

Accounting statements 2020-21 for:

Name of body: WELSHPOOL TOWN COUNCIL

	Year ending		Notes and guidance for compilers				
	31 March 2020 (£)	31 March 2021 (£)					
Statement of income and expenditure/receipts and payments							
1. Balances brought forward	227370	131184	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.				
2. (+) Income from local taxation/levy	480925	587665	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.				
3. (+) Total other receipts	415466	137205	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.				
4. (-) Staff costs	425580	423412	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg. termination costs.				
5. (-) Loan interest/capital repayments	8492	6000	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).				
6. (-) Total other payments	558506	339678	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).				
7. (=) Balances carried forward	131184	86964	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).				
Statement of balances							
8. (+) Debtors	113765	26429	Income and expenditure accounts only: Enter the value of debts owed to the body at the year-end.				
9. (+) Total cash and investments	44113	133561	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.				
10. (-) Creditors	26695	73026	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.				
11. (=) Balances carried forward	131184	86964	Total balances should equal line 7 above: Enter the total of (8+9-10).				
12. Total fixed assets and long-term assets	10015000	10039000	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.				
13. Total borrowing	23000	17000	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).				
14. Trust funds disclosure note	Yes	No	N/A	Yes	No	N/A	The body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).
	✓			✓			

Annual Governance Statement

We acknowledge as the members of the Council/Board/Committee, our responsibility for ensuring that there is a sound system of Internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2021, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref	
	Yes	No*			
<p>1. We have put in place arrangements for:</p> <ul style="list-style-type: none"> • effective financial management during the year; and • the preparation and approval of the accounting statements. 	✓		Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12	
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	✓		Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7	
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Council/Board/Committee to conduct its business or on its finances.	✓		Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6	
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	✓		Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23	
5. We have carried out an assessment of the risks facing the Council/Board/Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9	
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	✓		Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8	
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Council/Board/Committee and, where appropriate, have included them on the accounting statements.	✓		Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6	
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	✓		Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23	
	<i>See attached</i>				
<p>9. Trust funds – in our capacity as trustee, we have:</p> <ul style="list-style-type: none"> • discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit. 	Yes	No	N/A	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.	3, 6
		✓			

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Additional disclosure notes*

The following information is provided to assist the reader to understand the accounting statement and/or the Annual Governance Statement

1. Expenditure under S137 Local Government Act 1972 and S2 Local Government Act 2000

Section 137(1) of the 1972 Act permits the Council to spend on activities for which it has no other specific powers if the Council considers that the expenditure is in the interests of, and will bring direct benefit to, the area or any part of it, or all or some of its inhabitants, providing that the benefit is commensurate with the expenditure. Section 137(3) also permits the Council to incur expenditure for certain charitable and other purposes. The maximum expenditure that can be incurred under both section 137(1) and (3) for the financial year 2020-21 was £8.32 per elector.

In 2020-21, the Council made payments totalling £_____ under section 137. These payments are included within 'Other payments' in the Accounting Statement.

2. See attached separate notes.

3.

* Include here any additional disclosures the Council considers necessary to aid the reader's understanding of the accounting statement and/or the annual governance statement.

Council/Committee approval and certification

The Council/Committee is responsible for the preparation of the accounting statements and the annual governance statement in accordance with the requirements of the Public Audit (Wales) Act 2004 (the Act) and the Accounts and Audit (Wales) Regulations 2014.

Certification by the RFO

I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Council/Board/Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2021.

RFO signature:

R. Chapman

Name: *Rosemary Chapman*

Date: *23/6/2021*

Approval by the Council/Board/Committee

I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:

Minute ref: *33/2021 ii)*

Chair signature: *Aileen Davies*

Name: *AILEEN DAVIES*

Date: *23/6/2021*

Annual Governance Statement 202-2021

Number 8)

You will see from our internal audit report this year, that we have taken on board many improvements and put in better controls/systems than reported previously.

It is not possible to take any action on any external audit report as we have still not received the external auditors report from 2019/2020

Number 9)

The Town Council as a corporate body is the trustee of the Burgess Land Trust and as trustees have not been able to act in terms of the requirements of the Charities Act -as explained in the comments made on this item in 2019/2020. We are working with our appointed administration team, a company of accountants and Counsel in Lincolns Field on the way in which the charity has spent its funds in previous years, whether the Town Council needs to repay any of the grants made to the council from the trust and if the advice given to the trustees has enabled the trust to run properly in the past. There are other issues which could have a wider impact going forward, but we are unable to put this in print at the moment. If you'd like further information on this, please contact the RFO 01938 553142.

