

# Community and Town Councils in Wales

## Annual Return for the Year Ended 31 March 2024

### Accounting statements 2023-24 for:

Name of body: Cyngor Tref Machynlleth

	Year ending		Notes and guidance
	31 March 2023 (£)	31 March 2024 (£)	
<b>Statement of income and expenditure/receipts and payments</b>			
1. Balances brought forward	97,529	35,939	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	217,707	316,907	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	261,788	294,135	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	228,284	249,435	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	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	312,801	360,373	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	35,939	37,173	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	26,542	25,835	<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	71,447	56,684	<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	62,050	45,346	<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	35,939	37,173	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	2,487,302	2,487,302	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	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, 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 2024, that:

	Agreed?		'YES' means that the Council:	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.	✓		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 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 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 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 – The Council 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.			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.

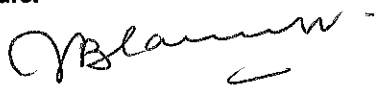
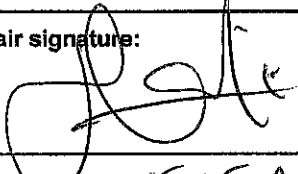
## Additional disclosure notes\*

<p>The following information is provided to assist the reader to understand the accounting statement and/or the Annual Governance Statement</p>	
1.	<p><b>Expenditure under S137 Local Government Act 1972 and S2 Local Government Act 2000</b></p> <p>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 2023-24 was £9.93 per elector.</p> <p>In 2023-24, the Council made payments totalling £ _____ under section 137. These payments are included within 'Other payments' in the Accounting Statement.</p>
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 approval and certification

The Council 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.

<p><b>Certification by the RFO</b></p> <p>I certify that the accounting statements contained in this Annual Return present fairly the financial position of the Council, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2024.</p>	<p><b>Approval by the Council</b></p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Council under minute reference:</p>
	<p>Minute ref: <i>Item 6.2 on 24/6/24</i></p>
<p>RFO signature:</p> 	<p>Chair signature:</p> 
<p>Name: <i>N. BEAUMONT</i></p>	<p>Name: <i>JEREMY PARRY</i></p>
<p>Date: <i>25/6/24</i></p>	<p>Date: <i>25/6/24</i></p>

## Annual internal audit report to:

Name of body: **Cyngor Tref Machynlleth**

The Council'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 2024.

The internal audit has been carried out in accordance with the Council'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.

	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.	Yes				Confirm that accounting records are appropriately maintained and presented to the council as per the requirements of the financial regulations.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.		No			Please see our internal audit report regarding approval of invoices.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		No			Please see our internal audit report regarding policies and procedures.
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.	Yes				Reviewed the budget process to determine the precept and confirm evidence of review and approval at the full council meeting.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	Yes				Reviewed the effectiveness of controls in order to ensure that other income is adequately recognised, recorded and that VAT is appropriately accounted for.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	Yes				For a sample of petty cash payments ensured that there was a supporting receipt and that VAT had been accounted for. Please see our internal audit report regarding regular reconciliation of petty cash to physical cash.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	Yes				Confirmed that the correct pay scale rates are applied and that PAYE and NI are deducted appropriately. Please see our internal audit report regarding employment contracts.

	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.		No			Please see our internal audit report regarding bank reconciliations
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.	Yes				Accounting statements have been prepared from Sage Line 50 which is used to record all transactions with a debtors and creditors ledger maintained.
11. Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.				Not Covered	

For any risk areas identified by the Council (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 are included in my detailed report to the Council dated 17 June 2024.

### 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 2022-23 and 2023-24. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit:	DAVID CHIDLEY / LIZ MATTHEWS & SON
Signature of person who carried out the internal audit:	<i>David Chidley</i>
Date:	17/06/2024

	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**	
8. Asset and investment registers were complete, accurate, and properly maintained.		No			Please see our internal audit report regarding review of fixed asset register.

# WJMJ

W.J. Matthews a'i Fab  
Cyfrifwyr Siartredig  
Ymgynghorwyr Treth Siartredig  
Archwiliwr Cofrestredig

W.J. Matthews & Son  
Chartered Accountants  
Chartered Tax Advisers  
Registered Auditor

Councillor Paige  
The Mayor  
Cyngor Tref Machynlleth  
Y Plas  
Plas Machynlleth  
Machynlleth  
SY20 8ER

17 June 2024

Dear Councillor Paige

We have concluded our work as Internal Auditors of Machynlleth Town Council for the year ended 31 March 2024. It is a requirement of Part 3 of the Accounts and Audit Regulations (Wales) 2014 that local councils "maintain an adequate and effective system of internal audit of their accounting records and control systems." During our review of the processes and procedures we have identified the following:

## 1. Bank reconciliations

Section 2.2 of the Financial Regulations state the following in relation to bank reconciliations:  
*On a regular basis and at least one in each quarter, and at each financial year end, a member other than the Chair shall be appointed to verify bank reconciliations produced by the RFO. The member shall sign the reconciliations and the original bank statement as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.*

Our audit work identified that bank reconciliations were presented at the July 2023 Finance Panel meeting with difference explained and due to be investigated by the following meeting. However, after this meeting there is insufficient evidence to confirm that the bank reconciliations have been presented at the finance panel meetings. Bank reconciliations are not included as an agenda point and there is nothing recorded in the meeting minutes stating that the reconciliations were presented.

