been implemented with schools to support attendance through engagement in. The Education Welfare Service are also working closely with schools and pupils. Attendance in primary schools has improved to near pre-pandemic levels, secondary school attendance remains below pre-pandemic levels	Groucutt, Cabinet member for Education
9b	Potential risk that: An increase in behaviours that challenge in schools as a result of the continuation of trends that first emerged during the pandemic may lead to harm to a pupil or member of staff	A Learning Place A Safe Place to Live	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	Recently revised risk	Safeguarding, Health and Safety Averse	Treat	Support learners most at risk of repeat Fixed Term Exclusions or of Permanent Exclusions through the Education Support Team (EST) Implement the outcomes of the Pupil Referral Service review	The Education Support Team has enabled those learners most at risk of repeat Fixed Term Exclusions (FTE) or of Permanent Exclusions (PEX) to receive support from specialist professionals. The number of permanent and fixed term exclusions from schools remain high. The Pupil Referral Service (PRS) has been reviewed. This has helped to understand the current demand, while considering the future role and function of the PRS. The findings of this review will be implemented including increasing the capacity of the PRS to provide preventative intervention for pupils at risk of PEX and enhanced support for learners to reintegrate into mainstream having had a period of support in the PRS.	Will Mclean, Chief Officer Children & Young People & Cllr Martyn Groucutt, Cabinet member for Education
Risks to policy priorities										
10	Potential risk that: The Council does not support the Replacement Local Development Plan, leading to delays in its adoption which restricts our ability to take forward key policy objective such as job creation, affordable housing development and the adoption of key policies to protect the environment and tackle climate change	All	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	The 2026/27 post-mitigation risk level has increased from medium (8) to high (12) to reflect the risk of the deposit RLDP not being endorsed	Governance, strategic Minimalist	Tolerate	Prepare a Replacement Local Development Plan to address the county's issues/challenges, including in relation to the provision of housing (market and affordable) and employment opportunities Work with partner organisations to identify and implement solutions to phosphate pollution in the Rivers Usk and Wye Ensure RLDP growth ambition is met by essential infrastructure	This Deposit Replacement Local Development Plan was endorsed by Council for a detailed public consultation in October 2024. The Deposit Plan sets the ambition for development within the county. Council will consider the results of the consultation in Summer 2025, following which the RLDP will be subject to public examination. Dŵr Cymru has recently committed to providing phosphate stripping technology at Monmouth and Llanfoist waste water treatments works by April 2025. A Local Transport Plan was approved by Cabinet in May 2024. An Employment, Economy & Skills Strategy was approved by Cabinet in February 2024.	Craig O'Connor, Chief Officer Place & Cllr Paul Griffiths, Cabinet member for Planning and Economic Development

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk category and appetite level	Transfer/treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
11	<p>Potential risk that:</p> <p>a) The council is unable to deliver its commitment to decarbonise its operations in sufficient time to achieve net zero by 2030 because our resources are not commensurate with the scale and complexity of the challenge</p> <p>b) The Council is unable to deliver services as a result of the increasing frequency of climate-related emergencies such as floods or extreme heatwaves that increase the demand for emergency responses and can cause damage to infrastructure and the closure of facilities</p>	All	2024/25 – High (16) 2025/26 – High (16) 2026/27 – High (16)	2024/25 – High (16) 2025/26 – High (16) 2026/27 – High (16)	Risk levels remain unchanged	Strategic, Environmental, Service Delivery Minimalist	Tolerate	<p>Deliver the Monmouthshire County Council Climate and Nature Emergency Strategy</p> <p>Prepare and adapt for the impact of climate change</p>	<p>The Climate and Nature Emergency Strategy was approved by Cabinet in May 2024. This strategy is underpinned by four action plans to better reflect the breadth of work that is taking place: Internal decarbonisation, Biodiversity and Nature Recovery, Rivers and Oceans and Community climate change. Progress in implementing the strategy is regularly monitored by the Climate and Nature Emergency Steering Group.</p> <p>Welsh Government has produced The National Strategy for Flood and Coastal Erosion Risk Management in Wales, and in response, Monmouthshire is currently reviewing our Local Flood Risk Management Strategy and Flood Risk Management Plan; a new combined strategy document is being developed.</p>	Strategic Leadership Team & Cllr Catrin Maby, Cabinet member for Climate Change and the Environment
12	<p>Potential risk that:</p> <p>The rising cost of living tips more families into crisis requiring public service interventions which diverts resources from other policy priorities</p>	All	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – Medium (8)	Risk levels remain unchanged	Service delivery, Economic Cautious	Tolerate	<p>Support residents with the cost-of-living crisis through ensuring they have the right advice and support</p> <p>Review the Tackling Poverty and Inequality Action Plan</p>	<p>In October 24, the Community Development Team, together with partners such as Citizen’s Advice, Warm Wales, local foodbanks and many others, held the first in a series of events across the county to give support, ideas and advice to residents to help with the cost of living. Representatives from Bentyg library of things will also attend to ensure a joined-up approach to tackling poverty interventions.</p> <p>A Tackling Poverty and Inequality Lead was appointed in April 2024. It has been agreed that a new strategy or formal tackling poverty and inequality action plan is not the preferred option at this time. The Community Development Team, who coordinate delivery of our work in this area, will continue to work to their targeted work plan. Ensuring a joined-up, whole authority approach will be key to ensuring action is targeted and effective.</p>	Ian Saunders, Chief Officer Customer, Culture and Wellbeing, Jane Rodgers, Chief Officer Social Care, Safeguarding & Health & Cllr Angela Sandles, Cabinet member for Equalities and Engagement
13	<p>Potential risk that:</p> <p>Residents are unable to secure or retain suitable accommodation, leading to rising homelessness and outward migration as a result of failures in the housing market</p>	<p>A Safe Place to Live</p> <p>A Fair Place to Live</p>	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – Medium (8) 2025/26 – Medium (8) 2026/27 – Medium (8)	Risk levels remain unchanged	Service delivery Minimalist	Treat	Prevent homelessness through Rapid Rehousing	<p>Through Rapid Rehousing the council has facilitated increased resources into homeless prevention, for example through additional staffing and the availability of the Homeless Prevention Fund.</p> <p>New arrangements have been established with partner agencies such as the DWP and Shared Benefit Service to support more people at risk of homelessness. The Housing Support service has been remodelled to include dedicated substance misuse support, temporary</p>	Cath Fallon, Head of Rural Development, Housing and Partnerships, Matthew Gatehouse, Chief Officer People, Performance

Ref	Potential risk that:	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk category and appetite level	Transfer/treat /tolerate /terminate	Planned mitigating actions	Mitigating action progress	Risk owned by:
									accommodation support and re-settlement support. This also includes dedicated support for young people with higher need.	and Partnerships & Cllr Angela Sandles, Cabinet member for Equalities and Engagement
								Develop suitable accommodation for homeless people, including long-term housing for all those accommodated in temporary housing and specialist provision for those with additional needs	The availability of both temporary and settled homes for homeless households is being increased through a range of means including partnerships with private landlords through Monmouthshire Lettings and more homes through new build developments and acquisitions. Accommodation is starting to be acquired for temporary accommodation use and the first approval has been given to re-purpose a council owned agricultural property.	
14	Potential risk that: An increase in the number of legal challenges to decisions resulting in delays and increased costs	All	2024/25 – Medium (9) 2025/26 – Medium (9) 2026/27 – Medium (9)	2024/25 – Medium (6) 2025/26 – Medium (6) 2026/27 – Medium (6)	Risk levels remain unchanged	Legal and Regulatory Averse	Treat	Impact assess service changes and policy decisions	An established Integrated Impact Assessment template and guidance is in place and is completed for all decisions that require an assessment. These assessments are challenged by a panel of policy officers prior to decision.	James Williams, Chief Officer Law and Governance & Cllr Mary Ann Brocklesby, Leader

Appendix 3: Strategic Risk Management – Summary

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

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

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

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

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

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

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

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

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SUBJECT:	COMPLAINTS PROCESS
MEETING:	Governance & Audit Committee
DATE:	28 NOVEMBER 2024
DIVISION/WARDS AFFECTED:	All

1. PURPOSE:

- 1.1 To provide information which enables the committee to form a view on the effectiveness of the authority's complaints processes.

2. RECOMMENDATIONS:

- 2.1 That the committee use the report, which covers the 12 month period up to 31 March 2024, to seek assurance about the effectiveness of the authority's processes for dealing with complaints and compliments and makes recommendations where it identifies any shortcomings.

3. KEY ISSUES:

- 3.1 Councils provide services and make decisions which affect the lives of local people. It is inevitable that sometimes people will feel the authority has made a wrong decision, or has not fulfilled its duty in the services it provides and will access our complaints process to seek redress. The Governance and Audit Committee has a legal duty to assess the authority's ability to handle complaints effectively and make recommendations in relation to this. While there is no specific role for the committee in the approval of the complaints policy itself, the committee may make recommendations to ensure its effective application. The following section provides an overview of the different components of the complaints process including the procedure and accountability to assist the committee in this role.

Accountability

- 3.2 Overall accountability for ensuring that the complaints procedure is followed falls to the Chief Officer People, Performance and Partnerships and the Cabinet Member for Equalities and Engagement. The Customer Relations Manager is responsible for the day-to-day operation of the work including recording, allocating, monitoring, advising on and reporting on complaints.

Policy and Procedure: Whole Authority

- 3.3 Our whole authority complaints and compliments policy and procedure follows the model that the Public Services Ombudsman for Wales (PSOW) asked each local authority to adopt in 2011. The initial scheme was approved by Council with subsequently updates

being completed by officers under delegated powers. The policy was last updated in 2020. It was then reviewed by the PSOW in 2021 who confirmed that policy is compliant.

- 3.4 The whole authority procedure has two stages; the informal resolution stage and the formal investigation stage. The informal resolution stage aims to resolve the complaint locally wherever possible by means of discussion and problem solving. If it is not possible to resolve the concern, the matter is escalated to the formal investigation stage.
- 3.5 Where initial discussions have not achieved a resolution, complainants have the right to make a formal complaint. Investigations are undertaken and the complainant receives a full response detailing findings, conclusions and any recommendations made. This is the end of the internal process. Most investigations are carried out by local authority officers in addition to their core roles, there is no additional remuneration for conducting investigations.
- 3.6 Complainants can contact the Public Services Ombudsman if they still remain dissatisfied. The Ombudsman provides an external independent service to consider complaints about all local authority services. The Ombudsman is concerned with maladministration causing injustice and will normally require complainants to have used their local council's procedures before accepting a complaint for investigation.

Policy and Procedure: Social Services

- 3.7 Social Services complaints are dealt with separately under the Social Services complaints procedure. It is a statutory requirement for the authority to operate a complaints procedure that follows the Social Services Complaints Procedure (Wales) Regulations 2014 and The Representations Procedure (Wales) Regulations 2014.
- 3.8 The guidance on handling complaints and representations by local authority social services state that we must publish an annual report on the handling and statistical information relating to the complaints and representations we've dealt with. The guidance also states that the Annual report should be discussed at the appropriate committee.
- 3.9 There are two stages to the Social Services complaints procedure: Stage One Local Resolution and Stage Two Formal Consideration. The emphasis at stage one is to resolve the complaint by means of discussion and problem solving, whilst adhering to the 17 working days response time that has been imposed under the Regulations.
- 3.10 Stage Two the formal consideration stage is where the complainant remains dissatisfied after completion of stage one, and they may request that the complaint proceeds to stage two of the process. This involves a formal investigation of the complaint with a report being produced by the external investigating officer appointed to the case. The timescale for dealing with Stage Two is 25 working days.
- 3.11 If the complainant remains dissatisfied with the outcome of the stage two investigation, they may progress their complaint to the Public Services Ombudsman for Wales.

Promotion and Awareness

3.12 General advice about the procedure for the public can be found in our complaints leaflets “Tell us What You Think” and “How to be heard”. Alternatively, people can contact the Customer Relations team for help and advice about how to make a complaint.

