

24 Cathedral Road / 24 Heol y Gadeirlan  
Cardiff / Caerdydd  
CF11 9LJ

[Address]

Tel / Ffôn: 029 2032 0500

Fax / Ffacs: 029 2032 0600

**Reference:** Audit Notice 2021

Textphone / Ffôn testun: 029 2032 0660

**Date issued:** 31 March 2021

[info@audit.wales](mailto:info@audit.wales) / [post@archwilio.cymru](mailto:post@archwilio.cymru)

[www.audit.wales](http://www.audit.wales) / [www.archwilio.cymru](http://www.archwilio.cymru)

Dear Sir/Madam

## Audit of Accounts 2021

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 20 September 2021** as the date from which electors can exercise their rights under the Public Audit (Wales) Act 2004.

We also enclose a copy of the 2021 annual return for you to complete and return to us. Please note the following:

- the annual return must be certified by the RFO and approved by the Council, by 30 June 2021. 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 1**. 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 1 September 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 27 September 2021.

## **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. Councils should therefore ensure that:

- by 6 August 2021 they publish the enclosed audit notice on a noticeboard in the area AND on the 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 be completed by 17 September 2021.

Councils should note that 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.

## **Outstanding prior-year audits**

As noted in the Auditor General's letter, there is a significant number of councils that have yet to have their 2020 accounts certified by the Auditor General, due to delays arising from COVID-19. Where earlier years' audits remain outstanding, we aim to complete these alongside the 2021 audit and, if possible, bring all councillors up to date by the end of 2021.

You must complete, approve and send us the 2021 return, even if your 2020 (and earlier years') audit has not yet been completed.

## **New audit arrangements**

Your attention is drawn to the Auditor General's letter attached to the email accompanying this notice, setting out the deferral of the introduction of the new audit arrangements.

## Changes in clerks

If you are no longer the clerk to the body, please inform us immediately. You can write to us at [info@audit.wales](mailto:info@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 body cannot delegate this approval to a committee.

**30 June is the latest date by which you can approve the annual return. You should try and complete the annual return earlier if you can. If you are unable to complete the annual return before this date you will need to publish the appropriate notice as set out in Annex 2.**

### 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 **pages 5 and 6** of this letter, to your auditor at:

Community Council Audits

Audit Wales

24 Cathedral Road

Cardiff

CF11 9LJ

The annual return and supporting documents should be sent to the auditor as soon as possible after approval. **We must however receive them by 1 September 2021 at the latest.**

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

## Notice of audit

**You must display the attached notice of audit (page 6)** in a conspicuous place in the area **no later than 6 August 2021**. 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 until at least 19 August.

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

Failure to comply with these requirements will lead to the audit team issuing a new audit notice and recommencing the process.

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

## Inspection of accounts

You must make the annual return and your accounting records available for public inspection on reasonable notice for 20 working days. The audit notice sets out the required inspection period, on the basis of availability from Monday to Friday. If this is not possible, please contact your auditor immediately.

Failure to comply with these requirements **in full** will lead to the audit team issuing a new audit notice and recommencing the process. This will result in an increased audit fee.

## Information required for the audit

The Auditor General has specified that ALL councils in Wales must provide the following information for the audit for 2019-20. The information is required under section 52 of the Public Audit (Wales) Act 2004.

You should send to us the original annual return and copies of the following documents as soon as possible, and in any event by 1 September 2021 at the latest. A failure to provide this information on a timely basis will result in additional audit fees being charged to the Council.

In undertaking our audit work, we may identify further explanations or information that is required to allow us to complete the audit and that are not specified in this letter. 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.

## Accounting statements

1. Bank reconciliation as at 31 March 2021.
2. Explanation of variances between the 2019-20 and 2020-21 accounts in the 2020-21 annual return.
3. If applicable, an explanation of any differences between the 2019-20 accounts included on the 2019-20 annual return and the 2019-20 accounts reported on the 2020-21 annual return.

Guidance on preparation of these documents is included in the Practitioners' Guide. Please refer to the Practitioners' Guide in the first instance. If you need further assistance, One Voice Wales are able to deal with council queries.

## Annual Governance Statement

1. For those councils subject to the requirements of the Well-being of Future Generations Act 2015, a copy of the Council's report on how it is contributing to the wellbeing of its area<sup>1</sup>.
2. A copy of the Clerk and RFO contract of employment.
3. Where the clerk/RFO salary is not specified in the contract or is set annually, minutes of the meeting at which the salary was agreed by the Council.
4. Payslips and tax record for Clerk/RFO for October 2020.

## Audit fees

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

## 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.

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<sup>1</sup> Applies only to those councils whose income or expenditure has exceeded £200,000 for 2017-18 and subsequent years.

## Complaints

If you have any complaints about us, please contact us at the address above. Alternatively, you can email [complaints@audit.wales](mailto:complaints@audit.wales).

## Annex 2 – Audit notice

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

**[Name of council]**

Financial year ending 31 March 2021

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 2021, these documents will be available on reasonable notice on application to:

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between the hours of \_\_\_\_\_ and \_\_\_\_\_ on Monday to Friday

commencing on 20 August 2021

and ending on 17 September 2021

3. From 20 September 2021, 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, 24 Cathedral Road Cardiff CF11 9LJ.

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 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 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 their 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 their investigation into the issues you have raised, but they will usually tell you the general outcome.

### **A final word**

Local government bodies, and so 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 they must take into account includes the costs that will be involved. They 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, 24 Cathedral Road, Cardiff CF11 9LJ