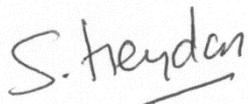


**Summons to the Special Meeting
of Mumbles Community Council to be held on
Tuesday 28 June 2022 at 6.30 pm via Zoom**

Councillors:

Pam Erasmus
Rhian Evans
Rebecca Fogarty
Sophie Gardiner
Richard Jarvis
Phil Keeton
Sara Keeton
Rob Marshall
Emma McNamara
Clare-anna Mitchell
Helen Nelson
Francesca O'Brien
Angela O'Connor
Mike Parkin
Ian Scott
Will Thomas
Louise Thomas
Carrie Townsend Jones

You are **SUMMONED** to a **SPECIAL MEETING** of **MUMBLES COMMUNITY COUNCIL** to be held on Tuesday,
28 June 2022 at 6.30 pm, via Zoom



Steve Heydon
Clerk to the Council
Dated 23 June 2022

Mumbles Community Council Special Meeting Agenda 28 June 2022 at 6.30 pm Virtual Meeting (Zoom)

01 Apologies for Absence

02 Declarations of Interest

03 Annual Accounts 2021/22

To approve the annual accounts for the year ending 31 March 2022

The following documents are attached for this item

- Annual Return 2021/22
- Income and expenditure Account 2021/22
- Balance Sheet as at 31 March 2022

04 Annual Audit 2021/22

To approve the annual audit for the year ending 31 March 2022

The following documents are attached for this item

- Internal Auditor's Covering Letter
- Annual Return 2021/22 - Annual Internal Audit Report
- Written Internal Audit Report 2021/22

05 Alfresco Eating in Southend & Hennebont Gardens

To approve the re-signing of the licences for these two sites to allow Alfresco Eating for another summer.

Annual internal audit report to:

Name of body: Mumbles Community Council

The Council/Board/Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2022.

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

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

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

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

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insert text
13. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insert text
14. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insert text

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

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

[My detailed findings and recommendations which I draw to the attention of the Council/Board/Committee are included in my detailed report to the Council/Board/Committee dated 21st June 2022.] * Delete if no report prepared.

Internal audit confirmation

I/we confirm that as the Council's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2020-21 and 2021-22. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit:	RD MITCHELL
Signature of person who carried out the internal audit:	<i>RD Mitchell</i>
Date:	21 June 2022

Community and Town Councils in Wales

Annual Return for the Year Ended 31 March 2022

Accounting statements 2021-22 for:

Name of body: Mumbles Community Council

	Year ending		Notes and guidance for compilers													
	31 March 2021 (£)	31 March 2022 (£)	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.													
Statement of income and expenditure/receipts and payments																
1. Balances brought forward	558279	715493	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.													
2. (+) Income from local taxation/levy	569625	600100	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.													
3. (+) Total other receipts	21731	1257597	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.													
4. (-) Staff costs	82757	98487	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg. termination costs.													
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).													
6. (-) Total other payments	351385	332116	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).													
7. (=) Balances carried forward	715493	2142587	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).													
Statement of balances																
8. (+) Debtors	81101	87948	Income and expenditure accounts only: Enter the value of debts owed to the body at the year-end.													
9. (+) Total cash and investments	694047	2135588	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.													
10. (-) Creditors	59655	80949	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.													
11. (=) Balances carried forward	715493	2142587	Total balances should equal line 7 above: Enter the total of (8+9-10).													
12. Total fixed assets and long-term assets	1202271	1209683	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.													
13. Total borrowing	0	1205000	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).													
14. Trust funds disclosure note	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="background-color: #800000; color: white; padding: 2px;">Yes</td> <td style="background-color: #800000; color: white; padding: 2px;">No</td> <td style="background-color: #800000; color: white; padding: 2px;">N/A</td> <td style="background-color: #800000; color: white; padding: 2px;">Yes</td> <td style="background-color: #800000; color: white; padding: 2px;">No</td> <td style="background-color: #800000; color: white; padding: 2px;">N/A</td> </tr> <tr> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input checked="" type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input checked="" type="radio"/></td> </tr> </table>	Yes	No	N/A	Yes	No	N/A	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>			The body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).
Yes	No	N/A	Yes	No	N/A											
<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>											

Annual Governance Statement

We acknowledge as the members of the Council/Board/Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2022, that:

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

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

Additional disclosure notes*

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

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

Section 137(1) of the 1972 Act permits the Council to spend on activities for which it has no other specific powers if the Council considers that the expenditure is in the interests of, and will bring direct benefit to, the area or any part of it, or all or some of its inhabitants, providing that the benefit is commensurate with the expenditure. Section 137(3) also permits the Council to incur expenditure for certain charitable and other purposes. The maximum expenditure that can be incurred under both section 137(1) and (3) for the financial year 2021-22 was £8.41 per elector.

