

LANGSTONE COMMUNITY COUNCIL

Date: 12th October 2020
Time: 7.00pm
Venue: Virtual meeting via Zoom

In attendance Ms H K Jones (Clerk)
3 members of the public

ORDINARY MEETING OF THE COUNCIL

Present Cllr C Bryant (Chair)
Cllr J Ford
Cllr L Duthie
Cllr L Humphries
Cllr R Hollister
Cllr S Powell

Apologies Miss E Blakemore

Absent Cllr M Griffiths
Cllr L Aherne

20/20. The Chairman welcomed everyone to the Council's third meeting via Zoom.

20/21. Apologies - none

20/22. Declarations of interests: None

20/23. Minutes

The minutes of the Ordinary and Committee meetings held on 14th September were approved. The Clerk's Report was approved for appending to the minutes of 14th September.

20/24. Public participation – No issues were raised in this section

20/25. Play Park

The Council discussed other parks in Chepstow and Caerwent which did not have high fences and were not locked. Clerk to contact NCC re Newport's parks. City Cllr Routley had spoken to NCC officers re installing CCTV. They have 3 moveable cameras which are used for ASB hotspots. However, their positioning needs to be based on evidence. Without reports of ASB to the police, there is no case for siting cameras in Centenary Field. Currently there is hardly any record of complaints. Residents to be urged to phone or email Gwent Police via 101 or contact@gwent.pnn.police.uk

20/26. Road Safety

i) The Council discussed road safety, particularly on the A48. It was agreed that a 30mph limit, speed camera and additional crossing(s) would be desirable. A petition to demonstrate wide support would be advantageous but difficult to administer during lockdown restrictions. A campaign is to be established jointly between LCC and NCC councillors.

Some improvements (junction warning signs, pedestrian refuges) were about to be made (Jan/Feb?) on the A48 at the junctions with Llandevaud Lane and Hendrew Lane (near Britannia Garage).

Cllr Routley had been pressing for speed and weight restrictions in Llandevaud.

ii) All members of the Community Speedwatch team needed to update their vetting forms. The Clerk had put an article in the next edition of Community First. The Council agreed that replies should be awaited before taking further steps to communicate with residents.

20/27. Finance

- i) The Council resolved to purchase a litter bin and site it on Priory Way to replace the post-mounted bin which frequently overflows. **Action: HJ**
- ii) The Clerk updated the Council on the external audit.
- iii) The Council considered the Independent remuneration Panel for Wales draft annual report and decided no comment was needed as there was no change for LCC.

20/28. Events

- i) The Council agreed that the Seniors Christmas Meal and the Christmas Concert should be cancelled in light of the Covid restrictions and risks of public gatherings.

20/29. Training – none identified. Cllr Powell had attended a Planning Aid course on responding to planning consultations and had found it very useful.

20/30. Planning

The Council considered the following planning applications:

Ref No	Address	Application	Outcome
20/0838	Bernersmede, Chepstow Road, Langstone NP18 2JN	Conversion of domestic garage to dental practice inc single storey rear extension, pitched roof to replace existing flat roof and alterations to front elevation	Positive to have a dentist in Langstone but some concerns re parking and access via busy A48.
20/0839	17 Tregarn Close, Langstone NP18 2JL	First floor front extension and single storey rear extension	No objection
20/0793	Woodwards Farm Coed-Y-Caerau Lane Kemeys Inferior NP18 1JR	Retention of alterations to dwelling approved under 16/0895, comprising erection of canopy roof, decked area, single storey side extension, replacement curtilage building, green house, patio area, landscaping works and alterations to the position of the domestic curtilage	No objection
20/0799	23 Shepherd Drive Langstone NP18 2LB	Reduce ash tree protect by TPO 3/91 to height 1m above torn branch and reduce large limb in line with first and second branch	No objection

20/31. Items for next Agenda - 2 new bins for the access points to Ger-Y-Parc Woods via Priory Gardens and Stockwood Close. Clerk to investigate practical sites. **Action: HJ**

20/32. Date of next meeting – 9th November 2020

There being no other business, the meeting concluded at 20:10

CLERK'S REPORT appended to minutes for 12th October 2020**Clerk's Actions**

Ref	Date	Action	Update	Status
20/14	14/09/20	Contact Cllr Routley re CCTV in centenary Field	Emailed. Cllr Routley stated that a mobile CCTV unit is available but evidence of ASB required to validate use	Closed
20/15	14/09/20	Replace litter bin opposite The Gorelands	Quote received	Closed
20/15	14/09/20	Site new litter bin on Langstone Court Road	Quote received	Closed
20/27	12/10/20	Purchase litter bin and site on Priory Way to replace post-mounted bin	Quote received	Closed
20/31	12/10/20	Investigate practical sites for 2 new bins at access points to Ger-Y-Parc Woods via Priory Gardens and Stockwood Close	Visits made. On agenda for 9/11/20 meeting	Closed
20/15	14/09/20	Chase up post-mounted litter bins at Llanmartin bus-stops	Quote requested	
20/17	14/09/20	Obtain quotes for Christmas trees	Quote requested – clarification required	