Number of Complaints

3.13 Appendix one provides details of the number and details of the complaints received from 1 April 2023 – 31 March 2024 along with figures for previous years.

Timeliness

3.14 Stage 1 complaints under the Whole Authority policy should be dealt with within 10 working days. For stage 2 formal complaints we are allowed 20 working days for the investigation plus a further 10 working days for Heads of Service to respond to the report’s findings. The following table shows the number of complaints responded to within timescales:

Whole Authority Timescales	2021-22		2022-23		2023-24	
	Stage 1	Stage2	Stage 1	Stage 2	Stage 1	Stage 2
Up to 10 working days	96 (62%)	2 (17%)	84 (61%)	0 (0%)	93 (68%)	0 (0%)
11 – 30 working days	48 (31%)	3 (25%)	32 (23%)	0 (0%)	28 (21%)	1 (50%)
30+ working days	12 (8%)	7 (58%)	21 (15%)	10 (100%)	15 (11%)	1 (50%)
Total	156	12	137	10	136	2

3.15 68% of stage 1 complaints were responded to within the ten day timescale in 2023-24. There was one stage 2 complaint responded to within the combined 30 day timescale during 2023-24 and one that took longer.

3.16 The number of Stage 2 complaints decreased significantly for this period.

Social Services Timescales	2021-22		2022-23		2023-24	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
Up to 17 working days	20 (57%)	1 (11%)	14 (42%)	1 (14%)	23 (52%)	1 (10%)
18 - 25 working days	5 (14%)	0 (0%)	6 (18%)	1 (14%)	5 (11%)	0 (0%)
26+ working days	10 (29%)	8 (89%)	13 (39%)	5 (71%)	16 (36%)	9 (90%)
Total	35	9	33	7	44	10

Social Services complaints continue to exceed the time limits at both stage 1 and stage 2. This is due to the capacity of staff to respond to complaints while having to prioritise their incoming workloads. Independent investigators are also taking longer to investigate the complaints and anecdotally, this can be due to their own workloads, availability of complainant / staff for interviews and cross-referencing file records of cases.

Effectiveness of our process

- 3.17 In addition to this report. The Governance and Audit Committee receives a separate report containing the PSOW's findings in relation to complaints about Monmouthshire County Council. This is also reported separately to Cabinet. The [latest report](#), presented to the committee on 28 November 2024, shows that Monmouthshire is in the lower quartile for of complaints reported to the Ombudsman at 0.31 per 1,000 residents. The range of from 0.15 to 0.58 with an average of 0.36. The Ombudsman's report highlighted that they intervened in three cases (9%) compared to a Wales average of 14%. This indicates that for the most part our thresholds and responses were considered appropriate and proportionate.
- 3.18 The Ombudsman's annual letter now includes the number of recommendations made to individual local authorities and the timeliness of our response. They made four recommendations compared to a Wales average of 19. Three of the four were not responded to on time. Two of these were one day late and one was eleven days late.
- 3.19 We have a number of guidance documents on the MCC Hub to assist staff on resolving complaints for customers in a timely manner. The Public Services Ombudsman for Wales (PSOW) have provided free training on handling complaints, investigation and communication skills. This is ongoing with more staff scheduled to receive training in the coming year.
- 3.20 The committee previously indicated that some issues could be resolved more quickly if residents went directly to the department. An addition has now been made to the complaints and compliments webpage taking people to a form where they can report an issue via the My Monmouthshire app.

Learning and Evaluation

- 3.21 Not only is it important to deal with complaints effectively, investigating and putting things right for the complainant where necessary, it is also vital to learn from them to minimise the changes of the same problem occurring again. Complaints are generally resolved on an individual basis. Most formal investigation reports make recommendations for improvements to processes with teams responsible for putting in action plans. These are followed up to ensure the recommendations are addressed. However, there are a number of recurring issues. These are frequently down to human error and the pressure of workloads rather than the design of systems.
- 3.22 The PSOW's Complaints Standards Authority (CSA) was created under the PSOW (Wales) 2019 Act. The aim of the CSA is to drive improvement in public services. The CSA's task is to work with public bodies within their jurisdiction to support effective complaints handling; collate and publish data; deliver bespoke training packages. This ensures that our staff are trained to deal with complaints in line with the authority's policy and best practice identified nationally.
- 3.23 All local authorities provide the CSA with quarterly complaints statistics submissions. This information is published on their website alongside information from other bodies and the cases their office handles.

3.24 The CSA has provided Monmouthshire County Council staff with 6 sessions on handling complaints, investigation skills and communication skills. In total 33 staff have attended these sessions in 2023/24. More sessions are scheduled for 2024/25.

3.25 The authority's new Learning Management System was rolled-out in September 2024. This will improve our ability to target training for specific groups of staff, such as those conducting complaints. A training needs analysis will help identify where additional development is required to ensure colleagues are able to perform their roles effectively. The Chief Officer for People, Performance and Partnerships has also begun undertaking sample checks of responses to complainants to provide an additional level of quality assurance.

4. OPTIONS APPRAISAL:

4.1 There are no alternative options associated with the recommendations in this report.

5. EVALUATION CRITERIA:

5.1 The effectiveness of a complaints process is not always easy to assess. A low number of complaints may mean that an organisation has made it too difficult to complain or that customers see little point in doing so. A very high number of complaints could be a sign of real problems. For this reason, it is important to look at trends over time rather than any one year in isolation. One of the key metrics which does give a good indication of effectiveness is the number of complaints that cannot be resolved by the authority and which require determination by the Public Service Ombudsman for Wales.

5.2 The related issue of service quality sits alongside this and is inter-linked since, if we are learning from complaints, our systems and processes should improve and we should receive better feedback and see less issues being logged. Again, this needs to be balanced against improvements in technology which have made it easier to report issues via app and chatbot as well as the traditional method of phone and e-mail.

6. REASONS:

To ensure that the committee is able to fulfil its role to oversee the effectiveness of the authorities process for dealing with complaints, comments and compliments.

7. RESOURCE IMPLICATIONS:

Whole Authority Complaints and Compliments. There are no extra resource implications associated with the recommendations of the report. The management of the complaints process is done within existing budgets. Where officers from other departments are used to conduct investigations it will take them away from their regular roles but there is not a direct salary cost.

Social Services. The legislation requires that external independent investigating officers must be appointed for formal Stage 2 investigations. There is an existing budget for this

work and we will endeavour to keep within the budget expenditure. However, we cannot forecast how many complaints will be made.

8. WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING and CORPORATE PARENTING):

There are no specific implications that have been identified in respect of this proposal.

9. CONSULTEES:

Strategic Leadership Team

10. AUTHOR:

Annette Evans, Customer Relations Manager

11. CONTACT DETAILS

Tel: 01633 644647

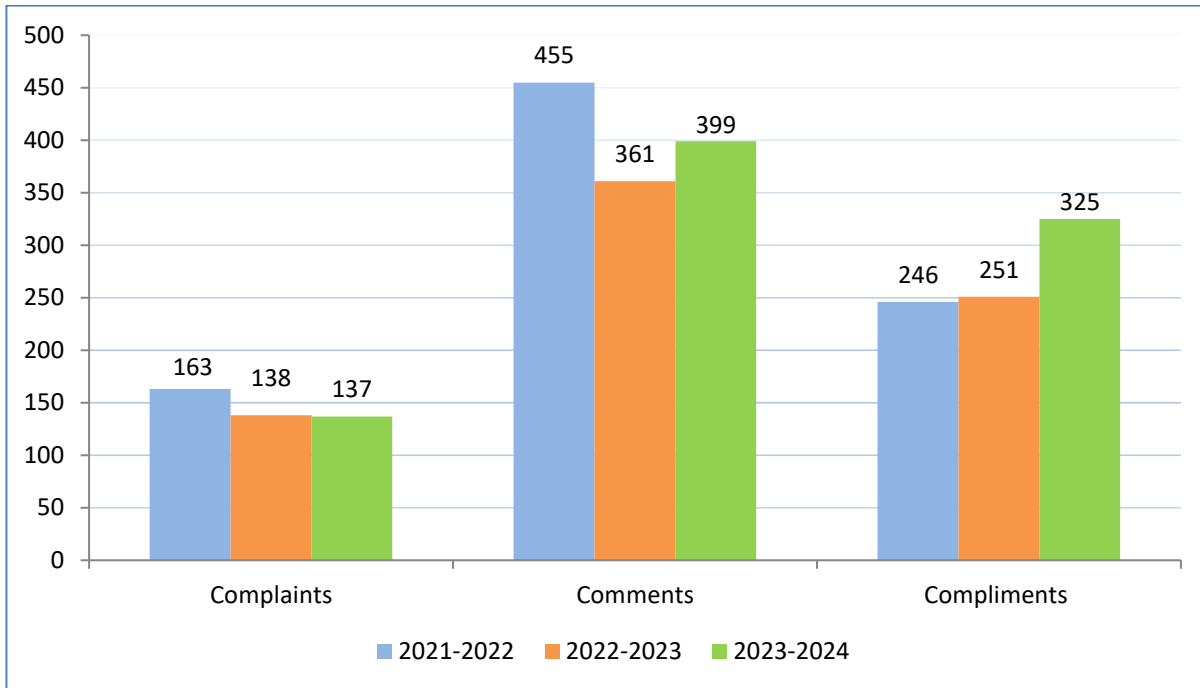
Email: annetteevans@monmouthshire.gov.uk

APPENDIX 1

Additional Details of Complaints, Comments and Compliments

Whole Authority Policy

The following table shows the number of complaints, comments and compliments received for each of the three years to March 2024.



137 Complaints were received in the year ending 31 March 2024. This is 16% lower than 2021-2022 with the highest number being in the second quarter and the number declining each subsequent quarter.

Services most commonly complained about were Waste & Street services, Animal Health & Trading Standards, Passenger Transport Unit, Highways & Flood Management / Operations / SWTRA, Development Management & Planning Policy, Revenue, Systems and Exchequer, Housing and Homelessness.

The Directorate receiving the largest number of complaints is Communities and Place. This is understandable as it delivers the largest number of universal services that will be received by all households and in many cases these will have multiple contact points over the course of a year.

2 complaints were investigated at the formal stage and they were not upheld.

Social Services Policy

Social Services complaints are dealt with separately under the Social Services complaints procedure. 51 complaints were received, 74 comments and 96 compliments were made about the service during April 2023 – March 2024.

Comments

399 comments were received in the year ending 31 March 2024, 11% more than last year. These issues are important as they help the authority understand where problems may be arising that customers do not wish to formally complain, however want appropriate action taken to prevent issues arising in future.

Compared to complaints, the numbers are more evenly distributed over the year.

Most comments were received in relation to Waste and Street services, Highways / Flood Management / Operations & SWTRA.

Compliments

325 Compliments were received in the year to 31st March 2024 which is 24% more than we received in 2020-2021

A range of compliments about the whole of the Council was received – staff thanked for their professionalism, their quick responses, their efficiency and helpful service.

Social Services Representations and Complaints

The number of Social Care and Health complaints have risen this year, mainly Children's Services complaints. 10 complaints were dealt with at the formal stage of the complaints procedure. The trend running through the complaints relates to staffing, quality of service and communication issues which features in most of the complaints.

SUBJECT:	PUBLIC SERVICES OMBUDSMAN FOR WALES ANNUAL LETTER 2023/24
MEETING:	GOVERNANCE & AUDIT COMMITTEE
DATE:	28 NOVEMBER 2024
DIVISION/WARDS AFFECTED:	ALL

1. **PURPOSE:**

The purpose is to fulfil the expectation of the Public Services Ombudsman for Wales that their report is brought to the attention of this Committee and Cabinet.

