

### **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:

#### **Contracts**

We note the Council has extended an existing contract without going out to tender as per part 11.1.g of the adopted Financial Regulations, this is therefore unlawful expenditure. Once a contract has come to an end, the Council should ensure a new procurement process is followed in accordance with its Standing Orders or Financial Regulations.

Councils enter into contracts with suppliers of goods and services. Councils should always seek to get the best value for money possible. Their procedures should make sure that all decisions in relation to awarding contracts are transparent and reasonable.

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 11 – Balance Carried Forward**

Box 11, balance carried forward, on the Accounting Statement on the Annual Return has been left blank for 2018 and 2019.

The council has confirmed that the figures should read '**£57,158**' and '**£88,023**'.

The Council should restate the 2019 figures on next year's Annual Return and write "restated" beneath the £ sign on the 2019 column.

#### **Accounting Statement, Box 13 - Total borrowings**

The figure entered in Box 13, on the Accounting Statement for 2018, total borrowings is understated by £2,987. The correct figure should be £179,144.

In future, the Council should ensure that figures are correctly stated on the Accounting Statement.

### **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/094/19' and '11/06/19'.

### **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.

### **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.

Yours sincerely,

*Grant Thornton UK cfp.*

For and on behalf of the Auditor General for Wales

Date: 15/10/19

Ref: WAL214