Councillors' Actions

Ref	Date	Action	Who	Update	Status
19/205	09/03/20	Contact Police and Mr Lloyd re Community Speedwatch	MG	Superseded	Closed
18/172	14/01/19	Set up online access to bank account	LH		
18/213	11/03/19	Draft a training plan for Councillors	LH		
19/199	09/03/20	Speak to Cllr Routley re off-road bikes in Wentwood Forest and road safety (speed limit / pelican crossing)	CB		
19/199	09/03/20	Speak to Police re off-road bikes in Wentwood	RH		

Annual Budget - By Centre

Note: Opening Budget Report

		<u>Last year</u>		<u>Current year</u>				<u>Next year</u>		
		Budget	Actual	Total	Actual YTD	Projected	Committed	Agreed	EMR	Carried Forward
100	<u>Income</u>									
1076	Precept	44,912	44,912	63,690	63,690	0	0	63,690	0	0
1077	Grants	0	0	0	10,000	0	0	0	0	0
1100	Miscellaneous Income	0	326	10,000	0	0	0	0	0	0
1105	Repayment of loans	0	0	12,000	0	0	0	0	0	0
1107	Allocation for park repairs	3,000	3,000	3,000	3,000	0	0	3,000	0	0
1108	Allocation for playground insp	4,680	4,680	4,680	4,680	0	0	4,680	0	0
1109	S106 funding repayment	5,451	5,451	0	0	0	0	0	0	0
	Total Income	58,043	58,370	93,370	81,370	0	0	71,370	0	0
	Movement to/(from) Gen Reserve	58,043	58,370	93,370	81,370	0		71,370		
200	<u>Staff Costs</u>									
4200	Staff Costs	20,263	20,084	20,370	12,241	0	0	21,389	0	0
4215	Clerks Mileage	200	185	200	0	0	0	210	0	0
	Overhead Expenditure	20,463	20,269	20,570	12,241	0	0	21,599	0	0
	Movement to/(from) Gen Reserve	(20,463)	(20,269)	(20,570)	(12,241)	0		(21,599)		
300	<u>Administration</u>									
4300	Insurance	913	913	950	952	0	0	998	0	0
4301	Bank Charges	108	108	108	57	0	0	113	0	0
4305	Membership Subscriptions	650	695	680	180	0	0	714	0	0
4309	Postage	60	91	50	0	0	0	53	0	0
4310	Stationery	200	86	200	26	0	0	210	0	0

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Annual Budget - By Centre

Note: Opening Budget Report

		<u>Last year</u>		<u>Current year</u>				<u>Next year</u>		
		Budget	Actual	Total	Actual YTD	Projected	Committed	Agreed	EMR	Carried Forward
4311	Printer Ink	50	66	50	0	0	0	53	0	0
4315	Office Equipment	447	731	100	0	0	0	105	0	0
4316	Information Technology	1,000	696	1,000	390	0	0	1,050	0	0
4320	Councillor Expenses	300	168	300	69	0	0	315	0	0
4321	Councillor Remuneration	625	370	1,800	0	0	0	1,890	0	0
4325	Councillor Training	500	680	500	30	0	0	525	0	0
4330	Clerk Training	120	70	120	0	0	0	126	0	0
4331	Books / Reference Material	20	0	20	0	0	0	21	0	0
4335	Conferences	300	90	500	0	0	0	525	0	0
4340	Audit	469	469	500	260	0	0	525	0	0
4344	Rent - Storage	0	195	0	0	0	0	0	0	0
4345	Rent - office	6,482	6,501	6,700	3,927	0	0	7,035	0	0
4350	Loan to Bishton CC	12,000	12,000	0	0	0	0	0	0	0
4360	Chairmans Fund	400	90	400	100	0	0	420	0	0
4370	Website	835	835	250	155	0	0	263	0	0
	Overhead Expenditure	25,479	24,854	14,228	6,145	0	0	14,941	0	0
	Movement to/(from) Gen Reserve	(25,479)	(24,854)	(14,228)	(6,145)	0		(14,941)		
400	<u>S137 Grants</u>									
4400	S137 Grants	4,340	4,140	4,150	0	0	0	4,358	0	0
	Overhead Expenditure	4,340	4,140	4,150	0	0	0	4,358	0	0
	Movement to/(from) Gen Reserve	(4,340)	(4,140)	(4,150)	0	0		(4,358)		
500	<u>Concurrent Expenditure</u>									

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Annual Budget - By Centre

Note: Opening Budget Report

	<u>Last year</u>		<u>Current year</u>				<u>Next year</u>		
	Budget	Actual	Total	Actual YTD	Projected	Committed	Agreed	EMR	Carried Forward
4348 LVH improvements	5,451	8,230	6,549	6,375	0	0	6,876	0	0
4349 Loan to LVH	2,236	3,017	0	0	0	0	0	0	0
4405 Concurrent Grants	2,500	2,500	2,500	0	0	0	2,625	0	0
4500 Ground Maintenance	500	433	500	365	0	0	525	0	0
4505 Park Lease	50	60	30	0	0	0	32	0	0
4510 Playpark inspections	4,680	4,680	4,680	4,680	0	0	4,914	0	0
4517 Litter picking	300	653	800	193	0	0	315	0	0
4520 Playpark repairs	4,425	3,355	3,000	0	0	0	3,150	0	0
4605 Street Furniture Maintenance	16	16	100	0	0	0	105	0	0
4610 Annual Planting	1,000	845	1,000	496	0	0	1,050	0	0
4735 Road Safety	0	0	10,000	275	0	0	10,500	0	0
4740 Street furniture purchase	2,700	2,307	1,000	0	0	0	1,050	0	0
Overhead Expenditure	23,858	26,096	30,159	12,383	0	0	31,142	0	0
Movement to/(from) Gen Reserve	(23,858)	(26,096)	(30,159)	(12,383)	0	0	(31,142)	0	0
700 <u>Community Events / Projects</u>									
4700 Community Events	77	29	4,000	0	0	0	4,200	0	0
4701 Christmas Concert	500	641	600	0	0	0	630	0	0
4702 Christmas meal - Seniors	1,250	952	1,250	0	0	0	1,313	0	0
4704 VE Day Afternoon Tea	300	0	0	0	0	0	630	0	0
4707 Christmas Trees	3,000	2,782	3,000	0	0	0	3,150	0	0
4708 Autumn Event	623	723	600	0	0	0	630	0	0
4709 Llandevaud Fireworks	500	500	0	0	0	0	0	0	0
4710 Remembrance Day	800	254	300	0	0	0	315	0	0

