

Interim Internal Audit  
For  
Llantwit Fardre Community Council  
2023/24

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## Introduction

The following report provides a high level assessment of particular areas of the financial and administrative activities of the Council for the period up to 31st October 2023. The approach is consistent with previous interim audits and therefore comparisons can be made with these prior period reports.

## Interim Audit Approach

Based upon the result of the Internal Audit for 2023/24 the scope will be as follows:

- A high-level review to assess if the 'Recommendations' detailed in the Internal Audit Report 2022/23 have been considered and adopted,
- A high-level assessment of the Council's overall current administration for indicators of non-compliance with both Statute and internal governance, and
- To identify and make recommendations on observed issues or deficiencies or possible improvements.

## Audit Programme

### Proper bookkeeping

The bookkeeping process is efficient and correct. The RBS Omega bookkeeping package is in use and appears correct. All aspects of the Council's bookkeeping (e.g. reconciliations and VAT register) are under the direct control of the Council administration.

The Monthly Accounts (reviewed) are prepared up to and including October 2023 and include:

- Bank Reconciliation @ 31/10/2023
- Cashbook – Current & Deposit A/C for Month 7 (October 2023)
- Balance Sheet @ 31/10/2023
- Income & Expenditure A/C for the Month To Date (MTD) and Year To Date (YTD) to 31/10/2023.
- Council Detail Report – Actual v Budget YTD.

The ledgers (including the cashbook) are up to date (as at 31<sup>st</sup> October 2023) and maintained in a manner that provides a high degree of confidence in the accurate recording of income and expenditure.

### Accounts Payable (AP)

Payments were in accordance with the requirements of the Financial Regulations. Payments examined were timely, correctly recorded in the cashbook and posted to an appropriate nominal code.

### Risk Assessment

The Council reviewed and adopted the new Financial Risk Register @ the Council's AGM of the 16<sup>th</sup> May 2023. The new format is in place and includes newly identified risks associated with the areas of Cyber Security, Salaries, and the operation of the RBS accounting software.

For reference, the following is a reminder of a typical risk management cycle:

- **Risk identification:** Are all the risks identified, are there any circumstances that give rise to new risks e.g. legislative. Legislation itself is not a risk. Using GDPR as an example, the risk is the improper use of personal data and the consequences of doing so for the Council.
- **Risk assessment:** Assess the impact and probability of the risk and if the measures in place keep the risk to an acceptable level. For GDPR the impact is in the legislation.
- **Plan:** Does the assessment reveal a need for additional mitigating controls e.g. functional controls such as an additional report signed by an officer of the Council or maybe additional insurance or perhaps a standby generator for potential power cuts – there are many types of control.
- **Implement:** making sure the controls are in place and if appropriate, testing the control and making a note in the Risk Register. E.g. if a standby generator is purchased in case of a power cut, make sure it is serviced and tested with the information recorded in the risk register.



Sources of information – Risks change New and emerging risks These include One Voice Wales (OVW), the Society of Local Council Clerks (SLCC), news outlets and reliable social media platforms such as ‘LinkedIn’.

### Standing Orders and Financial Regulations adopted and applied

Review and adoption of the Standing Orders took place at the Council meeting of 25<sup>th</sup> September 2023 (deferred from the AGM). This followed a review of the new model Standing Orders, published by One Voice Wales (OVM) and amendments as necessary for the purposes of the Council.

Also deferred was the review and adoption of the Financial Regulations. These were to be reviewed alongside the Standing Orders, **however, the review and adoption of the Financial Regulations has not been seen.**

**Recommendation:** To ensure the Financial Regulations are reviewed and adopted at the earliest opportunity.

### Budgetary Controls

Budgetary controls were not assessed during the interim audit.

### VAT

The VAT reports produced by the RBS accounting package appear correct and the appropriate entries in the bank statements are in place.

**Note:** The VAT submission is performed using the RBS Omega accounting software, however, the HMRC ‘Submission Reference Number’ is not displayed. This *may* lead to potential identification issues when engaging directly with HMRC.

## Bank Reconciliation

A detailed Bank Reconciliation is in place and included as part of the monthly accounting process.

### Current Account:

Cash book @ 31/10/23 £170,020

Bank Statement @ 31/10/23 £170,020

### Deposit Account

Cash book @ 31/10/23 £85,000

Bank Statement @ 31/10/23 £85,000

## Income (Accounts Receivable (AR))

The recording of income appears correct and reconciled in a timely manner.

## Conclusion

The overall financial administration of the Council is consistent and reliable with all periodic internal reporting requirements. The points noted are:

- Ensure the Financial Regulations are reviewed and adopted, and
- The risk associated with not having the associated VAT 'Submission Reference Number' from HMRC.

In conclusion, the Council appears to be on track for an unqualified final audit.

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



Jason Morgan

Date: 4th November 2023.