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Dear Cllr Jerman

Trefeglwys Community Council - Audit of accounts 2022-23

Thank you for your letter dated 4 October 2024.

You raised concerns regarding the audit process itself and noted that in the Council's opinion, information provided by the Council had not been taken into account by my audit team. My understanding is that this refers to information you sent on or around 5 August 2024.

I will cover each of these points in turn before offering some more general observations.

Provision of information

You note that the Council has 'been forced to pay our clerks to provide duplicated and unheeded information.' You further state that the Council 'had to deal with three separate auditors who don't appear to have consulted on the audit, requiring repeated answers to queries, even asking for copies of our correspondence with Audit Wales!'

Each year we issue an audit notice to the Council. This sets out the information we require for that year's audit. Our audit file identifies that the Council did not in fact submit information when first required to do so. The file also includes correspondence between our auditor and audit manager and the Council's clerk requesting the information. This correspondence demonstrates that the Council did not initially provide the information needed. The final submission of information was received in August 2024, having been chased by our audit manager in June 2024.

The audit work was started by one of our apprentices, but she was unable to complete the audit due to the lack of information provided by the Council. We then reallocated the audit to one of our qualified auditors. Despite corresponding with the then clerk she was unable to obtain the required information, and the audit passed to our audit manager. At each stage notes were left on the audit file.

In response to the audit manager's query in June 2024, the Council replied: 'Thank you for your response (6/6/24) regarding the Audit 22/23. The Councillors and myself are working on the outstanding points, and I will forward them to you as soon as they are completed.'

The Council did not provide repeated responses to queries because the Council only responded to the audit manager's final queries.

I note that the Council has not provided full information for the 2023-24 audit.

Website

One of the key pieces of information we request from the Council is the Council's current website address. The Council did not provide this information. We searched for a website using information previously provided and by a Google search. This revealed that the Council does not have a publicly available and functioning website. I have checked the position again this month and the position remains the same.

Documents submitted in August 2024

We received your documents in early August. Unfortunately, these were initially filed with the 2023-24 audits as the Council was significantly late in providing information. I have reviewed this information against each of the areas we issued a qualification on. My conclusions are set out in **Annex 1**.

Audit completion notice

We provide this proforma notice to help councils to comply with their statutory responsibilities. It is sent to all councils when we issue the audit opinion and certificate.

The notice should be completed and then displayed in a conspicuous place in the community and on the Council's website in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.

Conclusion

Based on my review of the audit file, I am satisfied that we have issued the correct audit opinion and that the opinion is properly supported by adequate evidence.

General observations

It is important that every council provides us with the information required for the audit on a timely basis. A failure to do so means that we have to spend additional time chasing the council, and this comes at an additional cost that is directly passed on to the council in the form of a higher audit fee. Significant delays can also mean that we may, out of necessity, reallocate the audit to a different auditor. This is because our audit team is available only within a narrow window and any delayed audits need to be completed on a more ad hoc basis. This will, in itself, increase the audit fee as the new auditor will have to familiarise themselves with the audit file and identify what work has been completed and what information is outstanding. If responses have been provided by the council, the new auditor will need to consider if the response addresses the issues originally raised.

I trust that this clarifies our approach to the audit and the reasons for the qualified audit opinion.

Yours sincerely



Richard Harries
Audit Director

Annex 1: Qualification issues

I set out below extracts from the audit opinion issued, along with commentary on each issue:

Accounting Statement

We issued a limitation in scope opinion as the Council did not provide sufficient information for audit. The opinion states:

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

- The scope of my audit was limited due to the Council's failure to provide information required for the audit. I have confirmed that the Accounting Statement agrees to the underlying cashbook. However, I have been unable to substantiate the transactions recorded in the cashbook due to a lack of records provided by the Council.

Comments

The Council did not provide the following information:

- Clerk's contract of employment. The Council simply stated that the clerk is contracted for 18 hours per month plus overtime. We asked for the contract which was not provided.
- No bank reconciliation was provided but we agreed the closing balances to the bank statements.
- Various invoices were missing.

In addition to these items, the Council did not provide a copy of the asset register until August 2024.

Conclusion

The audit conclusion is sound. While our audit file records the late submission of the asset register, this does not outweigh the other deficiencies which remain.

Annual Governance Statement

We issued an adverse opinion as the evidence available at audit did not support the positive assertions made by the Council in the Annual Governance Statement. The opinion states:

In my opinion, the Annual Governance Statement is not consistent with the Council's internal controls and governance arrangements for the year:

- **Assertion 3:** the Council does not publish on a publicly accessible website the information it is required to publish electronically by the Local Government (Democracy) (Wales) Act 2013 and the Local Government and Elections (Wales) Act 2021. The Council has not published a schedule of members' payments or register of interests.
- **Assertion 3:** the Council has not provided evidence of submission of members' allowances to the Independent Remuneration Panel for Wales.

Comments

The Council does not have an operating website. I have tried the website previously provided and get a 404 error message. I have googled the Council and no active website is found. The Council has stated the website was accessible to all but has not provided the website address. This was included in the information required for the 2023-24 audit that the Council failed to submit.

In its August 2024 papers the Council provided a schedule of members' allowances and copies of statements declining allowances. The Council has not provided evidence it sent this schedule to the IRPW. The Council was required to provide both to demonstrate it had complied with its regulatory responsibilities. The Council should note that the IRPW requires a Nil return if no allowances are paid.

Conclusion

The audit conclusion is sound. While our audit file records the late submission of the asset register, this does not outweigh the other deficiencies which remain.