

**Abertillery and Llanhilleth Community Council**

**Report on 2019/20 Accounts and Annual Return**

**Authors: Richard Gwinnell (Town Clerk and Responsible  
Financial Officer (RFO)) and  
Steve Edwards (Deputy Clerk)**

**Date: 29 July 2020**

**For Council Meeting on 12 August 2020**

## Background

This report seeks Council's approval to the accounts for the 2019/20 financial year and their submission to Audit Wales, along with the Annual Governance Statement, Internal Auditor's report and other relevant documents. Audit Wales is the new name for the Wales Audit Office.

Under the Public Audit Wales Act 2004 and the associated Accounts and Audit (Wales) Regulations 2014, accounts should be certified by the RFO and presented to the Council, along with the Internal Auditor's report, by 30 June in any given year. They should then be sent to Audit Wales, for external audit. This year, due to the Covid-19 pandemic and associated restrictions on people meeting each other, this deadline was not met. A public notice was published on 29 June 2020, explaining this.

Electors have a right under the legislation listed above to inspect and make copies of the accounts and relevant associated documents (e.g. bills, invoices etc) and submit questions and objections to the accounts (to Audit Wales) if they wish. In line with the amended timescales issued by the external auditors, the RFO will give notice on 16 August 2020 (or before) of electors' rights and the fact that electors may inspect the 2019/20 accounts from 1 September to 28 September 2020. If someone wants to inspect the accounts, this will have to be done by appointment made in advance, and with social distancing, given that Covid-19 infection is still a risk, meeting restrictions are still in force and the Council's staff are working from home and only visiting the office when required.

## Annual Return for the year ended 31 March 2020

The Annual Return for the financial year 2019/20 (ending 31 March 2020) was completed by the Clerk and RFO on 27 July 2020 and is attached at **annex 1**. This is the form required by the Auditor General for Wales, which will have to be published in due course, showing the headline income and expenditure details, the Annual Governance Statement and the Internal Audit report.

## Internal Audit

The report (with appendices) of the Council's Internal Auditor, Mr Hugh O'Sullivan, is attached at **annex 2**. The Internal Auditor will attend the Council's remote meeting on 12 August 2020 to present his report and answer questions.

## Income, expenditure, bank reconciliation and variances

**Annex 3** shows the details of all income into all the Council's bank accounts. Particular things to note about income are: -

- 1: The Precept increased by £121,084 compared to the previous year, as decided by the Council on 16 January 2019.
- 2: Two Solar Farm Grant amounts of £35,000 each (totalling £70,000) were received in 2019/20 (not the usual one amount).
- 3: There was a single VAT reclaim of £3,706.12.

**Annex 4** shows the details of all Council expenditure for 2019/20. Particular things to note are: -

- 1: Staff costs were lower than expected in 2019/20 as the invoice for Quarter 4 was not received from Blaenau Gwent CBC (who provide the Council's payroll services) until after 31 March 2020.

2. Expenditure in 2019/20 was significantly higher than in 2018/19, because two Solar Farm grants (of £35,000 each) were paid out in 2019/20 and approx. £40,000 was spent for the first time on additional detached youth workers (among other things including higher Christmas lights costs).

**Annex 5** shows a formal breakdown of the accounts. Members should note that the figures shown in the top table “Annual Return” are the figures shown on the official Annual Return.

### **Account Summary**

At the start of the 2019/20 year, the Council had an opening balance of £33,108.46 in its current account. It received income of £305,295.40 and incurred costs of £231,334.19. £41,300 was transferred during the year from the Current Account to the Reserve Account. This resulted in a current account balance at the end of the year of £65,769.67.

Reserves were increased during the year by £41,300. £15,000 of this was to replace the £15,000 spent (using reserves) in 2018/19 on defibrillators. £20,000 was for additional staffing costs raised through the 2019 precept but not spent. £5,000 was to be earmarked for future external audit costs and £1,300 was unspent funds previously allocated for a pantomime. Reserves now stand at £61,678.45.

Overall, the Council had cash assets at the end of 2019/20 of £127,452.96 in three bank accounts. One account has only £4.84 in it. Whether that account is needed will be reviewed in future.

**Annex 6** is a bank reconciliation, showing the amount of cash at the bank (in all accounts) at 31 March 2020, minus liabilities which were outstanding at the time (i.e. uncashed cheques).

**Annex 7** is a variance statement. This highlights where there are significant differences between income or expenditure year on year and explains why those differences occurred.

**Annex 8** is an explanation of the assertions made in the Annual Governance Statement (which is part of the Annual Return). This explains in some detail why the RFO has pre-ticked the “yes” or “no” boxes on the Annual Governance Statement, as there is no “met in part” option.

### **Audit Wales: external audit**

Audit Wales (formerly known as the Wales Audit Office) currently hold our accounts for 2014/15, 2015/16, 2016/17, 2017/18 and 2018/19 (five years). None of these have officially been signed off yet, pending the outcome of Audit Wales investigations into the 2014/15 accounts and a number of issues that arose during that year. It is highly likely that, even though we will shortly submit our Annual Return for 2019/20, they too will await sign-off by Audit Wales, until the issues which arose in 2014/15 are “put to bed”. Final accounts (following external audit certification) should be published every year by 30 September (and this will be later in 2020 due to Covid-19) but none of the accounts for the last five years (or this year) can be published as final accounts until the external audit is complete. The accounts for those years are however published as “unaudited” accounts.

