

**LLANTWIT FARDRE COMMUNITY COUNCIL**  
**CYNGOR CYMUNED LLANILLTUD FAERDREF**



**FINANCE & POLICY COMMITTEE MEETING**

**12<sup>th</sup> October 2026**

**REPORT OF THE CLERK AND EXECUTIVE OFFICER**

**1. FINANCIAL GOVERNANCE TOOLKIT - SELF ASSESSMENT**

- 1.1** The purpose of this report is to introduce a structured review of the Council's financial management, governance and accountability arrangements using the Finance & Governance Toolkit for Community and Town Councils. **( A copy of the full toolkit can be requested from the Council Office as it very lengthy document.)**
- 1.2** The Toolkit was jointly developed by the Welsh Government, One Voice Wales and the Society of Local Council Clerks, with supporting commentary from Audit Wales. It is intended to support community and town councils in meeting their statutory responsibilities, maintaining strong financial management and governance, and identifying opportunities for continuous improvement.
- 1.3** The Toolkit is a self-assessment and improvement tool rather than an audit. It provides a framework through which the Council can consider whether its existing arrangements are effective, whether appropriate evidence is available and whether any further action would strengthen its governance arrangements.
- 1.4** The Council already undertakes a substantial programme of financial and governance monitoring throughout each municipal year under the following headings

- Financial Risk Assessment;

- Council banking arrangements;
- Annual Return and Annual Governance Statement;
- Internal Audit reports;
- financial regulations and other Council documents;
- budget setting and precept;
- budgetary control;
- income and expenditure;
- bank reconciliations;
- accounts for payment;
- earmarked reserves;
- the Council's Asset Register;
- the Council Risk Register;
- training arrangements;
- Business Planning;
- delegation arrangements and committee terms of reference; and
- the Council's Annual Report.

## 2. **THE TOOLKIT**

2.1 The toolkit uses the approach of a two-stage process,

- Stage 1 Health Check –  
The Council should initially complete the Toolkit's Health Check to establish whether the Council has appropriate arrangements in place to meet its statutory and governance responsibilities. The Health Check should be undertaken using existing Council documents and records wherever possible.
- Stage 2 Self-Assessment –  
Following completion of the Health Check, the Council should consider the areas identified for further review.

For each area requiring attention, the Council should determine:

1. what the current arrangement is;
2. what evidence exists;
3. whether the arrangement is satisfactory;
4. whether an improvement is desirable or necessary;
5. what action should be taken;
6. who should be responsible for the action; and
7. when the action should be completed.

This approach would avoid duplicating work already undertaken by the Council

2.2 The Clerk has taken a preliminary review of the existing arrangement against the tool kit, and the table below shows that a number of requirements have already been met.

2.3 The following table highlights areas the Council is work to following the Clerks initial assesment:

| <b>Toolkit area / subject</b> | <b>Existing Council arrangement or evidence</b>                          | <b>Initial assessment</b> | <b>Further action</b>                                                                                             |
|-------------------------------|--------------------------------------------------------------------------|---------------------------|-------------------------------------------------------------------------------------------------------------------|
| Financial risk                | Annual Financial Risk Assessment and Risk Register                       | <b>Green</b>              | Confirm current review arrangements and retain evidence                                                           |
| Banking arrangements          | Annual review of banking arrangements, mandates and payment arrangements | <b>Green</b>              | Confirm current arrangements remain appropriate                                                                   |
| Internal controls             | Internal Audit reports and regular financial reporting                   | <b>Green</b>              | Review any recommendations arising from latest audit<br>Ensure recommendations are formally tracked to completion |
| Internal Audit                | Annual and interim Internal Audit reporting                              | <b>Green</b>              |                                                                                                                   |
| Annual Governance Statement   | Annual Governance Statement considered with Annual Return                | <b>Green</b>              | Continue annual review                                                                                            |
| Financial Regulations         | Financial Regulations reviewed by Council                                | <b>Green/Amber</b>        | Confirm latest version reflects current model requirements                                                        |
| Budget setting                | Annual budget and precept-setting process                                | <b>Green</b>              | Continue and retain supporting evidence                                                                           |
| Budgetary control             | Regular income/expenditure and budget monitoring                         | <b>Green</b>              | Continue reporting to Members                                                                                     |
| Bank reconciliation           | Regular reconciliation reporting                                         | <b>Green</b>              | Continue independent/member checking arrangements                                                                 |
| Earmarked reserves            | Periodic review and transfers to earmarked reserves                      | <b>Green/Amber</b>        | Ensure each reserve has a defined purpose and appropriate level                                                   |
| Asset management              | Asset Register and periodic review                                       | <b>Green/Amber</b>        | Confirm register is reviewed and reconciled annually                                                              |

