

Archwilydd Cyffredinol Cymru Auditor General for Wales

24 Heol y Gadeirlan / Cathedral Road
Caerdydd / Cardiff CF11 9LJ
Ffôn / Tel: 029 20 320500
info@audit.wales / post@archwillo.cymru
www.audit.wales / www.archwillo.cymru

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Pages	1 of 2

Manorbier Community Council - Auditor General for Wales' Audit Certificate and report

The Auditor General for Wales issued Manorbier Community Council a qualified audit report. Details of the matters which have led to the qualification are detailed below:

Risk Assessment

Regulation 5 of the Accounts and Audit (Wales) Regulations 2014 requires local government bodies to ensure that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

Our audit identified that the Council has not undertaken a risk assessment. Therefore the Council has failed to make arrangements for the management of risk.

A risk assessment should be performed at least annually and as a minimum, members should: -

- take steps to identify the key risks facing the Community Council
- evaluate potential consequences to the Council if an event identified as a risk takes place; and
- decide upon appropriate measures to avoid, reduce or control the risk or its consequences. This might involve insurance or the implementation of internal controls.

More guidance on risk management can be found in the One Voice Wales / SLCC publication "Governance and Accountability for Local Councils in Wales – A Practitioners Guide".

Additionally, during our review we identified some other matters that we wish to draw to the Council's attention which do not affect our audit opinion but should be addressed by the Council.

Accounting Statement, Box 9 - Total cash and investments

The figure entered in Box 9, on the Accounting Statement, total borrowings is overstated by £40. The correct figure should be £25,524.

In future, the Council should ensure that figures are correctly stated on the Accounting Statement.

The Council should restate the 2017 figures on next year's Annual Return and write "restated" beneath the £ sign on the 2017 column.

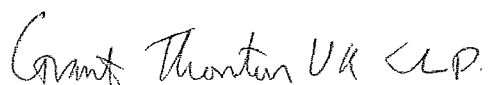
Timing of internal audit

The Council approved the Accounting Statement on the Annual Return on 05 June 2017, and has responded "Yes" to assertion 6, confirming that the Council has maintained throughout the year an adequate and effective system of internal audit of the Council's accounting records and control systems.

The Internal Auditor Report on the annual Return was completed by the Internal Auditor on 17 June 2017, 12 days after the Council gave a positive response to assertion 6 on Annual Governance Statement on the Annual Return.

If the Council gives a positive response to assertion 6 before the independent Internal Auditor has completed their report on the Internal Auditor Report, the Council must be able to explain on what basis it was appropriate to give a positive response to the assertion that it has maintained throughout the year an adequate and effective system of internal audit of the Council's accounting records and control systems.

Yours sincerely,



For and on behalf of the Auditor General for Wales

Annual Governance Statement (Part 2)

	Agreed?		YES means that the Council/Board/Committee	PG Ref
	Yes	No		
1. We have registered as an employer with HM Revenue and Customs and properly operate Pay As You Earn as part of our payroll arrangements, or We do not need to register for PAYE because none of our employees are paid £112 or more a week, get expenses and benefits, have another job or get a pension.	Y		Has registered as an employer and properly operates PAYE unless all of the exemption criteria are met.	13
2. We have maintained proper payroll records for each of our employees including deductions of tax and national insurance.	Y		Has kept records of payments made to employees including taxable expenses or benefits and of payments made to HMRC.	13
3. We have adopted a Code of Conduct setting out proper standards of behaviour expected of councillors and individually, have agreed to abide by the code.	Y		The body and its members have adopted and agreed to abide by a Code of Conduct as required by law.	8

* Please delete as appropriate.

Council/Board/Committee approval and certification

The Council/Board/Committee is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of the Annual Governance Statement.

