Community and Town Councils in Wales
Annual Return for the Year Ended 31 March 2023

Accounting statements 2022-23 for:

Name of body: Tonyrefail & District Community Council

	Year ending		Notes and guidance for compilers
	31 March 2022 (£)	31 March 2023 (£)	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	255,103	315,446	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	241,073	244,563	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	68,651	94,110	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	169,319	174,824	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	80,062	143,174	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	315,446	336,120	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
Statement of balances			
8. (+) Debtors	4,914	7,108	**Income and expenditure accounts only:** Enter the value of debts owed to the body at the year-end.
9. (+) Total cash and investments	321,480	334,656	**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	10,948	5,644	**Income and expenditure accounts only:** Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	315,446	336,120	**Total balances should equal line 7 above:** Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	160,190	168,583	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/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 2023, that:

	Agreed? Yes	Agreed? No*	'YES' means that the Council/Board/Committee:	PG Ref
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 – The body 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.			✓	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*

The following information is provided to assist the reader to understand the accounting statement and/or the Annual Governance Statement
1. **Expenditure under S137 Local Government Act 1972 and S2 Local Government Act 2000** 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 2022-23 was £8.82 per elector. In 2022-23, the Council made payments totalling £______________ under section 137. These payments are included within 'Other payments' in the Accounting Statement.
2.
3.

* Include here any additional disclosures the Council considers necessary to aid the reader's understanding of the accounting statements and/or the annual governance statement.

Council/~~Board/Committee~~ approval and certification

The Council/~~Committee~~ 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.

Certification by the RFO	**Approval by the Council/~~Board/Committee~~**
I certify that the accounting statements contained in this Annual Return present fairly the financial position of the Council/Board/Committee, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2023.	I confirm that these accounting statements and Annual Governance Statement were approved by the Council/~~Board/Committee~~ under minute reference: **Minute ref:** Min 8(d) - 15.06.2023
RFO signature: [signature]	**Chair of meeting signature:** [signature]
Name: Ms Joanna van Tonder	**Name:** LINDA MICHEL
Date: 15.06.2023	**Date:** 15.06.2023

Annual internal audit report to:

Name of body: Tonyrefail 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 2023.

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.	X				Please see the Internal Audit Report
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	X				Please see the Internal Audit Report
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	X				Please see the Internal Audit Report
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.	X				Please see the Internal Audit Report
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	X				Please see the Internal Audit Report
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.			X		Please see the Internal Audit Report
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	X				Please see the Internal Audit Report
8. Asset and investment registers were complete, accurate, and properly maintained.		X			Please see the Internal Audit Report

	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.	x				Please see Internal Audit Report
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.	x				Please see Internal Audit Report
11. Trust funds (including charitable trusts). The Council/Board/ Committee has met its responsibilities as a trustee.			x		Please see Internal Audit Report

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. Grant Funding		x			Please see Internal Audit Report
13. Insert risk area					Insert text
14. Insert risk area					Insert text

*** 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/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 2021-22 and 2022-23. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: KL Grabham

Signature of person who carried out the internal audit: KL Grabham

Date: 12.06.2023

KLG

Internal Auditor

2022 - 2023 Internal Audit Report of Tonyrefail Community Council

Prepared by Kerry-Leigh Grabham

Background

All town and community councils are required by statute to make arrangements for an independent internal audit examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Return. This is the first year that KLG Internal Auditor has provided this service.

This report set outs the work that undertaken in relation to the 2022 - 2023 financial year, due to the tight time-line the audit was conducted remotely, with the co-operation of the Community Clerk.

Internal Audit Approach

In undertaking the review for the year, I have regarded the materiality of transactions and their susceptibility to potential misreporting or misrepresentation in the yearend statement of accounts/annual return. The internal audit programme has been designed to cover and afford appropriate assurance that the Council's financial systems remain robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory framework. The programme is also designed to facilitate the completion of the 'Internal Audit Report' in the Council's Annual Governance & Accountability Return, which requires independent assurance over a number of internal controls and objectives.

Overall Conclusion

I have been able to satisfactorily conclude from the programme of works undertaken that the financial statements are free from material misstatement. I have, however made 12 recommendations. Please see the report for further information.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

My objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in the cashbooks or the financial ledgers.

