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Archwilydd Cyffredinol Cymru
Auditor General for Wales

Financial Management and Governance in Local Councils 2012-13



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU



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Financial Management and Governance in Local Councils 2012-13

All public bodies in Wales, including town and community councils, (local councils) have a responsibility to the citizens of Wales to account for their stewardship of the public money they have been entrusted with. The principal means of doing this is by the preparation of annual accounts that are subject to an independent external audit.

In September 2013, the Auditor General published *Improving Financial Management and Governance: Issues from the Audit of Community Council Accounts 2011-12*, drawing attention to the most common issues identified by auditors across Wales. He identified 'systemic weaknesses that local councils need to address'. This report considers the progress made by local councils to address these weaknesses and highlights areas the Auditor General will focus on for the audit of the 2015-16 accounts.

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Part 1

Issues identified in the audit of their 2012-13 accounts demonstrate a continuing need for local councils to improve their financial management and governance arrangements to address systemic weaknesses which often lead to audit qualifications



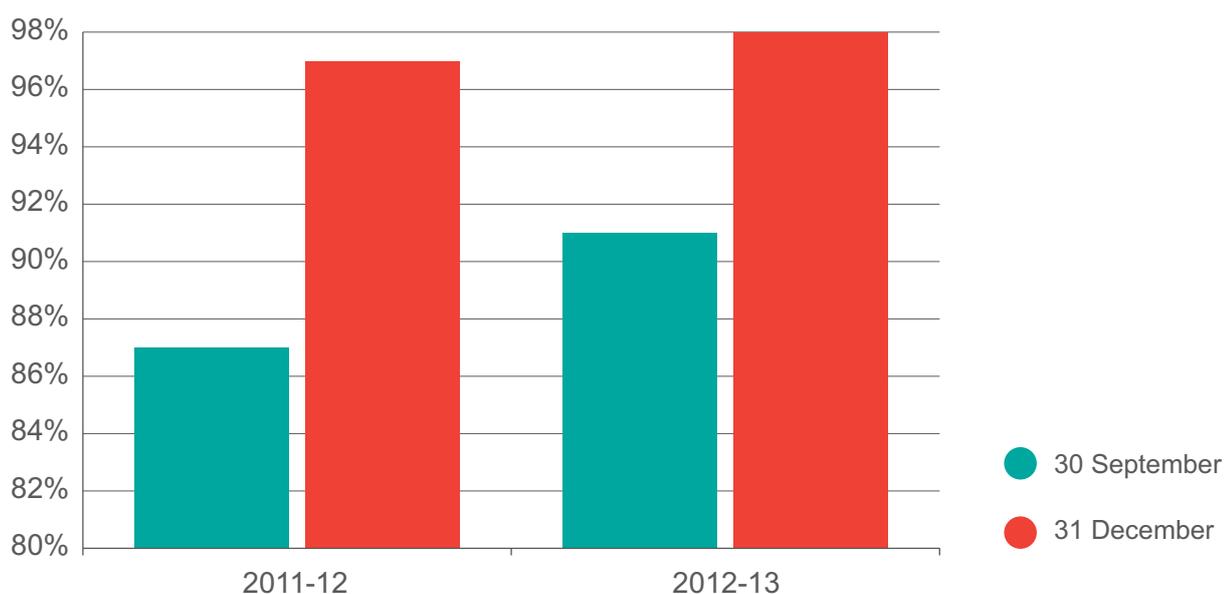
Although the timeliness of accounts improved for 2012-13, there remains considerable scope to improve the quality of accounts submitted for audit

- 1 In order to minimise both the cost and time required to undertake the audit for councils, it is important that councils provide the auditor with required information that is timely, complete and accurate. For 2011-12, the Auditor General reported that for Welsh local councils, this was frequently not the case, and we report on progress made in 2012-13 below.

There has been a small improvement in the timeliness of production of audited accounts

- 2 The Welsh Government encourages greater transparency by public bodies to explain how they use public money. Local electors are entitled to see how their local council has spent the money it has collected from fees and charges or via the annual precept, from council tax. Councils that fail to publish an annual return on a timely basis are not providing this basic level of public accountability.
- 3 Auditors aim to complete their audit work and issue their certificate and opinion in sufficient time to allow local councils to publish their annual return with an audit opinion by 30 September as required by the regulations.