2. **RECOMMENDATIONS:**

- 2.1 Governance & Audit Committee to note the content of the Public Sector Ombudsman for Wales (PSOW) annual letter (Appendix 1) and inform the PSOW of their considerations and any proposed actions. The PSOW is aware that due to the scheduling of meetings there would be a delay in responding to them.
- 2.2 That the authority continues to engage with the PSOW complaints standards work, access training for staff and provide the PSOW with complaints data. We have also fully implemented the PSOW's model complaints policy.

3. **KEY ISSUES:**

- 3.1 The Public Sector Ombudsman for Wales sends every Council an annual letter which provides a summary of the complaints received and investigated. This compares the number of complaints against the local authority which were received and investigated by the PSOW during 2023/24, with the local authority average during the same period.
- 3.2 The PSOW annual letter provides:
 - a breakdown of the number of complaints about the local authority broken down into subject categories.
 - shows the complaint outcomes for the local authority and the volume and proportion that each outcome represents for the local authority.
 - the numbers and percentages of cases received in which an intervention has occurred.
 - a breakdown of all Code of Conduct complaint outcomes against councillors.
 - a breakdown of all Code of Conduct complaint outcomes against town or community councils.

3.3 The PSOW received 29 complaints about Monmouthshire County Council. This is 6 more than they received in the previous year, although they closed 32, some complaints were carried over from the previous year. They did not investigate any complaints although they requested early resolutions in 3 cases which was agreed. Comparisons are shown below, noting that the categories used by the commissioner differ between years.

Complaints received by subject: (PSOW definition)	Complaints Received	
	22/23	23/24
Adult Social Services	1	0
Children Social Services	6	7
Complaints handling	3	5
Environment and Environmental health	2	0
Licensing	0	0
Finance and Taxation	1	1
Housing	1	3
Planning and Building Control	6	4
Roads and transport	0	4
Community Facilities, Recreation & Leisure	0	0
Covid 19	0	0
Benefits Administration	0	1
Education	0	0
Various Other	4	4

PSOW Comparison of complaint outcomes

Local Authority	Out of Jurisdiction	Premature	Other cases closed after initial consideration	Early resolution/voluntary settlement	Discontinued	Other report – not upheld	Other report – upheld in whole or in part	Public interest reports
Monmouthshire	6	10	13	3	0	0	0	0

The PSOW sought early resolution on 3 complaints which we agreed.

Compliance performance comparison

The PSOW's annual letter now includes the number of recommendations made to individual local authorities and the timeliness of our response. The PSOW made four recommendations and 25% of them were complied with on time. Three of the four

were not responded to on time. Two of these were one day late and one was eleven days late.

Code of Conduct complaints

There were 15 complaints that the PSOW decided not to investigate and one where it was decided no action was necessary.

Town/Community Council Code of Conduct complaints

There was one complaint that was referred to the Standards Committee and one complaint where it was decided not to investigate.

- 3.4 This report and the PSOW Annual letter 2023/24 will also be presented to the Standards Committee and Cabinet.

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

This report provides feedback information from the Public Services Ombudsman for Wales. The report does not seek to divert from the Council's corporate priorities and the continued delivery of the wide range of services provided through the Council to the public. As the report deals solely with feedback information, a Future Generations and Equality Impact Assessment is not considered appropriate in this instance.

5 OPTIONS APPRAISAL

This section is not relevant as the work of the Public Services Ombudsman for Wales is outside of our control.

6 EVALUATION CRITERIA

We will continue to work with the Public Services Ombudsman for Wales office to resolve as many issues as possible at an early stage and monitor the number of complaints the Public Services Ombudsman for Wales receives and deals with.

7 REASONS:

- 7.1 The Public Services Ombudsman for Wales (PSOW) role is to consider complaints about public services providers in Wales and to consider complaints that members of local authorities have broken the Code of Conduct. The PSOW has requested that the Governance & Audit Committee and Cabinet considers the complaints that the PSOW has received.

8 RESOURCE IMPLICATIONS:

There are currently no extra resource costs identified.

9 CONSULTEES:

Strategic Leadership Team

10 BACKGROUND PAPERS:

Appendix 1: The Public Services Ombudsman for Wales Annual letter 2023/24

11 AUTHOR:

Annette Evans, Customer Relations Manager

12 CONTACT DETAILS:

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E-mail: annetteevans@monmouthshire.gov.uk



**Ombwdsmon
Ombudsman**
Cymru • Wales

Ask for: Communications



01656 641150



Caseinfo@ombudsman.wales

Date: 6 September 2024

Councillor Mary Ann Brocklesby
Monmouthshire County Council

By email only

maryannbrocklesby@monmouthshire.gov.uk
paulmatthews@monmouthshire.gov.uk
JamesWilliams@monmouthshire.gov.uk

Annual Letter 2023/24

Dear Councillor Brocklesby

Role of PSOW

As you know, the role of the Public Services Ombudsman for Wales is to consider complaints about public services, to investigate alleged breaches of the councillor Code of Conduct, to set standards for complaints handling by public bodies and to drive improvement in complaints handling and learning from complaints. I also undertake investigations into public services on my own initiative.

Purpose of letter

This letter is intended to provide an update on the work of my office, to share key issues for local government in Wales and to highlight any particular issues for your organisation, together with actions I would like your organisation to take.

Overview of 2023/24

This letter, as always, coincides with my Annual Report – “A New Chapter Unfolds” – and comes at a time when public services continue to be in the spotlight, and under considerable pressures. My office has seen another increase in the number of people asking for our help – a 17% increase in overall contacts compared to the previous year, with nearly 10,000 enquiries and complaints received. Our caseload has increased substantially - by 37% - since 2019.

Page 1 of 12

ombwdsmon.cymru
holwch@ombwdsmon.cymru
0300 790 0203
1 Ffordd yr Hen Gae, CF 35 5LJ
Rydym yn hapus i dderbyn ac
ymateb i ohebiaeth yn y Gymraeg.

ombudsman.wales
ask@ombudsman.wales
0300 790 0203
1 Ffordd yr Hen Gae, CF 35 5LJ
We are happy to accept and respond
to correspondence in Welsh.

During 2023/24 we considered and closed more enquiries and complaints than we ever have done before, and we reduced the average cost for each case and investigation. We started the year with a focus on reducing our aging cases, those over 12 months old, by 50% by the end of the year. These cases are often the most complex and distressing for the people making the complaint. I am extremely pleased to say we exceeded this target, reducing our aged investigations by over 70%. We are now well on track to meeting our objective to complete investigation of complaints within 12 months.

Public Services Complaints and compliance with recommendations

In total 1,108 complaints about local authorities were made to us last year – broadly the same number as the previous year. During this period, we intervened in (upheld, settled or resolved at an early stage) 14% of local authority complaints – a similar proportion to recent years.

We received 29 complaints about Monmouthshire County Council in 2023/24 and closed 32 - some complaints were carried over from the previous year. Monmouthshire County Council's intervention rate was 9%. Further information on complaints about your organisation can be found in the appendices.

We made 4 recommendations to your council during the year. To ensure that our investigations and reports drive improvement, we follow up compliance with the recommendations agreed with your organisation. In 2023/24, 4 recommendations were due and 25% were complied with in the timescale agreed. The remainder were complied with, but outside the timescales agreed or remain outstanding as at 9 April 2024.

Recommendations and timescales for complying with recommendations are always agreed with the public body concerned before being finalised, and we therefore expect organisations to comply within the timescales agreed.

Our Code of Conduct work

My role is to investigate allegations that councillors have breached their Code of Conduct. Where an investigation finds evidence to support the complaint on a matter which is serious enough to require a referral in the public interest, these cases are referred either to the local Standards Committee or to the Adjudication Panel for Wales for consideration.

In 2023/24, we received 16% more Code of Conduct complaints than the previous year, relating to both Principal Councils and Town and Community Councils. My office made 21 referrals – to Standards Committees or the Adjudication Panel for Wales, an increase from 12 the previous year.

I am grateful to your Monitoring Officer for their positive engagement with my office over the last year. We will continue to engage with them on matters relating to the ethical standards framework, including Local Resolution Procedures this year.

Independent Review

As you will be aware, I became aware of inappropriate comments, of a political nature, made by a member of my staff via social media. These comments were widely reported in the media. The member of staff in question was suspended and subsequently resigned. However, the comments prompted questions about my office's work on councillor Code of Conduct cases.

In view of the seriousness of the matter, I commissioned Dr Melissa McCullough to conduct an independent review of our Code of Conduct work, and I have published the full [Terms of Reference](#) for that review. I and my staff are engaging closely with the Monitoring Officer Group and the National Forum for Standards Committee Chairs in relation to this matter. I will be publishing Dr McCullough's final report on completion of the review and sharing it with the Senedd's Finance Committee this Autumn.

Supporting improvement of public services

We continued our work on supporting improvement in public services last year and worked on our second wider Own Initiative investigation. The investigation includes four local authorities and considers carers' needs assessments. I am grateful to the investigated authorities for their co-operation and candour throughout the year, and we look forward to sharing our finalised report this Autumn. This will make recommendations to the investigated authorities and will ask all local authorities across Wales to make similar improvements.

We have continued our work on complaints handling standards for public bodies in Wales and now have 56 public bodies following our model complaints handling policy. These public bodies account for around 85% of the complaints we receive. We have continued our work to publish complaints statistics, gathered from public bodies, with data published twice a year.

We continued our work to publish complaints statistics into a third year, with data now published twice a year. This data allows us to see information with greater context – for example, last year 15% of complaints made to Monmouthshire County Council's went on to be referred to PSOW.

Action we would like your organisation to take

Further to this letter can I ask that your Council takes the following actions:

- Present my Annual Letter to the Cabinet and to the Governance and Audit Committee at the next available opportunity and notify me of when these meetings will take place.
- Consider the data in this letter, alongside your own data, to understand more about your performance on complaints, including any patterns or trends and your organisation's compliance with recommendations made by my office.

- Inform me of the outcome of the Council's considerations and proposed actions on the above matters at the earliest opportunity.

I would like to thank you, and your officers, for your continued openness and engagement with my office. Our information shows that local authorities are looking into more complaints than ever before and are using information from complaints to deliver better outcomes for the people of Wales.

Yours sincerely,

M.M. Morris.

Michelle Morris
Public Services Ombudsman

Cc. Paul Matthews, Chief Executive, Monmouthshire County Council
James Williams, Monitoring Officer, Monmouthshire County Council



Factsheet

Appendix A - Complaints Received

Local Authority	Complaints Received	Received per 1,000 residents
Blaenau Gwent County Borough Council	15	0.22
Bridgend County Borough Council	59	0.41
Caerphilly County Borough Council	56	0.32
Cardiff Council*	149	0.41
Carmarthenshire County Council	69	0.37
Ceredigion County Council	32	0.45
Conwy County Borough Council	36	0.31
Denbighshire County Council**	31	0.32
Flintshire County Council	51	0.33
Cyngor Gwynedd	38	0.32
Isle of Anglesey County Council	38	0.55
Merthyr Tydfil County Borough Council	12	0.20
Monmouthshire County Council	29	0.31
Neath Port Talbot Council	35	0.25
Newport City Council	52	0.33
Pembrokeshire County Council	40	0.32
Powys County Council	54	0.41
Rhondda Cynon Taf County Borough Council	64	0.27
Swansea Council	81	0.34
Torfaen County Borough Council	14	0.15
Vale of Glamorgan Council	77	0.58
Wrexham County Borough Council	76	0.56
Total	1108	0.36
* inc 2 Rent Smart Wales		
** inc 1 Wales Penalty Processing Partnership		



Appendix B - Received by Subject

Monmouthshire County Council	Complaints Received	% share
Adult Social Services	0	0%
Benefits Administration	1	3%
Children's Social Services	7	24%
Community Facilities, Recreation and Leisure	0	0%
Complaints Handling	5	17%
Covid-19	0	0%
Education	0	0%
Environment and Environmental Health	0	0%
Finance and Taxation	1	3%
Housing	3	10%
Licensing	0	0%
Planning and Building Control	4	14%
Roads and Transport	4	14%
Various Other	4	14%
Total	29	