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Annual Budget - By Centre

Note: Opening Budget Report

		<u>Last year</u>		<u>Current year</u>				<u>Next year</u>		
		Budget	Actual	Total	Actual YTD	Projected	Committed	Agreed	EMR	Carried Forward
4711	Spring Event	500	0	600	0	0	0	630	0	0
4712	Road Safety Conference	3,000	3,317	0	0	0	0	0	0	0
4713	Children's Party	400	51	400	66	0	0	420	0	0
	Overhead Expenditure	10,950	9,248	10,750	66	0	0	11,918	0	0
	Movement to/(from) Gen Reserve	(10,950)	(9,248)	(10,750)	(66)	0		(11,918)		
800	Capital Projects									
4730	Playpark Equipment Purchase	199	199	200	91	0	0	210	0	0
	Overhead Expenditure	199	199	200	91	0	0	210	0	0
	Movement to/(from) Gen Reserve	(199)	(199)	(200)	(91)	0		(210)		
900	Contingency									
4905	General Contingency	14,708	0	28,902	0	0	0	0	0	0
	Overhead Expenditure	14,708	0	28,902	0	0	0	0	0	0
	Movement to/(from) Gen Reserve	(14,708)	0	(28,902)	0	0		0		
999	VAT Data									
115	VAT refund	0	7,029	0	7,296	0	0	0	0	0
	Total Income	0	7,029	0	7,296	0	0	0	0	0
515	VAT on Payments	0	7,296	0	3,567	0	0	0	0	0
	Overhead Expenditure	0	7,296	0	3,567	0	0	0	0	0
	Movement to/(from) Gen Reserve	0	(267)	0	3,729	0		0		

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Annual Budget - By Centre

Note: Opening Budget Report

	<u>Last year</u>		<u>Current year</u>				<u>Next year</u>		
	Budget	Actual	Total	Actual YTD	Projected	Committed	Agreed	EMR	Carried Forward
Total Budget Income	58,043	65,399	93,370	88,666	0	0	71,370	0	0
Expenditure	99,997	92,103	108,959	34,493	0	0	84,168	0	0
Movement to/(from) Gen Reserve	<u>(41,954)</u>	<u>(26,704)</u>	<u>(15,589)</u>	<u>54,173</u>	<u>0</u>		<u>(12,798)</u>		

Budget 2020-21 v5

Version 4
(Updated May 2020)

Mid year review

Diff

Opening bank balance 1/4/20	15,089	15,089	
Precept	33,000	33,000	
Tax base	1,930	1,930	
	63,690	63,690	
100 Income			
1076 Precept	63,690	63,690	0
1100 Misc Income	10,000	10,000	0
1105 Repayment of loans (Bishton)	12,000	12,000	0
1107 Allocation for park repairs	3,000	3,000	0
1108 Allocation for playground inspections	4,680	4,680	0
	93,370	93,370	
200 Staff costs		0	
4200 Salary costs	20,370	20,957	587
4215 Clerks Mileage	200	200	0
	20,570	21,157	0
300 Administration		0	
4300 Insurance	950	952	2
4301 Bank Charges	108	108	0
4305 Membership Subscriptions	680	680	0
4309 Postage	50	50	0
4310 Stationery	200	200	0
4311 Printer Ink	50	50	0
4315 Office Equipment	100	100	0
4316 Information Technology	1,000	1,000	0
4320 Councillor Expenses	300	300	0
4321 Councillor Remuneration	1,800	1,800	0
4325 Councillor Training	500	500	0
4330 Clerk Training	120	120	0
4331 Books /Reference Material	20	20	0
4335 Conferences	500	500	0
4340 Audit	500	500	0
4344 Rent - meeting rooms		0	0
4345 Rent - office	6,700	6,700	0
4360 Chairmans Fund	400	400	0
4365 Commemorative Boards		0	0
4370 Website	250	250	0
	14,228	14,230	0
400 S137 Grants			
4400 S137 Grants	4,150	4,150	0
	4,150	4,150	0
500 Concurrent Expenditure			
4348 Langstone Village Hall improvements	6,549	6,375	-174
4349 Loan to LVH	0	0	0
4405 Concurrent Grants	2,500	2,500	0
4500 Ground Maintenance	500	600	100
4505 Park Lease	30	30	0
4510 Playpark inspections	4,680	4,680	0
4517 Litter picking	800	800	0
4520 Playpark repairs	3,000	3,000	0
4605 Street furniture maintenance	100	100	0
4606 War memorial maintenance		0	0
4610 Annual Planting	1,000	1,000	0
4735 Road safety	10,000	10,000	0
4740 Street furniture purchase	1,000	1,000	0
	30,159	30,085	0
700 Community Events / Projects		0	
4700 Community Events	4,000	0	-4,000
4701 Christmas Concert	600	0	-600
4702 Christmas meal - seniors	1,250	1,250	0
4704 VE Day afternoon tea	0	0	0
4707 Christmas Trees	3,000	3,000	0
4708 Autumn event	600		-600
4710 Remembrance Day	300		-300
4711 Spring event	600	600	0
4713 Children's Party	400	400	0
	10,750	0	5,250
800 Capital projects		0	
4730 Playpark Equipment Purchase	200	200	0
	200	0	200
900 Contingency		0	
4905 General Contingency (25% of expenditure)	28,402	33,387	4,985
4920 Road safety contingency		0	0
	28,402	0	33,387
		0	0
Opening Bank Balance / Reserves	15,089	0	15,089
Income	93,370	0	93,370
Total Income	108,459	0	108,459
Total Expenditure	80,057	0	75,072
Closing Reserves	28,402	0	33,387