### **Next Steps**

Council needs to approve the Annual Return (i.e. the accounting statements) including the Annual Governance Statement before they are submitted to Audit Wales. The Annual Return, the Internal Auditor’s report and the other attachments (income and expenditure details, bank reconciliation, variance statement, explanation of assertions etc) will then be submitted to Audit Wales, along with any other evidence they require (e.g. dates of all meetings of Council and committees during the year and the Council’s website address).

The Chair of the Council will sign page 4 of the Annual Return before it is submitted. The RFO has already signed the form, to certify that the accounting statements fairly present the financial position of the Council and its receipts and payments for the year.

Audit Wales will, in due course (the timescale is unknown and beyond the control of the Council) provide their external audit opinion on these accounts. The Annual Return can then be published in its final form on the Council's website. Pending external audit, they will be published as unaudited accounts at the appropriate time.

## **Conclusion**

The attachments to this report, read together, form the Council's Annual Return and Annual Governance Statement for the year ended 31 March 2020, as required by the relevant legislation.

This year (due to Covid-19) the accounts were not completed by 30 June (the normal timescale). However, they have been completed as soon as possible, in line with the new timescales issued by the external auditors. The external auditors will not "qualify" the accounts for lateness this year (as long as the accounts are approved by the Council by the end of August), as they recognise that all local councils in Wales are affected by delays caused by the Covid-19 pandemic and associated restrictions. Whether they qualify the accounts for other reasons remains to be seen.

In the opinion of the RFO, the Council should realistically expect that the external auditors will be particularly interested in this year's accounts (for 2019/20), because of the significant variances in its accounts compared to the previous year. The external auditors expect all variances of more than 10% to be explained when the Annual Return is submitted. The RFO has drawn up the required explanation of variances (annex 7) and this will be submitted to Audit Wales with the Annual Return. Nevertheless, ALCC's accounts for 2019/20 contain significant year-on-year variances which (in the opinion of the RFO) may cause the external auditors some degree of concern. As members will know from previous years, this could potentially result in significant extra work for officers and potentially significant costs (auditor fees) relating to the audit of accounts for this year.

## **Recommendations:**

- 1: That the Council agrees that the accounting statements shown in the report fairly present the financial position of the Council for the year ending 31 March 2020.
2. That the Annual Return, including the Annual Governance Statement and the Internal Auditor's report, be approved.
- 3: That the Council authorises the Chair of the Council to complete and sign the Annual Return on the basis of these accounts.
- 4: That the Council authorises the Clerk/RFO to submit the Annual Return for the year ended 31 March 2020 and all relevant associated documents to Audit Wales as required.

Authors: Richard Gwinnell, Clerk and Responsible Financial Officer  
and Steve Edwards, Deputy Clerk

## LANGUAGE PREFERENCE

Please indicate how you would like us to communicate with you during the audit. Note that audit notices will be issued bilingually.

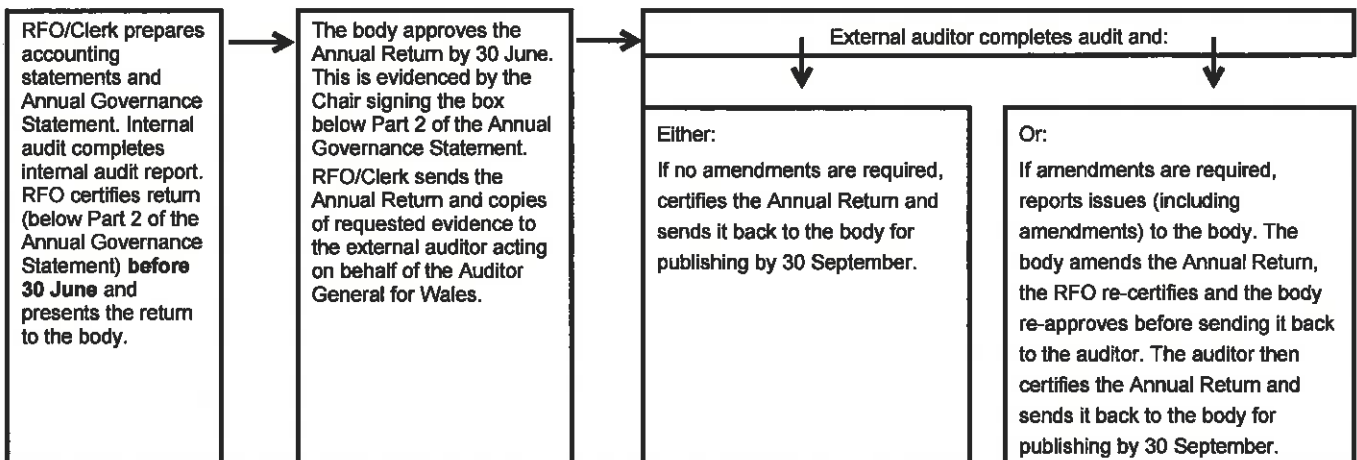
	Yes	No		Yes	No		Yes	No
ENGLISH	<input checked="" type="checkbox"/>	<input type="checkbox"/>	WELSH	<input type="checkbox"/>	<input type="checkbox"/>	BILINGUALLY	<input type="checkbox"/>	<input type="checkbox"/>

## THE ACCOUNTS AND AUDIT PROCESS

Section 12 of the Public Audit (Wales) Act 2004 requires community and town councils (and their joint committees) in Wales to make up their accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies i.e. those with annual income and expenditure below £2.5 million must prepare their accounts in accordance with proper practices.