In 2021-22, the Council made payments totalling £ _____ 0.00 _____ under section 137. These payments are included within 'Other payments' in the Accounting Statement.

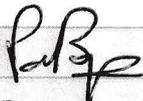
2. None

3.

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

Council/Board/Committee approval and certification

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

<p>Certification by the RFO</p> <p>I certify that the accounting statements contained in this Annual Return present fairly the financial position of the Council/Board/Committee, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2022.</p>	<p>Approval by the Council/Board/Committee</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:</p>
<p>RFO signature: </p>	<p>Minute ref:</p>
<p>Name: Paul Beynon</p>	<p>Chair of meeting signature:</p>
<p>Date: 10.06.2022</p>	<p>Name: Cllr Carrie Townsend Jones</p>
<p>Date: _____</p>	<p>Date: _____</p>

Annual internal audit report to:

Name of body: Mumbles Community Council

The Council/~~Board/Committee's~~ internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2022.

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

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	Yes	No*	N/A	Not covered*	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
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3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
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7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
8. Asset and investment registers were complete, accurate, and properly maintained.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text

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

For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:					
	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insert text
13. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insert text
14. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insert text

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

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

[My detailed findings and recommendations which I draw to the attention of the Council/Board/Committee are included in my detailed report to the Council/Board/Committee dated 21st June 2022.] * Delete if no report prepared.

Internal audit confirmation

I/we confirm that as the Council's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2020-21 and 2021-22. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit:	RJ MITCHELL
Signature of person who carried out the internal audit:	RJ Mitchell
Date:	21 June 2022

Mumbles Community Council
BALANCE SHEET
31/03/2022

(Last) Year Ended
31 Mar 2021

(Current) Year Ended
31 Mar 2022

£		£
	CURRENT ASSETS	
0.00	Stocks and stores	0.00
0.00	Work in progress	0.00
1,248.00	Debtors (Net of provision for doubtful debts)	8,263.72
0.00	Prepayments	0.00
79,852.92	VAT Recoverable	79,684.56
0.00	Temporary lendings (investments)	0.00
694,046.56	Cash in hand	2,135,587.82
775,147.48	TOTAL ASSETS	2,223,536.10
	CURRENT LIABILITIES	
59,654.55	Creditors	80,949.20
<u>715,492.93</u>	NET ASSETS	<u>2,142,586.90</u>
	Represented by:	
715,492.93	General fund Balance	2,142,586.90
	Reserves:	
	Capital	
	Earmarked	
	Adjustments	
<u>715,492.93</u>		<u>2,142,586.90</u>

The above statement represents fairly the financial position of Mumbles Community Council as at 31 Mar 2022

Signed


Responsible Financial Officer

Date

10.06.2022

Mumbles Community Council
Income & Expenditure Account
01/04/2021 to 31/03/2022

(Last) Year Ended
31 Mar 2021

(Current) Year Ended
31 Mar 2022

<u>Income</u>	
2,710.91	General Fund 1526.50
768.40	Community and Social Well-Being 0.00
1.20	Joint Enabling Committee 0.00
158.31	Bank Interest 86.70
569,625.00	Precept 600100.00
2,592.03	Environmental Well-Being Comm 17822.67
117.03	Payroll 0.00
15,500.00	Ostreme Centre 12000.00
0.00	Culture, Tourism and Communicat 11009.63
0.00	Community and Social Developm 1214870.00
0.00	Office Costs 281.24
<u>£591,472.88</u>	<u>1857696.74</u>
<u>Expense</u>	
30,639.62	Joint Enabling Committee -10902.95
88,975.88	Payroll 104735.75
11,122.36	Office Costs 11096.79
33,091.87	General Fund 23074.24
52,541.25	Cultural and Tourism Well-Being -32.26
34,147.29	Environmental Well-Being Comm -13579.35
143,844.20	Community and Social Well-Being -13928.20
18,786.27	Economic Well-Being Committee 0.00
28,053.92	Ostreme Centre 16438.03
0.00	Culture, Tourism and Communicat 57576.81
0.00	Finance and Compliance Commit 87042.45
0.00	Environmental Committee 55382.51
0.00	Community and Social Developm 113698.95
-6,943.88	Restated 0.00
<u>£434,258.78</u>	<u>430602.77</u>
<u>General Fund</u>	
558,278.83	Balance at 01 Apr 2021 715492.93
591,472.88	ADD Total Income 1857696.74
<u>1,149,751.71</u>	<u>2573189.67</u>
434,258.78	DEDUCT Total Expenditure 430602.77
<u>715,492.93</u>	<u>2142586.90</u>
<u>£715,492.93</u>	DEDUCT Reserves Balance
	Balance at 31 Mar 2022 <u>2142586.90</u>

