

Community Councils in Wales

Via email

Reference: Audit Notice 2023

Date issued: 30 May 2023

24 Cathedral Road / 24 Heol y Gadeirlan

Cardiff / Caerdydd

CF11 9LJ

Tel / Ffôn: 029 2032 0500

Fax / Ffacs: 029 2032 0600

Textphone / Ffôn testun: 029 2032 0660

info@audit.wales / post@archwilio.cymru

www.audit.wales / www.archwilio.cymru

Dear Sir/Madam

Audit of Accounts 2023

This letter contains important information for the statutory external audit. It includes a notice of audit and an explanation of what you must now do. It is important that you read the contents carefully to ensure that you provide all required information to your auditor on time. If we have to request this information again during the audit, the Council may incur additional audit fees. **Annex 1** sets out the next steps you need to take for the audit.

Appointment of date for the exercise of electors' rights to ask questions and make objections at audit

The Auditor General has appointed **Monday 11 September 2023** as the date from which electors can exercise their rights under the Public Audit (Wales) Act 2004. However, we will complete our audit work before this date if we can.

We also enclose a copy of the 2023 annual return for you to complete and return to us. The Annual Return was also sent to you on 29 March and 28 April. Please note the following:

- the annual return must be certified by the RFO and approved by the Council, by 30 June 2023. If you are unable to do so, you must publish a notice on your website and noticeboard explaining why. An example notice is included in **Annex 3**. Failure to do so will result in a qualified audit opinion.
- please send us your completed and approved annual return and all requested information by 5 July at the latest. The annual return and supporting information should be submitted as soon as possible and you should not wait until the date specified above. This will help us to manage our overall workload. However, we will not be able to issue our audit opinion until after 11 September 2023. We anticipate issuing audit opinions from 18 September onwards.

Timetable for public inspection of accounts

All councils must make their accounts and supporting documents available for public inspection. This is an area where we receive many complaints about community and town councils. Dealing with these complaints adds to the cost of the audit. Therefore, we recommend that councils follow the timetable set out below:

- by **18 June 2023** they **publish the enclosed audit notice** on a noticeboard in the area **AND** on the Council's website for a minimum of 14 calendar days; and
- after the 14 calendar days referred to above, they make appropriate arrangements for the **public to inspect** the accounts and supporting documents **for a total of 20 working days to from 3 July to 28 July 2023**.

The Regulations require that the accounts be available for inspection on reasonable notice during the inspection period. If the council's arrangements exclude any working days (Mondays to Fridays excluding bank holidays), then the inspection period must be extended appropriately. The dates set out above allow for councils to who are subject to the new audit approach to make their records available for public inspection before providing the same documents for audit.

If you wish to apply alternative dates for the advert and inspection, you can set alternative dates for the inspection period as long as the 20 day inspection period is completed by 8 September 2023 at the latest. However, it is your responsibility to make sure that the arrangements you make comply with the Accounts and Audit (Wales) Regulations 2014. Audit Wales **will not** discuss alternative dates with councils.

Councils should note that they can publish the audit notice before they approve their annual returns but the public inspection period must follow the date of approval.

Outstanding prior-year audits

We are working our way through our backlog of prior year audits.

You must complete, approve and send us the 2023 return, even if earlier years' audits have not yet been completed. We will close the earlier years alongside the 2022-23 audit.

Audit arrangements and information requirements

Last year (2021-22), we introduced our new audit arrangement where each council has a full audit on a triennial basis. Councils will therefore be subject to either:

- a basic audit

- a triennial full audit

Your attention is drawn to the paper attached to the covering email that sets out when each council will be subject to the new arrangements. The paper is arranged by unitary authority area. You should check this schedule to see if you are subject to a full audit this year.

Annex 2 sets out the information you need to provide us with this year.

Changes in clerks

If you are no longer the clerk to the body, please inform us immediately. You can write to us at communitycouncilaudits@audit.wales.

Yours sincerely

Deryck Evans

Deryck Evans

Manager

For and on behalf of the Auditor General for Wales

Annex 1 – Next steps

Completing the annual return

You should complete the annual return in full as soon as possible and ensure that your internal auditor has completed their work before the annual return is approved. The Practitioners' Guide (Governance and Accountability for local councils in Wales) will help you to complete the annual return.

The RFO must then certify the annual return by 30 June and the body must approve the annual return also by 30 June. The Council cannot delegate this approval to a committee.

30 June is the latest date by which you can approve the annual return as per the Accounts and Audit (Wales) Regulations 2014. You should try and complete the annual return earlier if you can.

If you are unable to complete the annual return before this date there is provision in the Regulations for this. You will need to publish the appropriate notice as set out in Annex 3. You will also need to ensure that you comply with the requirements of the Regulations when advertising the audit.