Budget 2021-22 v1

Opening bank balance 1/4/20	33,387	
Precept	33.00	
Tax base	1,930	
	63,690	
100 Income		
1076 Precept	63,690	
1100 Misc Income		
1105 Repayment of loans (Bishton)		
1107 Allocation for park repairs	3,000	
1108 Allocation for playground inspections	4,680	
		71,370
200 Staff costs		
4200 Salary costs	21,167	
4215 Clerks Mileage	200	
		21,367
300 Administration		
4300 Insurance	1,000	
4301 Bank Charges	108	
4305 Membership Subscriptions	680	
4309 Postage	50	
4310 Stationery	200	
4311 Printer Ink	50	
4315 Office Equipment	100	
4316 Information Technology	1,000	
4320 Councillor Expenses	300	
4321 Councillor Remuneration	1,950	
4325 Councillor Training	500	
4330 Clerk Training	120	
4331 Books /Reference Material	20	
4335 Conferences	500	
4340 Audit	500	
4344 Rent - meeting rooms	0	
4345 Rent - office	6,901	
4360 Chairmans Fund	400	
4365 Commemorative Boards	0	
4370 Website	250	
		14,629
400 S137 Grants		
4400 S137 Grants	4,150	
		4,150
500 Concurrent Expenditure		
4348 Langstone Village Hall improvements	0	
4349 Loan to LVH	0	
4405 Concurrent Grants	2,500	
4500 Ground Maintenance	600	
4505 Park Lease	30	
4510 Playpark inspections	4,680	
4517 Litter picking	1,000	
4520 Playpark repairs	3,000	
4605 Street furniture maintenance	100	
4606 War memorial maintenance	0	
4610 Annual Planting	1,000	
4735 Road safety	10,000	
4740 Street furniture purchase	1,000	
		23,910
700 Community Events / Projects		
4700 Community Events	4,000	
4701 Christmas Concert	600	
4702 Christmas meal - seniors	1,250	
4704 VE Day afternoon tea	0	
4707 Christmas Trees	3,000	
4708 Autumn event	600	
4710 Remembrance Day	300	
4711 Spring event	600	
4713 Children's Party	400	
		10,750
800 Capital projects	0	
4730 Playpark Equipment Purchase	200	
	200	200
900 Contingency	0	
4905 General Contingency	29,752	
4920 Road safety contingency	0	
	33,387	29,752
	0	
Opening Bank Balance / Reserves	15,089	33,387
Income	93,370	71,370
Total Income	108,459	104,757
Total Expenditure	75,072	75,005
Closing Reserves	33,387	29,752

Future Audit Arrangements for Community and Town Councils in Wales

Audit year: 2020-21 onwards

Date issued: October 2020

Document reference: 2063A2020-21

This document has been prepared as part of work performed in accordance with statutory functions.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

This document summarises the responses to my recent consultation on future audit arrangements for town and community councils and sets out the future audit arrangements to apply for the audit of the 2020-21 accounts and in future years.

Summary report

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Since 2008 I have identified significant and systemic failings in financial management and governance across the sector that are not identified at audit until more detailed audit work is undertaken leading me to conclude that the audit arrangements need to be changed	5
From 2020-21 onwards, my audit arrangements for community and town councils in Wales will include a three-year audit programme, designed to meet my statutory responsibilities while providing a sufficient level of audit assurance at a reasonable cost to individual councils	6
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Summary report

Introduction

Community councils in Wales are required to prepare accounts and have them audited by the Auditor General for Wales

- 1 The requirement for community councils to prepare accounts and to have those accounts audited is set out in law.
- 2 Section 13 of the Public Audit (Wales) Act 2004 (the 2004 Act) states that all local government bodies must make up their accounts to 31 March each year and ensure that the accounts are audited by the Auditor General for Wales (the Auditor General). Section 13 also states that the Auditor General must audit the accounts.

