Community and Town Councils in Wales
Annual Return for the Year Ended 31 March 2020

LANGUAGE PREFERENCE

Please indicate how you would like us to communicate with you during the audit. Note that audit notices will be issued bilingually.

	Yes	No
ENGLISH	○	○
WELSH	○	○
BILINGUALLY	●	○

THE ACCOUNTS AND AUDIT PROCESS

Section 12 of the Public Audit (Wales) Act 2004 requires community and town councils (and their joint committees) in Wales to make up their accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies i.e. those with annual income and expenditure below £2.5 million must prepare their accounts in accordance with proper practices.

For community and town councils and their joint committees, proper practices are set out in the One Voice Wales/Society of Local Council Clerks publication **Governance and accountability for local councils in Wales – A Practitioners' Guide** (the Practitioners' Guide). The Practitioners' Guide requires that they prepare their accounts in the form of an Annual Return. This Annual Return meets the requirements of the Practitioners' Guide.

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

RFO/Clerk prepares accounting statements and Annual Governance Statement. Internal audit completes internal audit report. RFO certifies return (below Part 2 of the Annual Governance Statement) **before 30 June** and presents the return to the body.

→

The body approves the Annual Return by 30 June. This is evidenced by the Chair signing the box below Part 2 of the Annual Governance Statement.

RFO/Clerk sends the Annual Return and copies of requested evidence to the external auditor acting on behalf of the Auditor General for Wales.

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External auditor completes audit and:

Either:

If no amendments are required, certifies the Annual Return and sends it back to the body for publishing by 30 September.

Or:

If amendments are required, reports issues (including amendments) to the body. The body amends the Annual Return, the RFO re-certifies and the body re-approves before sending it back to the auditor. The auditor then certifies the Annual Return and sends it back to the body for publishing by 30 September.

Please read the guidance on completing this Annual Return and complete all sections highlighted pink including BOTH sections of the Annual Governance Statement.

APPROVING THE ANNUAL RETURN

There are two boxes for certification and approval by the body. The second box is only required if the Annual Return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.

The council must approve the Annual Return BEFORE the accounts and supporting documents are made available for public inspection under section 30 of the Public Audit (Wales) Act 2004.

The Auditor General for Wales' Audit Certificate and report is to be completed by the auditor acting on behalf of the Auditor General. It MUST NOT be completed by the Clerk/RFO, the Chair or the internal auditor.

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

Accounting statements 2019-20 for:

Name of body: VALLEY COMMUNITY COUNCIL

	Year ending		Notes and guidance for compilers
	31 March 2019 (£)	31 March 2020 (£)	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	29,813	37,812	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	32,814	32,325	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	49,334	6,925	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	7,234	7,350	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	1,273	2,546	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	65,643	26,223	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	37,811	40,943	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	0	0	**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	37,811	40,943	**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	0	0	**Income and expenditure accounts only:** Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	37,811	40,943	**Total balances should equal line 7 above:** Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	238,983	238,983	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	31,105	29,283	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

	Yes	No	N/A	Yes	No	N/A	
14. Trust funds disclosure note	○	○	◉	○	○	◉	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 2020, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We have put in place arrangements for: • effective financial management during the year; and • the preparation and approval of the accounting statements.	●	○	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/Board/ Committee 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/Board/Committee 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/Board/Committee 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

	Yes	No	N/A		
9. Trust funds – 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.	○	○	●	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:
	Yes	No*	N/A	
1. We have prepared and approved minutes for all meetings held by the Council (including its committees) that accurately record the business transacted and the decisions made by the Council or committee.	●	○	○	Has kept and approved minutes in accordance with Schedule 12, Paragraph 41 of the Local Government Act 1972.
2. We have ensured that the Council's minutes (including those of its committees) are available for public inspection and have been published electronically.	●	○	○	Has made arrangements for the minutes to be available for public inspection in accordance with section 228 of the Local Government Act 1972 and has published the minutes on its website in accordance with section 55 of the Local Government (Democracy) (Wales) Act 2013.

* 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 2020.

RFO signature: Gwenda Owen

Name: MRS GWENDA OWEN

Date: 17th May 2020

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: 20.0520 11.5

Chair of meeting signature: K Taylor

Name: Mr KEN TAYLOR

Date: 20th MAY 2020

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 2020.

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:

Minute ref:

Chair of meeting signature:

Name:

Date:

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 2020 of:

VALLEY 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.

[[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 _____.]

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.

(Continue on a separate sheet if required.)

External auditor's name:

External auditor's signature: **Date:**

For and on behalf of the Auditor General for Wales

* Delete as appropriate.

Annual internal audit report to:

Name of body: **CYNGOR CYMUNED Y FALI / VALLEY 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 2020.

