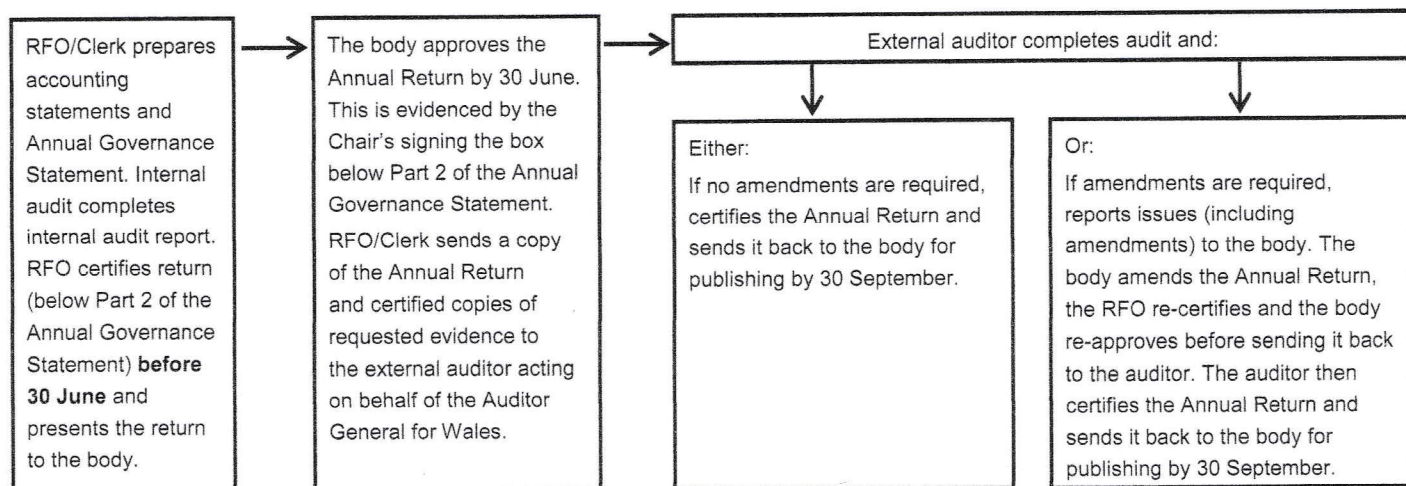


Smaller local government bodies in Wales Annual Return for the Year Ended 31 March 2017

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.

The accounts and audit process

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



Please read the guidance on completing this Annual Return and complete all sections highlighted in red including both sections of the Annual Governance Statement.

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. Unless requested, please **do not** send any original financial or other records to the external auditor.

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?	
Initial submission to the external auditor		Yes	No
Accounts	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 2017?	✓	
	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 2017 agree to line 9?	✓	
All sections	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.	✓	
Supporting evidence	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.	✓	

Accounting statements 2016-17 for:

Name of body: **GOETRE FAWR COMMUNITY COUNCIL**

	Year ending		Notes and guidance for compilers
	31 March 2016 (£)	31 March 2017 (£)	

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	41,088	38,389	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	28,000	28,500	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	8,456	9,178	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	10,678	11,302	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	28,478 ²	14,433	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	38,389	50,332	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	38,389	50,332	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	38,389	50,332	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	58,913	58,913	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 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 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. 	✓		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 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.	✓		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
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	No	N/A	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.

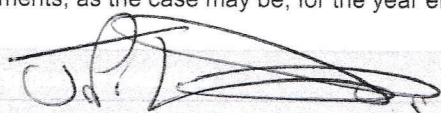
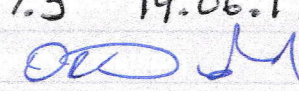
Annual Governance Statement (Part 2)

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We 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.	✓		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.	✓		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.		✓	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.	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:
RFO signature: 	7.2 / 7.3 19.06.17
Name: JONATHAN LAZENBY	Chair signature: 
Date: 19/6/2017	Name: OWEN DODD
	Date: 19/06/2017

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.	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:
RFO signature:	Chair signature:
Name:	Name:
Date:	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 2017 of:

GOETRE PAWR 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.

No register of members' interests is maintained by the council, this is a breach of the Local Government Act 2000 and the Localism Act 2011

BDO LLP Southampton
United Kingdom

[[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 14/8/17.]

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.

Please see enclosed report

BDO LLP Southampton
United Kingdom

(Continue on a separate sheet if required.)

External auditor's name:

BDO LLP Southampton
United Kingdom

External auditor's signature:

BDO ul

Date:

14/8/17

For and on behalf of the Auditor General for Wales

* Delete as appropriate.

Annual internal audit report to:

Name of body: **GOETRE FAWR 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	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.					REPORT PRESENTED
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**	
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).