Audit is important as it provides assurance on the effective management and safeguarding of public money

- 3 As well as meeting the legal requirements for the audit of community council accounting statements, the audit work provides assurance on how councils have managed their finances.
- 4 An audit of the financial statements results in the publication of an independent opinion on how the statements have been prepared and whether they give a proper presentation of the body's finances as required by the relevant accounting framework.
- 5 The audit of public bodies plays a key role in ensuring that those responsible for handling public money are held accountable for the use of that money. Public audit strengthens accountability, both upwards to the elected or appointed members who make decisions about the allocation of resources, and outwards to the service users and beneficiaries, taxpayers and the wider community. Robust public audit also provides assurance on bodies' arrangements for managing their finances properly, including their arrangements for value for money and to safeguard public money.

My audit responsibilities as Auditor General set out in the 2004 Act apply to all community councils

- 6 The 2004 Act sets out my responsibilities as Auditor General for the audit of community council accounts. These include:
 - Sections 17 and 23: general duties to ensure that the accounts have been properly prepared, to provide an opinion on the accounts and to satisfy myself that the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources;

- Section 22: duty to consider whether, in the public interest, I should make a report on any matter which comes to the Auditor General's notice in the course of the audit; and
 - Sections 30 and 31: duty to make arrangements for electors to ask questions or make objections to the accounts.
- 7 The audit arrangements must be sufficient to enable me to discharge my statutory duties.

Since 2008, I have identified significant and systemic failings in financial management and governance across the sector that are not identified at audit until more detailed audit work is undertaken leading me to conclude that the audit arrangements need to be changed

- 8 Since 2008, I have published a series of national reports highlighting common governance failures identified during the audit of community and town councils. These reports highlighted systemic weaknesses across the sector and that too many councils are failing to meet the minimum standards expected of them. Although there has been improvement in some areas, there remains significant scope for improvement across the sector.
- 9 More detailed audit work has been undertaken at individual councils where auditors have identified significant concerns. As a consequence of this work, I have published 18 reports in the public interest during 2018 and 2019. Links to the reports can be found in **Appendix 1**.
- 10 The issues identified in these public interest reports include:
- Lack of or inaccurate/incomplete accounting records and improperly prepared accounts
 - Poor internal control and financial management including failure to follow councils' proper expenditure authorisation processes
 - Failure to account for PAYE, leading to additional costs being incurred by councils
 - Poor budget setting and inadequate financial monitoring
 - Failure to comply with councils' own Standing Orders, leading to defective procurement of services and failure to ensure proper arrangements are in place to secure value for money
 - Overpayments to clerks
 - Poor governance and decision-making leading to unlawful expenditure

- 11 The audit issues reported are often longstanding issues. However, the limited scope of the current audit arrangements means that they were not identified, and could not have been identified, in a timely way. A more detailed and rigorous audit is needed for early identification of emerging problems. This will also assist councils to improve their arrangements at an early stage rather than issues continuing and potentially escalating for a prolonged period of time.

From 2020-21 onwards, my audit arrangements for community and town councils in Wales will include a three-year audit programme, designed to meet my statutory responsibilities while providing a sufficient level of audit assurance at a reasonable cost to individual councils

- 12 In January 2020, I consulted on proposals to change the way in which the audit of community and town councils in Wales is carried out. The consultation asked a series of eight questions.
- 13 I received a total of 136 responses to the consultation: 83% (113) of the responses were made on behalf of councils. This represents 15% of all councils in Wales. Individual responses were received from clerks, individual councillors, local residents, internal auditors and professional accountants acting for a number of councils across Wales.
- 14 A summary of the responses to each of the consultation questions is set out in **Appendix 2**. Overall, the responses received were supportive of the proposed audit arrangements. Respondents did however identify some recurring concerns. **Appendix 3** sets out these concerns and my response to them.
- 15 Following this consultation, I have decided that from the audit of the 2020-21 accounts onwards, my audit arrangements will involve an element of transaction-based audit testing. A transaction-based approach to the audit will involve auditors examining an individual council's accounts and tracing transactions through to source records, confirming the completeness and accuracy of the accounts. This approach would provide a significantly higher level of assurance over councils' accounts than that provided at present and address many of the significant issues that have been identified over the last few years.
- 16 Adopting such an approach across all councils each year would require a significant amount of time to be input to each audit and, given the small scale of many councils, would be disproportionate to undertake.
- 17 In order to ensure the arrangement, as a whole, is proportionate, for councils with income and expenditure of less than £2.5 million, transaction-based audits will be interspersed with more limited audit procedures on a three-year, cyclical basis. A three-year cycle will allow for identification of issues within a relatively short

timescale. Councils will also be aware that they would be subject to more detailed scrutiny on a regular basis.

- 18 This cyclical approach is not without risk. It is likely that some issues may not be uncovered until a transaction-based audit is undertaken. I consider that a three-year cycle balances these risks with the overall risk to the public purse and the cost of audit.
- 19 Therefore, the audit arrangements I have determined for community and town councils to be applied from the audit of the 2020-21 accounts incorporates a three-year cycle of two limited procedure audits and a transaction-based audit for each council. The introduction of the transaction-based audits will be staggered across the first three years of the new arrangements.
- 20 A summary of the audit approach is provided in **Appendix 4**.
- 21 In addition to undertaking a transaction-based audit once every three years, auditors would still undertake additional audit work where it is considered necessary. Examples of situations where additional work may be required include (but are not limited to):
- When matters come to the auditor's attention during the course of a limited procedure audit, e.g. through correspondence, objections or matters arising during the audit
 - When transaction testing highlights areas of audit concern
 - When councils fail to co-operate with the audit team
 - When significant problems have been highlighted in previous years
 - When a council fails to prepare accounts on a timely basis