For community and town councils and their joint committees, proper practices are set out in the One Voice Wales/Society of Local Council Clerks publication **Governance and accountability for local councils in Wales – A Practitioners' Guide** (the Practitioners' Guide). The Practitioners' Guide requires that they prepare their accounts in the form of an Annual Return. This Annual Return meets the requirements of the Practitioners' Guide.

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 pink** including BOTH sections of the Annual Governance Statement.

## APPROVING THE ANNUAL RETURN

There are two boxes for certification and approval by the body. The second box is only required if the Annual Return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.

The council must approve the Annual Return **BEFORE** the accounts and supporting documents are made available for public inspection under section 30 of the Public Audit (Wales) Act 2004.

The Auditor General for Wales' Audit Certificate and report is to be completed by the auditor acting on behalf of the Auditor General. It **MUST NOT** be completed by the Clerk/RFO, the Chair or the internal auditor.

Audited and certified returns are sent back to the body for publication and display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

# Accounting statements 2019-20 for:

Name of body: *Abertillery and Llanbelleth Community Council*

	Year ending		Notes and guidance for compilers
	31 March 2019 (£)	31 March 2020 (£)	

## Statement of income and expenditure/receipts and payments

1. Balances brought forward	43,550 <sup>0</sup>	49,706 <sup>0</sup>	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	112,916 <sup>0</sup>	234,000 <sup>0</sup>	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	7,924 <sup>0</sup>	75,080 <sup>0</sup>	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	54,288 <sup>0</sup>	42,982 <sup>0</sup>	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	0 <sup>0</sup>	0 <sup>0</sup>	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	60,396 <sup>0</sup>	188,352 <sup>0</sup>	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	49,706 <sup>0</sup>	127,452 <sup>0</sup>	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	0 <sup>0</sup>	0 <sup>0</sup>	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body and stock balances held at the year-end.
9. (+) Total cash and investments	49,706 <sup>0</sup>	127,452 <sup>0</sup>	<b>All accounts:</b> 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	0 <sup>0</sup>	0 <sup>0</sup>	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	49,706 <sup>0</sup>	127,452 <sup>0</sup>	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	206,015 <sup>0</sup>	206,015 <sup>0</sup>	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 <sup>0</sup>	0 <sup>0</sup>	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).
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

(24)

## 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 2020, 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"><li>• effective financial management during the year; and</li><li>• the preparation and approval of the accounting statements.</li></ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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"><li>• discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit.</li></ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	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.




## Annual Governance Statement (Part 2)

	Agreed?			'YES' means that the Council/Board/ Committee:
	Yes	No*	N/A	
1. We have prepared and approved minutes for all meetings held by the Council (including its committees) that accurately record the business transacted and the decisions made by the Council or committee.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Has kept and approved minutes in accordance with Schedule 12, Paragraph 41 of the Local Government Act 1972.
2. We have ensured that the Council's minutes (including those of its committees) are available for public inspection and have been published electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Has made arrangements for the minutes to be available for public inspection in accordance with section 228 of the Local Government Act 1972 and has published the minutes on its website in accordance with section 55 of the Local Government (Democracy) (Wales) Act 2013.

\* 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.

<b>Certification by the RFO</b> I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Council/ <del>Board/</del> <del>Committee</del> , and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2020.	<b>Approval by the Council/Board/Committee</b> I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:
RFO signature: 	Minute ref:
Name: <u>RICHARD GUINNELL</u>	Chair of meeting signature:
Date: <u>27 JULY 2020</u>	Name:
	Date:

### Council/Board/Committee re-approval and re-certification (only required if the Annual Return has been amended at audit)

<b>Certification by the RFO</b> 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 2020.	<b>Approval by the Council/Board/Committee</b> I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:
RFO signature:	Minute ref:
Name:	Chair of meeting signature:
Date:	Name:
	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 2020 of:

### 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.

[[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 \_\_\_\_\_.]

### 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.

(Continue on a separate sheet if required.)

External auditor's name:

External auditor's signature:

Date:

For and on behalf of the Auditor General for Wales

\* Delete as appropriate.

## Annual internal audit report to:

Name of body: **ABERTILLERY + LLANHILLETH 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 2020.

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

SEE  
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
11. Trust funds (including charitable trusts). The Council/Board/Committee has met its responsibilities as a trustee.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insert text

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. Insert risk area ADEQUATE CONTROLS EXISTED.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
13. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
14. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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 3<sup>rd</sup> AUGUST 2020 ] \* 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 2018-19 and 2019-20. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit:	H. N. P. O'SULLIVAN
Signature of person who carried out the internal audit:	H. N. P. O'Sullivan
Date:	21/7/2020

## Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this Annual Return. Proper practices are set out in the Practitioners' Guide.
2. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs. Ask your auditor for an electronic copy of the form if required.
3. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
4. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2019) equals the balance brought forward in the current year (line 1 of 2020). Explain any differences between the 2019 figures on this Annual Return and the amounts recorded in last year's Annual Return.
5. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers all your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Council holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in the accounting statements. More help on bank reconciliations is available in the Practitioners' Guide.
7. **Every council must send to the external auditor, information to support the assertions made in the Annual Governance Statement even if you have not done so before.** Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
9. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
10. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
11. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
<b>Accounts</b>	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?		
	Does the bank reconciliation as at 31 March 2020 agree to Line 9?		
<b>Approval</b>	Has the RFO certified the accounting statements and Annual Governance Statement (Regulation 15 (1)) no later than 30 June 2020?		
	Has the body approved the accounting statements before 30 June 2020 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?		
<b>All sections</b>	Have all pink boxes in the accounting statements and Annual Governance Statement 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.		
If accounts are amended after receipt of the Auditor General's report on matters arising		Yes	No
<b>Accounts</b>	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Board's approval of the amendments before re-submission to the auditor?		

Internal Audit Report

Financial Year 2019/20

1. I set out below my Internal Audit Report for the financial year 2019/ 20, and I can confirm that I am able to certify the Internal Audit Return for submission to the Wales Audit Office (WAO).
2. However, Council will be aware that it is still awaiting the signing off by the WAO of several previous years accounts and this may result in a requirement to revisit previously submitted returns.
3. The Internal Audit Report at appendix A has been completed to comply with the Internal Audit requirements are set out in the WAO Annual Audit Return.
4. Appendix B to this report sets out some issues that this Council may wish to consider going forward, and highlights areas that the Council needs to address.
5. I should like to place on record my thanks to both your officers for the help and assistance given to me during the audit.

H. N. P. O' Sullivan CPFA

Internal Auditor

3<sup>rd</sup> August 2020

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

Appropriate books of account were 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.**

The 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.**

There is limited evidence of significant risks having been reviewed. Risk Management needs to be embedded within all operations of the Council. Some areas of activity did have Risk Assessments carried out.

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 annual precept/levy/resource demand requirement resulted from an adequate budgetary process although modified from previous years. Progress against the budget was regularly monitored, and reserves were appropriate. (also see Appendix B).

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

With the exception of Allotment income all remaining income was fully received and accounted for properly. VAT was appropriately accounted for.

6. **Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.**

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.**

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.**

Whilst the asset register is maintained, it is not been reviewed for some time. Council should ensure that it is up to date and financial values appropriate.

**9. Periodic and year-end bank account reconciliations were properly carried out.**

Periodic and year - end bank account reconciliations were properly carried out.

**10. Accounting statements prepared during the year were prepared on the correct account 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.**

Accounting statements prepared during the year were prepared on the correct account basis, 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.**

N/A



**1 Annual Precept**

The Council took the decision to increase its precept requirement for 2019/ 20 from £112,916 to £234,000 an uplift of £121,084 or 107.23% over 2018/ 19.

The methodology by which this decision was reached was different from that employed in previous years. However, it should be noted that the decision was ultimately agreed by Council, albeit by a majority.

The reasoning behind such a large increase was stated as in order to allow the Community Council to undertake additional schemes/ projects for the benefit of the people of Abertillery and Llanhilleth.

The increase was levied by the Council with little or no consultation with the Council Tax payers of the Community area and also resulted in the resignation of one Councillor over the size of the increase.

Whilst in principle increasing the Precept to deliver additional schemes/ projects has some merit the fact that there was no cohesive plan or list of schemes agreed by the Council has resulted in the additional monies not being fully utilised efficiently and effectively.

Indeed, this has further been compounded by the Council maintaining the Precept required for 2020/ 21 at the same level as 2019/20 (increased by inflation) but with no agreed spending plans in place. A problem further added to by the Coronavirus pandemic which has prevented the Council from meeting.

Therefore, Council should determine its spending plans going forward as a matter of urgency. This will then reduce the likelihood of funds being spent just because the money is available, when the Councils spending should be linked to the Councils forward plans and strategies.

Council would also need to consider the level of precept it requires going forward in light of current circumstances, and should also consider a consultation exercise with the Community Council, Council Tax payers to ascertain their views on proposed plans/ strategies together with associated precept costs.

## 2 Solar Farm Grant

The Council has been receiving monies from the Solar Farm Company Luxcara for the last couple of years, and the Council has distributed the monies available using various procedures/ methods.

In 2019/ 20 the Council drew up a new set of criteria to be followed, to allow for the distribution of the monies received and this criteria was to be followed for 2019/ 20 and subsequent years.

Unfortunately, there then occurred a series of very difficult meetings, which included the Council:

1. Overruling the advice given to it by the Clerk to the Council on the decision to make the 5-year rule retrospective.
2. Council having instructed the Clerk to obtain independent legal advice regarding the 5-year rule, then having received the advice choosing to ignore that advice and settling on its own interpretation that the 5-year rule would be applied retrospectively.

The independent legal advice states that this now has the potential to leave the Council open to a judicial review.

Therefore, in my view the Council needs to review and establish as a matter of urgency the full criteria and definitions that it is going to use going forward. They should also publicise the criteria so as to avoid any misinterpretation.

This is especially relevant for the distribution of the 2020/ 21 grant monies, if any are forthcoming, as the company to date has laid down strict deadlines for the distribution of the grant monies and there is the potential for the Council to lose this funding.

Council should also consider approaching Luxcara to establish whether or not they are prepared to vary their timescales for the distribution of the grant monies given the difficulties faced following the Coronavirus outbreak which has limited the operations, to date, of the Council.

