

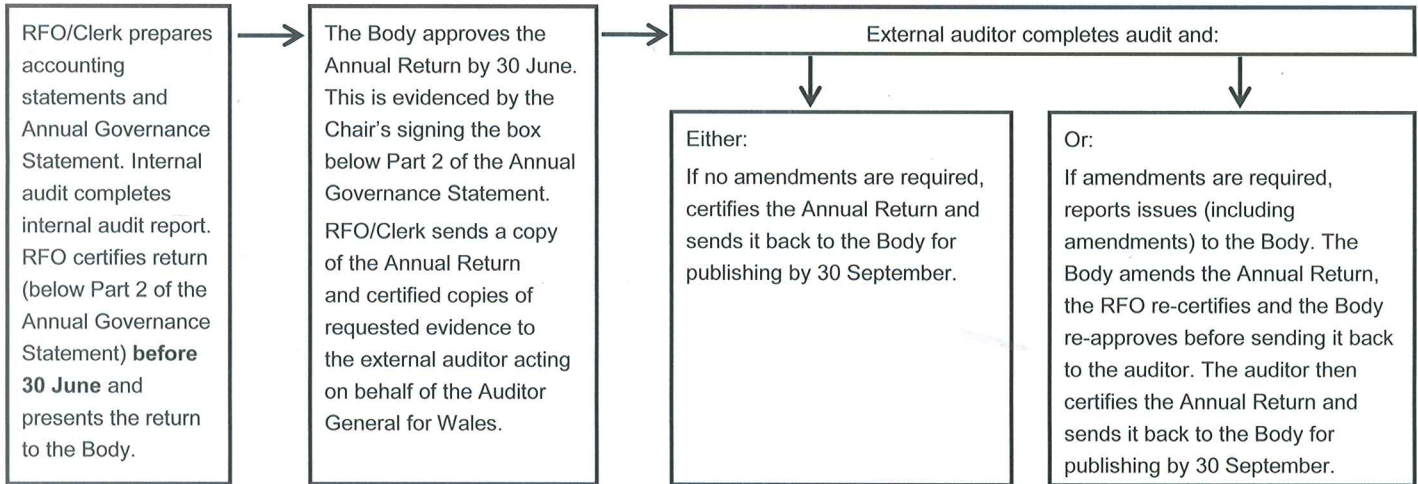


Smaller local government bodies in Wales Annual Return for the Year Ended 31 March 2016

Smaller local government bodies in Wales must prepare annual accounts following proper practices as set out in the One Voice Wales/SLCC publication **Governance and accountability for local councils in Wales – A Practitioners' Guide** (the Practitioners' Guide). The Practitioners' Guide states that bodies may prepare their accounts in the form of an annual return prepared by the Wales Audit Office.

The accounts and audit process

The accounts and audit arrangements follow the process as set out below.



Please complete all sections highlighted in red. Incomplete or incorrect returns may require additional external audit work and incur additional costs. Send the **original** Annual Return, together with all additional information requested, to the external auditor acting on behalf of the Auditor General for Wales. **Please note that copies of all documents provided for the purposes of the audit must be certified as true copies of the originals by the Clerk and Chair.** Unless requested, please **do not** send any original financial or other records to the external auditor.

Bodies should note the changes to the Annual Governance Statement. This is to be completed in full by all Bodies.

Audited and certified returns are sent back to the Body for publication or display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

Completion checklist

'No' answers mean that you may not have met requirements		Done?	
		Yes	No
Initial submission to the external auditor			
Accounts	Has the RFO certified the accounting statements and the body approved the Annual Return (as evidenced by the relevant signatures), no later than 30 June 2016?	✓	
	Do the accounts add up and does the balance carried forward from last year equal the opening balance this year?	✓	
	Do the papers to be sent to the external auditor include an explanation of significant variations, including a quantified analysis of the changes from last year to this year?	✓	
	Does the bank reconciliation as at 31 March 2016 agree to line 9?	✓	
All sections	Have all red boxes been completed and explanations provided where needed?	✓	
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.	✓	
Supporting evidence	Have all items and pages of supporting evidence provided to the audit been certified as a true copy of the original by the Clerk and Chair?	✓	

Accounting statements 2015-16 for:

Name of body: **In My Neighbourhood COMMUNITY COUNCIL**

	Year ending		Notes and guidance for compilers
	31 March 2015 (£)	31 March 2016 (£)	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	79,922	40,279	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	111,350	143,231	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	1,966	17,180	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	14,246	13,024	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	NIL	NIL	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	138,713	132,434	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	40,279	55,232	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).