Sending the annual return to the auditor

Once the annual return has been approved, you should send it immediately, along with the other documents set out on **page 7** of this letter, to your auditor at:

Community Council Audits

Audit Wales

1 Capital Quarter

Tyndall Street

Cardiff, CF10 4BZ

Please note that we have moved offices. Please do not send your annual returns to any of the following places:

- our former office at Cathedral Road, our office in Abergele or our office in Penllergaer.
- Any local authority office
- Your former auditors BDO or Grant Thornton as all audits are now undertaken by Audit Wales

You may also submit the Annual Return and supporting papers by email to communitycouncilaudits@audit.wales

The annual return and supporting documents should be sent to the auditor as soon as possible after approval. **We must however receive them by 8 July 2023 at the latest.** This will enable us to start work in the week commencing 3 July.

You should keep a copy of the annual return for public inspection.

Notice of audit and public inspection of accounts

You must make the annual return and your accounting records available for public inspection on reasonable notice for 20 working days before the date from which the Auditor General has specified that electors may exercise their rights to ask questions or make objections about the accounts. The audit notice sets out our recommended dates for the inspection period, on the basis of availability from Monday to Friday.

You must display the attached notice of audit (Annex 4) in a conspicuous place in the area. We recommend that this is done by 18 June 2023. The notice must also be displayed on the council's website. Joint committees' notices should be displayed on the websites of the constituent councils. The notice must remain on display for at least 14 days (until 2 July if displayed on 18 June).

The notice has been pre-printed with the relevant dates. You need to insert your contact details as set out on the notice.

Councils should note that the inspection period can only commence **AFTER** the council has approved the accounts. Therefore, if the council does not approve the annual return before the pre-printed dates on the proforma notice then you will need to change the dates accordingly.

You may also use alternate dates if the pre-printed dates are not suitable due to clerks' availability.

Should you wish to or need to use alternate dates for the inspection period, it is your responsibility to ensure that the inspection period meets the requirements of the Regulations.

You can display the notice for longer than 14 days if you wish.

Publication of accounts

The Accounts and Audit (Wales) Regulations 2014 require community councils to publish their annual return along with the Auditor General's opinion and report by 30 September. This must be published in a conspicuous place and on council websites.

In the event that you have not received the audited annual return back from us by 30 September, you will need to publish the annual return and a notice explaining that the Auditor General has not issued his audit opinion. A proforma notice is included in Annex 3.

Audit fees

Audit fees are charged in accordance with the Audit Wales Fee Scheme available at <https://www.audit.wales/about-us/fee-scales-and-fee-setting>.

The fees charged are based on time spent conducting the audit. This includes time spent in dealing with telephone calls and correspondence related to the audit whether this is initiated by Audit Wales staff or the council.

Independence

We are not aware of any conflicts of interest between the auditor and the Council, its members or staff. We will notify you if we become aware of potential conflicts. You should notify us if you are aware of any such conflicts of interest.

Complaints

If you have any complaints about us, please contact us at the address above. Alternatively, you can email complaints@audit.wales.

Annex 2 – Information required for audit

The Auditor General has specified that ALL councils in Wales must provide the following information for the audit for 2022-23. The information is required under section 52 of the Public Audit (Wales) Act 2004.

If information is not provided in the first instance, additional audit fees will be charged to the council.

All councils

You should send to us the original annual return and the information set out in the attached document 'Basic Audit information requirements 2023'.

Councils subject to a triennial full audit

In addition to the information set out in 'Basic Audit information requirements 2023', councils subject to a full audit in 2023 must also provide the information specified in the attached paper 'Full audit instructions 2023'.

Timetable

It is important that information is provided on a timely basis. Therefore, all required information should be provided by 8 July 2023. Where councils are subject to a triennial full audit, 'Full audit instructions 2023' explains how you can provide this information to us.

Additional information requests during the audit

In most cases, the information set out above will be sufficient for us to complete our audit. However, when undertaking our audit work, we may identify further explanations or information not specified in this audit notice of the accompanying attachments, that is required to allow us to complete the audit. This is a normal part of the audit process as we identify issues that need to be considered. We will notify you of any further explanations or information required, during the course of the audit.

Annex 3 – Proforma notices for late accounts

Councils may wish to use the following notices where they are unable to approve the annual return by 30 June 2023 or have not received the Auditor General’s audit report and opinion by 30 September. **Text in purple should be amended or deleted as appropriate.**

Notices must be published in a conspicuous place in the community e.g. a notice board and on the council’s website.

Example notice for late certification and approval of accounts to be published 30 June 2023

Certification and approval of annual accounts for 2022-23

Regulation 15(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that Responsible Financial Officer of [name of Council] sign and date the statement of accounts, and certify that [it properly presents [name of Council]’s receipts and payments for the year] or [it presents fairly the financial position of [name of Council] at the end of the year and the Council’s income and expenditure for the year]. The Regulations required that this be completed by 30 June 2023.

Due to [insert brief explanation], the Responsible Financial Officer has not signed and certified the accounts for the year ended 31 March 2023. The statement of accounts will be prepared and the Responsible Financial Officer will sign and certify the statement of accounts by [insert date if possible].]

OR

[The Responsible Financial Officer signed and certified the accounts on [date].

Regulation 15(2) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that following the certification by the Responsible Financial Officer referred to above, the Council must approve the accounts. The Regulations require that this be completed by 30 June 2023.