40 Eastmoor Park Crescent
West Cross
Swansea
SA3 5PB
Tel: 07759913592
Email: ray.mitchell1983@gmail.com

Chair of Mumbles Community Council
Minor Hall
Ostreme Centre
Mumbles
Swansea
SA3 4BA

21st June 2022

Dear Chairperson,

RE: Internal Audit for the year ended 31st March 2022

Purpose of the Audit

The purpose of the Audit was to review the financial and governance arrangements of the Council in accordance with proper practices as set out in the One Voice Wales / Society of Local Clerks' publication "Governance and Accountability for Local Councils in Wales – A Practitioners' Guide" (2019 Edition).

Main Findings

The Internal Audit has not highlighted any significant issues in accordance with the statutory compliance testing required with the expected procedures and controls in operation for the Council for the year ending 31st March 2022. However, recommendations are made for specific areas identified when mainly findings are identified after reviewing Mumbles Community Council Financial Regulations and policy documentation. A summary of these are detailed at the back of the Internal Audit report for 2021/22.

Audit Opinion

Assurance can be expressed in the governance arrangements and the financial statements of Mumbles Community Council for the financial year 2021/22.

Acknowledgements

Please convey my thanks to your RFO, Mr Paul Beynon, who provided all of the documentation and supporting background papers in a timely fashion for me to complete the Internal Audit by the due date.

Yours sincerely

Ray Mitchell

Internal Audit of Mumbles Community Council for 2021/22

As part of the internal audit for 2021/22 the following tests were undertaken in accordance with the Council's need and planned coverage for the Annual Return, the findings of which are summarised below. In addition to this statutory requirement, processes for issuing grants to applicants are also included as part of these findings.

Suggested recommendations are detailed towards the end of this report.

Appropriate Books of accounts

The cashbook was found to be regularly updated and balanced by the Responsible Financial Officer (RFO) concerned. The cashbook is regularly balanced and samples taken showed it to be arithmetically correct for both income and expenditure.

Financial Regulations

The Council's Financial Regulations (FR) were examined along with other documents detailed on the Council's website under both 'Rules and Policy' and 'Finance'.

It was found that the Council applies these policies / Financial regulations as part of their everyday business in relation to accounting controls and records for Finance.

Payments are supported by invoices and approved as part of the monthly reporting process to Council with details of the approved minute number noted on the cash book.

Debit / Barclay cards are restricted to a maximum value of £1,000 (FR 6.18) and there was one payment that exceeded this limit and this was for Oncourt (Megaslamhoops UK) for £1949.00 on 31st December 2021. The RFO explained the situation on purchasing the hoop for Highmead and approval was sought from Council on 14th December 2021 prior to the purchase date.

Official orders are issued for all work, goods and services (FR 10.1). Practically, as a result of the way businesses operate these days orders are infrequently used as discussed with RFO (*Recommendation 1*)

Policies and other documents

The MCC website does not include the latest copies of policies or guidelines for precept, accounts and grant applications (*Recommendation 2*).

Risk Management

The Risk Register appears to be well thought out covering the MCC main areas of risk by indicating probability and impact. It is recognised that this is a work in progress document and has had visibility at the Finance Committee on 23rd March 2021. The RFO has identified improvements for 2022/23 where specific actions will be undertaken on specific risk areas.

Imbedding risk into an organisation is often down to ownership and no responsible officer assigned for each risk could be found on the Risk Register. Furthermore, it would seem that the Risk Register has only been viewed once at Council for this financial year (*Recommendations 3 & 4*).

Precept

There is an established procedure to ensure that the precept / resource demand required for MCC results from an adequate budgetary process. The precept received agrees with the value requested and authorised.