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Appendix C - Complaint Outcomes (* denotes intervention)

Monmouthshire County Council		% Share
Out of Jurisdiction	6	19%
Premature	10	31%
Other cases closed after initial consideration	13	41%
Early Resolution/ voluntary settlement*	3	9%
Discontinued	0	0%
Other Reports - Not Upheld	0	0%
Other Reports Upheld*	0	0%
Public Interest Reports*	0	0%
Special Interest Reports*	0	0%
Total	32	



Appendix D - Cases with PSOW Intervention

	No. of interventions	No. of closures	% of interventions
Blaenau Gwent County Borough Council	1	16	6%
Bridgend County Borough Council	8	59	14%
Caerphilly County Borough Council	3	48	6%
Cardiff Council	28	144	19%
Cardiff Council - Rent Smart Wales	0	3	0%
Carmarthenshire County Council	8	60	13%
Ceredigion County Council	7	32	22%
Conwy County Borough Council	0	37	0%
Denbighshire County Council	2	32	6%
Denbighshire County Council - Wales Penalty Processing Partnership	0	1	0%
Flintshire County Council	8	57	14%
Cyngor Gwynedd	6	39	15%
Isle of Anglesey County Council	10	41	24%
Merthyr Tydfil County Borough Council	3	14	21%
Monmouthshire County Council	3	32	9%
Neath Port Talbot Council	5	34	15%
Newport City Council	5	51	10%
Pembrokeshire County Council	7	38	18%
Powys County Council	7	53	13%
Rhondda Cynon Taf County Borough Council	11	63	17%
Swansea Council	12	77	16%
Torfaen County Borough Council	2	14	14%
Vale of Glamorgan Council	15	71	21%
Wrexham County Borough Council	7	79	9%
Total	158	1095	14%



Appendix E – Compliance performance comparison

Local Authority	Number of recommendations made in 2023-24	Number of recommendations falling due in 2023-24	% of recommendations, complied with on time
Blaenau Gwent County Borough Council	1	1	100%
Bridgend County Borough Council	18	20	35%
Caerphilly County Borough Council	9	9	11%
Cardiff Council	74	75	92%
Carmarthenshire County Council	25	25	52%
Ceredigion County Council	23	23	78%
Swansea Council	29	32	63%
Conwy County Borough Council	0	1	0%
Denbighshire County Council	5	6	67%
Flintshire County Council	17	17	59%
Cyngor Gwynedd	12	19	74%
Isle of Anglesey County Council	26	24	92%
Merthyr Tydfil County Borough Council	11	9	56%
Monmouthshire County Council	4	4	25%
Neath Port Talbot Council	14	14	29%
Newport City Council	10	7	43%
Pembrokeshire County Council	24	23	96%
Powys County Council	18	16	31%
Rhondda Cynon Taf County Borough Council	26	26	77%
Torfaen County Borough Council	3	3	67%
Vale of Glamorgan Council	50	48	92%
Wrexham County Borough Council	16	19	42%



Appendix F - Code of Conduct Complaints

**Monmouthshire County
Council**

Decision not to investigate	15
Discontinued	0
No evidence of breach	0
No action necessary	1
Refer to Adjudication Panel	0
Refer to Standards Committee	0
Total	16



Appendix G - Town/Community Council Code of Complaints

Town/Community Council	Decision not to investigate	Investigations				Total	
		Discontinued	No evidence of breach	No action necessary	Refer to Adjudication Panel		Refer to Standards Committee
Caerwent Community Council	0	0	0	0	0	0	0
Llantilio Pertholey Community Council	0	0	0	0	0	1	1
Monmouth Town Council	0	0	0	0	0	0	0
Raglan Community Council	1	0	0	0	0	0	1



Information Sheet

Appendix A shows the number of complaints received by PSOW for all Local Authorities in 2023/24. These complaints are contextualised by the population of each authority.

Appendix B shows the categorisation of each complaint received, and what proportion of received complaints represents for the Local Authority.

Appendix C shows outcomes of the complaints which PSOW closed for the Local Authority in 2023/24. This table shows both the volume, and the proportion that each outcome represents for the Local Authority.

Appendix D shows Intervention Rates for all Local Authorities in 2023/24. An intervention is categorised by either an upheld complaint (either public interest or non-public interest), an early resolution, or a voluntary settlement.

Appendix E shows the compliance performance of each Local Authority.

Appendix F shows the outcomes of Code of Conduct complaints closed by PSOW related to Local Authority in 2023/24. This table shows both the number, and the proportion that each outcome represents for the Local Authority.

Appendix G shows the outcomes of Code of Conduct complaints closed by PSOW related to Town and Community Councils in the Local Authority's area in 2023/24. This table shows both the number, and the proportion that each outcome represents for each Town or Community Council.



**SUBJECT: INTERNAL AUDIT SECTION
CONTRACT PROCEDURE RULES -
EXEMPTIONS**

DIRECTORATE: Resources
MEETING: Governance & Audit Committee
DATE: November 2024
DIVISION/WARDS AFFECTED: All

1. PURPOSE

- 1.1 To consider the adequacy and appropriateness of the exemption process from the Authority's Contract Procedure Rules.
- 1.2 To inform the Governance and Audit Committee of the number of exemptions requested by operational managers and to identify any noncompliance with the process or adverse trends.

2. RECOMMENDATION(S)

- 2.1 That the Governance and Audit Committee accepts and acknowledges the justifications for the exemptions provided by operational officers.
- 2.2 If the justifications are not accepted, then consideration should be given to calling in the respective operational officer and their respective Head of Service to further account for the reasons why they could not comply with the Council's Contract Procedure Rules at the time of the procurement.
- 2.3 That the Governance and Audit Committee receive an updated report in 6 month's time.

3. KEY ISSUES

- 3.1 To ensure compliance with the Council's Contract Procedure Rules in the way goods, works and services are procured on behalf of the Authority.
- 3.2 Reassurance that the exemption process from Contract Procedure Rules is operating as intended by managers procuring goods, works or services on behalf of the Authority.

- 3.3 Some operational managers procuring goods, works and services on behalf of the Authority may not be as familiar with Contract Procedure Rules and the exemption process as they should be.

4. REASONS

- 4.1 Contract Procedure Rules (CPR) were revised and updated in 2020/21 and approved by Council as part of the update of its Constitution in March 2021.
- 4.2 The previous report regarding CPR Exemptions was presented to the Governance & Audit Committee in June 2024.
- 4.3 A number of potential legislative changes with regards to Procurement are being discussed by UK Government and the Senedd which may result in the Councils Contract Procedure Rules requiring an update within the next 6 months.
- 4.4 Previously, managers have been invited to attend a Governance & Audit Committee meeting to explain to Members their reasons for seeking an exemption rather than complying with the Council's Contract Procedure Rules. The Acting Chief Internal Auditor is not recommending that any managers be called in to the Governance and Audit Committee as a result of this report.

5. EXEMPTIONS - Background

- 5.1 Although the Contract Procedure Rules were written to ensure a consistent and fair approach to how officers procure works, goods and services on behalf of the Council, there will be occasions where full compliance may not be appropriate or possible. Provided there is sufficient justification and appropriate approval for not following these rules the policy recognises this.
- 5.2 Management need to ensure that the use of exemptions is proper and they are not being used for convenience or to avoid following CPRs. Exemptions from CPRs are therefore currently administered by Internal Audit, although approvals are given by Heads of Service, Chief Officers and/or Cabinet Members.
- 5.3 As detailed within the previous report to the Governance & Audit Committee, a high percentage of requested forms are not being returned back to the Internal Audit team.

At the end of the period 14/21 (67%) of forms requested during the 6 months had not been returned. This caused additional workload for the Internal Audit team chasing for outstanding returns. This also raises the possibility that exemptions may not have been appropriacy approved in

a timely manner. It was noted that 3 of the requested forms were ultimately not required but Internal Audit had not been notified of this.

- 5.4 It is important to note that this process only captures the exemptions which have been requested via and returned to Internal Audit.
- 5.5 Comprehensive guidance documents and a set of FAQ's are available via the internal MCC Hub for Officers who conduct procurement exercises. This includes specific guidance on Exemptions to the Contract Procurement Rules.
- 5.6 The correct process is as follows:
Officers are to;
- Obtain a sequentially numbered exemption form from Internal Audit
 - Record the reason for requesting the exemption on the form
 - Check that the Procurement Team are happy with the justification of the exemption and obtain their approval to proceed
 - Obtain the appropriate level of approval
 - Return the fully signed off and approved form to Internal Audit.

6. EXEMPTIONS - Summary

6.1 EXEMPTIONS – 01st April 2024 to 30th September 2024 [450 - 470]

Of the 21 requested exemptions.

- 16 have now been returned to Internal Audit and were correctly authorised
- 3 were no longer required after the form was issued
- 2 have not yet been returned to Internal Audit

6.2 The comments of the Acting Chief Internal Auditor regarding the requested exemptions can be seen within the table at Appendix 3. It was pleasing to note that where forms had been returned, these contained appropriate justifications as to why an exemption was required.

6.3 As detailed above, 2 of the issued exemption forms have not yet been correctly returned. The respective officers were contacted on a number of occasions prior to writing this report to ascertain the current status but no properly completed and authorised form has yet been received by Internal Audit in respect of these.

These issued forms now require retrospective approval as based on the information received the contracts have already been extended without the necessary Chief Officer / Cabinet Member agreement being obtained as required by the Councils Contract Procedure Rules. These are detailed within Appendix 3 (No's. 455 & 462).

- 6.4 It was further noted that a number of completed and authorised exemption requests were done so retrospectively following the previous contract expiring. Although adequate justifications were provided as to why the contract should be extended officers need to be aware of upcoming contract end dates and ensure that any extensions are appropriately approved in advance.

7. RESOURCE IMPLICATIONS

Internal Audit team resource in chasing for outstanding forms which can impact on planned audit work.

8. CONSULTEES

Deputy Chief Executive & Chief Officer Resources

9. BACKGROUND PAPERS

Internal Audit CPR Exemption Logs

10. AUTHOR AND CONTACT DETAILS

Jan Furtek, Acting Chief Internal Auditor
Telephone: 01600 730521
Email: janfurtek@monmouthshire.gov.uk

AUDIT COMMITTEE NOVEMBER 2024

CONTRACT PROCEDURE RULES - EXEMPTIONS

APPENDIX 1

**Contract Procedure Rules
Exemption Forms Log**

Report	Report Date	Period	Exemption Ref	No' of exemption requests	Cumulative
Report 1	January 2011	April 2009 to 31 Aug 2010	1 – 41	41	41
Report 2	November 2012	September 2010 to August 2011	42 – 60	19	60
		September 2011 to August 2012	61 – 92	32	92
Report 3	May 2013	September 2012 to March 2013	93 – 102	10	102
Report 4	December 2013	April 2013 to October 2013	103 - 117	15	117
Report 5	July 2014	November 2103 to May 2014	118 - 132	15	132
Report 6	December 2014	June 2014 to October 2014	133 - 141	9	141
Report 7	July 2015	November 2014 to May 2015	142 - 174	33	174
Report 8	December 2015	June 2015 to October 2015	174 - 179	5	179
Report 9	June 2016	November 2015 to May 2016	180 - 194	15	194
Report 10	December 2016	June 2016 to October 2016	195 - 207	13	207
Report 11	November 2017	November 2016 to May 2017	208 - 222	15	222
Report 12	November 2018	June 2017 to October 2017	223 - 246	24	246
		November 2017 to May 2018	247 - 259	13	259
Report 13	July 2019	June 2018 to October 2018	260 - 272	13	272
		November 2018 to May 2019	273 - 280	8	280
Report 14	May 2021	June 2019 to October 2019	281 - 291	11	291
		November 2019 to May 2020	292 - 300	9	300

Report	Report Date	Period	Exemption Ref	No' of exemption requests	Cumulative
		June 2020 to October 2020	301 - 312	12	312
Report 15	June 2021	November 2020 to April 2021	313 - 333	21	333
		May 2021 to October 2021	334 - 348	15	348
Report 16	October 2023	November 2021 to March 2022 * 5 month period	349 - 365	17	365
		April 2022 to September 2022	366 - 397	32	397
		October 2023 to March 2023	398 – 420	23	420
		April 2023 to September 2023	421 - 440	20	440
Report 17	May 2024	October 2023 to March 2024	441 - 449	9	449
Report 18	November 2024 (this report)	April 2024 to September 2024	450 - 470	21	470

APPENDIX 2

EXTRACT FROM CONTRACT PROCEDURE RULES

4. Exempt Contracts

The following contracts are exempt from the requirements of Contract Procedure Rules:

- a) contracts of employment which make an individual a direct employee of the Council (this exemption does not extend to the recruitment of agency staff)
- b) contracts relating solely to the disposal or acquisition of an interest in land and property.
- c) Contracts for the execution of mandatory works by statutory undertakers, such as utilities providers.
- d) use of the Council's in-house services
- e) individual care packages or education placements where it is considered in the Council's interest or the Council is required to meet obligations under relevant legislation
- f) orders placed under a corporate framework arrangement or contract arranged for the Council by the Strategic Procurement Manager.
- g) unconditional grants by the Council
- h) In a genuine emergency threatening public health, injury to persons or serious and immediate damage to property, an Authorised Officer can take any necessary action to alleviate the threat. This power is limited to the alleviation of the threat and does not extend to any Works beyond what is strictly essential.

