

COPY

## Accounting statements 2020-21 for:

Name of body: MARCHWIEL COMMUNITY COUNCIL

	Year ending		Notes and guidance for compilers				
	31 March 2020 (£)	31 March 2021 (£)					
<b>Statement of income and expenditure/receipts and payments</b>							
1. Balances brought forward	49,670	55,789	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.				
2. (+) Income from local taxation/levy	32,000	32,560	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.				
3. (+) Total other receipts	8,141	15,372	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.				
4. (-) Staff costs	7,178	15,603	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg. termination costs.				
5. (-) Loan interest/capital repayments	/	/	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).				
6. (-) Total other payments	26,844	40,349	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).				
7. (=) Balances carried forward	55,789	47,769	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).				
<b>Statement of balances</b>							
8. (+) Debtors	/	/	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body at the year-end.				
9. (+) Total cash and investments	55,789	47,769	<b>All accounts:</b> The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.				
10. (-) Creditors	/	/	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.				
11. (=) Balances carried forward	55,789	47,769	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).				
12. Total fixed assets and long-term assets	19,672	30,894	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.				
13. Total borrowing	/	/	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).				
14. Trust funds disclosure note	Yes	No	N/A	Yes	No	N/A	The body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).

## Annual Governance Statement

We acknowledge as the members of the Council/Board/Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2021, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref	
	Yes	No*			
1. We have put in place arrangements for: <ul style="list-style-type: none"> <li>effective financial management during the year; and</li> <li>the preparation and approval of the accounting statements.</li> </ul>	✓		Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12	
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness. <i>MCC are currently reviewing its policy.</i>	✓		Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7	
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Council/Board/Committee to conduct its business or on its finances.	✓		Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6	
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	✓		Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23	
5. We have carried out an assessment of the risks facing the Council/Board/Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9	
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	✓		Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8	
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Council/Board/Committee and, where appropriate, have included them on the accounting statements.	✓		Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6	
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	✓		Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23	
9. Trust funds – in our capacity as trustee, we have: <ul style="list-style-type: none"> <li>discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit.</li> </ul>	Yes	No	N/A	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.	3, 6
			✓		

\* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

## Additional disclosure notes\*

The following information is provided to assist the reader to understand the accounting statement and/or the Annual Governance Statement

### 1. Expenditure under S137 Local Government Act 1972 and S2 Local Government Act 2000

Section 137(1) of the 1972 Act permits the Council to spend on activities for which it has no other specific powers if the Council considers that the expenditure is in the interests of, and will bring direct benefit to, the area or any part of it, or all or some of its inhabitants, providing that the benefit is commensurate with the expenditure. Section 137(3) also permits the Council to incur expenditure for certain charitable and other purposes. The maximum expenditure that can be incurred under both section 137(1) and (3) for the financial year 2020-21 was £8.32 per elector.

In 2020-21, the Council made payments totalling £ 3,152 under section 137. These payments are included within 'Other payments' in the Accounting Statement.

2.

3.

\* Include here any additional disclosures the Council considers necessary to aid the reader's understanding of the accounting statement and/or the annual governance statement.

## Council/Committee approval and certification

The Council/Committee is responsible for the preparation of the accounting statements and the annual governance statement in accordance with the requirements of the Public Audit (Wales) Act 2004 (the Act) and the Accounts and Audit (Wales) Regulations 2014.

### Certification by the RFO

I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Council/Board/Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2021.

RFO signature:

Name: VICTORIA JONES

Date: 28<sup>th</sup> JUNE 2021

### Approval by the Council/Board/Committee

I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:

Minute ref:

Chair signature: (VICE) SHARON LLOYD

Name: SHARON LLOYD

Date: 28<sup>th</sup> June 2021

## Auditor General's report and audit opinion

I certify that I have completed the audit of the Annual Return for the year ended 31 March 2021 of **Marchwiell Community Council**. My audit has been conducted on behalf of the Auditor General for Wales and in accordance with the requirements of the Public Audit (Wales) Act 2004 (the 2004 Act) and guidance issued by the Auditor General for Wales.

