

# Community and Town Councils in Wales

## Annual Return for the Year Ended 31 March 2023

### Accounting statements 2022-23 for:

Name of body: Graig Community Council

	Year ending		Notes and guidance for compilers
	31 March 2022 (£)	31 March 2023 (£)	
<b>Statement of income and expenditure/receipts and payments</b>			
1. Balances brought forward	68656 RESTATED	73121	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	78514	65294	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	10529 RESTATED	20760	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	39540 RESTATED	33224	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, taxable allowances, PAYE and NI (employees and employers), pension contributions and termination costs. Exclude reimbursement of out-of-pocket expenses.
5. (-) Loan interest/capital repayments	10281	10040	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	34757 RESTATED	52048	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	73121 RESTATED	63863	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	0	0	<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	73121 RESTATED	63863	<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	0	0	<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	73121 RESTATED	63863	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	1099122	1099122	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	102000	96000	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

## 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 2023, that:

	Agreed?			'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*	N/A		
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>	<input checked="" type="radio"/>	<input type="radio"/>		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.	<input type="radio"/>	<input checked="" type="radio"/>		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.	<input type="radio"/>	<input checked="" type="radio"/>		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.	<input type="radio"/>	<input checked="" type="radio"/>		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.	<input type="radio"/>	<input checked="" type="radio"/>		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.	<input checked="" type="radio"/>	<input type="radio"/>		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.	<input checked="" type="radio"/>	<input type="radio"/>		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.	<input type="radio"/>	<input checked="" type="radio"/>		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 – The body acts as sole trustee for and is responsible for managing trust fund(s)/assets. We exclude transactions related to these trusts from the Accounting Statement. In our capacity as trustee, we have discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	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 2022-23 was £8.82 per elector.

In 2022-23, the Council made payments totalling £0.00 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 statements and/or the annual governance statement.

## Council/Board/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 present fairly the financial position of the Council/Board/Committee, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2023.

RFO signature: CLCotterell (Locum RFO)

Name: Clare Cotterell

Date: 20.02.2024

### 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: 11b & c, 24.04.2024

Chair of meeting signature:



Name: David Williams

Date: 24.04.2024

## 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 2023 of **Graig 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. I am unable to conclude whether or not the Accounting Statement is a complete and accurate record of the Council's receipts and payments/income and expenditure.
- The Council has not reviewed its fixed asset register, the valuation basis for the reported figure remains unchanged.

#### **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: effective financial management. The Council has not completed any VAT returns. We recommend that the Council complete VAT returns.
- Assertion 1: effective financial management. The Council did not have appropriate arrangements in place to manage its income streams to ensure prompt payment of debts due.
- Assertion 1: preparation and approval of accounting statements. The Council did not maintain adequate accounting records as required by the Accounts and Audit (Wales)

Regulations 2014. I am unable to conclude whether or not the Accounting Statement is a complete and accurate record of the Council's receipts and payments/income and expenditure.

- Assertion 2: adequate internal control. The Council had made payments that circumvented its arrangements for making payments. The Council made payments prior to obtaining approval.
- Assertion 3: Compliance with relevant laws and regulations. The Council has not published information it is required to publish electronically by the Local Government (Democracy) (Wales) Act 2013. The Council has not published a register of members' interests for all members and has not published papers that have been circulated to members in advance of meetings.
- Assertion 3: Compliance with relevant laws and regulations. The Council has not provided evidence that a budget has been set and approved in accordance with the Local Government Finance Act 1992 and that the precept has been set in line with the budget. We recommend that the Council sets a budget in accordance with the relevant regulations and codes of practice.
- Assertion 3: Compliance with relevant laws and regulations. The Council did not obtain written notification that members did not wish to claim allowances for 2022-23.
- Assertion 3: The Council did not operate PAYE as it is required to do under the Income Tax (Earnings and Pensions) Act 2003 for payments made to members. Failure to operate PAYE exposes the Council to the risk of fines and/or penalty charges being imposed by HM Revenue and Customs.
- Assertion 5: The Council has failed to provide information regarding its insurance policy and therefore we are unable to conclude whether their external insurance arrangements are adequate.

### **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 as the Council has not maintained proper accounting records.

### **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.

### **Negative assertions**

The Annual Governance Statement sets out the expected minimum standards for local councils. We draw your attention to the Annual Governance Statement whereby the Council has stated a negative response to multiple assertions. We recommend that the Council makes the necessary improvements to its arrangements to address the deficiencies it has

identified, when the Council has stated a negative to response within the Annual Governance Statement the Council must make appropriate disclosures within the annual return as to why it has made the negative assertions.

**Cancelled Cheques**

The Council has not made the necessary adjustments to the total other payments or staff costs line regarding a cheque with a value of £300 that was never presented and therefore should be cancelled.

**Minor error in accounting statement**

There is a minor rounding error in the Accounting Statement. We recommend that the Council checks the arithmetic and consistency of the Accounting Statement prior to approval.

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: 18/09/2023</b>
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## Annual internal audit report to:

Name of body: Graig 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 2023.

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.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
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.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
8. Asset and investment registers were complete, accurate, and properly maintained.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text

	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.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
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.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
11. Trust funds (including charitable trusts). The Council/Board/Committee has met its responsibilities as a trustee.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text

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. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text
14. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Insert text

\* 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 are included in my detailed report to the Council dated 15<sup>th</sup> April 2024] \*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 2021-22 and 2022-23. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Vivian Lyn Llewellyn

Signature of person who carried out the internal audit: *V. L. Llewellyn*

Date: 15<sup>th</sup> April 2024