Exhibit 1 – Completion of audit work on accounts between 2011-12 and 2012-13



- 4 As shown in **Exhibit 1**, by 30 September 2013, auditors had issued the opinion and certificate on the 2012-13 annual return at 669 councils (91 per cent) compared with only 646 councils (87 per cent) for the 2011-12 accounts. By 31 December 2013, the number of completed audits had increased to 721 (98 per cent) compared with 716 (97 per cent) at December 2012. However, this still meant that there were almost 20 councils that had not received an audit opinion three months after the deadline. These delays are due to councils not providing sufficient evidence to support the audit opinion, failing to send approved annual returns to the auditor or because of ongoing issues.
- 5 **Exhibit 2** identifies that in addition to the late 2012-13 annual returns, despite various and repeated reminders by auditors, as at 30 September 2013, seven councils had failed to produce or provide sufficient evidence to support the annual return for up to four of the previous financial years.
- 6 The Auditor General is concerned about persistent failure to publish an audited annual return on a timely basis. In his view, it is unacceptable that local councils funded by public money should fail to discharge their legal obligations and prepare statements of accounts for audit. As at 31 December 2013, the following councils had outstanding audits remaining open because:
- a the council had failed to prepare annual accounts or provide sufficient evidence for auditors to provide an opinion and so discharge their responsibilities under the act; or
 - b the auditor was undertaking additional work to consider potential irregularities.
- 7 For the 2013-14 accounts where a council has the audits of two or more years' accounts open as at 30 September 2014, appointed auditors will consider whether or not to report in the public interest, the circumstances that have led to these unacceptable delays. This will lead to additional costs being incurred by the councils.

Exhibit 2 – Councils with prior-year audits open at 30 September 2013

	2008-09	2009-10	2010-11	2011-12	2012-13
Glynneath Community Council	✓	✓	✓	✓	✓
Machynlleth Community Council		✓	✓	✓	✓
Llanrhidian Higher Community Council		✓	✓	✓	✓
Banwy Community Council		✓	✓	✓	✓
St Florence Community Council			✓	✓	✓
Ogmore Valley Community Council				✓	✓
Mawr Community Council				✓	✓

There remains considerable scope to improve the quality of annual returns and supporting information

- 8 The accounting requirements for local councils are straightforward and all councils have access to the Practitioners' Guide to help them prepare their accounts ready for audit. The annual return itself is designed to be straightforward to complete and councils are required to provide only relatively limited information to auditors. Nevertheless, in relation to the 2011-12 accounts, the Auditor General reported significant problems with the quality of the annual returns and supporting information provided to the appointed auditors. Evidence provided by the auditors for the 2012-13 accounts suggests there has been limited progress and there remains significant scope for improvement across the sector.
- 9 One of the appointed auditors has identified that 147 councils from a total of 244 councils (60 per cent) submitted annual returns for 2012-13 that required some form of amendment. It is a matter of concern that such large numbers of councils submit annual returns for audit that need to be corrected during the course of the audit. In most cases, the omissions are minor eg, council names not inserted. In other cases, the omissions are more significant eg, no signatures confirming that the responsible financial officer has certified the accounts or no responses to assertions in the Annual Governance Statement.
- 10 Auditors also report that they frequently need to contact councils to request information that they had previously advised the councils was required to complete the audit. One auditor has identified that 38 out of 179 councils (21 per cent) did not provide the information required to undertake the 2012-13 audit when first asked for the information.
- 11 These failures to provide complete and accurate annual returns and supporting information adds to the costs of undertaking the audit. For the 2013-14 audits and beyond, appointed auditors will be required to recover the full cost of undertaking the audit work and will therefore raise additional fees for this additional work. Such increased costs are avoidable for these councils.

Although there has been a small decrease in the number of qualifications, the number of qualified opinions remains too high and cover a wide range of issues

- 12 Auditors qualify their opinion on the annual return because of issues identified in the accounting statements and/or the Annual Governance Statement. A qualification on the Annual Governance Statement may relate to one or more of the assertions made by the council.
- 13 It should be noted that all audit opinion qualifications are avoidable if individual councils have adequate and effective financial management and governance arrangements in place and follow the simple steps required to prepare annual accounts and submit them for audit.