### 3 Public Service Ombudsman Reports

In the period from January 2020 to the end of March 2020 an alarming total of 11 complaints have been made to the Public Service Ombudsman (PSO).

All 11 complaints have emanated either from Community Councillors or Officers of the Council. 8 reports to the PSO are from Councillors reporting fellow Councillors, 1 report is from a Councillor against an Officer of the Council, and 2 reports are from an Officer of the Council against 2 Members.

The complaints include:

1. Failure to disclose a personal interest.
2. A claim of discrimination.
3. Claims of bullying and harassment by both Councillors and Officers.

Of the 11 complaints the PSO has decided in 7 of the cases not to investigate further. 3 cases are currently being investigated and in 1 further case the PSO stated that it is not his office that should be investigating the complaint but that it should be referred to the Monitoring Officer at Blaenau Gwent Council for him to establish if any action should be taken.

My purpose of bringing this very serious situation to Council's attention is that this clearly indicates a breakdown in trust, respect and communication which can only be to the detriment of the effective and efficient running of the Community Council.

Council should address these issues urgently and overcome this barrier in order to ensure that the Council is well run and managed and therefore best able to serve the people of Abertillery and Llanhilleth.

#### **4 Youth Service Grant**

The Council provides a grant towards work carried by the Youth Service. There needs to be a clearer audit trail in existence in order to verify that the grant provided delivers the agreed outcomes and supports the numbers of recipients identified.

#### **5 Scheme of Delegation**

The Coronavirus pandemic has highlighted the need for the Council to draw up a Scheme of Delegation to ensure that it can continue to function when it is able to meet as a Corporate Body.

#### **6 Gratuity Account**

The Council maintains this small account on which there is no activity. Council should close this account and transfer the balance (£4.84) into its current account.

## INCOME

Date	From	Amount (Current)	Amount (Reserve)
19/07/2019	Pant y Pwdyn Allotments	£50.00	
06/12/2019	Chairs Charity (Party in the Park) and Allotments	£440.80	
20/12/2019	Community Green - Solar Farm Grant	£35,000.00	153.50 - allotments
09/01/2020	Chairs Charity from Carol Concert	£604.60	287.30 Chairs Chairity
26/04/2019	Precept	£234,000.00	
09/04/2019	Community Green - Solar Farm Grant	£35,000.00	
30/04/2019	Reserve Account Interest		£2.91
31/05/2019	Reserve Account Interest		£2.82
28/06/2019	Reserve Account Interest		£2.55
31/07/2019	Reserve Account Interest		£3.99
07/08/2019	VAT Reclaim (into Reserve Account)		£3,706.12
30/08/2019	Reserve Account Interest		£5.66
30/09/2019	Reserve Account Interest		£6.00
31/10/2019	Reserve Account Interest		£6.00
29/11/2019	Reserve Account Interest		£5.61
31/12/2019	Reserve Account Interest		£9.80
31/01/2020	Reserve Account Interest		£10.47
28/02/2020	Reserve Account Interest		£9.46
	Reserve Account Interest		

Anaex 3

**INTER ACCOUNT TRANSFERS**

19/07/2019	From Current Account to Reserve Account	£15,000.00
06/12/2019	From Current Account to Reserve Account	£26,300.00

