

# Community and Town Councils in Wales Annual Return for the Year Ended 31 March 2022

## Accounting statements 2021-22 for:

Name of body: **CYNGOR CYMUNED CWARTER BACH COMMUNITY COUNCIL**

	Year ending		Notes and guidance for compilers												
	31 March 2021 (£)	31 March 2022 (£)													
<b>Statement of income and expenditure/receipts and payments</b>															
1. Balances brought forward	169,545	174,499	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	104,174	104,174	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.												
3. (+) Total other receipts	496	4,228	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.												
4. (-) Staff costs	8,961	3,303	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	90,755	7,1599	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	174,499	207,999	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).												
<b>Statement of balances</b>															
8. (+) Debtors	11,486	5,897	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body at the year-end.												
9. (+) Total cash and investments	163,013	202,102	<b>All accounts:</b> 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	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.												
11. (=) Balances carried forward	174,499	207,999	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).												
12. Total fixed assets and long-term assets	943,303	971,602	The 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	<table border="1"> <tr> <th>Yes</th> <th>No</th> <th>N/A</th> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table>	Yes	No	N/A	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<table border="1"> <tr> <th>Yes</th> <th>No</th> <th>N/A</th> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table>	Yes	No	N/A	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	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													
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>													
Yes	No	N/A													
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>													

## 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*			
<p>1. We have put in place arrangements for:</p> <ul style="list-style-type: none"> <li>effective financial management during the year; and</li> <li>the preparation and approval of the accounting statements.</li> </ul>	<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	
<p>2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.</p>	<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	
<p>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.</p>	<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	
<p>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.</p>	<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	
<p>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.</p>	<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	
<p>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.</p>	<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	
<p>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.</p>	<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	
<p>8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.</p>	<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	
<p>9. Trust funds – in our capacity as trustee, we have:</p> <ul style="list-style-type: none"> <li>discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit.</li> </ul>	<input type="radio"/>	<input type="radio"/>	N/A	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 £ £5000 under section 137. These payments are included within 'Other payments' in the Accounting Statement.

### 2. Over 10% change from previous year:

Line 3 – receipts up 752%: Last year the facilities weren't used for 18 months, so we had relatively no income from users.

Line 4 – staff costs down 63%: We were without a clerk until February 2022.

Line 6- payments down 21%: Play equipment was bought in 2020. Less outgoings this year. We have a number of projects in the pipeline, waiting for contractors

Line 8 – VAT owed to us down 49%: Play equipment bought in 2020. Less outgoings this year.

Line 9 – bank balance up 24%: We have a number of projects in the pipeline, waiting for contractors

### 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.

### Certification by the RFO

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.

RFO signature: *JBell*

Name: *JULIA BELL*

Date: *8/6/2022*

### Approval by the Council/Board/Committee

I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:

Minute ref: *8/6/22*

Chair of meeting signature: *J Bell*

Name: *TWAPOC*

Date: *8/6/22*

## Auditor General's report and audit opinion

I certify that I have completed the audit of the Annual Return for the year ended 31 March 2022 of **Cwarter Bach Community Council**. My audit has been conducted on behalf of the Auditor General for Wales and in accordance with the requirements of the Public Audit (Wales) Act 2004 (the 2004 Act) and guidance issued by the Auditor General for Wales.

### **Audit opinion: Qualified**

Except for the matters reported below in my Basis for Qualification, on the basis of my audit, in my opinion no matters have come to my attention to give cause for concern that, in any material respect, the information reported in this Annual Return:

- has not been prepared in accordance with proper practices;
- that relevant legislative and regulatory requirements have not been met;
- is not consistent with the Council's governance arrangements; and
- that the Council does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

### **Basis of Qualification**

#### **Accounting Statement**

I am unable to conclude whether or not the Accounting Statement properly presents the Council's receipts and payments and financial position:

- The Council did not maintain sufficient accounting records and was unable to provide me with information to enable me to complete my audit.
- The Accounting Statement has been prepared on a receipts and payments basis but the Council has incorrectly excluded VAT from the accounts

#### **Annual Governance Statement**

In my opinion, the Annual Governance Statement is not consistent with the governance arrangements operated by the Council during the year:

- Assertion 1: The Council was unable to provide complete accounting records and the records that were provided were incomplete.
- Assertion 1: The Council does not have in place proper arrangements for effective financial management. The Council does not receive sufficient budgetary information throughout the year or sufficient financial report information prior to meetings being held and therefore do not have sufficient information to make appropriate decisions.
- Assertion 2: The Council does not comply with its own internal control arrangements. The Council has provided a documented arrangement for making payments My audit identified that not all payments are reported to the

Council. The controls relating to payments made were inconsistently applied and not robust, for example there were multiple instances where payments were not duly authorised by the Council.

