

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2013-2014

COUNCIL

27th November 2013

REPORT OF:

**CORPORATE SERVICES GROUP DIRECTOR
Steve Merritt (01443) 424088**

	AGENDA ITEM NO.9
Welsh Church Act Fund Annual Report 2012/2013	

1.0 PURPOSE OF REPORT

1.1 This report is intended to ensure that the Council complies with the requirements relating to the production and approval of a Statement of Accounts for the Welsh Church Act Fund for the financial year ended 31st March 2013.

2.0 RECOMMENDATIONS

2.1 It is recommended that members:

- (a) Approve and note the Welsh Church Act Fund Statement of Accounts for the financial year 2012/2013 (Appendix 1):
- (b) Approve and note the Letter of Representation relating to the Welsh Church Act Fund (Appendix 2):
- (c) Consider the External Auditor report (Appendix 3)

3.0 BACKGROUND

3.1 The Council has administrative responsibility for the production of the Welsh Church Act Fund Statement of Accounts.

3.2 The accounts were produced in line with timescales for the Council's main accounts ie by 30th June 2013.

3.3 The intervening period has seen the completion of the audit of the final accounts by Wales Audit Office and they are now in a position to provide their opinion on them as presenting a true and fair view. During the audit

process a small number of presentational amendments were necessary and these are incorporated into the accounts at Appendix 1. The Wales Audit Office report is attached for Members consideration at Appendix 3.

- 3.4 It is normal practice for the Wales Audit Office to request that the Responsible Finance Officer provides a “Letter of Representation”, which highlights material issues relating to the completeness and/or accuracy of the information included in their financial statements and could, therefore, influence the audit opinion. This is to ensure that the accounts properly reflect the Fund’s financial standing and is consistent with the approach taken by the Wales Audit Office in prior years.
- 3.5 The Letter of Representation for the Welsh Church Act Fund is provided at Appendix 2.

4.0 CONCLUSION

- 4.1 The completion of the audit of the Welsh Church Act Fund accounts provides Members, in their role as trustee, with the necessary assurances upon the financial affairs of the Fund.

Appendix 1

**The Welsh Church Act Fund within
the areas of
Rhondda Cynon Taf, Bridgend
and Merthyr Tydfil
County Borough Councils**

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
2012/13**

Registered Charity no. 506658

Annual Report 2012/2013

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Report of the Trustee for the Year Ended 31st March 2013

Duty to Prepare Annual Reports and Accounts

Rhondda Cynon Taf County Borough Council, as trustee, is responsible for the preparation of the Annual Report and Accounts for the Welsh Church Act Fund.

The trustee presents its report along with the financial statements of the charity for the year ended 31st March 2013. The financial statements have been prepared in accordance with the legal requirements contained in the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 (SI 2008 No 629), and the Statement of Recommended Practice: Accounting by Charities (the Charities SORP) (2005 as updated May 2008).

Legal and Administrative Information

Name of Charity

The Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils.

Charity Number

506658

Governing Document

Trust Deed

Trustee

Rhondda Cynon Taf CBC, as a corporate body, is the trustee of the Welsh Church Act Fund.

Method of Appointment

Upon becoming a Member of the Council, Councillors become a trustee of the Fund.

Chief Executive

Keith Griffiths

Principal Office

Rhondda Cynon Taf CBC, Bronwydd House, Porth, Rhondda Cynon Taf, CF39 9DL.

Auditors

Wales Audit Office, 24 Cathedral Road, Cardiff, CF11 9LJ.

Bankers

Barclays Bank, Pontypridd Business Centre, South Wales Valleys Group of Branches, PO Box No 32, Pontypridd, CF37 4YA.

COIF Charity Funds managed by CCLA Investment Management Ltd., Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

Solicitors

Legal and Democratic Services, Rhondda Cynon Taf CBC, The Pavilions, Cambrian Park, Clydach Vale, Rhondda Cynon Taf, CF40 2XX.

Investment Managers

Advice is sought on an informal and ad-hoc basis. There is no contract with any advisor and no fees are charged.