## 2. Approval of invoices

Section 4.1 of the Financial Regulations state the following in relation to evidence of authorisation of expenditure

*Such authority is to be evidenced by a minute or by authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chair.*

As part of the internal audit work we tested a sample of invoices and found that there was no evidence of approval on 70% of the invoices tested.

Section 5.3 of the Financial Regulations states the following

*The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to the Council. The Council shall review the schedule for compliance and having satisfied itself shall authorise payment by a resolution of the Council. The approved schedule shall be ruled off and initialled by the Chair of the Meeting*

Our audit work identified that the payment schedules are not initialled by the Chair of the Meeting. There is therefore lack of appropriate evidence to confirm that the payments made following the meeting are as per the approved payment schedule by the Council.



ICAEW  
CHARTERED  
ACCOUNTANTS



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Chartered  
Institute of  
Taxation.

Partneriaid / Partners: D.A. Chidley, B.Sc.(Econ), F.C.A., C.T.A. L.M. Adams, B.Sc., F.C.A.

Cofrestrwyd i ymgynryd â gwaith archwilio yn y Deyrnas Unedig a rheolwyd i reoliad o weithgareddau busnes buddsoddi gan y Sefydliad Cyfrifwyr Siartredig yn Lloegr a Chymru. Cofrestrwyd gyda'r Sefydliad Trethiant Siartredig fel ffirm o Ymgynghorwyr Treth Siartredig.

Registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountant in England and Wales. Registered with the Chartered Institute of Taxation as a firm of Chartered Tax Advisers.

### **3. Reporting of expenditure against budget**

Section 4.8 of the financial regulations state the following:

*The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances.*

We did not find any evidence to confirm that a regular review of expenditure against budget takes place.

### **4. Annual review of policies, procedures and registers**

It was noted that the financial regulations were last reviewed and approved by the Council on 30 June 2022. We recommend that there is a regular review of financial regulations to make sure that they are adequate and reflect the financial controls in place.

It was noted that the risk register was last reviewed in January 2023. The risk register should be reviewed on a regular basis to ensure that all risks are identified, assessed and responses remain appropriate.

The fixed asset register was updated in February 2024 however it does not include the new mower which was purchased in April 2023. We recommend that the fixed asset register is updated when capital items are purchased.

### **5. Quotations**

Section 11.1g of the financial regulations states that 3 quotations should be obtained for expenditure between £3,000 and £25,000.

As part of our audit work we identified 2 items of expenditure over £3,000 where quotes were not obtained. We have been informed that this was due to the emergency nature of the work required.

We recommend that in situations of emergency where it is not possible to obtain 3 quotes that this is clearly communicated to the council and evidenced in the meeting minutes.

### **6. Segregation of duties**

Segregation of duties is an internal control designed to prevent error and fraud by ensuring that at least two individuals are responsible for the separate parts of the same task, for example one individual authorising a supplier invoice and the other processing the payment of an approved supplier invoice.

We recommend that a review of key processes and controls is carried out to ensure that there is sufficient segregation of duties in place.

### **7. Employment Contracts**

As part of our audit work we identified that the salary scale rates for a sample of employees are not correctly stated in the employment contracts.

We recommend that a review of employment contracts is carried out to ensure that the correct salary rates are included in the contracts.



#### **8. Petty Cash**

The audit work identified that on some occasions cash income received was paid into the petty cash float and not separately banked as required by the financial regulations. We also note that the petty cash was not physically counted at the year end and therefore we are unable to verify that the petty cash figure is correct at the year end. We also noted that the cash income from the café is not reconciled on a daily basis, this could lead to increased error and fraud.

We recommend that controls in relation to petty cash are strengthened to ensure that cash income is banked separately and that the cash balance is counted on a regular basis and reconciled to Sage.

#### **9. Reconciliation of Balance Sheet items**

The audit work identified that some of the balance sheet items such as credit card and net wages have not been reconciled. Whilst the differences are not material we recommend that all balance sheet items are reconciled on a regular basis to ensure that the information in Sage is correct at all times.

We would like to take this opportunity to thank you for the co-operation we received during the course of our audit.

Yours sincerely

*WJ Mahoney*