Statement of balances

8. (+) Debtors and stock balances	NIL	NIL	Income and expenditure accounts only: Enter the value of debts owed to the body and stock balances held at the year-end.
9. (+) Total cash and investments	40,279	55,232	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	NIL	NIL	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	40,279	55,232	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	29,200	30,425	The original asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	NIL	NIL	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

14. Trust funds disclosure note	Yes	No	N/A	Yes	No	N/A	The Body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).
			X			X	

Annual Governance Statement (Part 1)

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 2016, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and proper practices.	✓		Prepared its accounting statements in the way prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	✓		Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Council/Board/Committee to conduct its business or on its finances.	✓		Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	✓		Has given all persons interested the opportunity to inspect and to ask questions about the Body's accounts.	6, 23
5. We have carried out an assessment of the risks facing the Council/Board/Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		Considered the financial and other risks it faces in the operation of the Body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	✓		Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the Body.	6, 8
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Council/Board/Committee and, where appropriate, have included them on the accounting statements.	✓		Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	✓		Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23
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. 			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.

Annual Governance Statement (Part 2)

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We calculated and approved the Council/Board/Committee's budget requirement for the 2015-16 financial year in accordance the Local Government Finance Act 1992 and proper practices [and issued the precept in accordance with Sections 39 to 42 of the Local Government Finance Act 1992.]*	✓		Properly planned its financial activities for the year and set a budget in accordance with statutory requirements.	13
2. We have received detailed financial reports setting out the [income and expenditure* receipts and payments*] and a summary of the Council/Board/Committee's financial position on a regular monthly* / quarterly*] basis throughout the year.	✓		Effectively monitored its financial position, income and expenditure against that budget throughout the financial year.	13
3. We have ensured that the Council/Board/Committee's internal audit is independent of its day-to-day decision-making process and maintenance of the accounting records and have agreed appropriate terms of reference for the internal audit.	✓		Ensured that its internal audit function is able to undertake its work without potential conflicts of interest and with sufficient scope to provide an adequate and effective service.	8

* Please delete as appropriate.

Council/Board/Committee approval and certification

The Council/Board/Committee is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of the Annual Governance Statement.

<p>Certification by the RFO</p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Council/Board/Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2016.</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: <i>Steve Hendon</i></p>	<p><i>SP.14.16 minute ref 28 JUNE 2016</i></p>
<p>Name: <i>STEVE HENDON</i></p>	<p>Chair signature: <i>Helen Mary Mitchell</i></p>
<p>Date: <i>28 JUNE 2016</i></p>	<p>Name: <i>HELEN MARY MITCHELL</i></p>
	<p>Date: <i>28/06/2016</i></p>

Council/Board/Committee re-approval and re-certification (only required if the annual return has been amended at audit)

<p>Certification by the RFO</p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Council/Board/Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2016.</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: signature required</p>	<p>Insert minute reference and date of meeting</p>
<p>Name: name required</p>	<p>Chair signature: signature required</p>
<p>Date: dd/mm/yyyy</p>	<p>Name: name required</p>
	<p>Date: dd/mm/yyyy</p>

Auditor General for Wales' Audit Certificate and report

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2016 of:

MUMBLE'S COMMUNITY COUNCIL

External auditor's report

~~Except for the matters reported below~~* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

~~These matters along with~~* Other matters not affecting our opinion which we draw to the attention of the body and our recommendations for improvement are included in our report to the body dated 23/9/16.

Other matters and recommendations

On the basis of our review, we draw the Body's attention to the following matters and recommendations which do not affect our audit opinion but should be addressed by the Body.

Please see enclosed report

BDO LLP Southampton
United Kingdom

(Continue on a separate sheet if required.)

External auditor's name:

BDO LLP Southampton
United Kingdom

External auditor's signature:

BDO LLP

Date:

23/9/16

For and on behalf of the Auditor General for Wales

* Delete as appropriate.

Annual internal audit report to:

Name of body:

MUMBLESBOD 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 2016.