- Assertion 3: The Council does not comply with relevant legislation:
  - The Council does not operate PAYE as it is under the Income Tax (Earnings and Pensions) Act 2003. Failure to operate PAYE exposes the Council to the risk of fines and/or penalty charges being imposed by HM Revenue and Customs.
  - The Council has not prepared and published an Annual Governance Statement
  - Prior to setting its precept, the Council does not calculate its budget requirement in accordance with the Local Government Finance Act 1992.
  - The Council has not published on its website information it is required to publish by the Local Government (Democracy) (Wales) Act 2013, including the accounts and register of members' interests
- Assertion 6: The Internal Auditor has provided the Council with positive assertions in the audit report attached to this annual return. However, the extent of the issues identified during my audit means I conclude that the internal audit was deficient and therefore, the Council did not maintain an adequate and effective system of internal audit.

### **Arrangements to secure economy, efficiency and effectiveness in use of resources**

In my opinion, the Council does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources

- The Council has been unable to provide evidence to support how the Council has secured value for money regarding its services procured from Wrenvale Nurseries and Landscapes. The Council has paid significant payments (totalling £47,287 from 2019/20 to 2021-22) to the contractor for multiple services. However, this work is not supported by an underlying contract.
- The Council has been in receipt of multiple community asset transfers however The Council was not able to provide any supporting documentation regarding a business case or rationale regarding why the Council took on these assets.
- The Council has been maintaining land owned by a company known as Celtic Energy who owns the land adjacent to the Cefn Bryn Bain and Rhosaman play parks. The Council believed that a lease was signed to transfer the land from Celtic Energy to the Council, however no agreement was formalised.

### **Other matters and recommendations**

I draw the Council's attention to the following matters and recommendations which do not affect my audit opinion but should be addressed by the Council.

## **Conflict within the Council**

The Council demonstrates a significant breakdown of relationships between Councillors and the Chair. Councillors should be reminded of their duty to act in accordance with the members code of conduct and apply the seven principles of public life (also known as the Nolan Principles).

## **Failure to disclose members' interests**

The Council does not disclose members register of interests on its website. There is inconsistency as to whether declarations are recorded and disclosed appropriately and whether Councillors recuse themselves from any debate or decision making. The Council makes significant payments to the Black Mountain Centre for which multiple Councillors are either employed or trustees of the centre. We are unable to determine from the Council's records as to whether the conflicts were managed appropriately.

## **Members allowances**

The Council does not formally discuss and accept all determinations relevant to the Council as set by the Independent Remuneration Panel for Wales. It is recommended that the Council formally decides within a constituted meeting what determinations are relevant and which allowances are to be paid to individual members. The Council does not receive formal written notification from individual members that wish to waive their allowance. It is recommended that individual members provide formal written notification of their waiver of allowance.

## **Follow up review**

The Council is due to receive a triennial full audit for 2023-24 under the Auditor General's new audit arrangements. We will undertake a full review to establish whether or not there has been any improvement in the Council's arrangements.

There are no further matters I wish to draw to the Council's attention.

 <b>Richard Harries, Director, Audit Wales</b> <b>For and on behalf of the Auditor General for Wales</b>	<b>Date: 01/03/24</b>
---	-----------------------

## Annual internal audit report to:

Name of body: **Cwarter Bach 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="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	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="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	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="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	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="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	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="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	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="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
8. Asset and investment registers were complete, accurate, and properly maintained.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	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="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	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="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
11. Trust funds (including charitable trusts). The Council/Board/Committee has met its responsibilities as a trustee.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	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="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
14. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	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.

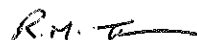
[My detailed findings and recommendations which I draw to the attention of the Council/Board/Committee are included in my detailed report to the Council/Board/Committee dated June 2022.] \* Delete if no report prepared.

### 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: Richard Meirwyn Thomas

Signature of person who carried out the internal audit:



Date: 6<sup>th</sup> June 2022