An unacceptably high number of audit opinions are qualified with some councils receiving qualified audit opinions for more than one issue

- 14 Auditors issued qualified audit opinions on 113 of the 2012-13 annual returns for councils (15 per cent). For 2011-12, 130 councils (17 per cent) received qualified audit opinions. Although this represents a small improvement over 2011-12 audits, it remains unacceptably high with almost one in seven councils failing to meet the minimum required standards of governance. Local councils still need to focus on improving their governance and compliance arrangements.
- 15 Auditors qualified the audit opinions of 36 councils for two or more separate issues. In 2011-12, only 26 councils received qualified audit opinions for more than one issue.
- 16 **Exhibit 3** identifies 38 councils (five per cent) who received qualified audit opinions for both 2011-12 and 2012-13. The persistent qualification of the audit opinion at these councils suggests there are systemic weaknesses in their financial management and governance arrangements. In 26 cases, auditors reported one or more of the same issues in both years. In the Auditor General's view, it is unacceptable that councils fail to address weaknesses in their governance arrangements when these matters are drawn to their attention by the external auditor.

Exhibit 3 – Councils with qualified audit opinions for both 2011-12 and 2012-13

Council	2011-12	2012-13	Same issues reported in both years
Aber Community Council	✓	✓	
Abergele Burial Committee	✓	✓	Y
Alaw Community Council	✓	✓	Y
Botwnnog Community Council	✓	✓	Y
Briton Ferry Town Council	✓	✓	Y
Bryneglwys Community Council	✓	✓	Y
Capel Curig Community Council	✓	✓	Y
Cilcain Community Council	✓	✓	Y
Cosheston Community Council	✓	✓	Y

Council	2011-12	2012-13	Same issues reported in both years
Cynwyd Community Council	✓	✓	Y
Dinas Cross Community Council	✓	✓	Y
Faenor Community Council	✓	✓	
Henryd Community Council	✓	✓	
Kidwelly Community Council	✓	✓	Y
Killay Community Council	✓	✓	Y
Llanberis Community Council	✓	✓	
Llandysiliogogo Community Council	✓	✓	Y
Llaneugrad Community Council	✓	✓	
Llanfachraeth Community Council	✓	✓	Y
Llanfarian Community Council	✓	✓	
Llanfihangel y Pennant Community Council	✓	✓	Y
Llangristiolus Community Council	✓	✓	Y
Llangwm Community Council	✓	✓	Y
Llangybi Fawr Community Council	✓	✓	
Llangynwyd Lower Community Council	✓	✓	
Llysfaen Community Council	✓	✓	Y
Maentwrog Community Council	✓	✓	
Moelfre Community Council	✓	✓	Y
Nannerch Community Council	✓	✓	Y
Nantglyn Community Council	✓	✓	Y

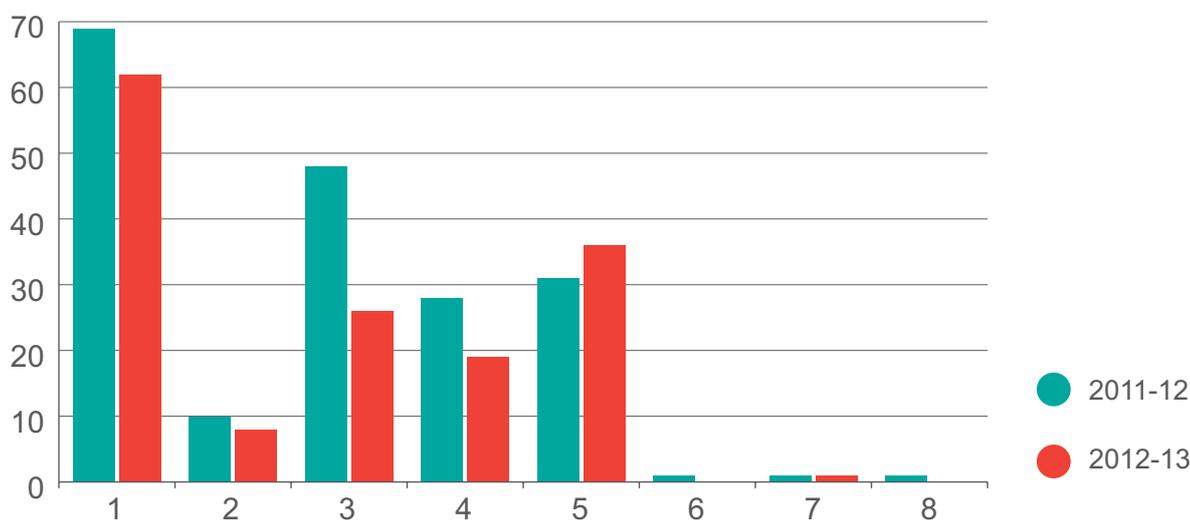
Council	2011-12	2012-13	Same issues reported in both years
Pentir Community Council	✓	✓	
Pontyclun Community Council	✓	✓	
Queensferry Community Council	✓	✓	Y
Rhoscolyn Community Council	✓	✓	Y
Scleddau Community Council	✓	✓	Y
Trefeurig Community Council	✓	✓	
Whitford Community Council	✓	✓	Y
Ysbyty Ystwyth Community Council	✓	✓	Y