An exemption form does not need to be completed for any of the reasons stated in clause 4.

5. Exemption Process

- a) In exceptional circumstances an Authorised Officer can request an exemption from the Council's Contract Procedure Rules. No exemption will be considered where the value of such action exceeds the EU procurement thresholds or any subsequent UK Government threshold. Approval has to be obtained in the first instance by the completion of the "Request for Exemption from Compliance with the Contract Procedure Rules", which can be obtained from Internal Audit.

- b) Where approval has been granted Contract Procedure Rules shall not apply to the following:
 - I. Purchase by auction or works of art-artists
 - II. Single tender action where a single contractor or a proprietary item or service of a special character is required and justified.
 - III. Extensions of existing contracts where the extension is in accordance with the terms & conditions, specification, rates and/or prices of the original Contract award and where provision for the extension was provided for in the original contract notice.
 - IV. Extensions of consultancy contracts (where the combined original value and extension value do not exceed any EU/UK thresholds), where continuation of Services is deemed necessary, and where the particular knowledge and understanding of the requirement is intrinsically linked to the supplier, and no suitable supplier could undertake the work without undue delay or additional/further cost.

Poor planning or insufficient time is not justification for seeking an exemption.

39. Contract Extension

- c) Where the terms of the contract and the original procurement exercise do not expressly provide for an extension, the contract may only be extended in exceptional circumstances, where legislation permits and value for money issues

have been addressed. Such decisions will be made by the relevant Authorised Officer, Internal Audit & the Strategic Procurement Manager.

APPENDIX 3

EXEMPTIONS – 01st April 2024 to 30th September 2024 [450 - 470]

No	Requester	Details / comment	Estimated Contract Value	Service Area	Date Issued	Correctly Completed & Authorised	Date Returned to Internal Audit	Reason for Exemption	Chief Internal Auditor Comments
450	John Pearson	Election registers	£40k	L&G	04/04/24	Yes	26/04/2024	CPR 5 b) II	Adequate justification was provided within the completed exemption request.
451	Jen Bradfield	DBS provider	£45K	PPP	05/04/24	Yes	10/05/2024	CPR 5 b) II	Adequate justification was provided within the completed exemption request.
452	John Pearson	Digital Register	£192k	L&G	22/04/24	Yes	30/04/2024	CPR 5 b) II	Adequate justification was provided within the completed exemption request.
453	Andrea Jones	Extension of FISCAL	£37k	Res	29/04/24	Yes	09/10/2024	CPR 5 b) II	Retrospective approval for extension to a contract following expiry. Form was not returned to Internal Audit promptly. Adequate justification was provided within the completed exemption request.
454	Sam Mills (c/o Criag Williams)	Project Eliminate	£50k	SCH	10/05/24	Yes	15/11/24	CPR 5 b) II	Retrospective approval. The contract commenced in July 2024 but a fully completed form was not received until November 2024.

No	Requester	Details / comment	Estimated Contract Value	Service Area	Date Issued	Correctly Completed & Authorised	Date Returned to Internal Audit	Reason for Exemption	Chief Internal Auditor Comments
455	Pauline Batty	Frozen Plated Food (contract extension)	£220k	SCH	24/05/24	No fully completed form has been returned.			<p>This requires retrospective approval. The form was requested in May 2024 and the contract extension commenced in June 2024.</p> <p>There is no evidence of appropriate approval being obtained to extend the contract.</p>
456	Grant Harris	Animal Licensing Wales system development / changes	£58k	C&P	06/06/24	Yes	08/10/2024	CPR 5 b) II	Adequate justification was provided within the completed exemption request.
457	Deb Jackson	Purchase of pre-registered 4x4 vehicle	£32k	C&P	12/06/24	Yes	29/10/2024	CPR 5 b) II	Retrospective Approval. The exemption was requested in June 2024 with a contract start date of 01/08/24. The form was not authorised until 29/10/24.
458	Stacey Jones	Legend PoS System (contract extension)	£133K	MonLife	19/06/24	Yes	16/08/2024	CPR 5 b) II	<p>Retrospective approval following existing contract expiry.</p> <p>This was for the extension of an existing contract and justification for the extension was provided.</p>

No	Requester	Details / comment	Estimated Contract Value	Service Area	Date Issued	Correctly Completed & Authorised	Date Returned to Internal Audit	Reason for Exemption	Chief Internal Auditor Comments
459	Rachel Lewis	RDP Consultants	£8K	C&P	19/06/24	Yes	09/10/2024	CPR 5 b) IV	Retrospective Approval following existing contract expiry. This was for the extension of an existing contract and justification for the extension was provided. Completed form was not promptly returned to Internal Audit.
460	Rachel Lewis	LDP - Net Zero Carbon Based Report	£25k	C&P	17/07/24	Yes	02/08/2024	CPR 5 b) II	Adequate justification was provided within the completed exemption request.
461	Sandra Travers	Commission work from Centrica, Newport	£141k	SCH	17/07/24	Yes	04/11/2024	CPR 5 b) II	Retrospective Approval. The contract started in April 2024, exemption process was started in July 2024 but was not fully authorised until November 2024.
462	Nicola Venus-Balgobin	Dementia Respite Bed	£30k - £35k	SCH	25/07/24	No fully completed form has been returned.			This now requires retrospective approval.
463	Lisa Widenham	Merchant banking contract	n/a	Res	05/08/24	Cancelled - procurement advised that a full procurement exercise was required			
464	Peter Webb	Structural design check of the proposed Wye Active Travel Bridge in Monmouth	£32.5k	C&P	02/09/24	Yes	04/10/2024	CPR 5 b) III	Adequate justification was provided within the completed exemption request.
465	Thomas Keyne	Locata - extension of licence	£22.5k	C&P	02/09/24	Yes	14/11/24	CPR 5 b) III	Retrospective approval for extension of an existing contract following the expiry of the original term (October 2024). The provision for an extension was included within the original contract.

No	Requester	Details / comment	Estimated Contract Value	Service Area	Date Issued	Correctly Completed & Authorised	Date Returned to Internal Audit	Reason for Exemption	Chief Internal Auditor Comments
466	Chris Price	2 Mobile Canteen Office	£70k	C&P	10/09/24	Yes	18/09/2024	CPR 5 b) II	Adequate justification was provided within the completed exemption request.
467	Chris Price	Extension of road markings framework	£600k	C&P	24/09/24	Yes	19/11/24	CPR 5 b) III	Retrospective approval for extension of an existing contract following the expiry of the original term (April 2024). The provision for an extension was included within the original contract.
468	Gareth Sage	Extension of street lighting contract	TBC	C&P	25/09/24	Yes	20/11/24	CPR 5 b) III	Retrospective approval for extension of an existing contract following the expiry of the original term (April 2024). The provision for an extension was included within the original contract.
469	Duncan Thompson	Activity Counters	n/a	C&P	25/09/24	Cancelled - a viable framework was identified			
470	Duncan Thompson	Access Ramp and Gate	n/a	C&P	25/09/24	Cancelled - now going to go out to market.			

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**SUBJECT: INTERNAL AUDIT
Progress Report for Quarter 2 (2024/25)**

DIRECTORATE: Resources

MEETING: Governance & Audit Committee

DATE: November 2024

DIVISION/WARDS AFFECTED: All

1. PURPOSE

To consider the adequacy of the internal control environment within the Council based on the outcomes of audit reviews and subsequent opinions issued to the 30th September 2024 (Quarter 2).

To consider the performance of the Internal Audit Section over the first 6 months of the current financial year.

2. RECOMMENDATION(S)

That the Committee consider and note the audit opinions issued.

That the Committee note the progress made by the Section towards meeting the 2024/25 Operational Audit Plan and the Section's performance indicators at the 6 month stage of the financial year which are currently ahead of the profiled target.

3. KEY ISSUES

3.1 Audit work has started in line with the 2024/25 agreed audit plan, considered and approved by the Governance & Audit Committee in April 2024.

3.2 This report gives brief details of the work undertaken in the year to date. The report also gives details of the Section's performance indicators for the 6 months to 30th September 2024.

3.3 The Public Sector Internal Audit Standards came into force in April 2013 (updated March 2017) which the Internal Audit team needs to demonstrate compliance with.

3.4 The new Global Internal Audit Standards (GIAS) were issued in January 2024. They will replace the International Professional Practice Framework, the mandatory elements of which are the basis for the current UK public sector internal auditing standards (the PSIAS). The

PSIAS are issued under the authority of the Relevant Internal Audit Standard Setters (RIASS). The RIASS have agreed to use the new GIAS as the basis for internal auditing for the UK Public Sector and have asked the UK Public Sector Internal Auditing Standards Advisory Board (IASAB) to carry out a review of the new standards with a view to identifying and producing any sector specific interpretations or other material needed to make them suitable for UK public sector use. Consultation is due to begin in September 2024.

The effective date of the new material developed by IASAB will be 1st April 2025. Until then, the existing PSIAS based on the old International Professional Practices Framework will continue to apply.

- 3.5 The year end opinion for 2024/25 will be based on the audit work undertaken during the year, cumulative audit knowledge from previous years on key financial systems along with any assurance gained from other parties where relevant.

4. REASONS

- 4.1 Since the start of the financial year, the Internal Audit Section has completed 23 audit jobs to draft stage from its 2024/25 Operational Audit Plan; 14 of these being opinion related and are shown in the table at Appendix 1.

- 4.2 In relation to audit opinion related reports, 8 had been issued in draft during the second quarter of the year;

1. School Improvement Grant - Unqualified
2. Housing Support Grant - Unqualified
3. Active Travel – Substantial Assurance
4. Rogiet Primary – Reasonable Assurance
5. Service Business Plans – Reasonable Assurance

- 4.3 Three 'unfavourable' audit opinions have been issued (for planned audit work) during Quarter 2.

6. Procurement Cards – Limited Assurance (Appendix 4)
7. Mardy Park Resource Centre – Limited Assurance (Appendix 5)
8. Facilities & Building Cleaning – Limited Assurance (Appendix 6)

The details and individual weaknesses of why these audit reviews were considered to be 'Limited Assurance' are included within Appendix 4-7.

- 4.4 One reactive unplanned review was completed during Quarter 2.

- Severn View Residential Home Imprest Bank Account - Limited Assurance (Appendix 7).

