

Michaelston-y-Fedw Community Council

Community Council Audits

Audit Wales

1 Capital Quarter

Tyndall Street

Cardiff

CF10 4BZ

15th November 2023

Audit Report for Michaelston-y-Fedw Community Council

I refer to your Completion Of Audit report received on the 6th November, with which for some reason you also enclosed a copy of the report for Tonyrefail and District Community Council.

You do not offer a right of reply to the audit, but we are obliged to respond as the report contains some factual inaccuracies which would make it misleading to anyone reading the report if we publish it in the way that you require. Of particular concern are Assertions 2 and 3 which would suggest to an uninformed reader that the council makes unauthorised payments and does not follow a proper budget-setting process. Both of those assertions are incorrect.

During the summer months numerous documents were requested by Stephen Joseph and were supplied by us, but some of them seem to have been ignored, leading to the inaccurate statements contained in the audit conclusion report. Publication of the report as it stands would be misleading, and we request that the report be corrected so that we can publish an accurate account of the community council's compliance with standards.

Our responses to the audit report statements are given below in blue.

Yours sincerely,

Nigel Hallett

Chair, Michaelston-y-Fedw Community Council

Accounting Statement

"I am unable to conclude whether or not the Accounting Statement properly/fairly presents the Council's receipts and payments/income and expenditure and financial position:

- The Council has been unable to provide relevant supporting documentation to support payments recorded for staff costs".*

This is incorrect. Evidence to support staff costs was provided in an email to Stephen Joseph on the 26th September 2023.

Annual Governance Statement

- "The Council did not prepare VAT returns this financial year. The Council does not keep an accurate record of VAT within its cashbook. We recommend that the Council complete VAT returns and keep up to date with the relevant VAT guidance issued by HMRC and One Voice Wales".*

As explained in an email to Stephen Joseph of 12th August 2023, this community council's turnover is far too small to be registered for VAT. We cannot therefore complete a VAT return. Separately recording the VAT paid would therefore be completely pointless.

- "Assertion 2: Adequate internal controls. The Council has not provided evidence that it duly authorises all payments made. The Council should ensure it has robust procedures in place to ensure all payments made are authorised and that there is a suitable record of that authorisation."*

This is incorrect. In our response to the questionnaire "Arrangements For Making Payments" we clearly stated that ALL payments receive prior approval at meetings of the full council, and these are recorded in the meeting minutes which are published on-line.

- "Assertion 3: The Council has not provided evidence that a budget has been set in accordance with the Local Government Finance Act 1992 and that the precept has been set in line with the budget. The Act requires the Council to take into account its level of reserves when setting its budget requirement. We recommend that the Council sets a budget in accordance with the relevant regulations and codes of practice."*

This is incorrect. Copies of the meeting minutes pertaining to the budget discussions, and the precept request form showing how the precept related to the budget were sent to Stephen Joseph on the 19th August 2023. Detailed budget calculations were contained in the Income and Expenditure spreadsheet that was enclosed with the original Annual Return documents.

- *“Assertion 3: The Council has not provided evidence that it has submitted its schedule of payments made to members to the Independent Remuneration Panel for Wales. Although no payments were made the Council must submit a nil return to the Independent Remuneration Panel for Wales confirming that no payments were made.”*

Agreed. We were unable to find a copy of the email to the IRPW

- *“Assertion 3: Compliance with relevant laws and regulations. The Council has not published information it is required to publish electronically by the Local Government (Democracy) (Wales) Act.”*

This is unhelpful since it does not say what information is missing from electronic publication. We believe that we publish everything that is required.

Quality Of Accounting Records

*“The Council’s cashbook does not include any VAT details regarding each transaction recorded. We recommend that the Council include all information as **suggested** by the One Voice Wales practitioners' guidance.”*

As already explained, this community council’s turnover is far too small to be registered for VAT. We cannot therefore complete a VAT return. Separately recording the VAT paid would therefore be completely pointless. The OVW practitioner’s guidance contains a suggestion, not a requirement.

Section 137 Disclosure

“The Council’s section 137 disclosure is inaccurate and does not reconcile to the listing provided. We recommend that the Council discloses its section 137 expenditure accurately.”

Agreed. There was a £3 discrepancy.