- 17 Where these qualifications are as a result of the council's failure to take appropriate action to issues that have previously been drawn to their attention, appointed auditors will be encouraged to consider whether these are matters which should be drawn to the public's attention at local level. For 2013-14, appointed auditors will consider whether or not these are matters that should be reported to their communities in the public interest and whether or not to make statutory recommendations for improvement. Where auditors exercise these powers there will be a significant additional cost to the council in terms of additional audit fees and potentially adverse local publicity.

Auditors qualify their opinions for a wide range of issues

- 18 The majority of qualifications relate to the assertions made by councils in the Annual Governance Statement. In the Annual Governance Statement, councils make a positive statement that they have done what is required of them. **Appendix 1** of this report sets out the assertions made by councils in the Annual Governance Statement and provides a brief explanation of what the assurance given by a council means.
- 19 In many cases, when auditors examine these assertions they find that councils have not in fact complied with the related requirements. In such cases, auditors qualify their audit opinion. **Exhibit 4** shows the number of qualifications relating to each of the assertions in the Annual Governance Statement. Some local councils have received a qualified opinion relating to two or more assertions.

Exhibit 4 – Number of qualifications related to each Annual Governance Statement assertion



- 20 **Exhibit 4**, whilst showing a significant number of qualifications against several of the Annual Governance Statement assertions, does show some improvement over 2011-12. In particular, it is pleasing to note that the number of qualifications issued in relation to councils' failure to ensure compliance with laws, regulations and codes of practice has fallen significantly (assertion 3).
- 21 The most common reason for qualifications related to the Annual Governance Statement was the failure to prepare accounts on time (assertion 1).
- 22 The next most common reason for qualification relates to assessing and managing financial and other risks (assertion 5). Statutory regulations state that local councils are responsible for putting in place and ensuring that there is a sound system of internal control which facilitates the effective exercise of their functions and which includes arrangements for the management of risk. Auditors qualify their opinions because of the council's failure to demonstrate that they meet their statutory responsibilities.

