

Internal Audit 2024/25

Llangynwyd Lower Community Council

Internal Audit Report

For the attention of the Clerk/RFO - Council Members and Audit Wales

I have completed my agreed Internal Audit work for your council and show below my findings on the areas recommended for scrutiny by Audit Wales.

1. Appropriate books of account have been properly kept throughout the year.

The means of recording transactions were on an Excel system, which, in my opinion is suitable for the small number of transactions made during the year. The Clerk/RFO and I have discussed completing monthly bank reconciliations ensuring accuracy on a month to month basis. I have provided examples of other Councils who publish a good standard of accounts on their websites for consideration especially where the noting of reserves is concerned.

The transactions were easy to follow and reconciled with the vouchers and invoices authorising such payments. Books of accounts viewed were - Cashbook, Bank Statements, invoices and vouchers and periodical statements relating to payments or receipts due. The Clerk has worked hard to develop her current system of record keeping.

2. Financial regulations have been met, payments were supported by invoices, expenditure was approved, and VAT was appropriately accounted for.

I am satisfied that financial regulations were adhered to and as mentioned above payments were supported by genuine invoices. The Council should be aware that the counterfoil of the cheques are to be initialled by the bank signatories when signing the cheque for a clearer audit trail after the cheque has been torn from the chequebook. The Council will be moving to a new banking provider who will be able to offer online banking with authorised users to approve payments via FPS which is a positive action.

The Clerk/RFO has confirmed that the 24/25 VAT reclamation will be submitted following the receipt of this internal audit. If the Council wish for a steadier flow of capital throughout the year, they could reclaim more often if they see fit.

I have noted your combined published reports on Biodiversity Wales Local Government and Election Act 2021 Wales, Environment Act 2016 (Section 6) which to me is appropriate for the size of your council. I have however provided examples of other Councils with more in-depth reports which the Council may wish to consider however, the Clerks time is limited.

3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

The council's Members regularly inspected their areas and then reported back at each council meeting with the need for repairs to the watercourse, damaged benches, dangerous trees etc. The Council have noted the danger that the trees pose within the watercourse and have completed a risk assessment of the area and have hired a tree arborist to combat the issue.

Unfortunately, the quoted amounts to manage the trees exceed the Councils annual precept so is not currently practical for the Council to undertake the works. The arborist reports that the responsibility for the works lays with the Local Authority (BCBC) who themselves have reviewed this issue and stated that the responsibility does not lay with them.

The Council have sought professional advice on the ownership of the trees e.g. landlord or lessee (it came back as it's the responsibility of the landlord BCBC). The Council wish to keep the watercourse under their management which is a charming walkway and reflects the effort of the local community. However, I understand the last resort of returning the land to BCBC if adequate remedial works cannot be completed – the Council must ensure the safety of residents and those using the very busy highway. The Council are attempting to take ownership of the issue through their limited means via the obtaining of funding through a resilient communities fund to resolve this issue.

I recommend that the Clerk undertake the CiLCA qualification to continue to appropriately manage the risks associated with the day-to-day business of the Council and empower her to act accordingly as the demands on Town and Community Councils increases.

I note that the Council previously declined to operate a social media page for the Council citing that there would be no control over this. The Clerk is aware of how a page operates and we have reviewed neighbouring Councils who run successful social media channels that enhances transparency with the community and offers insight into those who may not communicate with the Council via the traditional means which is an objective set out in the Local Government and Elections (Wales) Act 2021. In addition, the Council should ensure that the correct list of documents are uploaded to its website such as policies, agendas and audit notices, the later two are also to be displayed in a conspicuous place locally such as a community notice board (if one exists).

4. Budget setting: The minutes of the budget meeting note that the precept is to remain the same for the financial year in question due to rising costs across the board for its residents and with the noble aim of not putting a higher tax burden on the local community. If the Council aren't aware already - I would recommend that the Council, consider the document: Governance Accountability Practitioners Guide Wales 2024 and which gives excellent advice on the budget setting process. Setting the budget the same as previous years, whilst being considerate of residents, may not reflect the rising costs that have been experienced in that time period so may make the Council less effective.

I would recommend the Clerk completing daily timesheets so the Council can better assess its staffing costs for the year and make the necessary changes if necessary.

The Council should consider its budget position regularly, at least quarterly. This will be particularly important with the transfer of the football field into Councils ownership where costs can quickly spiral. It is noted that a grant has been awarded to the Council for a

feasibility study for the field which will hopefully outline any potentially problematic/expensive areas.

I also note that last year the Council set the same budget despite its level of reserves due to the unknown cost of purchasing the equipment to maintain this football pitch. When the feasibility study has been completed and equipment purchased, the Council should reflect this in their following budget.

5. Expected income was fully received, based on correct prices, properly recorded and promptly banked and VAT was appropriately accounted for.

The Council's main source of income is the Precept, the other streams of income were; Rights of Way reclaim and VAT costs which are recoverable from HMRC and bank interest. I can confirm that these were accounted for in the correct manner and, as previously noted, the VAT reclaim for this period will be completed upon receipt of this report.

6. Petty cash payments – The Council previously ended petty cash payments. There is an item referencing a petty cash payment which is concerning the returning of monies to the Council from the local community centre who sold selection boxes that were purchased by the Council previously but there were some left over from the prior event. As the Council do not have the power of competence, **I would recommend approaching One Voice Wales for clarity on the matter to ensure the Council is acting lawfully.**

7. Salaries to employees - Salaries paid to the Clerk throughout the year were administered by Curtis Bowden and Thomas Chartered Certified Accountants who prepared the payslips and PAYE documents submitted to the council and HMRC. The Clerk has been entered onto the NALC pay scale.

8. Asset and Investment registers were complete, accurate and properly maintained.

The Asset register supplied to me appears to be in order and has been updated throughout the financial year in question.

9. Periodic and year-end bank account reconciliations were properly carried out

My inspections show that accurate bank reconciliations and schedule of payments due were carried out in readiness for each council meeting and for the year ending. A Receipts and Payments account was also presented to Members at their monthly meetings.

10. Accounting statements prepared during the year were prepared on the correct accounting basis (Receipts and Payments) agreed with the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

Council, at each convened meeting was presented with a list of creditors requiring payments, this must be reflected within the minutes, Members were also informed of all income received during the periods involved. Bank balances were explained, and a full Receipts and Payments account supplied on a regular basis and at the year end

11. Trust Funds - Not applicable

Items 12, 13 and 14 refer to any risk areas identified by the council. I have not been issued with any instructions relating to this, but I note that last year's internal audit report referred to the risks attached to the Watercourse – if the lease is forfeited and the land responsibility returns to the local authority then the risks would be mitigated.

Sincerely

M. Thomas

Matthew Thomas CiLCA BSc