Next steps

- 22 In November 2020, I will host a webinar to provide further detail to councils on how the new arrangements will work in practice. Audit Wales staff are discussing the arrangements with representatives of One Voice Wales and the Society of Local Council Clerks so that these organisations are equipped to support you as the new arrangements are rolled out.
- 23 Audit Wales is also considering how the audits will be delivered. Further information will be provided to all councils by January 2021.
- 24 The audit of the 2020-21 accounts will be undertaken in the late summer of 2021. We expect that fees for two years of the three-year cycle will be broadly in line with current audit fees. For the audit year in which more detailed work is undertaken, we anticipate that there will be a modest increase in the audit fee. Audit Wales is currently developing a fee model to support this approach.

Appendix 1

Reports issued by the Auditor General for Wales

Exhibit 1: Auditor General's annual reports

Annual financial management and governance reports
Financial Management and Governance – Town and Community Councils 2017-18
Internal Audit Arrangements at Town and Community Councils in Wales
Financial Management and Governance in Local Councils 2016-17
Financial Management and Governance in Community Councils 2015-16
Financial Management and Governance in Local Councils 2014-15

Exhibit 2: Reports in the public interest

Public interest reports issued in 2018	Public interest reports issued in 2019
Whitford Community Council	Bodorgan Community Council
Cadfarch Community Council	Buckley Town Council
Tirymynach Community Council	Connah's Quay Town Council
Llanwnnen Community Council	Cynwyd Community Council
Penally Community Council	Glynneath Town Council
Glantymyn Community Council	Llanfairpwll Community Council
Llanbrynmaur Community Council	Llanfrothen Community Council
	Llangristiolus and Cerrigceinwen Community Council
	Maenclochog Community Council
	Mumbles Community Council
	Penmaenmawr Town Council
	Rhosyr Community Council

Appendix 2

Responses to the consultation questions

Exhibit 3: responses to the consultation questions

Consultation questions	Agree	Disagree	Don't know
Current arrangements and the need for change			
Q1 I believe that the current community council audit arrangements can lead to too late identification of the type of audit issues highlighted in recent WAO reports in the public interest: Do you agree?	60%	25%	15%
Proposals for a new system of audit			
Q2 Have I identified the correct design principles for the proposed community council audit arrangements?	83%	17%	
Q3 Do the proposed community council audit arrangements meet the design principles I have identified?	83%	17%	
Q4 Do you agree that the proposed community council audit arrangements should incorporate detailed testing of transactions?	64%	36%	
Q5 Are there any alternative procedures that should be considered for inclusion in the proposed community council audit arrangements?	63%	37%	
Q6 Do you agree that the proposed community council audit arrangements should be a cyclical programme over a three-year period?	73%	27%	
Q7 Do you agree that the publication of annual reports and occasional national studies would be of benefit to the sector?	94%	6%	
Q8 Are there any specific areas of concern you consider it would be helpful for the Auditor General to undertake a national study, or to provide a Good Practice Exchange event (such as a webinar) on?	55% ¹	45%	

¹ Audit Wales is currently examining areas suggested by respondents to identify those that would be suitable for a national study or GPX event.

Appendix 3

Issues raised during the consultation

Small councils will be disproportionately affected by the new arrangements

A large proportion of community councils in Wales are small councils spending less than £10,000 to £15,000 each year. The risk of losses in these small councils is small and there is a case for exempting these councils from audit or for the audit to be conducted by the local unitary authority.

The audit arrangements set out in the consultation paper will place an undue burden on these councils. The audit arrangements should be tailored based upon the precept raised by individual councils with alternative audit cycles depending on the size of the council and outcomes from previous audits.

Some councils expressed concern over the increase in audit fees since 2014-15 and whether the revised arrangements would add a further burden.

Response

The Public Audit (Wales) Act 2004 requires all councils in Wales to prepare their accounts to 31 March each year and to have those accounts audited by the Auditor General for Wales. The Auditor General is not able to exempt such councils from the statutory audit requirement.

The Auditor General's annual reports on Financial Management and Governance have highlighted that many smaller councils do not have appropriate financial management and governance arrangements in place. This includes arrangements to prevent and detect fraud and other losses.

For many smaller councils, there is little scope for segregation of duties to minimise the risk of losses due to fraud, and previous reports in the public interest have highlighted some of the deficiencies identified by auditors. There is a higher risk of deficiency at these smaller bodies.

The revised arrangements are designed to be relatively straightforward and understandable. Introducing a complex arrangement with multiple tiers of audit and alternate audit cycles would not only present an administrative burden but also increase the risk of confusion for councils.

Audit fees are charged in accordance with the Wales Audit Office's Fee Scheme. The Fee Scheme is published annually. The Public Audit (Wales) Act 2013 sets out that audit fees cannot exceed the full cost of undertaking the audit. Since 2014-15, audit fees have been charged on this basis. The new arrangements may mean an increase in audit fees for each year when transaction-based audit testing occurs. However, auditors will consider the size of the council when considering the extent of audit work to be undertaken.

Audit Wales is developing a suite of audit tools and procedures to ensure that all audit work is carried out as efficiently as possible. Councils can also help to maximise the efficiency of the audit process by ensuring that information and documents required for the audit are provided on a timely basis and that proper accounting and other records are kept.