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.	✓				
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	✓				
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓				
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	✓				
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	✓				
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	✓				
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	✓				
8. Asset and investment registers were complete, accurate, and properly maintained.	✓				

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

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

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

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

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

[My detailed findings and recommendations which I draw to the attention of the Council/Board/Committee are included in my detailed report to the Council/Board/Committee dated 25/06/2016.] * Delete if no report prepared.

Internal audit confirmation

I confirm that as the Council's internal auditor, I have not been involved in a management or administrative role within the body or as a member of the body during the financial years 2014-15 and 2015-16. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: <u>VIVIAN LYN KENNELLYN</u>
Signature of person who carried out the internal audit: <u>[Signature]</u>
Date: <u>25/06/2016</u>

Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this annual return. For guidance, please read the Practitioners' Guide (**Governance and accountability for local councils: A Practitioners' Guide (Wales)**) – available from One Voice Wales and SLCC. It contains everything you need for the financial year-end and the statutory audit.
2. The Wales Audit Office Good Practice Exchange (www.audit.wales/good-practice/finance/community-council-money) provides further information on the accounts and audit process along with guidance on governance matters.
3. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs.
4. **There are now two boxes for certification and approval by the Body. The second box is only required if the annual return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.**
5. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
6. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2015) equals the balance brought forward in the current year (line 1 of 2016). Explain any differences between the 2015 figures on this annual return and the amounts recorded in last year's annual return.
7. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
8. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Council holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in section 1. More help on bank reconciliation is available in the Practitioners' Guide*.
9. **Every** small body is now required to send to the external auditor, information to support the assertions made in the Annual Governance Statement. Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
10. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
11. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
12. **Do not complete the Auditor General for Wales' Audit Certificate and report.** The external auditor completes this on behalf of the Auditor General for Wales on completion of the audit.
13. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
14. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

Bank Reconciliation

Mumbles Community Council

Financial Year Ending 31 March 2016

Prepared by Steve Heydon, Clerk to the Council, 17 June

Balance per banks
statements at 31 March

Current Account	16963.96	
Deposit Account	45190.63	
		£62,154.59

Less Unpresented Cheques

3030	£39.50	3308	£300.00
3058	£60.00	3309	£500.00
3152	£500.00	3313	£2,420.00
3195	£1.35	3314	£85.00
3197	£600.00	3316	£266.00
3198	£5.00	3317	£1,000.00
3291	£49.29	3319	£1,000.00
3303	£96.29		

Un presented cheques as at 31 March

£6,922.43

Un-banked cash as at 31

£0.00

Net Balances as at 31 March
2016

£55,232.16

Opening Balance 1 April

£40,278.82

Add: Receipts in the year

£160,411.51

Less: Payments in the year

£145,458.17

Closing Balance per
receipts and payments
accounts as at 31 March
2016

£55,232.16

Summary of Income

Precept	£143,231.00
Bank Interest	£20.40
VAT	£15,928.18
Misc	£969.93
Write-Ons	£262.00
Total Income	<u>£160,411.51</u>

Summary of Expenditure

Office Costs	£9,826.40
Payroll	£13,023.82
General Account	£13,896.99
Community Planning	£503.68
Development	£16,674.26
Finance & General Purposes	£12,553.63
Highways	£39,225.64
Marketing & Media	£12,786.10
Events	£12,599.79
Total (net) payments	£131,090.31
VAT	£14,367.86
Total (gross) payments	<u>£145,458.17</u>

MUMBLES COMMUNITY COUNCIL: EXPLANATION OF VARIANCES

Section 1	2014/15	2015/16	Variance (+/-) £	Detailed Explanation of variance (with amounts £)
Box 2 Annual Precept	111,350	143,231	31,881	The precept is calculated in January each year using the following formula: Precept = Budget – Estimated Funds in Bank as at 31 March. The Figures for 2014/15 were £196,000 - £84,500 and for 2015/16 £172,000 - £28,500. Hence although the budget for 2014/15 was £24,000 bigger, due to the large amount we estimated we would carry forward, the precept was less than in 2015/16.
Box 3 Other receipts	1,966	17,180	15,214	No VAT was paid during the previous year. This year £15,928 was received. However miscellaneous income fell by £969 and bank interest by £8, and whilst last year there were no write-ons, this year they totalled £262.
Box 4 Staff Costs	14,246	13,024	1,222	-Clerks salary and tax & national insurance due to be paid on 25 March were not paid until April 2016.
Box 5 Loan interest/ Capital repayments	NIL	NIL	N/A	N/A
Box 6 Other Payments	138,713	132,434	6,279	-
Box 7	40,279	55,232	14,953	The variance is due largely due to VAT received this year of £15,928

