

Internal Audit
For
Llantwit Fardre Community Council
2021/22

Prepared by Jason Morgan.

Dated: 24th May 2022

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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 2020/21 was considered during the Council meeting of the 28th June 2021. 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. The RBS Omega bookkeeping package has now 'bedded in' and appears suitable for the Council's needs. All aspects of the Council's bookkeeping (e.g. reconciliations) are under the direct control of the Council administration.

The Monthly Accounts (reviewed) are prepared up to and including {date} and include:

- Bank Reconciliation @ 31.03.2022 £206,661.28
- Cashbook – Current & Deposit A/C @ 31.03.2022 (c/a £130,728.99 & d/a £85,000)
- Balance Sheet @ 31.03.2022 £211,811
- Income & Expenditure A/C for the Month To Date (MTD) and Year To Date (YTD) for the period 1.04.2021-31.03.2022 (Income £262,164 – Expenditure £277,304)
- Council Detail Report – Actual v Budget YTD (31.03.2022). Large variance in expenditure: budget £484,863 – actual £277,304)

The ledgers (including the cashbook) are up to date (31.03.2022) 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 18th 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. Using 25th October 2021 as an example, the payments were authorised at the Council meeting of the same date.

Recommendation: The Financial Regulations make a clear distinction between cheque payments (s 6.6.) and Direct Debit payments (s 6.7). Purely for presentation, it would be preferable to separate both categories in the Payments List.

Financial Risk Assessment

The Risk Assessment was considered and approved at the Finance & Policy Committee meeting of Thursday, 13th January 2022.

Recommendation: There is no provision for cyber security and although the Council do adhere to best practise in regard to have a secure website (identified by the 'padlock' symbol in the address bar and all, where sampled, the documents are in pdf format, it may be prudent to record the risks and mitigation for guarding against cyber threats. The Council may also wish to consider engaging a third party cyber security specialist to perform a vulnerability assessment of the Councils website, forms of electronic communication (e.g. email, mobile phones, etc.) and internal IT infrastructure e.g. desktop computers, routers and any other device that could be compromised.

Budgetary Controls

A comprehensive budgetary review and proposal for 2021/22 is in place and presented to the Finance & Policy Committee on 17th December 2020. At 31.03.2022, it was noted that

1. A virement took place on 30th September 2021 as follows:

a/c 4803 Llantwit Fardre – Projects £2,500 decrease
a/c 4600 Community Events – Events £2,500 increase.

The virement was approved by Council on 11th August 2021 minute 76(8) Extraordinary Meeting and In line with section 4.2 of the Financial Regulation.

2. The budgeted expenditure for the period was £484,863 against the actual expenditure of £277,304. The main variances were for:

- Repairs & maintenance for the parish hall (budget £53,750 – actual £744)
- Parks & outside work (budget £138,754 – actual £13,761)

Asset Register

The asset register contains comprehensive details of the assets held by the Council, including photographic evidence, at the 31st March 2022 and shows:

- Purchase cost £107,710
- Annual Return value £1,600,520
- Insurance valuation £1,971,278

The correct accounting treatment is in evidence in that the non-current (fixed) assets are recorded at both cost price and current book value in line 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 31.3.2022:

Current account £130,728.99

Unpresented cheques:

- 3274 PK Safety £222.98
- 3275 RCTCBC £6,250.68
- 3276 Crown Garden Services £306.30
- 3277 Keyline £40.80
- 3278 Forest Park & Garden £390.23
- 3279 Forest Park & Garden £219.78
- 3280 Besst Tyres £129.86
- 3281 Streetmaster £817.08
- 3282 Ysgol Garth Olwg £290.00
- 3283 Garth Olwg Care Home £200.00
- 3284 LF Primary School £200

Deposit account £85,000.

Income (Accounts Receivable (AR))

Income was received as expected mainly in the form of the precept - £254,313.

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 2021/22, 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: 24th May 2022.