**Abertillery and Llanhilleth Community Council  
CASH BOOK: 2019/2020**

DESCRIPTION	AMOUNT	DATE PAID	PAYEE	CHECK NO.	CHECK DATE	CHECK AMOUNT	CURRENT BALANCE	REMARKS
NHRC - Marc 2019	Yes	04/04/2019	512	7483	£1,134.11	£1,134.11		
TBCB - Pension March	Yes	04/04/2019	512	7484	£596.48	£596.48		
Abserrillery Rock and Blues Festival - Council Grant	Yes	04/04/2019	512	7490	£200.00	£200.00		
Lambhill Heritage Society - Council Grant	Yes	10/04/2019	512	7491	£100.00	£100.00		
Wales Air Ambulance - Council Grant	Yes	17/04/2019	512	7492	£200.00	£200.00		
Abserrillery Excursions - Solar Farm Grant	Yes	02/05/2019	513	7493	£35,000.00	£35,000.00		
AR Digital - Nov 2018 (re-issued previous cheque cancelled)	Yes	18/04/2019	513	7494	£74.56	£74.56		
Communicate Better Ltd - Office 365	Yes	18/04/2019	512	7495	£228.22	£228.22		
Blissnau Gwent CBC - Rent for GallCrug	Yes	18/04/2019	512	7496	£100.00	£100.00		
Andrew Sheepy - Green Project Cut #1	Yes	18/04/2019	512	7497	£85.00	£85.00		
Gary White & Co - Payroll Jan - Apr 2019	Yes	18/04/2019	512	7498	£78.00	£78.00		
Viking Payments Stationary	Yes	18/04/2019	512	7499	£147.83	£147.83		
AR Digital - Mar 19 Printing	Yes	18/04/2019	512	7500	£55.32	£55.32		
Last Aberrilly Scouts Group - 18/19 Chairs Charity	Yes	16/07/2019	515	7534	£600.80	£600.80		
3rd Abserrillery Guides - 18/19 Chairs Charity	Yes	02/07/2019	515	7533	£600.80	£600.80		
Cir G Smith - Mileage	Yes	25/04/2018	512	7508	£45.90	£45.90		
Weida Water - Standing Charge for Industrial Unit	Yes	25/04/2018	512	7504	£65.12	£65.12		
SSE - Christmas Lights 2017	Yes	16/05/2019	513	7505	£94.70	£94.70		
Roman Builders - Removal of Christmas Lights	Yes	16/05/2019	513	7507	£562.92	£562.92		
CF Corporate - Leasing of printer Jun-Aug 2019	Yes	22/05/2019	513	7508	£350.89	£350.89		
AR Digital - April 2019 Printing	Yes	16/05/2019	513	7509	£19.74	£19.74		
Andrew Sheepy - Green Fingers Cut #2	Yes	16/05/2019	513	7510	£85.00	£85.00		
Communicate Better - Previous Payment (7495) was for wrong year	Yes	16/05/2019	513	7511	£44.50	£44.50		
Friend of St Ilydd	Yes	30/05/2019	515	7512	£156.00	£156.00		
Swynnyd Community Centre - Christmas Lights Grant	Yes	30/05/2019	514	7513	£1,500.00	£1,500.00		
Lambhill Tenants and Residents - Christmas Lights Grants	Yes	30/05/2019	514	7514	£2,000.00	£2,000.00		
Brynithal Community Centre - Christmas Lights Grants	Yes	30/05/2019	514	7515	£1,500.00	£1,500.00		
Dwici Municipal	Yes	08/07/2019	515	7516	£760.24	£760.24		
Boisak Childrens Therapy Group - Council Grant	Yes	09/06/2019	514	7517	£200.00	£200.00		
Gwent Association of Voluntary Organisations - Council Grant	Yes	09/06/2019	514	7518	£250.00	£250.00		
Abserrillery Ladies and Juniors RC - Council Grant	Yes	11/06/2019	514	7519	£300.00	£300.00		
AE North - Christmas Ideas - Inance	Yes	11/06/2019	517	7578	£300.00	£300.00		
Andrew Sheepy - Green Fingers Cut #3	Yes	11/06/2019	514	7521	£85.00	£85.00		
Mir S.T Davies - Drone Footage	Yes	11/07/2019	515	7522	£1,000.00	£1,000.00		
Andrew Sheepy - Flower Beds	Yes	11/06/2019	514	7523	£285.00	£285.00		
Hugh OSullivan - Internal Audit 17/18	Yes	25/06/2019	514	7524	£1,377.20	£1,377.20		
Last Aberrilly Scouts Group - M.Lewis Ward Donation	Yes	11/06/2019	515	7525	£150.00	£150.00		
Abserrillery & District Museum - M.Lewis Ward Donation	Yes	25/06/2019	514	7526	£50.00	£50.00		
AR Digital - May 19 Printing	Yes	11/06/2019	514	7527	£18.37	£18.37		
Six Belts Over 50's Club - J Hook Ward Donation	Yes	01/07/2019	515	7528	£200.00	£200.00		
Rosmar Builders - Mental of Blue Plaque	Yes	18/07/2019	515	7529	£100.00	£100.00		
Amazon Payments - Green Fingers Cut #5	Yes	01/07/2019	515	7530	£72.00	£72.00		
Amazon Payments - Gasebo Weights	Yes	01/07/2019	515	7531	£85.00	£85.00		
Amazon Payments - Shop Local Sleigh	Yes	20/03/2020	515	7532	£1,165.95	£1,165.95		
Andrew Davies - Party in the Park	Yes	06/12/2019	517	7533	£350.00	£350.00		
AnimalZone - Party in the Park	Yes	22/06/2019	517	7534	£220.00	£220.00		
AYDMS - Party in the Park performance	Yes	29/06/2019	524	7596	£25.00	£25.00		
AYDMS, Deffra Advert in programme	Yes	06/01/2020	524	7595	£25.00	£25.00		
AYDMS, Deffra Advert in programme	Yes	06/01/2020	524	7595	£25.00	£25.00		
BGCBC - 3 Months (Apr - Jun)	Yes	14/10/2019	520	7574	£14,441.25	£14,441.25		
BGCBC - 3 Months (Jul - Sep)	Yes	21/11/2019	521	7624	£14,400.15	£14,400.15		
CANCELLED	Yes			7319				
Abserrillery Ladies Darts - Council Grant	Yes	23/07/2019	515	7540	£300.00	£300.00		
One Voice Wales - Cancelled Code of Conduct Training, Ananias Edwards	Yes	16/07/2019	515	7541	£40.00	£40.00		
AR Digital - June 19 Printing	Yes	08/07/2019	515	7542	£82.19	£82.19		
BGCBC - Licences for Party in the Park	Yes	26/07/2019	517	7560	£30.00	£30.00		
BGCBC - Youth Workers	Yes	06/07/2019	515	7556	£33,900.00	£33,900.00		
Blissnau Gwent CBC - 3rd Quarter Staff and Payroll Costs	Yes	26/03/2020	526	7696	£14,441.25	£14,441.25		
Rachael Bastienville, Ink and Natter Group - Council Grant	Yes	17/03/2020	515	7546	£250.00	£250.00		
Amazon Payments - Tables	Yes	08/07/2019	515	7547	£1,299.90	£1,299.90		
Amazon Payments - Tables	Yes	11/07/2019	515	7548	£299.90	£299.90		
C Llewellyn, Pethy Page - Party in the Park	Yes	22/06/2019	519	7592	£130.00	£130.00		
Rugh OSullivan - Internal Audit 18/19	Yes	23/07/2019	515	7550	£1,212.60	£1,212.60		
C Williamson, Disney Princesses - Party in th Park	Yes	20/08/2019	519	7586	£250.00	£250.00		
SLCC - 206/19 Training for Deputy Clerk	Yes	08/07/2019	515	7552	£40.00	£40.00		
SLCC - 206/19 Training for Clerk	Yes	17/07/2019	515	7553	£56.00	£56.00		









