

Public Audit (Wales) Act 2004 Section 29

Accounts and Audit (Wales) Regulations 2014

All public bodies in Wales – from the Welsh Government and huge NHS trusts to tiny village community councils – must publish their accounts at the end of each financial year. Abertillery and Llanhilleth Community Council is no exception. Every year, the community council publishes full details of the amount that it has received from local Council Tax payers and how that money has been spent.

The community council's accounts are usually inspected by an internal auditor – an independent accountant who checks that the accounts have been prepared properly. The accounts are then sent to Audit Wales (the Wales Audit Office) who carry out an external audit. They assess the accuracy and completeness of the accounting records, check whether the accounts have been prepared in accordance with the applicable accounting framework and confirm whether the accounts fairly demonstrate the council's financial position.

Audit Wales then gives one of four 'opinions' on the accounts:

- **Unqualified opinion** – when financial statements have been fairly and appropriately presented in line with generally accepted accounting practice, without any identified exceptions.
- **Qualified opinion** – where Audit Wales has found a mistake or some material misstatement in the accounts but there is no evidence that the public body has deliberately misstated its financial position
- **Adverse opinion** – this usually arises where the financial statements have been constructed in a manner that materially deviates from generally accepted accounting practice. It implies that the accounts conceal the true financial position.
- **Disclaimer of opinion** – where the accounting records are incomplete (so Audit Wales cannot properly assess the accounts).

2014-15

Abertillery and Llanhilleth Community Council's accounts for 2014-15 were agreed in June 2015 and submitted to Audit Wales. Soon afterwards, it became apparent that there were questions regarding the lawfulness of payments made to two officers of the council when they had retired in autumn 2014. Audit Wales began a major investigation and, in 2017, it informed the council that it had found other apparently unauthorised payments that had been made to the officers stretching back over a period of at least a decade.

Abertillery and Llanhilleth Community Council continued to agree its accounts each year and to submit them to Audit Wales. However, Audit Wales decided not to carry out an external audit of these accounts until its investigation into the council's 2014-15 accounts was completed and a report published.

The report was not published until October 2021. You can read it in full [here](#).

2015-16

Shortly after the council's accounts for 2015-16 were agreed and submitted to Audit Wales, the council realised that it had made an error in its accounts for that financial year. The council had made some large payments close to the end of 2015-16 but the cheques were not cashed by the recipients until after the financial year ended. The uncashed cheques

were listed in the accounts but their value had not been subtracted from the council's 'accounting balance' at the end of 2015-16. This error had the effect of making the council look more than £10,000 richer at the end of 2015-16 than it really was. The mistake was reported to a public meeting of the council and a 'letter of amendment' was sent to Audit Wales. The error was corrected in the following year's accounts.

Audit Wales helped the Abertillery and Llanhilleth Community Council to undertake a major overhaul of its accounting and governance procedures.

Audit Wales completed its external audit of six years of Abertillery and Llanhilleth Community Council's accounts (from 2014-15 to 2019-20) in April 2023 and it expects to finish its external audit of the accounts for 2020-21 and 2021-22 shortly.

Audit Wales has given a 'qualified opinion' on the accounts for 2014-15. This was because, although the accounts correctly stated the council's financial position, unlawful and unauthorised payments had been made to the council's former officers during that financial year.

The external auditor has given a 'qualified opinion' on the accounts for 2015-16. This was because, although the accounts contained an error, this was an honest mistake that was subsequently corrected.

Audit Wales has given an 'unqualified opinion' on all the accounts from 2016-17 to 2019-20. This was because the financial statements were completed correctly without any issues arising.