### **Audit opinion: Qualified**

Except for the matters reported below in my Basis for Qualification, on the basis of my audit, in my opinion no matters have come to my attention to give cause for concern that, in any material respect, the information reported in this Annual Return:

- has not been prepared in accordance with proper practices;
- that relevant legislative and regulatory requirements have not been met;
- is not consistent with the Council's governance arrangements; and
- that the Council does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

### **Basis of Qualification**

#### **Accounting Statement**

I am unable to conclude whether or not the Accounting Statement properly/fairly presents the Council's receipts and payments/income and expenditure and financial position:

- The Council has not maintained proper accounting records as required by the Accounts and Audit (Wales) Regulations 2014.
- The Council drew down a loan for £9866.80 (SALIX). This loan is not reflected in the borrowing disclosed in line 13 of the Accounting Statement.
- The Council did not have an up to date asset register.

#### **Annual Governance Statement**

In my opinion, the Annual Governance Statement is not consistent with the Council's internal controls and governance arrangements for the year:

- Assertion 1: The Council did not approve the accounts in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.
- Assertion 2: The Council confirms that it has maintained an adequate system of internal control. An important source of evidence over the adequacy of the system of internal control is provided by the Internal Auditor. However, the Council approved the accounts prior to receiving the Internal Auditors report.
- Assertion 2: The Council confirms that it has maintained an adequate system of internal control. However, the Council has been unable to demonstrate that the Council has

approved all payments in line with its financial regulations and arrangements for making payments. Our audit identified instances where payments had cleared the bank prior to being referenced to in meetings. In addition, it is unclear as to what information is presented to members for approval.

- Assertion 3. The Council states it has complied with relevant laws. My audit identified that the Council did not seek Welsh Ministers' borrowing approval before taking out a loan during the financial year.

### **Arrangements to secure economy, efficiency and effectiveness in use of resources**

I am unable to conclude whether or not the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources

- The Council has been unable to demonstrate how it has secured value for money regarding its contract for the maintenance of burial grounds.

### **Other matters and recommendations**

I draw the Council's attention to the following matters and recommendations which do not affect my audit opinion but should be addressed by the Council.

#### **Potentially unlawful payment**

We note that a £100 cheque was made to the outgoing Chair as a retirement gift. No further information was given to us as part of this audit, and we draw your attention on confirming the legality of this payment. We recommend that the Council ensures it understands and can evidence under which power or duty it relies upon to make payments.

#### **Significant debts in relation to unmetered energy**


The Council has failed to pay its balance with its energy supplier for the energy usage of 69 Footway lights on a consistent basis due to ongoing disputes with the energy supplier. By the end of March 2022, the Council had a debt of £2337.76 which has since escalated to of £19,273.71 in April 2024. The Council is currently disputing £12,273 of this debt due to the bills being prepared on the annual estimated consumption being based on an old consumption certificate which did not take into account the Council's upgraded LED footway lights.

#### **Transparency**

The Council should ensure that meeting minutes, supporting papers and decisions are published. The Council should ensure that they also publish the register of Members' interests on the Council's website. The Council should ensure that they publish full copies of its prior year annual return including the accounting statement, AGS and the audit opinion.

We recommend that the Council publishes all relevant information relating to Council business on its website in the interest of being open and transparent.

There are no further matters I wish to draw to the Council’s attention.

 <b>Richard Harries, Director, Audit Wales</b> <b>For and on behalf of the Auditor General for Wales</b>	<b>Date: 07/06/2024</b>
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## Annual internal audit report to:

Name of body:

MARCHWIEL COMMUNITY COUNCIL

The Council/Board/Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2021.

The internal audit has been carried out in accordance with the Council/Board/Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council/Board/Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	✓				
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	✓*				* EXCEPT FOR ISSUE 3 IN INTERNAL AUDIT REPORT
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓				
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	✓*				* SUBJECT TO ISSUE 5 IN INTERNAL AUDIT REPORT
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	✓				
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.			✓		NO PETTY CASH.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	✓				
8. Asset and investment registers were complete, accurate, and properly maintained.	✓*				* SUBJECT TO ISSUE 6 IN INTERNAL AUDIT REPORT

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	✓				
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	✓				
11. Trust funds (including charitable trusts). The Council/Board/Committee has met its responsibilities as a trustee.			✓		

For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12.					
13.					
14.					

\* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\* If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

[My detailed findings and recommendations which I draw to the attention of the Council/Board/Committee are included in my detailed report to the Council/Board/Committee dated 11/08/2021.] \* Delete if no report prepared.

### Internal audit confirmation

I/we confirm that as the Council's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2019-20 and 2020-21. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit:	JDH BUSINESS SERVICES LTD
Signature of person who carried out the internal audit:	JDH Business Services Ltd
Date:	11/08/2021