Narrative Information

Constitution and Objectives

Lloyd George, under the provisions of the 1914 and 1919 Welsh Churches Acts, established the Welsh Church Fund. These two acts transferred certain categories of secularised property to a Welsh Church Fund to be administered by the County Councils. However these funds were not activated until 1942-47, when property to the value of almost £2.5m was handed over to the County Councils.

The Welsh Churches Acts state that income of the funds should be devoted to charitable or alms giving purposes and that each Council is required to prepare a scheme for the use of the fund.

The Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils still operates under the constitution of the Mid Glamorgan Welsh Church Act Fund. The original trust deed is dated 9th January 1976 and the registered charity number is 506658. *(New trust deeds are to be drawn up)*

The charitable purposes to which the fund may be applied are:

- Educational
- Relief in sickness
- Relief in need
- Libraries, Museums, Art Galleries, etc.
- Social and recreational
- Protection of historical buildings, etc.
- Medical and social research, treatment, etc.
- Probation, etc.
- Blind persons
- Aged persons
- Places of worship and burial grounds
- Emergencies or disasters
- Other charitable purposes

These purposes are consistent with the Charity Commission's guidance on public benefit.

Organisation

All the Councillors of Rhondda Cynon Taf CBC act as trustee of the Welsh Church Act Fund. As the Fund covers the areas of Bridgend and Merthyr Tydfil as well as Rhondda Cynon Taf, the trustee consults with representatives from these County Borough Councils on successful applications within their localities.

The charity trustee has complied with the duty in the 2011 Charities Act to have due regard to guidance published by the Charity Commission.

Related Parties

A related party transaction is one where the charity has a relationship with another party, which might inhibit it from pursuing its own separate interests. It is considered that Rhondda Cynon Taf CBC, Bridgend CBC and Merthyr Tydfil CBC all have related party relationships with the charity. Transactions with Rhondda Cynon Taf CBC are disclosed in Note 4 to the Statement of Financial Activities. There are no transactions with the other 2 councils.

Grant Making Policy

Organisations are invited to submit applications together with estimates, accounts and constitutions. One or more of the purposes mentioned previously will cover successful applicants. There are specific restrictions applied around these general categories which are as follows:

1. Students are not eligible as it is considered that the County Borough Council's education policy already covers the most worthwhile cases.
2. Individual cases of relief in sickness will be referred to the County Borough Council's Community & Children's Services Group.
3. Individual cases of relief in need will be refused, as any provision in this area should be the responsibility of the Department for Work and Pensions. However, applications from organisations working towards relief in need will be considered on their merits.
4. No grant will be made towards clubs with a liquor licence.
5. No grants will be made toward projects of Local Authorities outside the areas of Bridgend, Merthyr Tydfil and Rhondda Cynon Taf.
6. Applications will be considered from organisations based outside the areas of Bridgend, Merthyr Tydfil and Rhondda Cynon Taf provided that the work of the organisation has local significance.
7. Grants towards works of a structural nature will only be considered in those instances where it is evidenced that a professional assessment has been made of

- the necessary works. Payment of such grants to be made only on evidence of completion or substantial completion of the work.
8. To be eligible, organisations providing hobby activities for their members should provide their facilities to the public. Any assistance given will be towards projects/ expenditure of a capital nature. Normal running expenses will not be supported.
 9. In common with former County Council grant aid policy, Welsh Church Act Fund grants will only be paid where the applicant does not have resources to hand and even then grant aid should only cover part of the cost and the applicant should always provide a substantial part of the cost from sources other than the Welsh Church Act Fund unless the value of the grant is below £2,000, in which case no match funding contribution is needed.
 10. No consideration will be given to an application from an organisation, which, in any of the two previous years, has received an award of the maximum sum available. Where lesser sums have been awarded, applications will be considered on their merits. Any award will be limited to a sum, which will ensure that over a three-year period, the total awards made will not exceed the maximum sum specified in the current year.

Details of the Grant Making Process

Recommendations for grant awards are made by officers in an Assessment Round Report, which is considered at special meetings approximately four to six times a year. All decisions made have to be approved by the relevant Cabinet Member and Director for Development and Regeneration, following consultation with Bridgend and Merthyr Tydfil Councils.