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 2017. RFO signature: <i>M Morris</i> Name: IAN PAUL MORRIS Date: 05/06/2017	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: 92/17 - 5/6/17 Chair signature: <i>S R Hughes</i> Name: SOHAN PAVANIA HUGHES Date: 05/06/2017
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Council/Board/Committee re-approval and re-certification (only required if the annual return has been amended at audit)

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 2017. RFO signature: Name: Date:	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: Chair signature: Name: Date:
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Auditor General for Wales' Audit Certificate and report

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2017 of:

MANORBIER COMMUNITY COUNCIL

External auditor's report

[Except for the matters reported below] On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

Risk Assessment

Regulation 5 of the Accounts and Audit (Wales) Regulations 2014 requires local government bodies to ensure that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

Our audit identified that the Council has not undertaken a risk assessment. Therefore, the Council has failed to make arrangements for the management of risk.

[These matters along with] Other matters not affecting our opinion which we draw to the attention of the body and our recommendations for improvement are included in our report to the body dated 21 August 2017

Other matters and recommendations

On the basis of our review, we draw the body's attention to the following matters and recommendations which do not affect our audit opinion but should be addressed by the body.

See attached

(Continue on a separate sheet if required.)

External auditor's name: **Grant Thornton UK LLP**

External auditor's signature: *Grant Thornton UK LLP*

Date: *21/8/17*

For and on behalf of the Auditor General for Wales

* Delete as appropriate.

Annual internal audit report to:

Name of body: NANORBIER 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 2017.

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	
1. Appropriate books of account have been properly kept throughout the year.	Y			Checked all invoices received to date. All invoices are properly recorded in the books of account.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	Y			Sample of invoices checked to payment records. All invoices are supported by invoices. Expenditure was approved and VAT was appropriately accounted for.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	N			The risk register has not been reviewed and no risk register has been established. This will be reviewed in the next financial year.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriated.	Y			Books calculated based on previous year's precept. Reviewed a copy of the precept.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	Y			Precept received. Other income received to date. VAT accounted for.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.			N/A	no petty cash held
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	Y			Salary approved minutes seen. All payments made in accordance with minuted approvals. PAYE and NI requirements were properly applied.
8. Asset and investment registers were complete, accurate, and properly maintained.	Y			Asset register seen. All assets recorded. Investment register seen. All investments recorded.

	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	
9. Periodic and year-end bank account reconciliations were properly carried out.	Y			Bank reconciliations carried out. All reconciliations agreed.
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.	Y			Receipts and payments book used. Financial statements prepared. All reconciliations agreed. All entries supported by adequate audit trail.
11. Trust funds (including charitable trusts), The Council/Board/Committee has met its responsibilities as a trustee.		N/A		No trust funds held.

	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	
12. Risk register exists and is up to date.	Y			There is a risk register but it is not up to date. It will be updated in the next financial year.
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 _____]. * Delete if no report prepared.

Internal audit confirmation

I confirm that as the Council's internal auditor, I have not been involved in a management or administrative role within the body or as a member of the body during the financial years 2015-16 and 2016-17. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: CAOLINE WHELAN ACA & BEAN-BEAN
 Signature of person who carried out the internal audit: [Signature]
 Date: 17/05/2017

Accounting statements 2016-17 for:

Name of body: MANORBIER COMMUNITY COUNCIL

	Year ending		Notes and guidance for compilers
	31 March 2016 (£)	31 March 2017 (£)	
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	35,159 MM 30,348	25,564 MM 35,159	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	18,000	18,600	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	5,135	3,785	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	5,149	5,477	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	NIL	NIL	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	13,175	26,503	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	35,159	25,564	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
Statement of balances			
8. (+) Debtors and stock balances	NIL	NIL	Income and expenditure accounts only: Enter the value of debts owed to the body and stock balances held at the year-end.
9. (+) Total cash and investments	35,159	25,564	All accounts: 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	NIL	NIL	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	35,159	25,564	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	108,399	109,127	The original asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	NIL	NIL	The outstanding capital balance as at 31 March of all loans from third parties (including PVLB).
14. Trust funds disclosure note	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	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 (Part 1)

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 2017, 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"> effective financial management during the year; and the preparation and approval of the accounting statements. 	Y		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.	Y		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.	Y		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.	Y		Has given all persons interested the opportunity to inspect and to ask questions about the body's accounts.	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.	Y	N	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.	Y		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.	Y		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.	Y		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"> discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit. 	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	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.