- 23 The Public Audit (Wales) Act 2004 (the Act) gives local electors various rights in relation to councils' accounts. These include the right to inspect the accounts and to address questions or make objections to an item of account, to the external auditor. Local councils have a responsibility to facilitate the exercise of these rights by their electors and confirm in the Annual Governance Statement that they have done so (assertion 4). One of the ways in which this is achieved is to place an advertisement in a prominent place to inform the public that the audit will shortly be carried out. In 28 (four per cent) cases, auditors identified that councils had failed to meet their statutory duty to advertise the audit or to make adequate arrangements for local electors to exercise their rights. However, it is not the role of the auditor to enforce electors' rights as that is a matter for the elector to pursue through the courts.
- 24 In the Annual Governance Statement, councils assert that they have taken all reasonable steps to ensure 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 council (assertion 3). A positive answer to this assertion means that the council 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.
- 25 Auditors have noted the following issues in relation to assertion 3. In each of these cases, the council asserted that they comply with requirements but the auditor has found that they do not. For example:
- a Pay As You Earn (PAYE) arrangements: Most local councils employ and pay salary or other allowances to the clerk. They must therefore operate a PAYE system to deduct income tax and national insurance contributions at source. Auditors identified failures in operation of PAYE at 21 councils. PAYE was also a significant issue reported on for 2011-12.
 - b Members' Code of Conduct: Councils must ensure that all members have agreed to act in accordance with a members' code of conduct.
 - c Statutory authority to incur expenditure: As statutory bodies, local councils may only act where they have a statutory power to act. Auditors have identified that councils incurred expenditure without ensuring that they have the appropriate legal power to incur that expenditure or have not applied the correct statutory power to incur expenditure. This suggests that some councils do not have a clear understanding of their statutory powers and responsibilities.
 - d Capital receipts: Receipts from the disposal of assets have statutory rules over how the money can be used by the council. At Kidwelly Town Council, the auditor has qualified the opinion for a third year due to the council making inappropriate use of these monies, contrary to statutory regulations. As a consequence, the auditor has issued statutory recommendations to address this issue (see [paragraphs 37 to 39](#)).

Auditors exercised their statutory duties to make statutory recommendations at three councils in relation to the 2012-13 accounts

- 26 In most cases, auditors report their findings and recommendations to the council through the audit certificate (the audit opinion) and a report addressed to the council. Auditors issue these reports to the council at the conclusion of the audit to set out the auditor's findings and recommendations. The Auditor General encourages auditors to resolve issues with councils wherever possible through these means.
- 27 However, resolution is not always possible, or possible in a timely manner, and in accordance with their duties under the act, the auditor must always reserve the option of reporting their findings and recommendations on a wider basis. The Auditor General supports auditors who consider it necessary to issue a report in the public interest and/or make recommendations under section 25 of the Act. Councils must discuss the public interest reports and section 25 recommendations at public meetings and publish their response to the report or recommendations.

No reports in the public interest were issued for 2012-13

- 28 No reports in the public interest were issued by the Auditor General's appointed auditors in respect of the 2012-13 audits.

Auditors issued statutory recommendations to three councils

- 29 When an auditor makes a recommendation under section 25 of the Act, the council must consider the recommendation(s) in a public meeting. At the meeting, the council must consider the recommendation(s), whether to accept it (them) and what action if any to take in response to the recommendation(s). Auditors issued section 25 written recommendations to three councils during the course of the 2012-13 audits.

Banwy Community Council

- 30 In December 2013, the appointed auditor issued a report to Banwy Community Council setting out significant deficiencies in financial governance dating back to 2010. The publication of the report was delayed due to a lengthy police investigation into concerns over the accuracy of the council's financial records.
- 31 The auditor found that:
- a A Dyfed Powys Police investigation identified areas of poor record keeping but did not identify evidence of criminality.
 - b The former Clerk failed to discharge his responsibilities in relation to the financial management of the council. The former Clerk to the council had failed to maintain proper accounting records and had removed pages from the council's cashbook. There were a number of unexplained irregularities in cheques drawn up by the former Clerk.

- c There were irregularities in the completion of the council's Annual Return. The annual returns submitted to the appointed auditor included a fully completed internal audit report apparently signed by the council's internal auditor. However, in a statement to the police, the internal auditor confirmed that he had not undertaken any internal audit work nor signed any annual returns for several years.
- d The council failed to discharge its responsibilities to establish appropriate governance and supervisory arrangements. The council did not receive adequate reports on its finances on a regular basis. The council had adopted a practice of pre-signing cheques that exposed it to the risk of loss through fraud. The council had failed to maintain an adequate and effective internal audit in the period up to, and including, 2009-10. The council was unaware that no internal audit function was in fact in place and simply relied upon the assurances provided by the internal audit report in the annual returns.
- e The council has failed to comply with its duties for the preparation and approval of its statement of accounts. The council was unable to properly demonstrate that it had approved the annual return containing the annual accounts. Furthermore, the Chair of the council had refused to sign the accounts to confirm the council had approved them.