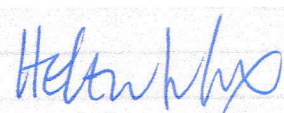
** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

[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 May 19 2017.] * 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: HELENA FOX

Signature of person who carried out the internal audit: 

Date: 25.5.17

internal Audit Report
Goetre Fawr Community Council
Year Ending 31st March 2017

To the Chairman and Members:

You appointed me as your Internal Auditor for 2016-17.

The standard of record keeping is good and the papers were well-prepared and clear to inspect.

This Council, like any small council, has the issue of segregation of duties. However, the Clerk, as RFO, maintains detailed records and the Council monitors the financial situation at each Full Council Meeting. Therefore, I am satisfied that there are enough controls in place to mitigate this risk. There are only a small number of transactions made each month.

In conclusion, I have performed the Internal Audit for the year ending 31st March 2017 and I agree compliance with all of the tests for internal audit within the Annual Return.

I have outlined the work that I have performed for each test and my conclusion:

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

The Clerk keeps detailed records and there was support for payments made during the year. I was supplied with a detailed Excel Cashbook in which I was able to trace authorisations in the Minutes and to the Building Society Passbook. This was made easier than usual by including the relevant Minute page number in the Cashbook.

I am satisfied that appropriate books 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.

Invoices are supported by payments. Folio numbers on invoices are used in the Cashbook making it quick and easy to check.

The Regulations state that the cheque signatories should also sign the cheque counterfoil but the Council does not have a cheque book. As I understand it, a request for withdrawal is made out by the Clerk and signed by two Councillors. In the past, these slips were not attached to the relevant invoice(s) but are now. The cheques from the Building Society account are drawn up and signed by Monmouthshire Building Society on behalf of the Council and the Clerk is given a copy of each cheque which is now filed with the invoices.

I was able to follow the authorisation of Council decisions from the Minutes through to the Cashbook and Building Society Passbook.

VAT has been shown separately in the Cashbook and is reclaimed from HMRC.

I am satisfied that the Council has met this requirement.

3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

The Council has a Risk Register in place, reviewed in January, and last updated in March 2017.

The Council's Standing Orders were adopted in 2013 and now dated October 2016.

New Financial Regulations were approved in July 2016.

The Council has in place an insurance policy with Zurich's Town, Parish and Community Council Team that appears to meet the needs of the Council.

The Council has an operating website.

I am satisfied that the requirements of this test have been met.

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.

The budget and precept for 2016-17 were set at the November 2015 meeting and resulted from an adequate budgetary process as evidenced by the Cash Flow document 16.3.31. I would advise that more detail is included with the Minutes as was done for 2017-18.

The October 2016 Minutes document a review of the 2016-17 budget in preparation for 2017-18. In March 2017 the budget and precept were set for 2017-18 with details included in the Minutes.

The Clerk regularly monitors the actual spend against budget and reports this to the Council. A budget review takes place at the start of each quarter.

It is generally recommended that councils' general reserves be between 25 – 100% of gross expenditure, depending on each council's size and commitments. For your council, a general reserve towards the 100% end of the scale would seem appropriate. I suggest that the council allocate some funds to ear-marked reserves for future expenditure. The 2017-18 External Audit will look at reserves so the council is advised to consider how it is going to use its reserves for the public benefit.

I am happy that the Council has satisfactorily met this test.

5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT are appropriately accounted for.

The Council had two key sources of income during the year:

- Precept = £28,500
- Rent from Ye Olde Pounce Shop and Ty Cooke Farm = £5,630

VAT was not applicable for these receipts. All receipts were shown in the Building Society Passbook and Cashbook but there were no hard copies on file.

I am satisfied that all income was fully received and banked but recommend that there be a separate income section in the hard copy file with the necessary

Debtors and creditors were not recorded as they not required when the receipts and payments method is used.

I am satisfied that this test has been met.

11. Trust funds

Not applicable

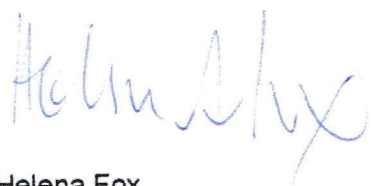
Conclusion

I confirm all of the requirements in the Annual Return for internal audit have been met and have signed off the relevant section as evidence of this conclusion.

During the audit, I realized that the Clerk had been a member of the Council and I raised this with Mr Lazenby. I understand that advice has been taken from One Voice Wales and the Council is acting on it to put things on a proper footing. Without doubt, this was a genuine mistake.

The Council does not have a bank account and uses a Monmouthshire Building Society Savings Account and Passbook in the name of The Trustees of Goetre Fawr Community Council. I would suggest that the Council takes advice from One Voice Wales on the use of such an account. I am not aware that a Community Council can have Trustees and this seems an odd arrangement to me.

The external audit for 2017-18 will test the effectiveness of councils' internal audit processes so I advise that you carry out an internal audit review if one has not been done recently. This is explained in Chapter 8 of Governance and Accountability for Local Councils in Wales – A Practitioner's Guide, updated December 2014. This review can only be done by the council and not delegated to the clerk/RFO (para 180).



Helena Fox
May 19 2017