|                                          |                                                                           |                    |                                                                        |
|------------------------------------------|---------------------------------------------------------------------------|--------------------|------------------------------------------------------------------------|
| Risk management                          | Council Risk Register plus financial risk assessment                      | <b>Green</b>       | Ensure all significant operational risks are captured                  |
| Delegation                               | Annual review of delegation arrangements and committee Terms of Reference | <b>Green</b>       | Continue annual review                                                 |
| Policies                                 | Programme of policy reviews throughout the year                           | <b>Green/Amber</b> | Maintain a central policy review schedule                              |
| Training                                 | Council Training Plan and periodic updates                                | <b>Green/Amber</b> | Continue monitoring Member and staff training                          |
| Transparency                             | Publication of agendas, reports and minutes                               | <b>Green</b>       | Continue publication and accessibility review                          |
| Annual reporting                         | Annual Report and reporting of Council activities/priorities              | <b>Green</b>       | Continue annual publication                                            |
| Community planning / priorities          | Council Business Plan and annual reporting                                | <b>Green/Amber</b> | Ensure objectives are reviewed against outcomes                        |
| Members' responsibilities                | Code of Conduct and governance arrangements                               | <b>Green/Amber</b> | Confirm training and declarations remain up to date                    |
| Complaints / accountability              | Council policies and procedures                                           | <b>Amber</b>       | Confirm procedures, recording and reporting arrangements               |
| Data protection / information governance | Data protection arrangements and policy review                            | <b>Amber</b>       | Confirm current arrangements and training                              |
| Procurement                              | Financial Regulations and quotation/tender arrangements                   | <b>Amber</b>       | Undertake specific Toolkit check of procurement controls               |
| Grants                                   | Grants policy and application arrangements                                | <b>Green/Amber</b> | Confirm monitoring of awards and expenditure                           |
| Value for money                          | Financial controls, quotations and budget monitoring                      | <b>Amber</b>       | Consider whether value-for-money review is sufficiently evidenced      |
| Business continuity                      | Existing risk-management arrangements                                     | <b>Amber</b>       | Confirm whether a formal Business Continuity Plan is required/adequate |

### **3. Polices and Documents**

The Council maintains a single schedule of documents that the date, group responsible, adoption date and review date this will continue, and a report will be presented to Members at a future meeting .

### **4. Action Plan**

The following table shows the actions to be considered to complete the assessment:

|                                                                                                      |                                    |                           |
|------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------|
| Complete Part 1 – Health Check of the Finance & Governance Toolkit                                   | Clerk / Finance & Policy Committee | Next Meeting of Committee |
| Map existing Council policies and procedures against the Toolkit                                     | Clerk                              | November 2026             |
| Identify any areas where supporting evidence is missing or incomplete                                | Clerk / Finance & Policy Committee | Next Meeting of Committee |
| Complete Part 2 – Self-Assessment for identified areas                                               | Council / Committee                | January 2027              |
| Produce a consolidated Finance & Governance Action Plan                                              | Clerk                              | January 2027              |
| Allocate responsibility for outstanding actions                                                      | Council                            | January 2027              |
| Review progress through the Finance & Policy Committee                                               | Finance & Policy Committee         | Quarterly                 |
| Report significant outstanding actions to Full Council                                               | Clerk                              | As required               |
| Include a summary of the exercise and completed improvements in the Annual Report, where appropriate | Clerk                              | Annually                  |
| Repeat the Health Check periodically                                                                 | Council                            | Annually                  |

### **5. RECOMMENDATIONS**

5.1 Note the Finance & Governance Toolkit for Community and Town Councils.

5.2 Note that the Council already has a substantial number of financial and governance arrangements which correspond with the areas covered by the Toolkit.

5.3 Approve completion of the Toolkit Health Check as a structured review of the Council's existing arrangements.

- 5.4 Authorise the Clerk and Executive Officer, working with the Finance & Policy Committee where appropriate, to undertake the initial assessment and identify any areas requiring further consideration.
- 5.5** Require any areas identified as requiring improvement to be recorded in a Finance & Governance Action Plan, including the proposed action, responsible person/body and target completion date.
- 6.** Require progress against the Action Plan to be reported periodically to the Finance & Policy Committee and, where appropriate, Full Council.