

## Graig Community Council – Annual Return Report 2022-23 - Action Plan for Qualified Audit

<b>Basis for Qualification – Accounting Statement</b>	<b>Action/Comments</b>
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.	Arrangements are now in place to maintain proper accounting records.
The Council has not reviewed its fixed asset register, the valuation basis for the reported figure remains unchanged.	Physical review to be carried out of the fixed asset register and to be completed as soon as possible.
<b>Basis for Qualification – Annual Governance Statement</b>	<b>Action/Comments</b>
Assertion 1: effective financial management. The Council has not completed any VAT returns. We recommend that the Council complete VAT returns.	VAT Reclaims have been submitted for 21-22 and 23-24 – Collating of invoices is progressing for the year 22-23 for submission of a VAT Reclaim.
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.	Budget and precept planning is now in place to secure income streams going forward.
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.	Arrangements are now in place to maintain proper accounting records.
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.	Internal control procedures have been adopted during 22-23 and Council approves a payment schedule at a meeting prior to payment.
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.	Members' Register of Interests to be published and meeting support papers to be published with agenda.
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.	Budget planning and precept approval processes now in place.
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.	Written notification to be provided to the Clerk if members' do not wish to claim allowances.

<p>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.</p>	<p>Guidance received from the Independent Remuneration Panel for Wales - <i>The payment of £156 falls within the HMRC definition of "homeworking" arrangements and therefore will be exempt from PAYE. Members should therefore confirm that they regularly work from home in their capacity as a Member of the Council and are not already claiming a tax allowance for home working expenses against another source of income. The IRPW has prepared a template letter to assist with this. If a member is already receiving £6 per week for a home working allowance or are claiming this amount against their taxable earnings from another source, then the £156 may still be paid but will be subject to taxation and will need to be processed through PAYE - A letter was sent to Cllrs to confirm.</i></p> <p>The Council do not currently operate PAYE for staff salary as the Locum Clerk is contracted via an agency. Recommend the Council consider outsourcing payroll when new permanent Clerk is recruited.</p>
<p>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.</p>	<p>A renewal confirmation letter for insurance was provided to the auditors but a policy schedule was requested but not found.</p>
<p><b>Other matters and recommendations</b> 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.</p>	
<p><b>Negative assertions</b> 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.</p>	<p>An explanation document for negative responses, agreed by Council at the meeting when the Annual Return was approved, was submitted with the Annual Return.</p>
<p><b>Cancelled Cheques</b> 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.</p> <p><b>Minor error in accounting statement</b> 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.</p>	<p>£300.00 cheque has been written off by resolution of the Council.</p> <p>There was a rounding error of £1.</p>