Councils should have an internal audit that undertakes much of the work proposed for the external audit

An annual internal audit that incorporates testing of transactions is sufficient to address the concerns raised by external auditors and removes the need for transaction testing by external auditors. Some respondents considered that such an internal audit should be mandated.

Some respondents queried if the proposed external audit approach would result in a duplication of effort by carrying out work already undertaken by the internal auditor.

Response

The Accounts and Audit (Wales) Regulations 2014 require all councils to maintain an adequate and effective system of internal audit of their accounting records and of their system of internal control.

The Auditor General's report on internal audit in the sector identified that not all councils make arrangements for internal audit. The Auditor General's Financial Management and Governance reports comment on the discrepancies between the internal auditor's findings and the external auditor's findings that result in qualified audit opinions. This is particularly apparent at some councils where the Auditor General has issued a report in the public interest. In some cases, even though the internal auditor has provided positive assurances to individual councils, it is clear that the internal audit process was not adequate and effective.

The issues highlighted in public interest reports are not common across the sector

The number of public interest reports is small and the problems identified are not common across all councils. A more proportionate response would be to target those councils that have issues rather than increasing audit measures across the sector.

Response

Audit work is normally undertaken by firms engaged by Audit Wales. However, when significant issues arise at individual councils, Audit Wales undertakes additional work in-house. As a result of this additional work, since 2008, public interest reports have been issued to 25 councils across Wales. At present, the Auditor General is considering

whether or not to issue public interest reports at another 14 councils. Audit Wales is currently undertaking additional audit work at a further 30 councils.

This represents almost 10% of all councils in Wales. Furthermore, the matters identified in the public interest reports are also identified in qualified audit reports at other councils.

Additional training is needed for clerks and councillors

Many councils employ only a part-time clerk. There is limited training and other support available. Training should be free of charge and available to all clerks to ensure they understand the basic requirements that are relevant to all councils.

Response

One Voice Wales and the Society of Local Council Clerks have area committees across Wales. These meet on a regular basis to discuss current issues.

One Voice Wales offers a training programme for councils to access. Courses are held across Wales and cover a variety of topics including financial procedures.

Audit Wales staff attend sector conferences throughout the year providing updates on developments and explaining how councils can address the issues raised by external auditors.

The Welsh Government has a bursary scheme for training in the sector and is currently considering how this scheme can be extended.

Transaction-based testing should be carried out locally rather than sending large volumes of documents to Audit Wales' offices

This work should be carried out at council premises to avoid the need to collate and submit detailed and voluminous working papers to an external body.