[The Council has not yet approved the accounts due to [insert brief explanation].

Example notice to be published where the audit has not been completed by 30 September 2023

Publication of audited accounts for the year ended 31 March 2023

Regulation 15(5) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that by 30 September 2023, [name of Council] publish its accounting statements for the year ended 31 March 2023 together with any certificate, opinion, or report issued, given or made by the Auditor General.

The accounting statements, in the form of an annual return, have been published on the Council's website. However, the Auditor General has not yet issued his audit opinion and report and therefore the accounts are published before the conclusion of the audit. The annual return will be published along with the Auditor General's report and opinion when the audit is completed.

Annex 4 – Audit notice

Notice of appointment of the date for the exercise of electors' rights

[Name of council]

Financial year ending 31 March 2023

1. Date of announcement _____
2. Each year the annual accounts are audited by the Auditor General for Wales. Prior to this date, any interested person has the opportunity to inspect and make copies of the accounts and all books, deeds, contracts, bills, vouchers and receipts etc relating to them for 20 working days on reasonable notice. For the year ended 31 March 2023, these documents will be available on reasonable notice on application to:

between the hours of _____ and _____ on Monday to Friday

commencing on 3 July 2023

and ending on 28 July 2023

3. From 11 September 2023, until the audit has been completed, Local Government Electors and their representatives also have:
 - the right to question the Auditor General about the accounts.
 - the right to attend before the Auditor General and make objections to the accounts or any item in them. Written notice of an objection must first be given to the Auditor General. A copy of the written notice must also be given to the council.

The Auditor General can be contacted via: Community Council Audits, Audit Wales, 1 Capital Quarter, Tyndall Street, Cardiff, CF10 4BZ or by email at communitycouncilaudits@audit.wales.

4. The audit is being conducted under the provisions of the Public Audit (Wales) Act 2004, the Accounts and Audit (Wales) Regulations 2014 and the Auditor General for Wales' Code of Audit Practice.

Electors' rights under the Public Audit (Wales) Act 2004

The basic position

By law, any interested person has the right to inspect the council's accounts. If you are entitled and registered to vote in local council elections, then you (or your representative) also have the right to ask the Auditor General questions about them or challenge an item of account contained within them.

The right to inspect the accounts

When a local government body has finalised its accounts for the previous financial year, it must advertise that they are available for people to look at. Having given reasonable notice of your intentions, you then have 20 working days to look through the accounts and supporting documents. You will be able to make copies of the accounts and most of the relevant documents from the body. You will probably have to pay a copying charge.

The right to ask the auditor questions about the accounts

You can only ask the Auditor General questions about the accounts. The Auditor General does not have to answer questions about the body's policies, finances, procedures or anything else not related to the accounts. Your question must be about the accounts that are subject to audit. The Auditor General does not have to say whether he thinks something the council has done, or an item in its accounts, is lawful or reasonable.

The right to object to the accounts

If you think that the body has spent money that they should not have, or that someone has caused a loss to the body deliberately or by behaving irresponsibly, you can object to the Auditor General by sending a formal 'notice of objection', which **must be in writing** to the address below. You may request that the Auditor General applies to the courts for a declaration that such items of account are unlawful. You must tell the Auditor General why you are objecting. The Auditor General must reach a decision on your objection. If you are not happy with that decision, you can appeal to the courts. You must also send a copy of your notice to the council itself.

You may also object if you think that there is something in the accounts that the Auditor General should discuss with the council or tell the public about in a 'public interest report'. Again, you must give your reasons in writing to the Auditor General at the address below. In this case, the Auditor General must decide whether to take any action. The Auditor General will normally, but does not have to, give reasons for his

decision and you cannot appeal to the courts. You may not use this 'right to object' to make a personal complaint or claim against the body.

If you wish to make a personal complaint or claim, you should take these complaints to your local Citizens' Advice Bureau, local Law Centre, or your solicitor. You may also be able to complain to the Public Services Ombudsman for Wales if you believe that a Member of the body has broken the Code of Conduct for Members. The Ombudsman can be contacted at: 1 Old Field Rd, Pencoed, Bridgend CF35 5LJ, (tel: (01656) 641 150).

What else you can do

Instead of objecting, you can give the Auditor General information that is relevant to their responsibilities. For example, you can simply tell the Auditor General if you think that something is wrong with the accounts or about waste and inefficiency in the way the council runs its services. You do not have to follow any set time limits or procedures. The Auditor General does not have to give you a detailed report of the outcome of his audit.

A final word

Local government bodies, and therefore local taxpayers, must meet the costs of dealing with questions and objections. When the Auditor General decides whether to take your objection further, one of a series of factors he must take into account includes the costs that will be involved. He will only continue with the objection if it is in the public interest to do so. If you appeal to the courts, you might have to pay for the action yourself.

If you wish to contact the Auditor General, please write to: Community Council Audits, Audit Wales, 1 Capital Quarter, Tyndall Street, Cardiff, CF10 4BZ.