The Community Council of Abertillery and Llanhilleth

Annual Return 2019/20	Year Ending 31-Mar-19 £	Year Ending 31-Mar-20 £
1. Balances B/F	43,550	49,706
2. (+) Annual Precepts	112,916	234,000
3. (+) Other Receipts	7,924	75,080
4. (-) Staff Costs	54,288	42,982
5. (-) Loan and In Repay	0	0
6. (-) Total other payments	60,396	188,362
7. (=) Balance Carried forward	49,706	127,452
8. (+) Debtors	0	0
9. Total Cash and Investments	49,706	127,452
10. (-) Creditors	0	0
11. Balances C/F	49,706	127,452
12. Total assets	206,015	206,015
13. Total Borrowing		
14. Trust Funds	No	

Account Summary - For the year ending 31st March 2020

	Capital Reserve Account	Current Account	Gratuity Account	Totals
Balance	16,593.61	33,108.46	4.82	49,706.89
<b>Income</b>				0.00
Precept		234,000.00		234,000.00
VAT Repaid	3,706.12	0.00		3,706.12
Bank Interest	78.72	0.00	0.02	78.74
Allotment Rent		203.50		203.50
Solar Farm Grant		70,000.00		70,000.00
Chairmans Charity Events		891.90		891.90
Uncashed Cheques from previous years		200.00		200.00
<b>Total Income</b>	<b>3,784.84</b>	<b>305,295.40</b>	<b>0.02</b>	<b>309,080.26</b>
<b>Expenditure</b>				
Staff Costs (not including payroll)		£42,992.65		42,992.65
Member/Staff Training		1,361.90		1,361.90
Insurance		760.24		760.24
Banking Charges		164.11		164.11
Discretionary Payments/Grants		173,083.26		173,083.26
Infrastructure/Admin		12,982.03		12,982.03
<b>Total Expenditure</b>	<b>0.00</b>	<b>231,334.19</b>	<b>0.00</b>	<b>231,334.19</b>
<b>Inter Account Transfers</b>				
		15,000.00	0.00	
		26,300.00		
Balance	31-Mar-19	61,678.45	4.84	127,452.96

For Year 2019/20		Bank Reconciliation
Current Account 05809673		
Bank Balance at 31/3/20		£71,869.67
Less OS Cheques 2019/20		
AYDMS (SF Grant)	7654	£5,000.00
B.Wall Members Allowance	7665	£150.00
G White Members Allowance	7669	£150.00
Soffryd Friendly Group (A Rees Ward Grant)	7682	£150.00
C.Wilkinson (Replacement for 7662)	7687	£300.00
Ebbw Fach Choir (B Lucas Ward Grant)	7701	£150.00
Abertillery Blue Birds (R Clark Ward Grant)	7702	£200.00
Total OS Cheques		£6,100.00
Adjusted Bank Balance		£65,769.67

Business Reserve Account: 10318917

Bank Balance at 5/3/20	£61,678.45
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Old Gratuity Account  
13017721

Bank Balance at 31/3/17	£4.84
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Total £127,452.96

No Reconciliation as no outstanding transactions on this account

No account Activity since 2014

Annex 6

# **Abertillery and Llanhilleth Community Council (ALCC) – Accounts Variance Statement**

Significant variances between the 2018/19 and 2019/20 Annual Returns are explained in the table below.

	<b>Year ending 31 March 2019</b>	<b>Year ending 31 March 2020</b>	<b>Variance</b>	<b>%</b>	<b>Explanation of variance</b>
Annual Precepts	£112,916	£234,000	£121,084	107	The Council decided at its meeting held on 16 January 2019 to substantially increase its budget and precept, to pay for new services during the year (e.g. 6 additional detached youth workers in the area) and to replenish reserves spent previously on 10 no. defibrillators purchased (using reserves) in 2018/19, amongst other things. The papers for the budget meeting held on 16 January 2019 are on the Council's website, as are papers for later meetings, during which detailed spending decisions were made.
Other receipts	£7,924	£75,080	£67,156	847	The 2020 figure includes two amounts of £35,000 received from a local solar farm company, for ALCC to distribute as grants for local community benefit. In the normal course of events, one amount of £35,000 would be received each year, but the 2018 grant was in fact received in the 2019/20 financial year. The 2019 grant was also received in the 2019/20 financial year.
Staff costs	£54,288	£42,982	(£11,306)	21	The Council from 1 April 2019 used the services of Blaenau Gwent County Borough Council (BGCBC) Payroll for its payments to staff, HMRC and pensions. The Community Council pays BGCBC quarterly in arrears. The fourth quarter invoice was not received until the new financial year, so only three quarters' staff costs were paid to the payroll service provider (BGCBC) during the 2019/20 financial year.