MUMBLES COMMUNITY COUNCIL: EXPLANATION OF VARIANCES

Balances carried forward not being accounted for when the precept calculation was made. We will endeavour to ensure that this doesn't happen in future years.

Box 8 Debtors	NIL	NIL	N/A	N/A
Box 10 Creditors	NIL	NIL	N/A	N/A
Box 12 Fixed assets & long term assets	29,200	30,425	1,225	-
Box 13 Total borrowing	NIL	NIL	N/A	N/A

Lyn Llewellyn Internal Audit Service

*Lyndor Bungalow
Oakfield Terrace
Ammanford
Carms
SA18 2NG*

Tel: 01269 593072

E-mail: v_llewellyn@sky.com

The Chairperson
Mumbles Community Council
Council Offices
Walters Crescent
Mumbles
Swansea
SA3 4BB

25th June 2016

Dear Chairperson

Internal Audit for the year ended 31st March 2016

I am pleased to confirm that all the prescribed tests in relation to your Council's internal control systems have been satisfactorily completed and as a result there are no matters I need to bring to the attention of your Council on this occasion. My conclusions are reflected in the internal auditor's report in section 4 of the 2015/16 Annual Return. These are based on the results of the testing (see schedule attached) of key controls undertaken in accordance with Appendix 4 – An approach to internal audit testing as detailed on pages 155 and 156 of the publication "Governance and Accountability for Local Councils in Wales : A Practitioners' Guide 2011" as amended.

However, the following points require the Council's consideration -

1. The quarterly financial reports should be reported to Council.
2. There are six cheques included in the list of un-presented cheques which are "stale" and should be reviewed, and if appropriate, written back.
3. I note that the Council offices were flooded during the year. Was there an insurance claim made ?
4. A claim should be made for repayment of the VAT paid by the Council for 2015/16 which totalled £14,367.86.

I would like to take this opportunity of thanking your Clerk, Mr Steve Heydon, for his help and co-operation during the completion of the internal audit.

I attach my invoice for your kind attention.

Yours sincerely


Lyn Llewellyn
Internal Auditor

Name of Council: Mumbles Community Council

Financial Year: 2015/16

Internal Control / Testing carried out by Internal Audit confirmed the following:

Proper bookkeeping

Cashbook maintained and up to date
Cashbook arithmetic correct
Cashbook regularly balanced

Standing Orders and financial regulations adopted and applied

Council formally adopted standing orders and financial regulations
The Town Clerk has been appointed Responsible Financial Officer
Items or services above the de minimus amount have been competitively purchased

Payments Controls

Payments in the cashbooks are supported by invoices, authorised and minuted
VAT on payments have been identified, recorded and are to be reclaimed
S137 expenditure separately recorded and within statutory limits

Risk Management Arrangements

Review of the minutes do not identify any unusual financial activity
Minutes record the council carrying out an annual risk assessment
Insurance cover appropriate and adequate
Internal financial controls documented and regularly reviewed

Budgetary Controls

Council has prepared an annual budget in support of its precept
Actual expenditure against the budget regularly reported to the council
There are no significant unexplained variances from budget

Income Controls

Income is properly recorded and promptly banked
The precept recorded agrees to the Council Tax authority's notification
Security controls over cash and near-cash is adequate and effective

Payments Controls

The council has approved and circulated to members its arrangements for making payments
Payments made comply in all respects with the arrangements approved by the council

Petty Cash Procedures

All petty cash spent recorded and supported by VAT invoices/receipts
Petty cash expenditure reported to each council meeting
Petty cash reimbursement carried out regularly

Payroll Controls

All employees have contracts of employment with clear terms and conditions
Salaries paid agree with those approved by the council
Other payments to employees and members reasonable and approved by the council
PAYE/NIC has been properly operated by the council as an employer

Assets Controls

The council maintains a register of all material assets owned or in its care
The assets register is up to date