Review of Financial Activities

The Statement of Financial Activities for the year is set out on page 11. A summary of the financial results are set out below:

Investment income during the year totalled £375k (£364k in 2011/12). Expenditure on charitable activities totalled £211k (£171k in 2011/12), and governance costs of £4k were incurred (£6k in 2011/12). Net incoming resources less resources expended amounted to £160k (£187k in 2011/12).

Gains on the revaluation of non-property Investment Securities totalled £652k for the year (net gains of £173k in 2011/12).

Investment Policy and Performance against Policy

The Trust Deed governs the trustee's investment powers. This permits the Charity's funds to be invested in any authorised security listed on the London Stock Exchange. The trustee has complied with this policy during 2012/13.

The investment strategy of the Fund is to balance risk with optimum investment income by subjecting the capital value to minimum risk while ensuring at the same time that investment income is sufficient to pay for approved grants.

Achievements and Performance

The charity does not participate in fundraising so it is not possible to give any performance indicators in this regard.

In line with the Charity's objectives, grants of £212,259 were awarded in 2012/13. Further details are given in Note 2 to the Statement of Financial Activities.

Key Objectives for the Future

There are no plans to change the objectives or the basic principles of the Fund.

Policy on Reserves

Reserves are unrestricted and held for the future use of the Fund for the purposes specified in the Trust Deed.

Risk Management

The trustee is made aware of any issues with possible detrimental effects upon the Fund as they arise. There were no such issues during 2012/13. The accounts are prepared in accordance with the Host Authority's Corporate Governance policies such as Financial Procedure Rules, Contract Procedure Rules, Codes of Conduct and Scheme of Delegation. The trustee is aware that investment values can decrease as well as increase.

Statement of the trustee’s responsibilities

The trustee is responsible for preparing the Trustee’s Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in [England and Wales/Scotland/Northern Ireland] requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustee is required to:

- _ select suitable accounting policies and then apply them consistently;
- _ observe the methods and principles in the Charities SORP;
- _ make judgments and estimates that are reasonable and prudent;
- _ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- _ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustee is responsible for the maintenance and integrity of the charity and financial information included on the charity’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Trustee

Signed:

On behalf of the Trustee.....

Report of the Auditor General for Wales to the Trustee of the Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils.

I have audited the financial statements of Welsh Church Act Fund for the year ended 31 March 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustee and independent auditor

As explained more fully in the Trustee's Responsibilities Statement set out on page 8, the trustee is responsible for the preparation of financial statements which give a true and fair view.

I have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, I read all the financial and non-financial information in the Report of the Trustee, to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2013 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Charities Act 2011.

Opinion on other matters

In my opinion the information which comprises the Review of Financial Activities in the Report of the Trustee is consistent with the financial statements.

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Charities Act 2011 requires me to report to you if, in my opinion:

- the other information in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

John Herniman
On behalf of the Auditor General for Wales
[Date]

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Statement of Financial Activities for the year ended 31st March 2013

	Notes	Unrestricted Funds	
		2012/13 £'000	2011/12 £'000
<u>Incoming Resources</u>			
Incoming Resources from Generated Funds			
Investment Income	1	375	364
Total Incoming Resources		375	364
<u>Resources Expended</u>			
Charitable Activities	2	(211)	(171)
Governance Costs	3	(4)	(6)
Total Resources Expended		(215)	(177)
Net Incoming Resources/(Resources Expended) (net income/(expenditure) for the year)		160	187
<u>Other Recognised Gains/Losses</u>			
Gains/(Losses) on the Revaluation and Disposal of Investment Securities		652	173
<u>Reconciliation of Funds</u>		812	360
Total Funds Brought Forward at 1 st April		10,683	10,323
Total Funds Carried Forward at 31st March		11,495	10,683

The notes contained on pages 15 - 16 form part of these Accounts.

Balance Sheet as at 31st March 2013

	Notes	31/03/13	31/03/12
		£'000	£'000
Fixed Assets			
Investment Assets	1	9,215	8,563
		9,215	8,563
Current Assets			
Debtors	2	96	81
Investments	3	12	12
Cash at Bank		2,235	2,142
		2,343	2,235
Current Liabilities			
Creditors: Amounts Falling Due Within One Year	4	(63)	(115)
Net Current Assets		2,280	2,120
Total Assets less Current Liabilities		11,495	10,683
Net Assets		11,495	10,683
Represented By:			
Fund Balance – Unrestricted Funds			
Revaluation Reserve		3,629	2,976
Fund Balance		7,866	7,707
Total Unrestricted Funds		11,495	10,683

The notes contained on pages 17-19 form part of these Accounts.

