



CROESYCEILIOG AND LLANYRAFON COMMUNITY COUNCIL
CYNGOR CYMUNED CROESYCEILIOG a LLANYRAFON

Caring for the Community

External Auditor Report & Action Plan

17.06.25

Auditor General's report and audit opinion

I certify that I have completed the audit of the Annual Return for the year ended 31 March 2024 of **Croesyceiliog & Llanyrafon Community Council**. My audit has been conducted on behalf of the Auditor General for Wales and in accordance with the requirements of the Public Audit (Wales) Act 2004 (the 2004 Act) and guidance issued by the Auditor General for Wales.

Audit opinion: Qualified

Except for the matters reported below in my Basis for Qualification, on the basis of my audit, in my opinion no matters have come to my attention to give cause for concern that, in any material respect, the information reported in this Annual Return:

- has not been prepared in accordance with proper practices;
- that relevant legislative and regulatory requirements have not been met;
- is not consistent with the Council's governance arrangements; and
- that the Council does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Basis of Qualification

Accounting Statement

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

- The Accounting Statement does not agree with the detailed cashbook provided by the Council.

Based on the cashbook, the Accounting Statement should report the following:

- ☐ Other receipts (line 3) £3,313
- ☐ Staff costs (line 4) £32,368
- ☐ Other payments (line 6) £137,973
- ☐ Cash and bank (line 9) £134,316

- The Council did not provide bank statements to support the balance reported in its deposit account.

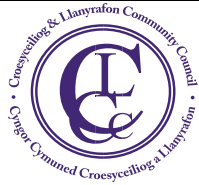
- I have been unable to reconcile the clerk's salary to the contract of employment with the actual salary paid being in excess of the contracted amount. The cashbook does not separate the clerk's salary and expenses.

I am therefore unable to conclude whether or not the Accounting Statement is a complete and accurate summary record of the Council's transactions and balances

Annual Governance Statement

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

- Assertion 2: We were unable to find Council approval of the CCYP £10,000 grant in the Council's minutes. We also identified two further payments that were not approved by the Council and 10 payments that were approved after payment was made. Therefore, the Council has not operated its internal controls in a consistent manner.
- Assertion 3: The Local Government Finance Act 1992 requires the Council to determine its precept in accordance with its calculated budget requirement. The Council's minutes do not



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demonstrate that the Council properly considered its budget for the 2023-24 financial year. The Council did not set the precept by resolution.

Other matters and recommendations

I draw the Council's attention to the following matters and recommendations which do not affect my audit opinion but should be addressed by the Council.

Members allowances

We identified a £300 discrepancy between the amount of members allowances paid in the year recorded in the cashbook and that reported on the schedule of members allowances.

We recommend that the Council carefully reviews all information submitted to third parties for accuracy.

Staff salaries and other costs

Our audit work identified payments of overtime that were not approved by the Council.

Approval of accounts

In the Annual Governance Statement (AGS), the Council confirms that it has maintained an adequate system of internal control. An important source of evidence over the adequacy of the system of internal control is provided by the Internal Auditor. However, the Council did not receive the Internal Auditor's report until after it had approved the AGS.

We recommend that in future years, the Council ensures it has received and considered the Internal Audit report before it approves the AGS.

There are no further matters I wish to draw to the Council's attention.



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Audit Opinion	Explanation & Action Plan
<p>Qualified Opinions regarding the Accounting Statement: <i>I am unable to conclude whether or not the Accounting Statement properly/fairly presents the Council's receipts and payments/income and expenditure and financial position</i></p>	<p>See below</p>
<p>The Accounting Statement does not agree with the detailed cashbook provided by the Council. Based on the cashbook, the Accounting Statement should report the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Other receipts (line 3) £3,313 <input type="checkbox"/> Staff costs (line 4) £32,368 <input type="checkbox"/> Other payments (line 6) £137,973 <input type="checkbox"/> Cash and bank (line 9) £134,316 	<p>On discussion with our Internal auditor, the consensus is that the figures to change the Annual Return will prevent the Return from balancing. No explanation was given why this is believed to be necessary. The internal audit was robustly performed and the original figures have been checked again to ensure they were correct.</p> <p>ACTION: To lodge a dispute with Audit Wales.</p>
<p>The Council did not provide bank statements to support the balance reported in its deposit account.</p>	<p>Bank Statements were provided for Current and Deposit Accounts. The External Audit paperwork was submitted online via a file transfer system provided by Audit Wales by the given deadline. In the following October, additional documents were forwarded on 3 occasions when it was stated information was missing. All the documents subsequently requested had already been submitted but were supplied again. There was no request to resend any bank statements, which would have been forwarded again if requested.</p> <p>ACTION: Documents to be submitted in hard copy form for future full audits to ensure safe delivery. Electronic submissions will only be used for intermediary audits as these can be sent by ordinary email attachments.</p> <p>To include this when lodging a dispute with Audit Wales.</p>
<p>I have been unable to reconcile the clerk's salary to the contract of employment with the actual salary paid being in excess of the contracted amount. The cashbook does not separate the clerk's salary and expenses.</p>	<p>The Clerk's contract was compiled in 2023. The Clerk was added to TCBC's payroll system from 1st February 2023 at the agreed rate on the contract. TCBC invoices for payment on a salaries total cost for the</p>