The Town Council as a corporate body is the trustee of RU Sayce Bequest, but there has been no activity due to the lack of paperwork in the office after the departure of the previous clerk. The current Town Clerk is working on this, one of the problems being that the properties owned by the trust are not registered properly with RentSmart Wales which is in the hands of a solicitor. Apart from income from rent on said property, there has been no other movement on the accounts. This will be resolved as soon as possible and then sent to accountants for audit.

Terms of Employment

Following a staffing review carried out by Shropshire HR completed in March 2020, all staff are now employed on NJC terms and conditions, and the permanent Town Clerk (previously the Interim) is employed on same terms.

Enclosed is a copy of the PAYE P30 summary as requested as evidence of payments to HMRC

Annual internal audit report to:

Name of body: **WELSHPOOL TOWN COUNCIL**

The Council/Board/Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2021.

The internal audit has been carried out in accordance with the Council/Board/Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council/Board/Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	✓				Detailed report provided.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.		✓			"
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		✓			"
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	✓				"
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	✓				"
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	✓				"
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	✓				"
8. Asset and investment registers were complete, accurate, and properly maintained.	✓				"

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	✓				Detailed report provided.
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	✓				
11. Trust funds (including charitable trusts). The Council/Board/Committee has met its responsibilities as a trustee.				✓	

For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12.					
13.					
14.					

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

[My detailed findings and recommendations which I draw to the attention of the Council/Board/Committee are included in my detailed report to the Council/Board/Committee dated 03/06/2022.] * Delete if no report prepared.

Internal audit confirmation

I/we confirm that as the Council's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2019-20 and 2020-21. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: DIANE NALLEY
 Signature of person who carried out the internal audit: Diane Nalley,
 Date: 03/06/2022

DM PAYROLL SERVICES LTD

INTERNAL AUDIT REPORT

WELSHPOOL TOWN COUNCIL

Date of Report: 4^h June 2021

I have completed the internal audit review for Welshpool Town Council. I have carried out tests on the systems in place and have reviewed internal controls. I confirm I have acted independently; the basis of the internal audit is by selective assessment of compliance with relevant procedures and controls.

There have been huge improvements in the council's procedures and internal controls over the year under review.

1. Appropriate books of account

Appropriate books of account have been kept during the year. The council has used RBS Omega software to record the accounting transactions, the accounts are kept up to date and there is evidence they are balanced monthly.

2. Financial Regulations

The Financial Regulations have been reviewed and updated in April 2021 and are now appropriate for the council's needs. However, for the year under review, the Financial Regulations applicable were last reviewed in 2017 and were not suitable for the council's needs; including that all payments must be made by cheque (with the exception of utility bills which can be paid by direct debit), and under contracts the level in which the tender process must be evoked is £1,000, and 3 quotations must be obtained for contracts of between £500 - £1,000. This was in effect unworkable for the council and consequently meant the council did not or could not comply with the Financial Regulations during the year. This matter has now been resolved with the new Financial Regulations adopted in April 2021.

There is an audit trail of payment samples picked. Payments were supported by receipts or invoices and payment schedules were reported to meetings. There is evidence in the minutes that quotations for larger purchases of goods or services are sought which would meet the requirements of the updated Financial Regulations.

Payments are made by internet banking and appropriate controls have been put into place in this respect.

There has been an introduction of a purchase order system during the year which has tightened up the internal controls in relation to purchases, especially in relation to accounts with local companies which had been subject to abuse in the previous financial year.

The use of the council's credit card is now restricted, VAT is appropriately accounted for and VAT returns submitted quarterly.

3. Risk Assessments

There have been several risk assessments carried out during the year regarding opening the Town Council's activities in relation to Covid 19. There are also several risk assessments and Health & Safety policies on file in relation to the day to day processes and activities of the council, the day to day risk assessments are dated 2017 and there is no evidence the council has considered them during the year under review.

Consequently, I am unable to confirm the council fully assessed its risks during the year and the 'NO' response has been ticked on the AGAR. I do accept that steps have been taken for a review to be carried out of the risks and health & safety which will update all documents. Please ensure the new documents are reviewed by the council once complete.

The council's insurance cover includes public liability, employer's liability and employee dishonesty at a level appropriate for the Town Council.

During the year the Town Council did not have a computer network, the computers/laptops and all stand alone. The accounting software is backed up to the cloud and minutes are uploaded to the council website, other back ups of the council data is more adhoc and not always carried out. The new computer network will have the provision for automatic back ups which will protect the council against loss of data should a computer fail.

4. Precept

There is evidence that the budget setting process during the year was detailed and considered at finance committee as well as full council. The precept recorded in the accounts includes a street scene grant, please ensure the precept recorded in the year end accounting statements excludes the street scene grant.

There is evidence that financial monitoring reports comparing actual receipts and payments against the budget being provided to committee and council meetings on a regular basis.