- 4.5 As detailed during the Quarter 1 progress report, 1 opinion job has been issued during the year which has been given a Limited audit

opinion and not yet reported to the Committee. This continues to be the case. After discussion with the Chair of the Governance & Audit Committee and the Deputy Chief Executive it has been agreed to delay reporting the findings of this review to the Committee. This is due to significant on-going work within the area in question, where the reporting of the findings may impact subsequent HR investigations and processes which are continuing.

A commitment has been made by the Acting Chief Internal Auditor to report the details of this audit and investigation to Committee as soon as possible. Consideration has been given to reporting these findings as a confidential paper, however, it was concluded that it would be in the public interest that the findings are shared fully upon the investigation conclusion.

- 4.6 Other audit work in line with the plan has started and site visits have been undertaken to a number of establishments. At the end of Quarter 2, 48% of the agreed audit plan has been deemed as being started or in progress.
- 4.7 An audit review of the Pupil Development Grant was planned during the year however, we were informed that certification by Internal Audit of the submission was not required by Welsh Government and this has therefore been removed from the 2024/25 audit plan.
- 4.8 Where reports had been issued in draft, but not finalised, by the 31st March 2024, work has continued during Quarter 2 to finalise these. As of the 30th September 2024, it is pleasing to note that all have now been successfully finalised.
- 4.9 Severn special investigations / reactive pieces of work have been undertaken during the first 2 quarters of the year. 5 of these have been closed / completed during the quarter, the other 2 remain outstanding and are subject to further investigation.
- 4.10 During the first quarter of the year the Acting Chief Internal Auditor was appointed as an independent investigating officer for 2 disciplinary investigations. These investigations have diverted internal audit resource away from planned audit work during the quarter. It is hoped that the investigation will be completed during the third quarter of the year.
- 4.11 Appendix 3 of the report gives details of the Section's performance indicators as at the 30th September 2024.
- 4.12 32% of the 2024/25 Audit Plan has been completed as at 30th September 2024. This is ahead of target (30%).

5. SERVICE MANAGEMENT RESPONSIBILITIES

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

6. FOLLOW UP AUDIT REVIEWS

- 6.1 Where 'unfavourable' (Limited Assurance / No Assurance) audit opinions are issued, they are followed up within a twelve month timescale to ensure that the agreed actions have been taken by management and that the internal control systems are improved.
- 6.2 No follow-up reviews have yet to commence during the year. The following reviews were subject to unfavourable audit opinions issued during the 2023/24 financial year and the table below indicates when the follow-up work will be conducted by the Internal Audit team. The findings from each of these reviews have already been presented to the Committee.

Year	Assignment	Opinion	Status
2023/24	Chepstow School	Limited	2024/25 – Q3
	Till Float	Limited	2024/25 – Q3
	Commissioning & Contracts	Limited	2024/25 – Q3
	Mileage	Limited	2024/25 – Q4
	General Expenses	Limited	2024/25 – Q4
	Children Looked After Savings	Limited	2024/25 – Q4
	Private Sector Leasing	Limited	2024/25 – Q4
	Democratic Services & Governance	Limited	2024/25 – Q4

- 6.3 The timing of a follow-up review is based on when the previous final report was issued plus enough time for management to successfully implement their management actions along with sufficient time to pass

to ensure the changes are fully embedded within the service. As the table details, this is a challenging programme to ensure all these reviews are completed during quarter 3 and especially quarter 4 of the year. The Audit Management team are planning workloads to ensure as much of these can be completed within the year as possible.

- 6.4 During the 2024/25 financial year the following unfavourable opinion has been issued which was previously reported to the Committee in September 2024. This review has not yet been followed up, this will take place during the 2025/26 financial year.

Year	Assignment	Opinion	Status
2024/25	Job Evaluation	Limited	2025/26

7. RESOURCE IMPLICATIONS

None.

8. CONSULTEES

Deputy Chief Executive / Chief Officer Resources
Chair of Governance & Audit Committee

Results of Consultation:

N/A

9. BACKGROUND PAPERS

Draft Operational Audit Plan 2024/25

10. AUTHORS AND CONTACT DETAILS

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AUDIT COMMITTEE NOVEMBER 2024

INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

APPENDIX 1

Internal Audit reviews from the 2024/25 Draft Operational Audit Plan where fieldwork has been completed and/or final reports issued since 01/04/24 are listed in the table below.

Internal Control Opinions give the auditor's overall conclusion on the control environment operating in each system/establishment under review. Opinions range from Substantial Assurance through to No Assurance (Appendix 2).

Draft issued indicates that a draft report has been issued and a response is awaited from the client before the report can be finalised.

Status of reports as at 30th September 2024

Internal Audit Services - Management Information for 2024/25 – Quarter 2

Opinion Summary	Number
Substantial Assurance	2
Reasonable Assurance	5
Limited Assurance	6
No Assurance	0
Unqualified	2
Qualified	0
Total	15

Job number	Directorate	Service	Job Name	Risk Rating / Priority	Final / Draft	Opinion given
P2425-43	Communities & Place	Enterprise and Community Animation	Homelessness Assessment & Prevention	High	Final	Substantial
P2425-52	Customer, Culture and Wellbeing - Mon Life	Environment & Culture	Active Travel	High	Draft	Substantial
P2425-12	Children & Young People	Achievement & Attainment	Flying Start	Medium	Final	Reasonable
P2425-16	Children & Young People	Primary Schools	Rogiet Primary	Medium	Draft	Reasonable
P2425-32	Social Care, Safeguarding & Health	Childrens Services	Youth Offending Service	Medium	Final	Reasonable
P2425-40	Communities & Place	Highways and Flooding	Car Parks	Medium	Final	Reasonable

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2024/25 – 6 MONTHS**

Job number	Directorate	Service	Job Name	Risk Rating / Priority	Final / Draft	Opinion given
P2425-60	People, Performance and Partnerships	Performance & Data Insight	Service Business Plans	Medium	Final	Reasonable
P2425-03	Resources	Finance - Revenues, Systems & Exchequer	Procurement Cards (2023/24)	Medium	Draft	Limited
P2425-20	Children & Young People	Secondary Schools	Caldicot School	Medium	Draft	Limited
P2425-29	Social Care, Safeguarding & Health	Adult Services	Mardy Park Residential	Medium	Draft	Limited
P2425-38	Communities & Place	Decarbonisation, Transport & Support Services	Facilities & Building Cleaning	Medium	Draft	Limited
P2425-57	People, Performance and Partnerships	Human Resources	Job Evaluation / Equal Pay	High	Final	Limited
U2425-01	Social Care, Safeguarding & Health	Adult Services	Bank Imprest - Severn View Residential	High	Draft	Limited
P2425-13	Children & Young People	CYP Finance & Support Services	School Improvement Grant	Medium	Final	Unqualified
P2425-42	Communities & Place	Enterprise and Community Animation	Housing Support Grant	Medium	Draft	Unqualified

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Non – opinion / Added Value Audit Work

Job number	Directorate	Service	Job Name
P2425-05	Resources	Resources General	Audit Advice
P2425-08	Law & Governance	Law & Governance General	Audit Advice
P2425-25	Children & Young People	CYP General	Audit Advice
P2425-35	Social Care, Safeguarding & Health	Social Care, Safeguarding & Health General	Audit Advice
P2425-46	Communities & Place	Communities & Place General	Audit Advice
P2425-55	Customer, Culture and Wellbeing - Mon Life	Customer, Culture and Wellbeing - Mon Life General	Audit Advice
P2425-62	People, Performance and Partnerships	People, Performance and Partnerships General	Audit Advice
P2425-68	Corporate	Corporate	Fleet Management Board
P2425-71	Corporate	Corporate General	Audit Advice

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**INTERNAL AUDIT SECTION PROGRESS REPORT
2024/25 – 6 MONTHS**

APPENDIX 2

Internal Audit Opinions

Each report contains an opinion which is an overall assessment of the control environment reviewed.

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

The table below summarises the risk ratings used during our audits:

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

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For grant claim audits:

Unqualified opinion - the terms and conditions of the grant were generally complied with;

Qualified opinion - the terms and conditions of the grant were not fully complied with; the identified breaches of terms and conditions will be reported to the grantor and internally to relevant Head of Service/Chief Officer.

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**INTERNAL AUDIT SECTION PROGRESS REPORT
2024/25 – 6 MONTHS**

APPENDIX 3

Performance Indicators

	2023/24	Q1	Q2	Q3	Q4	Target
1	Percentage of planned audits completed	15%	36%	50%	82%	80% pa
2	Average no. of days from audit closing meeting to issue of a draft report	2	4	2.5	1.8 days	15 days
3	Average no. of days from receipt of response to draft report to issue of the final report	N/A	4.2	1.6	1.4 days	10 days
4	Percentage of recommendations made that were accepted by the clients	N/A	100%	100%	100%	95%
5	Percentage of clients at least 'satisfied' by audit process	N/A	100%	100%	100%	95%

	2024/25	Q1	Q2	Q3	Q4	Target
1	Percentage of planned audits completed	10%	32%			30% in Q2 80% pa
2	Average no. of days from audit closing meeting to issue of a draft report	2.7 days	1.7 days			15 days
3	Average no. of days from receipt of response to draft report to issue of the final report	N/A*	3.3 days			10 days
4	Percentage of recommendations made that were accepted by the clients	N/A*	100%			95%
5	Percentage of clients at least 'satisfied' by audit process	N/A*	100%			95%

* These statistics are based on the conclusion of an audit review (final report stage). As at 30th June 2024, no 2024/25 audit review had been finalised.

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INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

APPENDIX 4

SUMMARY OF WEAKNESSES – PROCUREMENT CARDS (2024/25)

The memorandum details the findings of an internal audit review of the Procurement Cards, focusing on a sample of transactions from April 2022 to January 2024 to ensure adherence to key financial and administrative controls within the Procurement Card Policy.

The audit uncovered several weaknesses, including improper use of procurement cards for staff meals, unclaimed VAT, missing VAT receipts, and inadequate documentation for gift vouchers and IT equipment purchases. A small number of transactions were deemed inappropriate, including purchases for team-building events and items that should have been procured through proper channels, highlighting the need for better controls.

The audit recommended a more comprehensive approach to reviewing transactions and updating the Procurement Card policy to include the advisory process, ensuring better compliance and monitoring.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	0
SIGNIFICANT	Important risk that requires attention as soon as possible.	10
MODERATE	Risk partially mitigated but should still be addressed.	3
STRENGTH	No risk. Sound operational controls and processes confirmed.	Not examined

Ref.	SIGNIFICANT
1	Procurement Cards were being used for the purchasing of staff and volunteer meals. In some instances, purchases had exceeded the maximum amount of meal allowance set by HMRC.
2	Full Safer Recruitment checks had not been documented for 2 Freelance workers who had contact with young people.
3	VAT had not always been re-claimed on vatable purchases.
4	The Unattainable VAT Receipt Form was not fit for purpose and was not always completed when receipts / VAT receipts were not submitted.
5	The distribution and receipt of 'gift' vouchers was not recorded and unused vouchers were not always stored appropriately.
6	For cardholders on long term absence the budget holder did not always notify the Procurement Card Administration Team.

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Ref.	SIGNIFICANT
8	Procurement cards have been issued without appropriately authorised Business Case Application Forms.
9	Transactions have been made where the use of a procurement card was inappropriate and/or spend was deemed inappropriate.
10	Monthly reviews of transactions were not comprehensive enough to appropriately highlight breaches of the policy.

Ref.	MODERATE
11	Some items were coded to incorrect account codes.
12	Invoices received for purchases showed invoice and/or delivery address as being non-Monmouthshire County Council locations.
13	Justification for the purchases made via procurements cards cannot be detailed within Business World to aid the Approver in their review of the transactions.