Total other payments	£60,396	£188,352	£127,956	212	<p>The 2020 figure includes £70,000 of solar farm grants paid out by the Community Council to community groups, for local projects. The 2019 figure does not.</p> <p>The 2020 figure also includes approx. £40,000 spent for the first time in 2019/20 on 6 additional detached youth workers in the local area.</p> <p>The 2020 figure also includes approx. £10,000 more spending on Christmas lights (than the previous year), This is because approx. half the bill in the previous year (£10,000) was not paid (because the contract was not fulfilled by the supplier).</p>
Balance carried forward	£49,706	£127,452	£77,746	156	<p>The Council has underspent during 2019/20, against its budget decided on 16 January 2019. It has not increased staffing capacity or used agency staffing as originally planned.</p> <p>The Council has however increased reserves during the year, from c£16.6k at 1 April 2019 to c£61.7k at 31 March 2020. Reserves are now more in line with the national guidance (that they should be a minimum of three months' gross expenditure).</p>
Total cash and investments	£49,706	£127,452	£77,746	156	As above
Balances carried forward	£49,706	£127,452	£77,746	156	As above

Richard Gwinnell  
Town Clerk and Responsible Financial Officer  
29 July 2020



**Abertillery and Llanhilleth Community Council (ALCC): Explanation of Assertions made in the Annual Governance Statement for the year ending 31 March 2020**

<b>Assertion</b>	<b>"YES" means the Council:</b>	<b>ALCC response</b>	<b>Further explanation</b>
<p>1. We have put in place arrangements for:</p> <ul style="list-style-type: none"> <li>• effective financial management during the year; and</li> <li>• the preparation and approval of the accounting statements.</li> </ul>	<p>Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.</p>	<p>Yes</p>	<p>The Council has these arrangements in place. The budget for the year increased by over 100% compared to the previous year, with decisions taken later during the year on the spending of the increase. There could be questions about whether the Council considered spending "need" robustly enough, as opposed to "affordability". The underspend against the budget at year end may imply that the "need" for the budget increase and the capacity of the Council to deliver increased services was not adequately considered. The budget was monitored appropriately throughout the year and financial management was effective. Accounting statements were prepared and approved, but this was later in the year than usual, due to delays caused by the Covid-19 pandemic.</p>
<p>2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.</p>	<p>Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</p>	<p>Yes</p>	<p>The Council has adequate systems of internal control in place and they have been applied and kept under review by the staff. Standing Orders and Financial Regulations were reviewed during the year. Decisions have also been made about reserves, electronic banking and limiting the funds in the Council's accounts at any one time (e.g. by requesting quarterly instalments of the precept). The Council itself (councillors meeting collectively) has not undertaken a formal review of the effectiveness of the system of internal control.</p>
<p>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</p>	<p>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.</p>	<p>Yes</p>	<p>The Council has complied with all relevant laws, regulations and other standards and there are no matters of non-compliance which could have a significant financial effect on the ability of the Council to conduct its business as far as it is aware.</p> <p>The Council did not complete the report required under S6 of the Environment (Wales) Act 2016 (the biodiversity and</p>

financial effect on the ability of the Council to conduct its business or its finances.			resilience of ecosystems duty report) on time but it did this after the year end (in June 2020). That however has no financial effect on the Council.
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.	Yes	We have provided this opportunity, albeit later than in normal years, due to the Covid-19 pandemic restrictions. The Council complied with the timescales for 2020 which were issued in the audit notice (September rather than June 2020) for electors' rights.
5. 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 body and has dealt with them properly.	No	The Council has proactively taken action to manage risks which have been brought to its attention during the year. For example, the RFO requested that the annual precept be paid to it in four equal quarterly instalments, to prevent the risk of the entire annual precept sitting in one bank account, when the Council may only be able to recover up to £85,000 under the Financial Services Compensation Scheme, if its bank failed. Risks have also been taken into account in relation to moving to electronic banking and running events (e.g. Party in the Park) for example. There has however been no single overall risk assessment carried out this year. This will need to be done in future.
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.	Yes	The Council has a competent, independent internal auditor in place and has received a detailed report from the internal auditor on the accounting records and systems for the year under review. This report is attached to the Annual Return.
7. We have considered whether any litigation, liabilities or commitments, events or	Disclosed everything it should have about its business during the year	Yes	This has been done and the bank reconciliation and financial statements at 31 March 2020 take account of any outstanding liabilities at year end (e.g. uncashed cheques).

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.	including events taking place after the year end if relevant.		
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.	Yes	Action has been taken on many matters raised previously by internal and external auditors. The Council has been transformed since the external auditor's representative last visited in November 2016. No written reports have been received since 2014 from the external auditor. Matters raised by the internal auditor have been addressed, such as the need to review the Financial Regulations (which was done in 2019), the need to review cash levels in the current account and the need to consider what level of reserves is appropriate. There are matters which have been raised by the internal auditor in the past which are still to be addressed fully, e.g. a review of the value of the Council's assets, a full risk assessment and quarterly bank reconciliations. These matters will need to be addressed in future.
9. Trust funds	Met its responsibilities as trustee.	Not applicable	The Council does not act as trustee for any trust funds.

Richard Gwinnell  
Town Clerk and Responsible Financial Officer  
29 July 2020