During the 2022 – 2023 financial year the council used Rialtas Omega software to produce its accounts. A single cashbook is in place to reflect the transactions through the Barclays and Unity Trust Bank Accounts.

- Checked and agreed four **sample months' transactions** (June 2022, September 2022, December 2022 and March 2023) for transactions recorded in the current account cashbook and matched the transactions to the relevant bank statements.
- Checked and agreed the month ends bank reconciliations for the sample months to ensure that no long standing un-cleared effects or abnormal entries exist.
- Ensured the accurate disclosure of the combined cashbooks and bank accounts balance as recorded in the detailed yearend accounts and also the Annual Return, which have been prepared by the Clerk.

Conclusions

No issues have been identified in this area.

Review of Corporate Governance

My objective here is to ensure that the Council has a robust regulatory framework in place; that Council meetings are conducted in accordance with the adopted Standing Orders and that no actions of a potentially unlawful nature have been or are being considered for implementation. To meet that objective, I have:

- Extended the review of the Council minutes for the full financial year to ensure that no issues affecting the Council's financial stability existence whereby the Council may either be considering or have taken decisions that might result in ultra vire expenditure being incurred; and
- Noted that a review of the Standing Orders and Financial Regulations has been reviewed in May 2022 and in July 2022.
- Reviewed the Councils grant procedures. Noted Councillors hold various positions within organisations that have been awarded grants.
- Note that in the September 2022 Full Council meeting it was resolved for a Councillor to be given authority to resolve an issue on behalf of the Council.

Conclusions

The Councils grant making procedures need to be reviewed to ensure that Council is acting within legislation. Minutes need to be clear and concise with regards to declarations of interest.

Recommendations

R1 – For Council to review its current grant application process with grants being considered on a minimum of twice a year.

R2 – For the grant application form to ask applicants if they are a registered charity and if they are they need to provide the charity number.

R3 – For applicants with one or more of being constituted to provide the most recent up to date accounts along with the application, this will help the Council assess if the applicant has reserves, they can draw upon. For applicants with less than one year – up to date bank statements.

R4 – For a grant/financial assistance policy to be implemented.

R5 – When Cllrs declare an interest, this should be recorded in the minutes, the basis on which the interest was declared – Personal or prejudicial, whether the Cllr left the meeting or not and if the Cllr participated in the vote or not.

*R6 – **Council should familiarise itself with Nalc's** Legal Topic Note 1 with regards to delegation powers.*

Review of Expenditure

My aim here is to ensure that:

- **Council resources are released in accordance with the Council's approved procedures and budgets.**
- Payments are supported by appropriate documentation, either in the form or an original invoice from the supplier or other appropriate documentation confirming that payment was due and acknowledgement of receipt.
- Relevant Financial Regulations and Standing Orders have been met in relation to formal tendering/quotation processes.
- Reviewed Council minutes for the approval of Council.

Here I sampled invoices from various different months and checked that the payments in the cash book can be traced back to the invoice. The invoices have to be authorised by councillors at the monthly Council meeting prior to payment being processes. The Council have moved from paying by cheque to electronic fund transfers.

Conclusion

I am pleased to note that since the employment of a new clerk, the payments that have been sought for approval at Council are now being listed within the minutes, which provides a clear audit trail. Previous minutes do not provide a clear audit trail of which invoices have been approved or the total amount of invoices for payment.

I also sampled the various invoices over the amount specified at Financial Regulation 11.1g to check for compliance with Financial Regulations. The following invoices do not appear to have followed this financial regulation.

07.06.2022 – Broxapp £2,103.00

21.07.2022 – SG Plumbing – £1,200.00

04.02.2022 – Plantscape - £4,608.80

Recommendations

R7 – For the Clerk to identify all payments that were approved by the Council, but not recorded in the minutes and bring them forward to the next available meeting, to ensure that they are minuted as approved.

R8 – For a contracts register to be set up which will hold the details of the payments which reach the financial threshold set out in the Financial Regulations, contain details of how long the contract will last, whether 3 quotes were sought and the details of whom quotes were sought from.

Assessment and Management of Risk

My aim here is to ensure that the Council has appropriate arrangements in place to identify all potential areas of risk, including those of Health and Safety nature as well as those of a financial nature.