The RFO has set out a clear budget timetable for all key dates leading up to the determination of the precept, with the process starting in September each year at the committee level to discuss the coming year proposals. This process finishes off in January with Council agreeing to the revised budget for the current year, the budget for the forth coming year and the precept due (as per FR 3.1, 3.4)

Reserves

The list of Earmarked and General Reserves for 2021/22 has not yet been reported to Committee and because it is at this forum that the decisions are made, no further checks have been undertaken for 2021/22

It would appear that full Council on 12th July 2022 will approve the reserves position as at 1st April 2022.

Budgetary Control and Expenditure

It is recognised as to the reasons in delaying the introduction of budget monitoring until the end of September 2021 as a result of the new committee structure being proposed by One Voice Wales and the complication in setting up the system on Scribe. However, since it commenced adequate arrangements are in place for the RFO to submit monthly budget monitoring reports to Council and to their respective Committees. This process ensures that actual income and expenditure are visible to the respective Committee Chair and relevant Councillors to approve and make an informed decision. At the year-end there was no significant variances identified.

The bank mandate states that all documents including cheques must be signed by 2 out of 5 authorised signatories, all being councillors. A review is currently being undertaken by the RFO and a report will be undertaken to the Finance and Compliance Committee in July 2022 to review and update the list (*Recommendation 5*).

Grants paid

An exercise was undertaken on all authorised payments made to grant applicants after reviewing the Grant acceptance form, grant policy and application guidelines and the websites and social media releases where possible and the following were found:

Grant Policies and Application Guidelines show the 2018 version on the website and this has not been updated to reflect the revised version adopted by Council on 9th November 2021. The RFO has since supplied me with an updated version and the RFO has also requested the Clerk to update this on the website. As a result of this, it is unclear as to whether MCC are using the new policy for assessing any new applications or not as the applicant will not be aware of the revised version and the new requirements (*recommendation 6*).

It was found that in all cases except two, a lack of evidence on the various applicant websites detailing that MCC had been recognised as giving financial support for the purpose. Examples of good practice are apparent on the websites for Sculpture by the Sea and Red Café – West Cross Youth Club which other applicants should adopt. It is clear from both these sites through photographs, social media and user responses as to how the money is being used by the organisation.

A payment was made in November 2021 to Mumbles Centurion retrospectively for an event taking place in July 2021 Ref 3.6. However, it is understood that an agreement had been made prior to July 2021 but payment was not made to the organisation until after the event took place.

1st Mumbles Scout Group - Two larger grant sums totalling £26,520 had been paid during the financial year and this had been subject to a meeting held with the Scouts Group in October 2021. The grant application states the values required, how it will be funded via other bodies, their own sources and sets out the long terms plan to modernise the facilities. However, it should be noted that:

Whilst the application clearly states the funding of the project, it summarises in Q19 that the total cost of this development to bring Sutton Hall into the 21st Century is £77,497 with £45,600 being sought from MCC over a three-year period. This equates to 59% of the total income coming from MCC. The revised Grants Policy does state that normally large grants will not exceed 50% of the total cost of the project but also reserves the right to exceed this proportion if exceptional circumstances can be clearly demonstrated. However, no Council minute could be found that reflects this decision for exceptional circumstances.

It is understood that Councillors have previously visited the site visit to look at the project but there does not seem a system in place to regularly review the situation as regards to progress meetings or site visits. Furthermore, when asked whether quotes or invoices had been obtained from the Scout Group as detailed in 1.6 of the new Grants Policy it would appear that nothing has been received.

Finally, there generally seems to be no evidence that written reports are being submitted by applicants within 1 month of completion for the sample applications viewed detailing as to how the money was spent (*all covered under Recommendation 7*).

Large contract schemes

Skate Park - The Special Meeting of Council on 3rd December 2021 outlines the most recent position on the proposed skate park, the details of which are noted.

Underhill Park – The Special Meeting of Council on 14th May 2020 for approval of funding and the Council Meeting on 14th December 2021, the details of which are noted:

VAT payments

These have been identified, recorded and appropriately dealt with.

Income

All expected income was fully received and explained for by the RFO and duly recorded and banked promptly. VAT was also appropriately accounted for. A loan from PWLB was received on 30th March 2022 for the Underhill Park scheme and this has been accurately dealt with within the cash book.

FR 9.3 states that there should be an annual review of fees and charges. At present, only the Mumbles Festival generates any real fees and charges for MCC and the RFO has suggested that the policy will be reviewed should the situation change in the future.