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.	●	○	○	○	
2. Financial regulations have been met, payments were 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.	●	○	○	○	
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.	●	○	○	○	
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	●	○	○	○	
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	○	○	●	○	
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	●	○	○	○	
8. Asset and investment registers were complete, accurate, and properly maintained.	●	○	○	○	

	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.	●	○	○	○	
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.	●	○	○	○	
11. Trust funds (including charitable trusts). The Council/Board/ Committee has met its responsibilities as a trustee.	●	○	○	○	

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**	
	○	○	●	○	
	○	○	●	○	
	○	○	●	○	

* 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 **3rd MAY 2020.** * 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 2018-19 and 2019-20. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: MR JOHN ALUN FOULKES

Signature of person who carried out the internal audit:

Date: 3rd MAY 2020.

Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this Annual Return. Proper practices are set out in the Practitioners' Guide.
2. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs. Ask your auditor for an electronic copy of the form if required.
3. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
4. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2019) equals the balance brought forward in the current year (line 1 of 2020). Explain any differences between the 2019 figures on this Annual Return and the amounts recorded in last year's Annual Return.
5. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Council holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in the accounting statements. More help on bank reconciliations is available in the Practitioners' Guide.
7. **Every council must send to the external auditor, information to support the assertions made in the Annual Governance Statement even if you have not done so before.** Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
9. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
10. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
11. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		**Yes**	**No**
Accounts	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?	YES	
	Does the bank reconciliation as at 31 March 2020 agree to Line 9?	YES	
Approval	Has the RFO certified the accounting statements and Annual Governance Statement (Regulation 15 (1)) no later than 30 June 2020?	YES	
	Has the body approved the accounting statements before 30 June 2020 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?	YES	
All sections	Have all pink boxes in the accounting statements and Annual Governance Statement been completed and explanations provided where needed?	YES	
	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.	YES	

If accounts are amended after receipt of the Auditor General's report on matters arising		Yes	No
Accounts	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Board's approval of the amendments before re-submission to the auditor?		

CYNGOR CYMUNED
Y FALI / VALLEY
COMMUNITY COUNCIL

ADRODDIAD ARCHWILIAD
MEWNOL
2020
INTERNAL AUDIT REPORT

INTERNAL AUDITOR'S REQUIREMENTS.

1 The proper books of account have been kept properly throughout the year.

2. Financial regulations met, payments supported by invoices, expenditure was approved and VAT was duly accounted for.

3. The body assessed and reviewed the significant risks to achieving its objectives the adequacy of the arrangements for their management.

4. The annual precept / levy / resource requirement arose from a process budgeting, progress against the budget was closely monitored and reserves were appropriate.

5. The expected income was received in full, on the basis of correct prices be properly recorded and banked immediately, and VAT properly accounted for.

6. Petty cash payments were duly supported by receipts, expenditure was approved and VAT was duly accounted for.

7. Employees were paid salaries and members allowances in accordance with recorded approvals, and applied PAYE requirements and National Insurance is appropriate.

8. The asset and investment registers were complete, accurate, and accurate be properly maintained.

9 Periodic and year end bank account reconciliations were properly maintained.

10 Accounting statements prepared during the year have been prepared on the correct accounting basis (receipts and payments / income and expenditure), they were consistent with the cash book, backed by a trail adequate auditing of basic records, and, where appropriate, obtained debtors and creditors are duly recorded.

11 Trust funds (including charitable trusts). The Council / Board / Committee has discharged its responsibilities as trustees.

Internal Auditor's Comments/Findings.

1. All the payments and receipts were seen to be recorded and duly supported by clear documentation provided to the Council on a monthly basis. The payments are found to be correctly approved and recorded with invoices on file. VAT has also been correctly claimed. It was noted that cash reserves continue to increase, however, and from the budget setting (see below), it is anticipated that this figure will reduce during the current financial year 2020/2021.

2. Internal Controls - it was observed that the Council had an adequate risk assessment and this was revised annually. The Council also had a suitable insurance policy together with adequate standing orders and financial regulations and that these had been reviewed during the year as well as an insurance policy. The Council website is also updated on a regular basis to highlight the Council's proper Governance and Decision making leaving the electorate in no doubt that members are working for the Community.

3. It was acknowledged that the Council had adopted a full and concise budget report which had been presented to the Council and this work is to be commended. The budget is clearly recorded for the correct approval of the precept. This expenditure is then monitored on a regular basis.

4. It has been demonstrated and seen that all sources of income have been claimed promptly in addition to immediate banking of the burial fees.

5. Details of the clerk's salaries are accurate and are reported appropriately to HMRC and approved by the Council.

6. The Council again provided evidence shows that it has an accurate asset register.

7. Evidence provided that the Council reconciled its Bank balance sheets on a monthly basis and at the end of the year and has properly accounted for the significant variances and comparisons of its expenditure during 2019/2020 with that of 2018/2019.

8. The financial statement has been prepared in accordance with all the income and expenditure properly accounted for and there was a clear audit trail with what was properly approved and recorded by the Council.

9. I would like to congratulate the clerk again for her excellent work on your council's behalf.

J Alun Foulkes – Internal Auditor. 3.5.2020.