

Builth Wells Town Council- Auditor General for Wales' Audit Certificate and report

The Auditor General for Wales issued Builth Wells Town Council a qualified audit report. Details of the matters which have led to the qualification are detailed below:

Late Approval of Accounts

The Accounts and Audit (Wales) Regulations 2014 require that local councils approve the Accounting Statement on the Annual Return by 30 June 2018 following the year ended 31 March 2018.

Builth Wells Town Council has not complied with this requirement.

Notice of Appointment of Date for the Exercise of Electors' Rights

Regulations 16, 17 and 22 of the Accounts and Audit (Wales) Regulations 2014 set out the procedures to be followed for the exercise of electors' rights under the Public Audit (Wales) Act 2004.

We note that the Notice of Appointment of Date for the Exercise of Electors' Rights commenced on the 17 May 2018, this is before the Council approved the Accounting statements and Annual Governance statement on 14 August 2018. Regulation stipulates that any rights of objection, inspection and questioning of the external auditor may only be exercised within a single period of 20 working days. However, due to the approval by Council occurring after the commencement date, the Council has not met the requirements of Accounts and Audit (Wales) Regulations 2014. Therefore, the appropriate response to Assertion 4 should be 'No' per the Annual Governance Statement on the Annual Return.

In future years, the Council must ensure that the Annual Return is approved by the Council before the Notice of Appointment of Date for the Exercise of Electors' Rights period commences in order to comply with the Accounts and Audit (Wales) Regulations 2014.

Additionally, during our review we identified some other matters that we wish to draw to the Council's attention which do not affect our audit opinion but should be addressed by the Council.

Accounting Statement, Box 13 - Total borrowings

The figure entered in Box 13, on the Accounting Statement, total borrowings is incorrectly stated as £176,157. Evidence from the Public Work Loans Board confirms box 13 should read £179,144.

The Council should restate the 2018 figures on next year's Annual Return and write "restated" beneath the £ sign on the 2018 column.

Councillor/chair as RFO

The responsible financial officer (RFO) of the Council is a Councillor.

This is a potential breach of S151 of the Local Government Act 1972 which requires the Council to take responsibility for making arrangements for the proper administration of its financial affairs, and to ensure that one of its officers has responsibility for the administration of those affairs.

S116 of the Local Government Act 1972 states that a member of the Council cannot be appointed as an officer, unless a specific post is created under S112 of the Local Government Act 1972.

The Council should appoint someone, other than a member of the Council, to the position of RFO. The Council may appoint the clerk to be the RFO if the Council wishes or another person, who is not member of the Council. The appointment of a member to the position of RFO creates internal control weakness and internal conflict of interest which could be avoided if the clerk was appointed to the role of RFO.

Minute reference and date of approval

The minute reference and date of approval of the Accounting Statement and the Annual Governance statement is blank. The Council has confirmed that these should read BW/124/18 and 14 August 2018.

Low level of reserves

We note that the Council holds a low level of general reserves, approximately 6% of the annual precept for 2017/18 after allowing for reserves that are earmarked for specific purposes.

The Council should consider the level of general reserves required and consider taking steps to increase the level of reserves in future years if it considers it necessary.

Internal Audit Engagement Letter

The council provided an Engagement Letter from the Internal Auditors. However, this was not signed to confirm the terms and conditions. In the future the Council should ensure the letter is signed in advance of the Internal Audit.

Fixed Asset Register

The Community Council does not maintain a register of all its assets. A formal schedule of assets should be maintained and regularly updated.

Previous internal and external audit reports

The Council should minute the discussion of all internal and external audit reports. If there are no issues to discuss it is still good practice to note this in the minutes

Re-approval section

We note that the Council has completed the re-approval box on the Annual Governance Statement (part 2) on the Annual Return, despite the fact the Council was not required to amend the figures or responses to the assertions on the Accounting Statement and the Annual Governance Statement. In future years, the Council should ensure this box is not completed unless it is necessary to do so.

Trust funds

The Council answered 'N/A' to Box 14 on the Accounting Statement, trust funds disclosure note, for 2016/17 and 2017/18 and to Box 9 on Annual Governance Statement, trust fund, on the Annual Return. The Council has confirmed that it does act as a sole trustee and is it responsible for managing trust funds or assets, therefore, these boxes should read 'Yes'.

Yours sincerely,

For and on behalf of the Auditor General for Wales

Date: XXX

Ref: WAL214