The origin of each receipt should be entered on the paying in slip (FR 9.6). Changes in the way banking arrangements are now done this may eliminate this requirement (*Recommendation 8*).

Petty Cash

There is no system in existence for Petty Cash.

Insurance

The insurance policy appears to be appropriate and adequate.

Salaries

Salaries for MCC are managed by Atkins Accountants and printouts for the four employees have been provided by them for March 2022. The payroll was checked to ensure that PAYE and NI requirements were properly applied and that they agree with the values detailed in the Cash Book. Copies of the current employees as at 31st March was also checked for their P60 and whether an existing contract existed for the employees, all tests were adequate.

It was noted that 2 other persons were also employed in the year with one employee leaving on 24th April 2021 and an Intern employed for 6 weeks and funded via a grant from Swansea University.

The FR states that salaries should be reviewed by Personnel Committee at least annually in October (FR 4.5) and this has not been undertaken (*Recommendation 9*).

In November 2021 the Councillors Remuneration Policy for 2021/22 was taken to Council outlining payments made to the Chairs and Joint Chairs of each committee and this was adopted in addition to non-mandatory payments being approved. Tests showed that appropriate payments had been made to Councillors for 2021/22 including the deduction of tax from the payment made.

Asset Register

The Asset Register shows the list of Fixed Assets and Long-Term Investments with MCC and during the financial year items are added to this list where appropriate. Checks were made from reviewing the cash book and invoices to see if everything had been updated and it was found that only one item was missing and that was for the purchase of Christmas lights.

The list included a number of items with no dates acquired ie Christmas Lights valuation of £27,600, the RFO confirmed that all these items referred to purchases made prior to his appointment start date of 2018.

The list does not detail any reductions for depreciation and whilst this maybe difficult to assess in terms of life expectancy, a more accurate estimate of the worth of these items should be detailed on the register (*Recommendation 10*).

Bank Reconciliations

Monthly bank reconciliations take place and a sample of 3 quarters plus the end of year bank reconciliation were examined for each account and all had been satisfactory undertaken by the RFO.

The FR states that a Councillor other than the Chair should verify the bank reconciliation at least every quarter (FR 2.2) and this has not been done (*Recommendation 11*).

Accounting Statement

This has been prepared on the correct accounting basis. The figures on the Accounting Statement for 2021/22 agrees with the cash book values and reconciles to the Income expenditure Account including the debtors and creditors for the end of the year. These figures are being supported by an adequate audit trail from the underlying records.

Suggested Recommendations

1. The Financial Regulations be amended to reflect that orders are not always issued for all work, goods and services (FR 10.1) as a result of electronic bank payments. Consideration be given to rewording this paragraph to 'either when required' or 'needed'.
2. The MCC website be updated with newer versions for all documents identified.
3. The Risk Register should incorporate the name of a designated responsible officer to demonstrate ownership of that individual risk.
4. Consideration be given to reviewing the Risk Register on a more regular basis, ideally quarterly.
5. The bank mandate to be reviewed in accordance with the RFO intention to take this to a future Finance and Compliance Committee in July 2022 for review and agreement.
6. Grant applicants should be aware of the revised Grants Policy and all future considerations be based on the terms and conditions detailed on this version including as to how they are contributing to delivering to one of the outcomes on MCC Community Plan.
7. MCC should introduce a system which ensures that all applications approved during a financial year, that the following details are automatically obtained from applicants:
 - Written estimates are being received for large grants approved.
 - MCC logo is detailed on paperwork, website and social media
 - Written reports are obtained within one month of completion
 - A narrative / evidence on how the funds were spent, how residents of Mumbles have benefitted from it and that all relevant invoices have been returned to MCC
8. The FR for 9.6 be updated to account for electronic bank transfers when dealing with income credited to the MCC account.
9. Salaries to be reviewed by the Personnel Committee at least annually.
10. The true value of an asset should be detailed on the Asset Register and depreciation considered for items that were purchased a number of years ago ie Christmas Lights. Whilst it is difficult to assess the number of years that should be applied or the frequency of valuation it is suggested that the guidelines as set out by CIPFA be pursued first. An initial look at the guidelines shows that it can range from anything from 5-20 years depending upon the type of asset identified.
11. Consideration given to introducing FR 2.2 which requires a Councillor other than a Chair to verify the bank Reconciliation at least every quarter.