32 The appointed auditor made the following recommendations:

- a The council should review the nature and quality of the accounting records and ensure that these are fit for purpose and are kept up to date and complete.
- b The council should establish arrangements to receive reports of detailed financial information setting out the council's financial position on a regular basis.
- c Members must ensure that they do not sign cheques that are not fully completed and supported by appropriate receipts or invoices.
- d The council must establish proper arrangements for internal audit in order to comply with the Accounts and Audit (Wales) Regulations 2005.
- e The council must ensure that it meets with, and reviews the work undertaken by, internal audit each year.
- f The council must ensure that it complies with the requirements of the Accounts and Audit (Wales) Regulations 2005 when preparing and approving its annual accounts.
- g The council must ensure the minutes of its meetings:
 - properly record decisions taken and action agreed by the council; and
 - comply with the legal requirements set out in schedule 12 of the Local Government Act 1972.

- 33 To date, the council has still failed to provide the appointed auditor with a signed statement of accounts and the audit of the 2010 accounts remains open. No further progress on the subsequent years' audits is possible until such time as the council provides signed 2010 accounts. The auditor is currently considering what further action may be required to resolve this situation.

St Florence Community Council

- 34 In April 2014, the appointed auditor issued a report to St Florence Community Council setting out significant deficiencies in financial governance covering the financial years 2010-11 to 2012-13.
- 35 The auditor found that:
- a A Dyfed Powys Police investigation identified areas of poor record keeping and a lack of transparency in relation to council procedures. However, no evidence was identified to support allegations that the former Clerk had deliberately failed to maintain the books and records to hide any criminality.
 - b The former Clerk had failed to maintain proper accounting records on behalf of the council. The council's internal auditor had to prepare a cashbook using bank statements as a primary source of information due to the absence of other records. Furthermore, the former Clerk had failed to include any record of income in the records that were kept. The former Clerk was also unable to provide copies of invoices etc as supporting evidence for payments made.
 - c The council failed to discharge its responsibilities to establish appropriate governance and supervisory arrangements. The council did not receive adequate reports on its finances on a regular basis. The only substantive financial information reported to the council consisted of a budget received when the precept was set and a schedule of payments presented to each council meeting. Furthermore, the council was unaware that it did not have an internal audit function as required by law.
 - d The council incurred unlawful expenditure by employing a councillor in a paid position in the council.
 - e The council had failed to make appropriate arrangements for the management of risk.
 - f The council failed to prepare its accounts in accordance with the timescale set by regulations.
- 36 The appointed auditor made the following recommendations:
- a The council should review the nature and quality of the accounting records and ensure that these are fit for purpose and are kept up to date and complete. The council must also ensure they retain records.

- b The council should establish arrangements to receive reports of detailed financial information setting out the council's financial position on a regular basis.
- c The council must establish proper arrangements for internal audit in order to comply with the Accounts and Audit (Wales) Regulations 2005.
- d The council must ensure that it meets with, and reviews the work undertaken by, internal audit each year.
- e The council must ensure that it complies with the requirements of the Accounts and Audit (Wales) Regulations 2005 when preparing and approving its annual accounts.
- f The council must review its insurance policy and ensure it has adequate fidelity guarantee cover.
- g The council must ensure it undertakes a review of its internal controls which includes risk management on an annual basis.
- h The council must ensure it establishes an asset register and reviews this on an annual basis to ensure it is up to date and complete.

Kidwelly Town Council

- 37 In July 2014, the appointed auditor issued a report to Kidwelly Community Council setting out significant deficiencies in financial governance covering the financial years 2010-11 to 2012-13.
- 38 The auditor found that:
- a The council had unlawfully applied restricted capital resources totalling a minimum of £30,000 to fund revenue grant expenditure. The council had previously disposed of property, the proceeds of which are defined as 'capital receipts' by law. The law states that capital receipts may only be used for specified purposes. Although the council's reporting accountant provided it with advice supporting the use of the capital receipts, the advice was flawed in that it did not take into account a specific regulation that effectively prohibits community councils from using capital receipts to fund grants to other bodies.
 - b As a consequence of this, the council's capital reserves need to be replenished from the council's general reserves.
 - c Although this issue had been raised with the council in the previous two audit reports, it had failed to take appropriate action and incurred further unlawful expenditure.