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**INTERNAL AUDIT SECTION PROGRESS REPORT
2024/25 – 6 MONTHS**

APPENDIX 5

**SUMMARY OF WEAKNESSES – MARDY PARK RESOURCE CENTRE
(2024/25)**

The audit was conducted as part of the 2024/25 Internal Audit Plan, focusing on the financial and administrative controls at Mardy Park Resource Centre. The audit aimed to evaluate the effectiveness of the governance framework using a risk-based approach. The audit identified significant gaps, weaknesses, and areas of non-compliance, resulting in a 'Limited' assurance.

Key areas examined included:

- Security controls for buildings, cash, equipment, and other assets.
- Lettings policy for land and buildings used by third parties.
- Income collection, banking, and reporting.
- Imprest transactions and compliance with financial instructions.
- Authorization and compliance of supplies and services.
- Health and safety compliance and staff training.
- Management of residents' monies and valuables.
- Budgetary control procedures.
- Administration of Amenity Funds

Significant issues identified included:

- Inadequate security protocols and lack of CCTV.
- No community lettings policy and no charges for third-party use of land and buildings.
- Poor inventory management and inappropriate access to the safe.
- Inadequate handling of residents' monies and valuables.
- Lack of proper documentation and approval for Amenity Fund transactions.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	2
SIGNIFICANT	Important risk that requires attention as soon as possible.	18
MODERATE	Risk partially mitigated but should still be addressed.	13
STRENGTH	No risk. Sound operational controls and processes confirmed.	16

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**INTERNAL AUDIT SECTION PROGRESS REPORT
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Ref.	CRITICAL
2.01	The Authority did not have appropriate arrangements with all organisations that used the land and buildings of Mardy Park. As detailed in 2.01 a – e below.
2.01 (a)	There was no community lettings policy in place for the site.
2.01 (b)	Mardy Park did not charge third parties for using its lands or buildings.
2.01 (c)	There was no agreement in place between the Authority and 2 groups using the site.
2.01 (d)	A letting agreement was inadequate and had not been reviewed by the appropriate Council departments. The agreement had not been appropriately authorised.
2.01 (e)	Documentation was not available to confirm that the Authority had approved the installation of equipment and buildings, such as shelters, polytunnels, sheds and pond, that third parties had placed on the site.
6.02	Risk assessments were not undertaken or were out of date.

Ref.	SIGNIFICANT
1.02	Appropriate security protocols were not in place to prevent unauthorised access to land and buildings: As detailed in 1.02 a–f below.
1.02 (a)	There were various uncontrolled points of entry to the ground and to buildings.
1.02 (b)	Fire doors were identified as being left open.
1.02 (c)	The action plan from the May 2024 MCC Health & Safety visit raised issues around site access that were not yet fully addressed.
1.02 (d)	No CCTV was installed at site and the intruder alarm system was not working
1.02 (e)	There were door access code locks with infrequent or unknown updates.
1.02 (f)	Swipe cards automatically allowed access into all restricted areas of the building, were overissued and poorly tracked.
1.03	There was no inventory / asset register for the site.
1.04	Access to the safe was inappropriate.

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INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

Ref.	SIGNIFICANT
1.05	<p>The content of the safe was inappropriate.</p> <ul style="list-style-type: none"> • There was no safe content register. • Unrecorded monies belonging to third parties and members of staff was stored in the safe. • Some items belonging to service users appeared to have been stored for some time.
1.06	Money was kept in the safe in excess of the Councils insurance policy.
1.07	A Gift & Hospitality register was not held. Gifts had been accepted when not appropriate.
3.05	Café price lists were inadequate. Staff were offered discounted meal rates without appropriate approval.
3.06	<p>No daily till reconciliation was produced.</p> <p>There was no formal cash handover process between members of staff.</p> <p>A till float of £30 had not been declared to Internal Audit. The cash float was kept in a lockable fridge, overnight.</p>
3.07	The site did not have a Point of Sale (PoS) System. Sales by type were not recorded or compared to inventory / stock control records for kitchen or catering activities.
4.02	The imprest account could not be balanced to the level held on Business World.
7.03	Residents' "Record of Monies" cards were not updated regularly. A small amount of residents' money was unaccounted for.
7.04	There were no procedures on how to handle money and valuables in the event of a death of a resident, or in the case of a resident leaving the home.
9.02	Cheque signatory arrangements for the Amenity Fund were unclear.
9.03	Record keeping for the Deri Wing Amenity Fund was inappropriate, untidy and difficult to follow. There was no recent cashbook maintained to show all cheques raised and income received which had been reconciled to the bank account monthly.
9.04	Amenity Fund expenditure lacked proper evidence and approval. Some items bought were eligible for VAT relief, therefore purchasing via the Amenity Fund increased the cost.
9.05	Amenity fund income was not banked intact. Receipts were not issued for all income received.
9.06	<p>There were missing amenity fund bank statements and the balance could not be confirmed as correct during these periods.</p> <p>There was a lack of regular checks on the cash in hand balance and no bank reconciliations had been completed.</p>
9.07	The Amenity Fund was not subject to an annual audit.

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INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

Ref.	MODERATE
1.08	Technology such as video doorbells, was not in use which could help staff with identifying visitors at the foyer door during unsociable hours. An electronic visitor management system was not used by the site.
2.02	The Service Business Plans for Social Care, Health and Safeguarding has not included review of the flat facility at Lavender Garden to ensure it still met the needs that were identified in 2018.
3.08	Laundry income record keeping was untidy and did not confirm that the user's eligibility was being met.
3.09	Monmouthshire County Council receipt books were not being used.
4.03	Imprest reimbursement claims could not be agreed to the individual receipts.
4.04	An imprest cheque could be approved by a single authorised signatory. A staff member who had the debit card for the imprest account was absent from work due to long term illness and kept the card at home.
4.05	The sample included one imprest payment without a receipt and one payment with a receipt that did not match the amount recorded in the cashbook The imprest records did not clearly show who was reimbursed for spend and who authorised the spend.
5.05	Purchase orders were raised after invoice date in some cases.
5.06	For the sample tested, supplier invoices were not always paid in a timely manner.
6.03	Training records showed that for some members of staff, courses were recorded as expiring over 6 months ago.
8.03	The financial impact of some activities e.g. community cafe, Lavender Gardens, were not easily seen and accounted for within the overall budgets. It was not possible to ascertain whether the cafe and laundry service was making enough income to cover its costs.
9.08	It was not known whether the other bank accounts, besides the main one for Mardy Park Amenity Fund, were closed properly.
9.09	Cheque stubs from the Amenity Fund were not initialled confirming the details recorded on the stub were consistent with those shown on the signed cheque. Some cheque stubs lacked appropriate detail.

AUDIT COMMITTEE NOVEMBER 2024

**INTERNAL AUDIT SECTION PROGRESS REPORT
2024/25 – 6 MONTHS**

APPENDIX 6

**SUMMARY OF WEAKNESSES – FACILITIES & BUILDING CLEANING
(2024/25)**

The audit was conducted as part of the 2024/25 Internal Audit Plan, focusing on the financial and administrative controls within the Building Cleaning Service. The objective was to evaluate the effectiveness of the governance framework using a risk-based approach. The audit identified significant and moderate risks, resulting in a 'Limited' assurance rating.

Key areas examined included:

- Guidance and procedural frameworks for governance.
- Costing and management of internal and external clients.
- Staff recruitment, training, and management.
- Safeguarding of assets, hazardous chemicals, and vehicles.

Significant issues identified included:

- Lack of a proactive quality assurance framework.
- Inconsistent pricing and charges not covering service costs.
- Absence of formal agreements with various clients.
- Non-compliance with procurement rules.
- Incomplete compulsory training for staff.
- Inadequate documentation of staff inductions and timesheets.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	0
SIGNIFICANT	Important risk that requires attention as soon as possible.	18
MODERATE	Risk partially mitigated but should still be addressed.	5
STRENGTH	No risk. Sound operational controls and processes confirmed.	7

Ref.	SIGNIFICANT
1.02	No pro-active quality assurance framework was in place. Where a re-active quality review was undertaken records of the outcome were not maintained.
1.03	There was no central recording and monitoring of complaints received by the service.
1.04	The service remained heavily paper based and where standard computer packages are used there were a number of manual interventions, resulting in inefficiencies.
1.05	Risk Assessments were out of date and there was no evidence as to when the Method Statements / Standard Working Practices had last been reviewed.

AUDIT COMMITTEE NOVEMBER 2024

**INTERNAL AUDIT SECTION PROGRESS REPORT
2024/25 – 6 MONTHS**

Ref.	SIGNIFICANT
2.02	The fees and charges did not cover the cost of providing the service.
2.03	No written agreements existed between the Authority and Town Councils, the Police or internal clients.
2.04	Goods and services have not always been procured in line with Contract Procedure Rules. No written agreement could be located for a third-party contractor appointed to clean one of the Authorities public conveniences.
3.03	The service advertised for jobs outside of the corporate arrangements and were recruiting directly after receipt of a CV.
3.04	There was no evidence that all staff have completed the necessary training required by the Authority for their roles.
3.05	Department inductions were not being undertaken with new starters.
3.06	Staffing needs were not regularly reviewed and recharges updated to reflect actual service delivery.
3.07	Timesheets had not been provided by employees and the current format used did not contain all the necessary information. No mechanism existed to ascertain that employees contracted hours were being worked.
3.08	No secondary checks were undertaken one payroll batches had been input.
3.09	It was not always evidenced that Return to Work and Attendance Management Review meetings were being undertaken, as required by the Attendance Management policy.
3.10	Staff were not requested to submit Employee Disclosure Forms to declare any secondary employment.
4.04	Daily defect reports have only been compiled for 65% of days the vehicles have been used for.
4.05	Keys were not managed in a secure manner.
4.06	No inventory was maintained of stock or equipment.

Ref.	MODERATE
1.06	The Service did not have an office or procedural manual which outlines the mechanics of the services and the processes involved in service delivery.
2.05	Information in relation to 'who to bill' and in some cases the cost centre was missing from the budget spreadsheet.
2.06	The Building Cleaning Budget (D050) needed reprofiling, as the service was operating in a surplus despite contract amounts not meeting the cost of providing the services.
2.07	Schools' SLA agreements had been incorrectly re-charged.
3.11	Staff were paid for untaken holiday entitlement. This had not been approved by the Head of Service.

AUDIT COMMITTEE NOVEMBER 2024

INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

APPENDIX 7

SUMMARY OF WEAKNESSES – SEVERN VIEW IMPREST ACCOUNT (2024/25)

The audit was conducted to review the management and administration of the Imprest Account at Severn View Care Home, which had recently moved to a new site in April 2024. The audit identified several control weaknesses and resulted in a 'Limited Assurance' rating, indicating significant gaps, weaknesses, or non-compliance.

Key findings included:

- Inaccurate signatory records: The banking team's records included former officers, causing delays and increasing the risk of fraud.
- Improper control of the debit card: The card's PIN was shared, and it was used for purchases instead of just cash withdrawals.
- Excessive cash on site: The amount of cash held exceeded insurance guidelines, increasing the risk of loss.
- Operating above approved levels: The Imprest account had a surplus amount not reflected in the Authority's accounts.
- Lack of prior approval for purchases: Purchases were sometimes made using personal cards, and reimbursements were delayed.
- Inadequate receipts and documentation: Receipts were often missing or lacked necessary information for VAT reclaim.
- Inappropriate purchases: Some purchases should have been made through established suppliers or using procurement cards.
- Inaccurate cash fund reconciliation: Discrepancies were found in the reconciliation of multiple funds.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	0
SIGNIFICANT	Important risk that requires attention as soon as possible.	8
MODERATE	Risk partially mitigated but should still be addressed.	0
STRENGTH	No risk. Sound operational controls and processes confirmed.	Not examined

Ref.	SIGNIFICANT
1.	The banking team's authorised signatory records included former officers and did not align with the information provided by the establishment.
2.	The Imprest Account's debit card was not properly controlled. The PIN was shared, and there seemed to be no restrictions on online purchases.
3.	The amount of cash held on site exceeded the limits recommended by the insurance guidelines.