Signed: _____ Date: _____

Steve Merritt
Group Director - Corporate Services
Bronwydd House
Porth, CF39 9DL

Accounting Policies

Accounting Policies are the principles, bases, conventions and rules by which transactions are recognised, measured and presented in the accounts.

Basis of Preparation

The financial statements are prepared under the historical cost convention as modified by the inclusion of investments at market value and in accordance with the Financial Reporting Standard for Smaller Entities.

The financial statements have been prepared in accordance with the legal requirements contained in the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 (SI 2008 No 629), the Charities (Accounts and Reports) Regulations 2000 and the Statement of Recommended Practice: Accounting by Charities (the Charities SORP)(2005)(updated 2008) except where stated otherwise.

Incoming Resources Policy

Income is credited to the fund in the year to which it relates regardless of when the income is actually received.

Resources Expended Policy

Expenditure is included on an accruals basis i.e. charged to the year to which it relates regardless of when the expenditure is made.

Grants Payable Policy

Grants payable are charged in the year when the offer is conveyed to the recipient. Unused grants are written back when written confirmation is provided stating that funding is no longer required.

Management and Administration Policy

The allocation of Central Support Services costs to the Fund is based upon an estimate of the time spent by employees of Rhondda Cynon Taf CBC in undertaking work associated with the Fund.

Investment Properties

Investment properties are recorded in the accounts at the most recent valuation of market value. Any difference in value arising out of the periodic revaluations will be charged/credited to the Revaluation Reserve. The most recent valuation was at 31st

March 2010 and was carried out by GVA Grimley, Chartered Surveyors. In accordance with SSAP 19, investment properties are not depreciated.

Fixed Asset Investments (Other Than Property)

Long Term Investments are recorded in the accounts at current market value. Rhondda Cynon Taf CBC, as Host Authority, administers investments on behalf of the Fund. The Treasury Policy statement of the Host Authority governs all such transactions.

Any unrealised and realised gains and losses on revaluation and disposal are combined in the Statement of Financial Activities.

Fund Structure

All funds are unrestricted.

Trustee remuneration and expenses

The trustee has not received any remuneration or expenses in the year 2012/13.

Notes to the Statement of Financial Activities**1. Investment Income**

	2012/13 £'000	2011/12 £'000
Investment Property Income	0	4
Bank Interest	11	10
Interest on Investments	364	350
Total	375	364

The investment property income for 2011/12 represented the decrease in the Bad Debt Provision which was no longer required.

2. Charitable Activities

During 2012/13 the Fund awarded total grants amounting to £212,259. Those organisations awarded grants in excess of £2,000 are detailed below:

Organisation	Amount £
Bethel Baptist Church, Bridgend	2,288
Bridgend Society of Friends	3,586
Bridgend Valley Railways	8,083
Groundwork Bridgend & Neath Port Talbot	10,000
Porthcawl YMCA	10,000
Tabernacle Welsh Congregational Chapel	2,600
Dowlais Elim Family Church, Merthyr Tydfil	5,918
Merthyr and District Naturalists' Society	10,000
Mid Glamorgan Scouts Council	10,000
St David's Church, Merthyr Tydfil	3,678
Sion Independent Chapel, Merthyr Tydfil	4,662
Ark Youth and Community Project, Tonypany	5,183
Bethel Methodist Church, Gilfach Goch	6,400
Chichester Youth Adventure Trust, Rhigos	10,000
Darranlas Environmental Group, Mountain Ash	5,911
Hope for the Nation, Ferndale	8,088
Mid Rhondda Band, Tonypany	3,508
Mount Zion Pentecostal Church, Gelli	7,887
Oasis Church, Pentre	5,423
Penrhys Partnership	9,239
Pontypridd Women's Aid	4,000
St Catherine's Church, Pontypridd	9,727
St Luke's Church, Pontypridd	2,000
St Peter's Church, Ton Pentre	2,000
St Stephen's Church Hall, Ystrad Rhondda	3,684
Trallwyn Youth Forum	2,000
<i>Continued Overleaf</i>	