- d In setting its budget, the council had failed to comply with the law and take into account the level of reserves held or needed by the council.
 - e The council is unable to fully safeguard its assets because it does not maintain an adequate asset register that would allow it to identify assets held. This increases the risk that assets will be lost or misappropriated.
 - f Community councils are statutory bodies and can only incur expenditure where they are specifically allowed to by law. The council does not routinely consider what statutory power it relies on when incurring unusual items of expenditure.
 - g The council failed to properly register as an employer with HMRC and incurred unnecessary expenditure in the form of a £900 fine.
- 39 The appointed auditor made the following recommendations:
- a the capital reserve must be reinstated by the amount taken for revenue purposes from revenue reserves as soon as possible;
 - b the council must take action following this and any other reports from both internal and external auditors;
 - c the council must consider the level of general and capital reserves when setting its next budget;
 - d the council must establish a fixed asset register as soon as possible;
 - e the level of general reserves required must be incorporated into the next budget which is set by the town council;
 - f expenditure powers must be considered and noted when payments are approved or when expenditure is authorised; and
 - g all PAYE returns to HMRC should be filed on time to avoid penalties.
- 40 The Auditor General recommends that all councils consider these issues and whether any may apply to them and if there are lessons that individual councils can learn from these statutory recommendations.

Part 2

To help councils to improve their financial management and governance, local council auditors will for the 2015-16 audit, examine councils' arrangements for setting and monitoring budgets and for engaging the services of internal audit



- 41 The Auditor General's September 2013 report, *Improving Financial Management and Governance: Issues from the Audit of Community Council Accounts 2011-12*, set out changes to the audit arrangements for town and community councils for the 2015-16 audit.
- 42 The new arrangements will have a greater focus on governance with an extended Annual Governance Statement having a new section highlighting 'thematic' areas for review at all councils. These themes will vary year on year and will address concerns arising from audit findings.
- 43 In order to allow local councils to develop their governance arrangements, councils will be notified in advance of the specific areas that will form part of the thematic review each year. This arrangement will allow councils to identify areas where they need to improve their arrangements and to make any necessary improvements before the start of the financial year. However, it should be noted that this should not require councils to carry out any substantial additional work. Auditors will only seek evidence that all councils should readily have available.

Auditors will examine councils' arrangements for budget setting and monitoring

- 44 Councils must set their budget each year in accordance with the Local Government Finance Act 1989 (LG FA 1989). Guidance on budget setting is included in the Practitioners' Guide. Councils will be asked to confirm that they have set the budget in accordance with the act and that they have monitored income and expenditure against the budget during the year.
- 45 Auditors will expect that councils will be able to provide the following evidence to support a positive assertion:
- a a copy of a budget prepared in accordance with the LG FA 1989;
 - b a copy of the minutes of the council meeting at which the budget was approved and the precept set;
 - c a copy of the precept demand issued to the billing authority;
 - d examples of budget monitoring reports to the council; and
 - e copies of minutes of council meetings highlighting how the council monitors its income and expenditure against its budget.

Auditors will review the terms of engagement for internal audit

- 46 Welsh Government regulations require all community councils to maintain an adequate and effective internal audit of its accounting records and internal controls. Guidance on internal audit is included in the Practitioners' Guide. Councils will be asked to confirm that they have ensured that the council's internal audit is independent of the council's day-to-day decision-making process and maintenance of the accounting records.
- 47 Auditors will expect that councils will be able to provide the following evidence to support their assertions:
- a council report on its review of internal audit; and
 - b internal audit engagement letter or terms of engagement issued to the internal auditor.

Appendices

Appendix 1 - Annual Governance Statement assertions



Appendix 1

Annual Governance Statement assertions

Assertion	'Yes' means that the council
We have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2005 (as amended) and proper practices.	Prepared its accounting statements in the way prescribed by law.
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.
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.
We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2005 (as amended).	Has given all persons interested the opportunity to inspect and ask questions about the council's accounts.
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 council and has dealt with them properly.
We have maintained an adequate and effective system of internal audit of the council's 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 council.
We have taken appropriate action on all matters raised in previous reports from internal and external audit.	Has responded to matters brought to its attention by internal and external audit.
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.
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. 	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.

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