5. Income

Receipts are received by a number of income streams, payments are made to the Town Council by BACS, internet transfer, card payments, cheques, and cash. Cheque and cash receipts can be received at the town council offices and collected from market traders. The Day Centre closed during the year and the tourist information only took card payments.

Internal controls need to be reviewed and tightened over the handling of cash, a carbonated, numbered receipt book should be used for **all** cash receipts regardless of if the payee has requested a receipt (except till receipts), this will be the source document. This will reduce the risk of cash income not being declared or not being banked. Currently receipts are only issued if the payee requests a receipt.

6. Petty Cash

Petty cash is used appropriately for smaller purchases. A random sample of purchases were reviewed, and receipts were present for each purchase. The petty cash is topped up regularly.

7. PAYE

The PAYE is administered in house using IRIS software. Timesheets are authorized by supervising staff. There is evidence on file that the RTI submissions have been made to HMRC.

Eligible members of staff have been enrolled into qualifying pension schemes.

Expenses were reasonable and receipted where appropriate.

8. Assets

There are schedules of insurance valuation of buildings and fixed assets in several reports compiled by professional valuers, these are some years old. The valuations are not recorded on one register. An audit of assets held with a revaluation has been ordered, it should be noted that for local council's it is usual to use historic values for assets. If the council intends to use the revalued totals then the town council will need to review and accept the revaluation. The Practitioners' Guide states that where an authority changes its method of asset valuation during the year, it will need to restate the prior year's figure in Line 9 of the Annual Governance and Accountability Return. Please ensure all new assets purchases during the year are included in the asset register and that the updated asset figure is included on the annual return. For future years I would expect to see an asset disposal and asset purchase report to support the movement in asset value.

The level of Town Council reserves is extremely low with general reserves at £20,399 at the year end. This does not cover one month's revenue expenditure.

9. Bank reconciliations

The bank accounts are reconciled to the accounting records monthly. I have confirmed the closing amounts as per the bank reconciliations agree to the closing bank statements. The closing bank reconciliation figures agree to the Balance Sheet as at year end.

10. Accounting Statements

The town council prepares the accounting statements on an income and expenditure basis. The income and expenditure can be reconciled back to the actual receipts and payments received. Please remember to only include the actual precept level in the precept box on the accounting statements.

11. Trust Funds

The Town Council has confirmed it is responsible for Trust Funds. The paperwork relating to the responsibilities of the council in relation to the Trust Funds was not present and therefore I was unable to review this.

Diane Malley

Diane Malley MAAT

Auditor General for Wales' Audit Certificate and report

I report in respect of my audit of the accounts under section 13 of the Act, whether any matters that come to my attention give cause for concern that relevant legislation and regulatory requirements have not been met. My audit has been conducted in accordance with guidance issued by the Auditor General for Wales.

I certify that I have completed the audit of the Annual Return for the year ended 31 March 2021 of:

Welshpool Town Council

Auditor General's report

Audit opinion - Qualified

Except for the matters reported in my Basis for Qualification below, on the basis of my review, in my opinion no matters have come to my attention giving 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 legislation and regulatory requirements have not been met;
- is not consistent with the Council's/Committee's governance arrangements; and
- that the Council/Committee 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 has been properly prepared in accordance with proper accounting practice and whether it properly presents the Council's income and expenditure and financial position:

- At its January 2019 meeting, the Council set its precept for 2019-20 at £475,000. The accounting statement reports the precept for 2019-20 as £480,925. The Council is unable to explain what the additional £5,925 represents

Other matters arising and recommendations

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



Richard Harries, Director, Audit Wales
For and on behalf of the Auditor General for Wales

Date: 12/05/2022

Bank reconciliation

COUNCIL NAME: Welshpool Town Council
COUNTY: Pays.

		£
A	Balance on the bank statement at 31 March (taken from bank statement)	
Outstanding items		
B	Less unpresented cheques (List each outstanding cheque)	
<i>See separate sheets</i>		
C	Plus uncleared payments into bank (to agree with attached list)	
D	Petty cash Plus any petty cash balance held at 31 March	
E	Balance in the cash book (Authority's own records) at 31 March (Calculated as $A-B+C+D=E$ and agrees with Box 9 on the Annual Return)	

Working out what variances need to be explained

Line in section 1	Last Year £	This Year £	Variance Increase (+) or decrease (-) (This Year minus Last Year) £	% (Variance divided by Last Year figure multiplied by 100)	Explanation required? Less than 15% - NO More than 15% - YES
Line 3 Total other receipts	415466	137205	-278261	-66.9%	Yes
Line 4 Staff costs	425580	423412	-2168	-0.51%	n/a
Line 5 Loan interest/ capital repayments	8492	6000	-2492	-29.3%	Yes
Line 6 Total other payments	558506	339678	-218828	-39.18%	Yes
Line 8 Debtors and stock balances	113765	26429	-87336	-76.7%	Yes
Line 9 Total cash and investments	44113	133561	89448	2027%	Yes
Line 10 Creditors	26695	73026	46331	173.5%	Yes
Line 12 Total fixed assets and long term assets	10,015,000	10,039,000	24000	0.23%	n/a
Line 13 Total borrowing	23000	17000	-6000	-26.08%	Yes

Suggested layout for explanations

One sheet to be prepared for **each variance** that requires explanation.

