



## Smaller local government bodies in Wales Annual Return for the Year Ended 31 March 2016

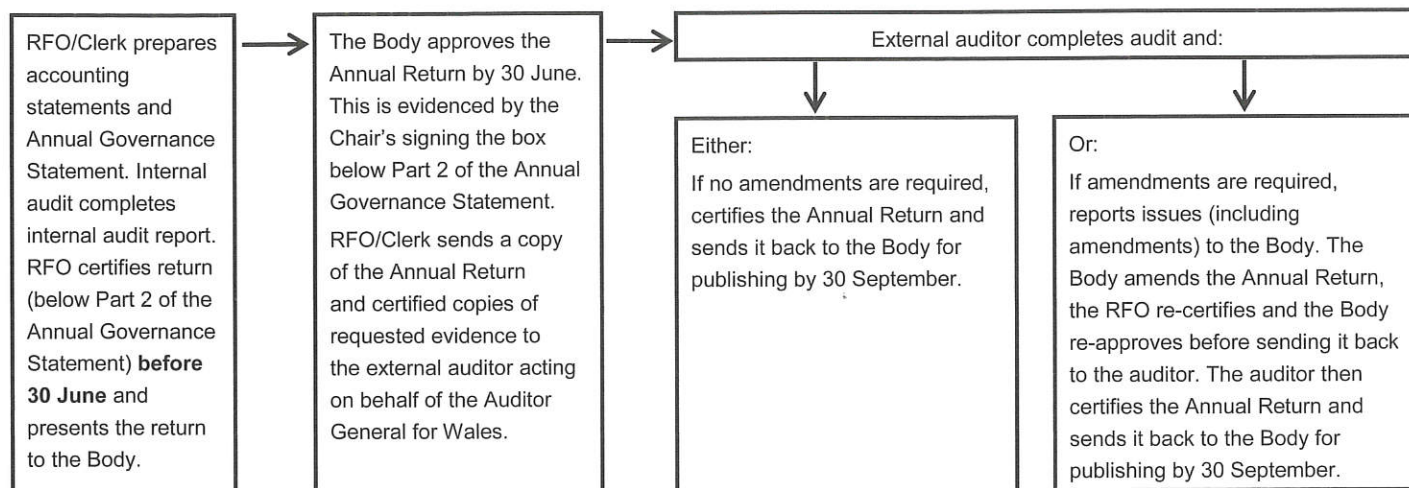
 BILINGUAL  
CORRESPONDENCE  
(TICK IF REQUIRED)

Smaller local government bodies in Wales must prepare annual accounts following proper practices as set out in the One Voice Wales/SLCC publication **Governance and accountability for local councils in Wales – A Practitioners' Guide** (the Practitioners' Guide). The Practitioners' Guide states that bodies may prepare their accounts in the form of an annual return prepared by the Wales Audit Office.

RECEIVED  
21 JUL 2017  
BY: \_\_\_\_\_

### The accounts and audit process

The accounts and audit arrangements follow the process as set out below.



**Please complete all sections highlighted in red.** Incomplete or incorrect returns may require additional external audit work and incur additional costs. Send the **original** Annual Return, together with all additional information requested, to the external auditor acting on behalf of the Auditor General for Wales. **Please note that copies of all documents provided for the purposes of the audit must be certified as true copies of the originals by the Clerk and Chair.** Unless requested, please **do not** send any original financial or other records to the external auditor.

Bodies should note the changes to the Annual Governance Statement. This is to be completed in full by all Bodies.

Audited and certified returns are sent back to the Body for publication or display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

### Completion checklist

'No' answers mean that you may not have met requirements		Done?	
		Yes	No
<b>Initial submission to the external auditor</b>			
<b>Accounts</b>	Has the RFO certified the accounting statements and the body approved the Annual Return (as evidenced by the relevant signatures), no later than 30 June 2016?		
	Do the accounts add up and does the balance carried forward from last year equal the opening balance this year?		
	Do the papers to be sent to the external auditor include an explanation of significant variations, including a quantified analysis of the changes from last year to this year?		
	Does the bank reconciliation as at 31 March 2016 agree to line 9?		
<b>All sections</b>	Have all red boxes been completed and explanations provided where needed?		
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.		
<b>Supporting evidence</b>	Have all items and pages of supporting evidence provided to the audit been certified as a true copy of the original by the Clerk and Chair?		

## Accounting statements 2015-16 for:

Name of body: **Insert name** MACHYNLLETH TOWN COUNCIL

	Year ending		Notes and guidance for compilers				
	31 March 2015 (£)	31 March 2016 (£)					
<b>Statement of income and expenditure/receipts and payments</b>							
1. Balances brought forward	116,106	REVISED 114,366	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	79,988	81,710	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.				
3. (+) Total other receipts	148,944	141,859	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.				
4. (-) Staff costs	82,030	83,690	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	1,067	-	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).				
6. (-) Total other payments	149,206	132,461	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	112,735	121,784	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 and stock balances	<del>112,735</del>	12,647	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body and stock balances held at the year-end.				
9. (+) Total cash and investments	112,735	109,466	<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	-	329	<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	112,735	121,784	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).				
12. Total fixed assets and long-term assets	555,000	565,486	The <b>original</b> 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 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 (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 2016, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref	
	Yes	No*			
1. We have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and proper practices.	YES		Prepared its accounting statements in the way 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.	YES		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.	YES		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.	YES		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.	YES		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.	YES		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.	YES		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.	YES		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.