AUDIT COMMITTEE NOVEMBER 2024

**INTERNAL AUDIT SECTION PROGRESS REPORT
2024/25 – 6 MONTHS**

Ref.	SIGNIFICANT
4.	The Imprest account was operating above its approved level. Claims were not always timely and sometimes amounted to more than the funds approved level.
5.	Purchases did not demonstrate prior approval processes in place. Purchases were sometimes made using personal credit / debit cards and reimbursements were not always in a timely manner.
6.	Appropriate receipts / vouchers were not always retained to support the items purchased. The records sometimes lacked the necessary information to support the reclaim of VAT.
7.	Purchases made through the Imprest account were not always suitable and could have been procured using other avenues such as a purchase order, procurement card, or fuel card.
8.	The imprest cash fund could not be reconciled to the supporting cash book. Not all transactions / fund transfers appeared to be documented.

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GOVERNANCE & AUDIT COMMITTEE WORK PROGRAMME 2024-25

29TH APRIL 2024

Reports to be with Peter by – 15th April 2024
 Reports to be with Wendy Barnard/Chair prior to pre-meeting – 17th April 2024
 Pre-meeting – 19th April 2024
 Finalised reports to committee section – 19th April 2024
 Despatch by committee section – 19th April 2024

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Audit Wales Work Programme: Council Progress Update	Richard Jones		✓			
Effectiveness of Strategic Risk Management Framework	Richard Jones		✓			
Internal Audit Plan 24/25	Jan Furtek				✓	
Implementation of Internal Audit agreed recommendations	Jan Furtek				✓	
Proposed future delivery model for the Internal Audit Service	Peter Davies				✓	
Audit Wales Performance Data Review	Charlotte Owen					✓

6TH JUNE 2024

Reports to be with Peter by – 17th May 2024
 Reports to be with Wendy Barnard/Chair prior to pre-meeting – 21st May 2024
 Pre-meeting – 23rd May 2024
 Finalised reports to committee section – 28th May 2024
 Despatch by committee section – 29th May 2024

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Draft Freedom of Information (FOI) & Data Protection Act (DPA) Breaches & Date Subject Access Request (DSARs)	Sian Hayward		✓			
CPR Exemptions - 6 monthly update to 31st March 2024	Jan Furtek				✓	
Internal Audit Annual Report 2023/24	Jan Furtek				✓	
2023/4 Treasury Outturn report	Jonathan Davies	✓				
Draft Financial Strategy	Jon Davies/Peter Davies	✓				
People Strategy	Matt Gatehouse		✓			

Annual Audit Plan 24-25	Audit Wales					✓
Audit Wales Capital Programme Management Review	Audit Wales					✓
Audit Wales MCC Annual Audit Summary 2023	Audit Wales					✓
Audit Wales Work Programme and Timetable quarterly update - March 2024	Audit Wales					✓

10TH JULY 2024

Reports to be with Peter by – 21st June 2024
Reports to be with Wendy Barnard/Chair prior to pre-meeting – 25th June 2024
Pre-meeting – 27th June 2024
Finalised reports to committee section – 1st July 2024
Despatch by committee section – 2nd July 2024

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Financial Strategy	Jon Davies/Peter Davies	✓				
Draft Annual Governance Statement 2023/24	Jan Furtek				✓	
Internal Audit Plan and Annual Report for Shared Resource Service (SRS)	TCBC IA Team				✓	
Governance & Audit Committee Annual report 2023/4	Chair – Andrew Blackmore		✓			
Audit Wales Digital Review	Charlotte Owen					✓

31st July 2024

Reports to be with Peter by – 9th July 2024
Reports to be with Wendy Barnard/Chair prior to pre-meeting – 11th July 2024
Pre-meeting – 15th July 2024
Finalised reports to committee section – 22nd July 2024
Despatch by committee section – 23rd July 2024

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
2024/5 Q1 - Treasury report	Jon Davies	✓				
2023/4 Draft WCF/Mon Farm Statement of Accounts	Jon Davies	✓				
2023/24 MCC Draft Statement of Accounts	Jon Davies	✓				

5TH SEPTEMBER 2024

Reports to be with Peter by – 2nd August 2024
 Reports to be with Wendy Barnard/Chair prior to pre-meeting – 6th August 2024
 Pre-meeting – 8th August 2024
 Finalised reports to committee section – 27th August 2024
 Despatch by committee section – 28th August 2024

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Initial assessment of corporate risk control arrangements	Richard Jones		✓			
Internal Audit Quarterly progress report (Q1)	Jan Furtek				✓	
Draft Self Assessment Report	Richard Jones		✓			

17TH OCTOBER 2024

Reports to be with Peter by – 1st October 2024
 Reports to be with Wendy Barnard/Chair prior to pre-meeting – 3rd October 2024
 Pre-meeting – 7th October 2024
 Finalised reports to committee section – 8th October 2024
 Despatch by committee section – 9th October 2024

Report Title	Report Author	Terms of reference category				
		Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Audit Wales Work Programme: Council Progress update	Richard Jones		✓			
Audit Grants report	Audit Wales - Rachel Freitag					✓
Audit Wales Financial Sustainability Review	Audit Wales					✓
Annual Audit Plan 22-23 Welsh Church Funds	Rachel Freitag					✓

28TH NOVEMBER 2024

Reports to be with Peter by – 12th November 2024
 Reports to be with Wendy Barnard/Chair prior to pre-meeting – 14th November 24
 Pre-meeting – 18th November 2024
 Finalised reports to committee section – 19th November 2024
 Despatch by committee section – 20th November 2024

		Terms of reference category				
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Report Title	Report Author	Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
24/25 Q2 Treasury report	Jon Davies	✓				
2023/24 MCC Statement of Accounts Final	Jon Davies	✓				
ISA260 response to accounts	Rachel Freitag/Jon Davies					✓
Effectiveness of Strategic Risk Management Framework and summary of wider arrangements	Richard Jones		✓			
CPR Exemptions - 6 monthly update to 30th September 2024	Jan Furtek				✓	
Whole Authority annual complaints report	Annette Evans			✓		
Internal Audit quarterly progress report (Q2)	Jan Furtek				✓	
The Ombudsmans's Annual Letter - 2022/23	Annette Evans			✓		

16TH JANUARY 2025

Reports to be with Peter by – 20th December 2024
Reports to be with Wendy Barnard/Chair prior to pre-meeting – 2nd January 2025
Pre-meeting – 6th January 2025
Finalised reports to committee section – 7th January 2025
Despatch by committee section – 8th January 2025

Terms of reference category						
Report Title	Report Author	Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
2023/4 WCF/Mon Farm Statement of Accounts Final	Jon Davies	✓				
ISA260 for trust funds	Rachel Freitag/Jon Davies					✓
Anti Fraud, Bribery & Corruption Risk Assessment	Jan Furtek					✓

20TH FEBRUARY 2025

Reports to be with Peter by –
Reports to be with Wendy Barnard/Chair prior to pre-meeting –
Pre-meeting – 10th February 2024
Finalised reports to committee section –
Despatch by committee section –

Terms of reference category						

Report Title	Report Author	Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
2024/25 Q3 Treasury report	Jon Davies	✓				
Statement on the robustness of the budget process and the adequacy of reserves	Peter Davies	✓				
2025/26 Capital Strategy and Treasury Strategy	Jon Davies	✓				
Cyber Security	Sian Hayward		✓			
Self Assessment of Performance Management arrangements	Richard Jones		✓			
MCC Fraud, Corruption & Bribery Risk Assessment and NFI Self Assessment	Peter Davies					
Internal Audit Quarterly Progress report (Q3)	Jan Furtek					✓

13TH MARCH 2025

Reports to be with Peter by –
 Reports to be with Wendy Barnard/Chair prior to pre-meeting –
 Pre-meeting –
 Finalised reports to committee section –
 Despatch by committee section –

Terms of reference category						
Report Title	Report Author	Financial Affairs	Risk, Internal Control, Performance & Corporate Governance	Complaints	Internal Audit	External Audit
Draft Internal Audit Plan 2025/26	Jan Furtek				✓	

TO BE PUT ON A FUTURE MEETING AGENDA BUT DATES NOT YET CONFIRMED
 Presentation on Global Internal Audit Standards/Update of Public Sector Internal Audit Standards
 Review of MCC Internal Audit Charter

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Public Document Pack Agenda Item 14

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 17th October, 2024 at 2.00 pm

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

Lay Members: C. Prosser, M. Veale, R. Guest,

County Councillor: Sara Burch, John Crook, David Jones and Peter Strong

OFFICERS IN ATTENDANCE:

Peter Davies	Acting Chief Executive
Jan Furtek	Acting Chief Internal Auditor
Wendy Barnard	Democratic Services Officer
Charlotte Owen	Audit Wales Officer
Richard Jones	Performance and Data Insight Manager
Jonathan Davies	Head of Finance
Rachel Freitag	Audit Wales Officer
Hannah Carter	Performance Analyst

APOLOGIES:

County Councillors Malcolm Lane, Phil Murphy and Ann Webb

1. Declarations of Interest

No declarations of interest were made.

2. Public Open Forum

No members of the public were present.

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

No action points were outstanding.

4. Audit Wales Grants Report

The Audit Wales Officer presented the Audit Wales Grants Report. Members were invited to make comments and ask questions.

https://www.youtube.com/live/lHNIJuQL_v8?si=SXD3W3EtvJGaYKbF&t=67

The report was noted.

5. Audit Wales Financial Sustainability

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 17th October, 2024 at 2.00 pm

The Audit Wales Officer presented the Financial Sustainability Report. The Head of Finance/Section 151 Officer presented the Council's Response to the paper.

https://www.youtube.com/live/IHNIJuQL_v8?si=0y4fQhOfxDGZR-XA&t=618

The report was noted.

6. Annual Audit Plan 22.23 Welsh Church Funds

The Audit Wales Officer presented the Annual Audit Plan 2023/24.

https://www.youtube.com/live/IHNIJuQL_v8?si=lyNg_rc8s1ySMitP&t=1360

The report was noted.

7. Audit Wales Work Programme: Council Progress Update

The Performance Analyst presented the Audit Wales Work Programme Council Progress Update Report. Committee Members were invited to ask questions:

https://www.youtube.com/live/IHNIJuQL_v8?si=Jq_U3t7HynHJf_I_&t=1431

As per the report recommendations, Committee Members

1. scrutinised the council's response to the Audit Wales work programme, and sought assurance that adequate progress is being made.
2. considered referring any issues contained within Audit Wales national studies to other committees for consideration where they identified there are findings of particular relevance to the council that need further scrutiny. In doing so, it was resolved to request that the relevant scrutiny committee reviews the success of Active Travel schemes and the expectations and aspirations of local residents.

The report was noted.

8. Presentation on the new Global Internal Audit Standards and the Code of Practice for the Governance of Internal Audit in UK Local Government

The Governance and Audit Committee received a presentation from the Interim Chief Internal Auditor on the new Global Internal Audit Standards and the Code of Practice for the Governance of Internal Audit in UK Local Government. Committee Members were given the opportunity to ask questions:

https://www.youtube.com/live/IHNIJuQL_v8?si=Vbh6H-XA9_K0Nocx&t=3170

The Interim Chief Internal Auditor was thanked for the presentation.

9. Governance and Audit Committee Forward Work Plan

The Governance and Audit Committee Forward Work Plan was noted.

https://www.youtube.com/live/IHNIJuQL_v8?si=w1KySnxTv6cEe3_n&t=4509

10. To approve the minutes of the previous meeting

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Governance and Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 17th October, 2024 at 2.00 pm**

The minutes of the previous meeting held on 5th September 2024 were approved as an accurate record.

https://www.youtube.com/live/IHNIJuQL_v8?si=C4HWSdl4MNR3J0WP&t=4523

11. **Date of Next Meeting: 28th November 2024 at 2.00pm**

Meeting ended at 3.17 pm

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