In the 2022– 2023 year there a risk assessment has been undertaken and I adopted by Council.

Conclusion

I am satisfied that the Assessment and Management of risk has been conducted in the appropriate manner.

Precept Determination & Budgetary Control

My objective here is to ensure that the Council has a robust budget setting and budget monitoring procedure in place.

I am pleased to note that Council have set and agreed an appropriate budget for forthcoming financial year. The budget for the next financial year has been agreed and set at £244,563 with Council offsetting reserves.

I am also pleased to note that members have received quarterly financial reports and bank reconciliations on a monthly basis which are produced by the Clerk.

Conclusion

I am pleased to report that no matters have been identified for concern.

Review of Income

My aim here is to ensure that robust systems are in place to ensure the correct identification of all income due to the Council, to ensure that income is recorded in a timely manner. I have therefore examined the following:

- Noted that income is received in the following forms, the precept, bank interest, grants and burials.
- Checked the Payment confirmation from Rhonnda Cynon Taff Council for payment of the precept and confirmed that the amount received matched the amount requested as per the formal agreement signed off by Council.
- Reviewed burial and internment forms to identify and cross check income due.

Conclusion

I am pleased to note that there are no matters for concern with regards to the review of income.

Petty Cash

I note that the Council does not hold Petty Cash, however this has still be recorded on the Annual Risk Assessment.

Conclusion

I am pleased to report that there are no issues to report in this area.

Wages and Salaries

Here my aim is to ensure that effective controls are in place for the processing of salaries and wages.

- Reviewed employment contracts of staff.
- Checked PAYE payments to ensure they correspond with Payroll report produced.
- Checked Pension payments to ensure they correspond with Payroll report produced/

Conclusion

The council employee six staff, all who have contracts of employment; however the contract does not mirror Nalc's *model contract of employment which is specific to local government employees.*

Recommendation

R9 ***– For all staff to be placed on Nalc's model contract, a copy of which can be obtained from One Voice Wales.***

Fixed Asset Register

My aim here is to ensure that the Council has a register in place and that it is comprehensive, and it contains all the basic information that it should do.

Inspected the Fixed Asset Register and noted that there were additions totalling £8,393.00 during the 2022 -2023 year. Items of expenditure that would not be classed capital expenditure have been included in the fixed asset register.

Conclusion

The fixed asset register needs a review and a stock take of items on at lease an annual basis. The Fixed Asset Register should contain the following information date of acquisition, cost of acquisition, basis of valuation, date of last valuation, useful life estimate, location and responsibility. Further ***guidance can be found in Chapter 3 of the Governance & Accountability for Local Council's in Wales a practitioner's guide. A*** *link to the guide can be found here* Governance and Accountability A Practitioners Guide Wales 2019.pdf (onevoicewales.org.uk)

Recommendations

R10 – For a review and stock take of items included the fixed asset register to be undertaken.

R11 – For a fixed asset management policy to be introduced which defines the amount that items will be added to the fixed asset register, this should be a minimum of £500.00.

R12 – For a new fixed asset register to be created which contains all the information required as stipulated in Governance and Accountability A Practitioners Guide Wales 2019.pdf (onevoicewales.org.uk).

Insurance

My aim here is to ensure that the Council has adequate insurance in place.

Conclusion

I am pleased to note that the Council has suitable insurance.

Investments & Loans

None held by the Council.

Reserves

It is recommended that as well as having earmarked reserves, the Council should hold a general reserve fund which at the minimum should amount to 3 **months' worth** of the annual precept. This is recommended to assist the Council in the unlikely event of not receiving its precept payment on time or in the event of an unforeseen emergency. Further guidance can be found in the Practitioners Guide for Governance and Accountability Wales 2019.

Note that Council have implemented a reserves policy. Council has £336,120 in reserves split between £212,172 in earmarked reserves and £123,948 in general reserves.

Statement of Accounts and Annual Return

I have verified the accuracy of the data contained in Annual Return and I have examined and confirmed that there is an undelaying audit trail from the financial records.

Conclusion

I am pleased to confirm that there are no additional issues in this area that raise cause for concern. Based on work undertaken during the year, I have duly signed off the Internal Audit Report in the Annual Return.