

Internal Audit  
For  
Llantwit Fardre Community Council  
2022/23

Prepared by Jason Morgan.

Dated: 5<sup>th</sup> June 2023

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## Introduction

The internal audit has been carried out in order to satisfy the requirements of the Wales Audit Office for the control and regulation of community council's in Wales in respect of the appropriate use of public money. These requirements are encased in statute ~ '*Accounts and Audit (Wales) Regulations 2014*'

Guidance on the form, coverage and content of the internal audit can be found in the publication '*Governance and accountability for Local Councils in Wales – A Practitioners Guide (2019 Edition)*' and it is this publication that is the main source of reference for the internal audit. This publication details the areas to be reviewed and the expected level of control that must be evidenced for the Council's systems of financial control to receive an unqualified opinion.

The document '*Internal Audit Arrangements at Town and Community Councils in Wales*' published by the Wales Audit Office in January 2019 has also been used for reference in particular '*Appendix 4: Good Practice – Work Programme*' that details the areas expected to be covered in the Internal Audit.

## Audit Programme

### Previous internal audit report

The Internal Audit report for 2021/22 was considered during the Council meeting of the 28<sup>th</sup> November 2022. It was agreed to '*receive and acknowledge*' the main points of concern highlighted within the Internal Auditor's report

### Proper bookkeeping

The bookkeeping process is efficient and correct and administered via the Rialtas Business Systems (RBS) Omega bookkeeping package. The package is also use for the Council's VAT submissions to HMRC.

The Monthly Accounts (reviewed) are prepared up to and including 31<sup>st</sup> March 2023 and include:

- Bank Reconciliation @ 31.03.2023 £234,156 (inc. £14,861 unpresented cheques – see below for details)
- Cashbook – Current & Deposit A/C @ 31.03.2023 (c/a £178,877.98 & d/a £85,000)
- Balance Sheet @ 31.03.2023 £249,017
- Income & Expenditure A/C for the Year To Date (YTD) for the period 1.04.2022-31.03.2023 (Income £351,289 – Expenditure £310,094)
- Council Detail Report – Actual v Budget YTD (31.03.2023):
  - Income was greater than expected: Budget £313k v actual £351k (12% over budget)
  - Expenditure was less than expected: Budget £313K v actual £279k (11% under budget)

The ledgers (including the cashbook) are up to date (31.03.2023) and maintained in a manner that provides a high degree of confidence in the accurate recording of income and expenditure.

### Standing Orders and Financial Regulations adopted and applied

Consideration and adoption of the Standing Orders and Financial Regulations took place at the annual general meeting of the 16<sup>th</sup> May 2022, where amendments to the Standing Orders in line with the Provisions of the Local Government and Elections (Wales) Act, 2021 were introduced.

## Accounts Payable (AP)

Payments were made in accordance with the requirements of the Financial Regulations. All payments were timely, correctly recorded in the cashbook and posted to an appropriate nominal code. The invoices are filed by month, at the beginning of which is a list, maintained by the RFO, of the invoice details/payment details. Sample invoices were checked to ensure accurate recording in the AP ledger of both net and vat amounts, an included:

February 23:

EDF Energy £135.66 (A/C 4410 DD)

December 22:

Biffa Waste Management £1,166.76 (A/C 4270 DD)

Postage Stamps £65.20 (A/C4160 debit card payment)

**Note:** From February 2023 onwards, instead of the cheque numbers in the payment schedule there is now the word 'chq'. This makes the sequential tracking of cheques more difficult.

## S137 Expenditure (grants)

The grant application and minuted approval accompany all grant payments. The grants approved were:

Friendly Wednesday Club £250  
Llantwit Fardre football club £400  
1st Newton Llantwit Scouts £150  
1st Efail Isaf Guides £150  
1st Efail Isaf Brownies £150  
2nd Tonteg Brownies £150  
2nd Tonteg Guides £150  
Tonteg WI £100  
1st Llantwit Fardre Rangers £150  
Llantwit Fardre CC £400  
Gwauncelyn WI £100  
Glam Girls WI £100  
Arc of Entertainers £400  
LF Ladies Running Club £400  
LF OAP Association £200  
Llanilltud Faerdref Art Society £200  
Church Village Rainbows/Brownies/Guides £150  
Pentre Eglwys Art Society £200  
Steel Studios £400  
Mary Poppins Dance Team £200  
Cancer Research £162

There was also a late application from Llantwit Fardre RFC £400

Total grants approved and paid £5,162

## Financial Risk Assessment

Following the recommendations included in the latest Internal Audit Interim Report, a revised template, '*The Risk Register*', is in place. Additional risks identified were added via a *Risk Assessment* and include

- Cyber Security,
- Salaries and
- the RBS Omega Financial Software

## Budgetary Controls

A detailed budget was in place for the 2022/23 period, maintained and managed via the RBS Omega Bookkeeping package.

The budget for the period consisted of:

- Income: Budget £312,990 v Actual £350,303 (£37,313 variance)
- Expenditure: Budget £312,990 v Actual £278,413 (£34,577 variance)

The main variances are:

Income:

- Interest Received Budget £50 v Actual £1,582
- Cil Income Budget £0 v Actual £30,770
- Events Income Budget £0 v Actual £1,850
- Hire Parish Hall Budget £2,000 v Actual £4,329

Expenditure:

- Cil Expenditure Budget £0 v Actual £18,832
- Tree works Budget £2000 v Actual £5,917

## Asset Register

A report was presented at the Council meeting of 3<sup>rd</sup> October that detailed a demonstration to the RFO of the Rialtas Asset Inventory module. The Council agreed to purchase the Asset Inventory module at a cost of £342.25 for the first year and future projected costs of £169.00.

The content of the Asset Register (Asset Inventory module) has been seen and appears detailed and complete and aligned with proper accounting practises as described in part 3: *Accounting for councils with income and expenditure below £2.5 million* of the publication *Governance and Accountability for Local Councils in Wales – a Practitioners Guide*.

## Bank Reconciliation

The bank accounts were reconciled at 31.3.2023:

Current account £178,877.98

Unpresented cheques:

- 3425 LF RFC £400
- 3429 Crown Garden Services £368.06
- 3430 Tree master £1,195.73
- 4340 G&C Electrical £744
- 3426 Jacks Appeal £1,137
- 3427 Crown Garden Services £368.06
- 3433 ADT Fire & Security £4,147.10
- 3433 ADT £3,575.26
- 3433 ADT £2,925.80

Deposit account £85,000.

## Income (Accounts Receivable (AR))

Income was received as expected mainly in the form of the precept - £304,795.

## Trusteeships

Details of the Christmas Evan John Charity Fund are published on the Council's website. The application form is in PDF in line with best practise.

## Council's WebSite

The Council's website appears to demonstrate good practice in that SSL/TLS digital certificates are used (are identified by the padlock (🔒) symbol in the address bar), also, all documents examined are in pdf format.

## Conclusion

Following my selective assessment of compliance with the relevant procedures and controls expected to be in operation during 2022/23, it seems appropriate to give an unqualified internal audit opinion. An unqualified report means full compliance with the '*Accounts and Audit (Wales) Regulations 2014*' and the criteria and guidance laid out in the '*Governance and accountability for Local Councils in Wales – A Practitioners Guide (2019 Edition)*'.

I would like to thank the Clerk of the Council for her cooperation during this interim audit.

Signed:  Jason Morgan

Date: 5th June 2023.