Treforest National Spiritualist Church	3,978
Treherbert & District OAP & Widows' Association	4,084
Valleys Furniture Recycling, Ynyshir	10,000
Sub total of grants equal to or greater than £2,000 (29 in number)	173,927
Grants less than £2,000 (26 in number)	38,332
Total grants payable for 2012/13 (55 in number)	212,259
Grants written back from previous years	(9,999)
Surveyors' fees in respect of grants	2,500
Accounting and Technical Support	6,700
Total Charitable Activities as per SOFA	211,460

3. Governance Costs

	2012/13 £'000	2011/12 £'000
Audit Fees	4	6
Total	4	6

4. Related Party Transactions

	2012/13 £'000	2011/12 £'000
Corporate Finance Recharge	7	13
In House Surveyors Fees	2	2
Interest Receivable from RCT CBC	(11)	(10)
Total	(2)	5

The recharges from Rhondda Cynon Taf CBC are in respect of staff time and services provided and are disclosed within the headings Charitable Activities and Governance Costs.

Notes to the Balance Sheet

1. Fixed Asset Investments

1.1 Analysis of Movement in Investments

An analysis of the fixed assets held as investments for the charity is provided below:

	Land £'000	Securities £'000	Totals £'000
1 st April 2012	24	8,539	8,563
Disposals	0	0	0
Net Gain/(Loss) on Revaluation	0	652	652
Market Value at 31st March 2013	24	9,191	9,215

The value of the land has not been updated in the reporting period but the trustee is not aware of any material changes since the last valuation.

1.2 Investment Securities Analysis

	31/03/13 £'000	31/03/12 £'000
Government Stock	2,258	2,204
Charities Official Investment Fund	5,110	4,549
Charities Official Fixed Interest Fund	1,823	1,786
Total Market Value	9,191	8,539
Historical Cost as at 31 st March 2013	5,789	5,789

2. Debtors

An analysis of debtors as at 31st March 2013 is provided below:

	31/03/13 £'000	31/03/12 £'000
Amounts Due From RCT CBC	11	10
Accrued Interest on Investments	85	71
Total	96	81

- 2.1** The amount due from Rhondda Cynon Taf CBC is made up of notional bank interest in respect of the Welsh Church Act bank account, which lies within the council's pooled accounts. This is not transferred into the Welsh Church Act Fund Account until after each year end.
- 2.2** Accrued Interest relates to investment income relating to 2012/13 received in 2013/14. It is made up as follows:

	£,000
COIF Fixed Interest Fund	24
COIF Investment Fund	54
2 ½ % Index Linked 2013	2
2 ½ % Index Linked 2016	4
2 ½ % Index Linked 2024	1
Total	85

3. Investments

The short-term investment of £12k relates to amounts invested by Rhondda Cynon Taf CBC on behalf of the Welsh Church Act Fund in the money markets. It is repayable upon demand.

4. Creditors: Amounts Falling Due Within One Year

An analysis of creditors as at 31st March 2013 is as follows:

	31/03/13 £'000	31/03/12 £'000
Miscellaneous Charitable Organisations	56	94
Rhondda Cynon Taf CBC	2	15
Wales Audit Office – fee accrual	5	6
Total	63	115

- 4.1** The monies owing to miscellaneous charitable organisations are grants awarded which remain unpaid at the end of the financial year. They can be further detailed as follows:

Year Grant Awarded	£'000
2010/11	1
2011/12	10
2012/13	45
Total	56

4.2 The money owed to Rhondda Cynon Taf CBC consists of the following:

	£'000
In House Surveyors' Fees	2
Total	2

4.3 The money owed to the Wales Audit Office is as follows:

	£'000
2012/13 Audit Fees	5
Total	5

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Appendix 2

Date/Dyddiad:
27th November 2013

Please ask for/Gofynnwch am:
Barrie Davies
(01443) 680559

Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Dear Huw,

Representations regarding the 2012/13 Welsh Church Act Fund for the Areas of Rhondda Cynon Taf, Merthyr and Bridgend

This letter is provided in connection with your audit of the financial statements of Welsh Church Act Fund for the Areas of Rhondda Cynon Taf, Merthyr and Bridgend for the year ended 31st March 2013.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management Representations

Responsibilities:

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and the Charities SORP; in particular, the financial statements give a true and fair view in accordance therewith.