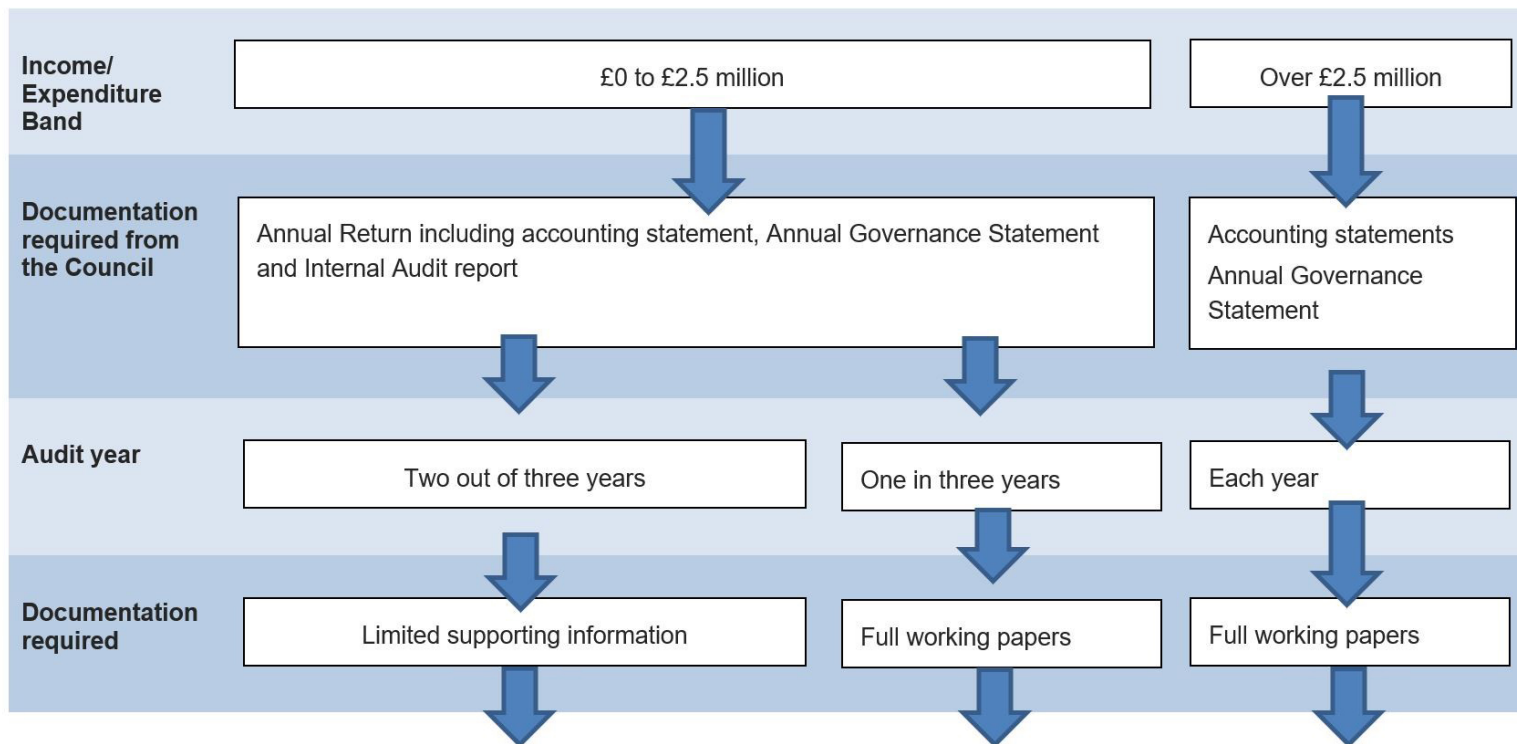
Response

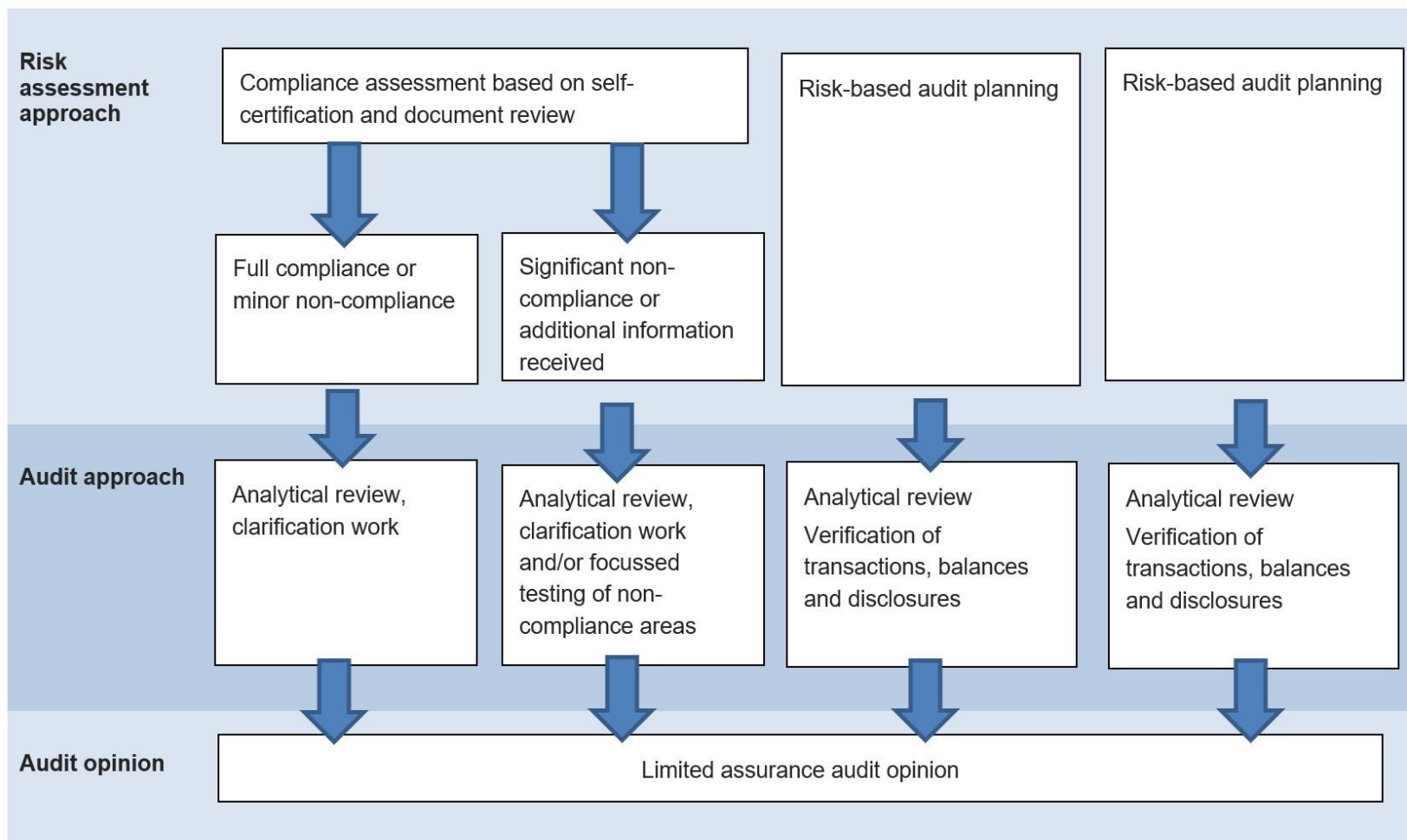
It is not likely to be possible for all transaction-based testing to be completed at council premises. A large number of councils do not in fact have premises and clerks work from home. Audit Wales is currently looking at different models for delivery of all audit work at community and town councils. Transaction-based audits will, however, be carried out at a local level and councils will not be required to send all of their documentation to a central Audit Wales office.

Appendix 4

Three-year cyclical audit arrangements from 2020-21 onwards

Exhibit 4: audit arrangements for community and town councils in Wales from 2020-21







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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