Line <u>3</u>	£
Figure in This Year column	137 205
Figure in Last Year column	415 466
Variance (This Year figure less Last Year figure) A positive figure is an increase, a negative figure is a decrease	-278 261

Reasons (as many as are applicable)	Amount £
Reason 1 TOURIST INFO CENTRE CLOSED	91 166
Reason 2 MARKETS CLOSED	17 766
Reason 3 TOWN HALL CLOSED	11 615
Reason 4 DAY CARE CENTRE CLOSED	118 919
Unexplained	38 795
Confirm unexplained amount is less than 15% of Last Year figure	9.33%

COULD

Suggested layout for explanations

One sheet to be prepared for **each variance** that requires explanation.

Line <u>5</u>	£
Figure in This Year column	6,000
Figure in Last Year column	8492
Variance (This Year figure less Last Year figure) A positive figure is an increase, a negative figure is a decrease	-2492

Reasons (as many as are applicable)	Amount £
Reason 1	PwLB finished £2492
Reason 2	
Reason 3	
Reason 4	
Unexplained	
Confirm unexplained amount is less than 15% of Last Year figure	

Suggested layout for explanations

One sheet to be prepared for **each variance** that requires explanation.

Line 6	£
Figure in This Year column	339 678
Figure in Last Year column	558 506
Variance (This Year figure less Last Year figure) A positive figure is an increase, a negative figure is a decrease	- 218 828

Reasons (as many as are applicable)	Amount £
Reason 1	
Reason 2	SALARIES NOT NOW INCLUDED. IN THIS BOX
Reason 3	
Reason 4	
Unexplained	
Confirm unexplained amount is less than 15% of Last Year figure	

Suggested layout for explanations

One sheet to be prepared for each variance that requires explanation.

Line8.....	£
Figure in This Year column	26 429
Figure in Last Year column	113 765
Variance (This Year figure less Last Year figure) A positive figure is an increase, a negative figure is a decrease	- 87 336

Reasons (as many as are applicable)	Amount £
Reason 1 BETTER DEBT MNGMNT	7689
Reason 2 STOCK BALANCE @ TIC	10642
Reason 3	
Reason 4	
Unexplained	69005*
Confirm unexplained amount is less than 15% of Last Year figure	

* Following the completion of a full year using RIATAS software as the management of the accounts - using new control systems now in place - the Rfo has (in conjunction with the Town Clerk) brought to the attention of the Council that stock figure brought forward from 2019/20 were inaccurate - due to the way in which the previous Town Clerk presented the figures.

Suggested layout for explanations

One sheet to be prepared for **each variance** that requires explanation.

Line 9	£
Figure in This Year column	133561
Figure in Last Year column	44113
Variance (This Year figure less Last Year figure) A positive figure is an increase, a negative figure is a decrease	89448

Reasons (as many as are applicable)	Amount £
Reason 1	See below
Reason 2	
Reason 3	
Reason 4	
Unexplained	89448
Confirm unexplained amount is less than 15% of Last Year figure	

The Variation is because partly due to COVID & also better management of the expenditure by the Council on their service areas. Investments have it changed.

Suggested layout for explanations

One sheet to be prepared for **each variance** that requires explanation.

Line10.....	£
Figure in This Year column	73 026
Figure in Last Year column	26 695
Variance (This Year figure less Last Year figure) A positive figure is an increase, a negative figure is a decrease	46 331

Reasons (as many as are applicable)	Amount £
Reason 1 NEW TRACTOR	20 906
Reason 2 HEALTHMATIC CONTRACT	12 650
Reason 3 UNPRESENTED CHEQUES	11 459
Reason 4	
Unexplained	1316 536
Confirm unexplained amount is less than 15% of Last Year figure	4.9%

Suggested layout for explanations

One sheet to be prepared for **each variance** that requires explanation.

Line 13.....	£
Figure in This Year column	17 000
Figure in Last Year column	23 000
Variance (This Year figure less Last Year figure) A positive figure is an increase, a negative figure is a decrease	-6 000

Reasons (as many as are applicable)	Amount £
Reason 1 REPAYMENT OF LOAN	6 000
Reason 2	
Reason 3	
Reason 4	
Unexplained	
Confirm unexplained amount is less than 15% of Last Year figure	