

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

## 1. PURPOSE

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

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

**Opinion: Limited Assurance**

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

*Action for Service Area Management:*

*Please provide:*

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

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10 were found to have not been implemented, six were fully implemented, three were partially implemented and one was no longer applicable.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

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

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

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

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

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

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

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

## **2. AUTHOR AND CONTACT DETAILS**

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Previously agreed Action Plan

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

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				<p><i>and all new wedding and event paperwork on a monthly basis to ensure processes are being adhered to. This process will be incorporated into the monthly management meetings at each site.</i></p>			
2	4	<p>Prices charged were not consistent with brochure pricing.</p> <p><b><i>Risk - Potential that income may not be maximised, or that customers may not be treated fairly or transparently. Reputational risk.</i></b></p>	<p>Of a sample of 7 weddings and parties (5 of which had already taken place and 2 of which were upcoming), 2 prices had not been charged consistently with the brochure prices.</p> <p>This worked out to be a loss of £680 to the Castle based on expected prices. These were charged at 47% and 33% less than the approved published prices.</p> <p>Overall, the number of wedding bookings remained low, meaning that potential income</p>	<p>The charges for all weddings booked should be consistent and applied in line with the agreed pricing structure.</p> <p>The Visitor Attractions Group Manager should randomly review records to ensure that pricing guidance has been adhered to and that appropriate information has been recorded.</p> <p>In the event of deviation from the agreed pricing guide, the cost centre budget holder should approve this decision and this should be documented.</p> <p><b><i>Management Response:</i></b></p> <p><b><i>A rolling three year price schedule for weddings has already been finalised for the</i></b></p>	<p>Visitor Attractions Group Manager / MonLife Engagement and Workforce Development Manager</p>	<p>29<sup>th</sup> February 2020</p>	<p>3 year pricing schedule has been established and used across all attractions sites for consistency and accurate pricing/quotes for enquires. Any reductions in pricing is referred to a senior member of staff within MonLife for considerations to be made and the outcome documented.</p>

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			<p>levels were not maximised.</p>	<p><i>next three years commencing in the financial year 2020/21.</i></p> <p><i>A procedure for approving any deviation from these published and agreed rates is now in place which is decided upon by the Group Manager and/or a member of the senior management in MonLife.</i></p> <p><i>Any discounted pricing is dealt with on a case by case basis and only offered if there is a strong justifiably need to do so. This process is documented in staff handbook under FAQ's.</i></p>			

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3	5	<p>Lack of consistency in booking processes and documentation.</p> <p>Hire agreements were not in place for wedding and party bookings.</p> <p><b>Risk - Both parties may be unaware of terms and conditions. Parties have not signed to agree to their responsibilities.</b></p>	<p>The Site Co-ordinator Caldicot Castle &amp; Country Park confirmed that a booking request form was now used to request hire. This is completed by the external hirer.</p> <p>After the request form was received, a confirmation letter was issued from the Castle which included all details of the booking. This letter is signed by the Site Co-ordinator and the hirer is asked to countersign and return. Terms and Conditions were included in this document. This was based upon an existing Leisure document and whilst the Attractions Manager did not like the appearance of the document, content was appropriate for the Castle's purposes. However, discussions with the Weddings,</p>	<p>Hire agreements should be reviewed and updated, with a single form agreed and used consistently for all future bookings.</p> <p>The Site Co-ordinator Caldicot Castle &amp; Country Park should consider consulting other areas within the Authority, which utilise hire agreements such as schools and Leisure for templates etc.</p> <p>The hirer should be required to sign to agree with terms of hire on behalf of the Authority.</p> <p><b>Management Response:</b> <b>With MonLife now going live, we have standard hire agreements and booking procedures in place across the service.</b></p> <p><b>All booking forms are confirmed in the follow-up confirmation letter with our terms and conditions which hirers must sign and return to confirm the booking.</b></p>	<p>Visitor Attractions Group Manager / Site Co-ordinator (Caldicot Castle)</p>	<p>29<sup>th</sup> February 2020</p>	<p>Standardised booking and hire agreement forms are in place across all MonLife services. Staff are aware of the correct procedures and the forms to use. Customers are sent the hire agreement along with the T&amp;C to sign and return. When circumstances or additional items are added on to a booking then a new booking form and hire agreement are sent out including the new additions for agreement and signature of the client.</p>

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			<p>Conference and Activities Co-ordinator showed that she was not using this process and had developed a separate form. In addition, she had also been on occasions using the previous form identified during the last audit review (which did not include appropriate hire agreements or T&amp;Cs). As a result, there was no consistency in the documentation used.</p>				

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

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

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			<p>compliance – the Weddings, Conference and Activities Coordinator informed IA that sometimes clients call her to process payment. If she was not in the office, she would record the card details down on a piece of paper and then telephone a colleague at the Castle with the details to process the payment. This was not compliant with the PCI DSS regulations and should not be done in any circumstances.</p>	<p><b><i>Furthermore, we will be undertaking additional GDPR training which will assist in this process and develop staff knowledge accordingly and ensure all payments are taken in accordance with PCIDSS.</i></b></p>			