Bank Reconciliation

Bank reconciliation prepared for each account
Bank reconciliation carried out regularly and in a timely fashion
There are no unexplained balancing entries in any reconciliation
Value of any investments held summarised on the reconciliation

Year-end procedures

Year end accounts prepared on the correct accounting basis -Receipts and Payments
Accounts agree with cashbook
There is an audit trail from underlying financial records to the accounts

Signed



Mr V L Llewellyn
Internal Auditor

Date 25/06/2016



ISSUES ARISING REPORT FOR
Mumbles Community Council
Audit for the year ended 31 March 2016

Introduction

The following matters have been raised to draw items to the attention of Mumbles Community Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2016.

The audit of the annual return may not disclose all shortcomings of the systems as some matters may not have come to the attention of the auditor. For this reason, the matters raised may not be the only ones that exist.

The matters listed below are explained in further detail on the page(s) that follow;

- Budget monitoring not minuted
 - No engagement letter with internal auditor
 - Bank Reconciliation
 - Budget
-

The following issue(s) have been raised to assist the body in improving its internal controls or working practices. The body is recommended to consider these but is under no statutory obligation to act upon them.

No engagement letter with internal auditor

What is the issue?

The council have been unable to provide a copy of an engagement letter with the internal auditor. The engagement letter should be provided by the internal auditor on initial appointment and updated periodically.

The engagement letter should agree the expectations of the two parties and should include the following:

- roles and responsibilities
- audit planning, scope and timing
- reporting requirements
- assurance around independence and competence
- access to information, members and officers
- remuneration

Why has this issue been raised?

In the absence of such a letter or similar document, the council cannot be certain that the internal auditor will fully meet their expectations and comply with the requirements of the Accounts and Audit Regulations. The engagement letter confirms expectations of the internal auditor and the council.

What do we recommend you do?

The council must ensure that an engagement letter or similar document is agreed prior to the commencement of the appointment for the next audit year. The letter or document should as a minimum set of the scope of the assignment to ensure all parties concur.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in Wales - A Practitioners' Guide, OVW/SLCC

Bank Reconciliation

What is the issue?

The bank reconciliation as at the year end shows that cheque(s) greater than 6 months old are still outstanding.

Why has this issue been raised?

These cheque(s) are too old to be cashed and should be written off or replaced with current cheque(s).

What do we recommend you do?

This matter must be brought to the attention of the council to decide whether the amounts should be written off or replaced with a current cheque. The decision should be minuted and only with the council's agreement should the amount be written off from the bank reconciliation and the accounts.

Further guidance on this matter can be obtained from the following source(s):

The following issue(s) have been raised to assist the body. The body is recommended to take action on the following issue(s) to ensure that the body acts within its statutory and regulatory framework.

Budget monitoring not minuted

What is the issue?

Although a precept was set by the due date and a budget was prepared the council, there is no evidence recorded in the minutes of the council, monitoring of actual income and expenditure against the budget.

Why has this issue been raised?

The council has potentially demonstrated a lack of financial control over the spending and receipt of public money and were exposed to the risk of overspending.

What do we recommend you do?

The council must regularly review, and ensure this review of the budget against the actual income and expenditure is minuted. We recommend that the council monitors the budget at least quarterly or more frequently if required. The amount of budget monitoring undertaken during the year will depend upon the size of the council and the complexity of its finances.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in Wales - A Practitioners' Guide, OVV/SLCC

Budget

What is the issue?

Although a precept was set by the due date and the council did prepare a budget to support this, the budget document did not include an estimate of anticipated income to be received, nor did it take account of reserves held. The expenditure requirement stated in the budget did not fully reconcile to the precept requested. The estimated effect on carried forward reserves was not noted on the budget document.

The budget was also not resolved by the Council at a meeting.

Why has this issue been raised?

The council may have contravened Part 1, Chapter IV, Para 50(1) of the Local Government Finance Act 1992 which states that every authority must 'make calculations required' under the 'calculation of budget requirement'.

What do we recommend you do?

The council must ensure in future years that an adequate budget is prepared to support its decision making process and to assist the financial management during the financial year. Consideration of the level of reserves held should be made.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in Wales - A Practitioners Guide, OVV/SLCC

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 23 September 2016