## Annual Governance Statement (Part 2)

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We calculated and approved the Council/Board/Committee's budget requirement for the 2015-16 financial year in accordance the Local Government Finance Act 1992 and proper practices [and issued the precept in accordance with Sections 39 to 42 of the Local Government Finance Act 1992.]*	YES		Properly planned its financial activities for the year and set a budget in accordance with statutory requirements.	13
2. We have received detailed financial reports setting out the [income and expenditure* <del>receipts and payments*</del> ] and a summary of the Council/Board/Committee's financial position on a regular [ <del>monthly*</del> / quarterly*] basis throughout the year.	YES		Effectively monitored its financial position, income and expenditure against that budget throughout the financial year.	13
3. We have ensured that the Council/Board/Committee's internal audit is independent of its day-to-day decision-making process and maintenance of the accounting records and have agreed appropriate terms of reference for the internal audit.	YES		Ensured that its internal audit function is able to undertake its work without potential conflicts of interest and with sufficient scope to provide an adequate and effective service.	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.

<b>Certification by the RFO</b> 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 2016.	<b>Approval by the Council/Board/Committee</b> I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:
RFO signature: <i>Richard A. B. Jones</i>	16/178 TC 31.10.16 meeting Chair signature: <i>Anthony W. Jones</i>
Name: name <b>RICHARD A. B. JONES</b>	Name: name <b>CLERK ANTHONY W. JONES</b>
Date: dd/mm/yyyy <b>03/05/2017</b>	Date: dd/mm/yyyy <b>03/05/2017</b>

### Council/Board/Committee re-approval and re-certification (only required if the annual return has been amended at audit)

<b>Certification by the RFO</b> 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 2016.	<b>Approval by the Council/Board/Committee</b> I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:
RFO signature: signature required	Insert minute reference and date of meeting Chair signature: signature required
Name: name required	Name: name required
Date: dd/mm/yyyy	Date: dd/mm/yyyy

## 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.

I certify that we have completed the audit of the Annual Return for the year ended 31 March 2016 of:

Cyngor Tref Machynlleth Town Council

### External auditor's report

I am required by law to satisfy myself that:

- the council's accounts are prepared in accordance with the Accounts and Audit (Wales) Regulations 2014;
- the accounts comply with all other statutory provisions applicable to the accounts;
- proper practices have been observed in compiling the accounts; and
- that the council has made proper arrangements for securing economy efficiency and effectiveness in its use of resources.

The Council failed to maintain proper accounting records as required by Regulation 6 or the Accounts and Audit (Wales) Regulations 2014. The accounting statements for the financial year ended 31 March 2016 are not supported by records provided by the council and there are discrepancies that the Council has been unable to explain. Consequently, I am unable to conclude on whether or not the accounting statements in section 1 of the 2015-16 annual return:

- properly presents the Council's income and expenditure for the year and its financial position as at 31 March 2016;
- complies with all statutory provisions related to the accounts; and
- has been compiled in accordance with proper practices.

In its Annual Governance Statement, the Council states that has approved its accounting statements as prescribed by law (assertion 1). The law required this approval to take place by 30 June 2016. On the basis of my audit, I conclude that this statement is incorrect as the council did not approve the accounts until 3 May 2017.

### Other matters and recommendations

I draw attention to the following recommendations made under section 25 of the Public Audit (Wales) Act 2004. These recommendations were considered by the Council at its meeting on 2<sup>nd</sup> July 2018:

1. The Council must ensure that it sets up a website as soon as possible to enable it to comply with the requirements of the Local Government (Democracy)(Wales) Act 2013.
2. The Council must ensure that it identifies which documents it is required to publish electronically and makes appropriate arrangements to post these on its website promptly.

External auditor's name: Anthony Barrett. Assistant Auditor General

External auditor's signature:



Date:

31/7/18

For and on behalf of the Auditor General for Wales

## Annual internal audit report to:

Name of body:

MACHYNULLETH TOWN 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 2016.

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.	✓				We have confirmed that the accounts were in agreement with source records supported by an adequate audit trail
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	✓				We sampled 30 items - 2 of which had no evidence of approval.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓				Minutes were reviewed. Budgets are discussed + monitored by a separate budgetary committee.
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.	✓				Budgets are discussed + monitored by a separate budgetary committee.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	✓				We selected a sample of 30 items. No errors were found. Management letter points were raised.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	✓				A sample of 30 items were agreed to payment and invoice. No errors noted.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	✓				We reviewed the payroll for 12 months + agreed the salaries had been approved and that payments made agreed to the payroll. Approvals were dated after the date of payment though.
8. Asset and investment registers were complete, accurate, and properly maintained.		✓			A fixed asset register did not exist at the time of testing but is now in place.

	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.	✓				The year end bank balance had been reconciled, no evidence of review was noted though.
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.	✓				Agreed that the accounting figures agreed to source documentation and that there was an adequate audit trail.
11. Trust funds (including charitable trusts). The Council/Board/Committee has met its responsibilities as a trustee.			✓		N/A

**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 \_\_\_\_\_.] \* 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 2014-15 and 2015-16. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: John Fletcher for Whittingham Riddell LLP

Signature of person who carried out the internal audit: [Signature]

Date: 19/07/2017