We acknowledge our responsibility for the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information Provided:

We have provided you with;

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Rhondda Cynon Taf County Borough Council (as Trustee of the Fund) and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements;
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial Statement representations:

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. All misstatements have been corrected both material and those below materiality thresholds.

Representations by the Trustee of the Welsh Church Acts Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils.

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements of the Welsh Church Act Fund for the Areas of Rhondda Cynon Taf, Merthyr and Bridgend were approved by full Council of Rhondda Cynon Taf County Borough Council on 27th November 2013.

Signed by

Corporate Services Group Director
(Section 151 Officer)

Leading Member

Date

Date

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WALES **AUDIT** OFFICE

SWYDDFA **ARCHWILIO** CYMRU

Audit of Financial Statements Report

Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr County Borough Councils

Audit year: 2012-13

Issued: November 2013

Document reference: 555A2013

Status of report

This document has been prepared for the internal use of Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr County Borough Councils as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.

The team who delivered the work comprised:

John Herniman – Engagement Lead,
Jeremy Saunders – Audit Manager
Helen Holt – Team Leader
John Jones – Auditor

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The Auditor General intends to issue an unqualified audit report on your financial statements. There are no issues to report to you prior to their approval.

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Summary report

Introduction

1. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils at 31 March 2013 and its income and expenditure for the year then ended.
2. We received the draft financial statements for the year ended 31 March 2013 on 4 July 2013, and have now substantially completed the audit work. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with Finance staff.
3. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
4. The quantitative levels at which we judge such misstatements to be material for the Welsh Church Act fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils is, £92,150 and for income and expenditure and balance sheet items. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.

Proposed audit report

5. It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
6. The proposed audit report is set out in [Appendix 2](#).

Uncorrected misstatements

7. There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

8. There are no corrected misstatements which we consider should be drawn to your attention.

Other significant issues arising from the audit

9. In the course of the audit we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:
- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.**
 - **We did not encounter any significant difficulties during the audit.**
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
- We did not identify any material weaknesses in your internal controls.**

Independence and objectivity

10. As part of the finalisation process, we are required to provide you with representations concerning our independence.
11. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and Rhondda Cynon Taf County Borough Council that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Mr Huw Vaughan Thomas
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Date

Representations regarding the 2012-13 financial statements

This letter is provided in connection with your audit of the financial statements of Welsh Church Acts Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils for the year ended 31 March 2013.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management Representations

Responsibilities:

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and the Charities SORP; in particular, the financial statements give a true and fair view in accordance therewith.

We acknowledge our responsibility for the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information Provided:

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Welsh Church Acts Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils and involves:

-
- management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
 - our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
 - our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
 - the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial Statement representations:

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in aggregate, to the financial statements taken as a whole.

Representations by the Trustee of the Welsh Church Acts Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils

We acknowledge that the representations made by management above have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Trustee on xx November 2013.

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

[Officer or Member who signs on behalf of those charged with governance]

Date:

Appendix 3

Proposed audit report of the Auditor General to the trustee of Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr County Borough Councils

Report of the Auditor General for Wales to the trustees of Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr County Borough Councils

I have audited the financial statements of the Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr County Borough Councils for the year ended 31 March 2013 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustee and independent auditor

As explained more fully in the Trustee's Responsibilities Statement set out on page 8, the trustee is responsible for the preparation of financial statements which give a true and fair view.

I have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, I read all the financial and non-financial information in the Trustee's Annual Report and financial statements for the Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr County Borough Councils, to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

-
- give a true and fair view of the state of affairs of the charity as at 31 March 2013 and of its incoming resources and application of resources for the year then ended; and
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Charities Act 2011.

Opinion on other matters

In my opinion the information included in the Trustee's Annual Report for the Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr County Borough Councils is consistent with the financial statements.

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Charities Act 2011 requires me to report to you if, in my opinion:

- the other information in the Trustee's Annual Report for the Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr County Borough Councils is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

John Herniman
On behalf of the Auditor General for Wales
Date

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ



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