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<p>I am therefore unable to conclude whether or not the Accounting Statement is a complete and accurate summary record of the Council's transactions and balances</p>	<p>month basis and logged is in the cashbook. The issue may lie with the delay between years as Council operates its accounts on a receipts & payments basis as always. Salary reports were submitted which separated the individual employee payments. This was tested by the internal auditor and was found to be correct. ACTION: To enquire if more detailed reports are available from TCBC. To include this when lodging a dispute with Audit Wales.</p>
<p>Quailfied Opinion regarding the Annual Governance Statement: <i>In my opinion, the Annual Governance Statement is not consistent with the Council's internal controls and governance arrangements for the year:</i></p>	
<p>Assertion 2: We were unable to find Council approval of the CCYP £10,000 grant in the Council's minutes. We also identified two further payments that were not approved by the Council and 10 payments that were approved after payment was made. Therefore, the Council has not operated its internal controls in a consistent manner.</p>	<p>Prior to a new procedure now in place to have all larger grants supported by a detailed application form, a number of trusted organisations were automatically awards set sums each year to assist with core funding needs without the necessity of a formal annual application. Grants were noted as reviewed during the meeting minutes of 23.10.23, by Council.</p> <p>Regarding payments made prior to Council approval – 2 payments were made in December 23 and noted and approved at the first available meeting in January 24. These were payments which were due in December, but as no meetings are held in December, it was agreed it would be unreasonable to make the recipients wait a further 6 weeks unnecessarily. Cheque payments were signed in the usual way by the Chair and another Councillor - both signatories on the account, in the presence of a number of other Members of the Council, not in a meeting, but at Council's Grants Evening Event. Provision for such is made in Councils Financial regulations. There are no other payments made prior to</p>



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	<p>Council's approval</p> <p>ACTION: All grants are now supported by grant applications. Minute wording will be used to ensure it is clear that the grant schedule had been approved by Council. To include this when lodging a dispute with Audit Wales.</p>
<p>Assertion 3: The Local Government Finance Act 1992 requires the Council to determine its precept in accordance with its calculated budget requirement. The Council's minutes do not demonstrate that the Council properly considered its budget for the 2023-24 financial year. The Council did not set the precept by resolution.</p>	<p>This would be prior to the current Clerk's engagement, but evidence shows the Precept was set and noted in minutes of 23rd January 2023. A resolution was not stated in so many words, but it does state 'Council Tax & Budget 23/24 - Members agreed there would be no change in the rate of council tax for 23/24 and will utilise the reserves if needed to balance the budget.'</p> <p>ACTION: Subsequent noting in minutes will read 'Council resolved that...'</p>
Other Matters & Recommendations	
<p>Members allowances</p> <p>We identified a £300 discrepancy between the amount of members allowances paid in the year recorded in the cashbook and that reported on the schedule of members allowances.</p> <p>We recommend that the Council carefully reviews all information submitted to third parties for accuracy.</p>	<p>This anomaly occurred as the Clerk was advised that previously, allowances were paid in arrears, meaning 2 newer Councillors had not been paid an allowance for 2022-23. This was corrected in 2023-4 by paying the arrears as well as the current year's allowance. This was noted on the Return, but not to the required outside body, as the form states payments in respect of 2023-4 and this was a 2022-3 payment. Had this been queried, the Clerk could have clarified this.</p> <p>ACTION: None necessary as this will not occur in future as scheduled payments have been amended.</p>
<p>Staff salaries and other costs</p> <p>Our audit work identified payments of overtime that were not approved by the Council.</p>	<p>1 additional payment was paid to the Clerk and Administrator for attendance at an event outside normal working hours. This was approved by the Chairman and was for a total of 2 x 6 hours.</p> <p>ACTION: If any anomalies outside the norm are expected in relation to salaries, this will be reported to a Full Council meeting and approval minuted.</p>
Approval of accounts	<p>A genuine mistake. Due to constraints, the</p>



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internal audit paperwork was only available for collection on the morning of the meeting at which Council needed to approve the Annual Return (24.06.2024). The Return was presented to Council that evening and the date recorded correctly for the approval which was minuted appropriately. However, the Internal Auditor signed off that the audit was concluded on 25.06.24 (the following day). Noted on the Return is that the Internal Auditor completed the audit and produced an internal audit report on 16.06.24.

ACTION: Internal audit deadlines have been amended to allow time for ensuring all details including dates of completion are correct.