

2022-2023 and 2023 -2024 Final Internal Audit Report of Onllwyn Community Council



Prepared by Kerry-Leigh Grabham

## **Background**

All town and community councils are required by statute to make arrangements for an independent internal audit examination of their accounting records, systems of internal control and for the conclusions to be reported each year in the Annual Return.

This report set outs the work that undertaken in relation to the internal audit 2022-2023 & 2023-2024 financial years.

## **Internal Audit Approach**

In undertaking the internal audit, I have regarded the materiality of transactions and their susceptibility to potential misreporting or misrepresentation in the yearend statement of accounts/annual return. The internal audit programme has been designed to cover and afford appropriate assurance that the Council's financial systems remain robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory framework. The programme is also designed to facilitate the completion of the 'Internal Audit Report' in the Council's Annual Governance & Accountability Return, which requires independent assurance over several internal controls and objectives.

## Areas of Testing

Determination	Findings 2022-2023	Recommendations 2022-2023	Findings 2023-2024	Recommendations 2023-2024
<p>1. Appropriate books of account have been properly kept throughout the year.</p>	<p>A hard copy cashbook was in place for 2022-23 which has been reconstructed in the software package.</p>	<p>N/A</p>	<p>The previous Clerk sadly passed away in April/May 2023. A new Clerk was not recruited until May 2024. The new Clerk has undertaken the task of reconstructing the previous two years of accounts, which had been kept in a handwritten cashbook, onto a bespoke software system for Town &amp; Community Councils.</p>	<p>Council should ensure that they have a contingency plan in place should they find themselves without a Clerk for a long period of time. The Contingency plan could include the Council appointing a Cllr as RFO, Council agreeing to engage the services of a locum. This will ensure the Council can maintain appropriate records of accounts during the year. Council should include a copy of this contingency plan within the Council minutes and ensure it is kept in appropriate place. Along with the other policies of Council.</p>

Determination	Findings 2022-2023	Recommendations 2022-2023	Findings 2023 - 2024	Recommendations 2023 - 2024
<p>2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.</p>	<p>Some payments are supported by invoices, payments have been approved in the minutes of the meeting and one single VAT claim has been submitted during the year.</p>	<p>All payments must be supported by an invoice, the Clerk must ensure that all invoices are retained.</p>	<p>Again some payments are supported by invoices, there are no published minutes on the Councils website from April 23 until February 24 therefore I am unable to determine if approval has been sought for the payments to be made. A single VAT Claim has been made, when the new Clerk was appointed.</p>	<p>The Clerk should conduct an exercise identifying all payments which were not approved by Council for 2023-2024 year and present a schedule of payments for retrospective approval at the next available Council meeting.</p> <p>On an annual basis all Direct Debits should be reported to Council for approval with variable amounts being reported at the end of each financial year.</p> <p>The Clerk should produce a payment schedule including copies of the invoices which should be included with the agendas for Councillors to scrutinise and authorise at each Council meeting</p> <p>Each Payment Schedule should be numbered individually to ensure they</p>

				<p>are identifiable for the audit trail.</p> <p>The Chair should sign each payment schedule, and the Clerk should ensure that the total amount of payments approved along with the payment schedule are recorded in the minutes, again to ensure an underlying audit trail.</p>
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<b>Determination</b>	<b>Findings 2022-2023</b>	<b>Recommendations 2022-2023</b>	<b>Findings 2023-2024</b>	<b>Recommendations 2023 – 2024</b>
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	The Council did not access the significant risks.	For the Annual Risk Assessment to be completed. An example of risk assessment can be found here <a href="#">Knutsford-Town-Council-Corporate-Risk-Register.pdf (knutsfordtowncouncil.gov.uk)</a>	The Council did not access the significant risks during the year.	Council should ensure the risk register includes the loss of key personnel and should reference the contingency plan as referenced in the recommendation at determination 1.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	The precept demand requirement was requested through an adequate process. However, progress against was not regularly monitored or reported to Council.	At least every quarter the Clerk should provide the Council with budget monitoring reports.	The precept demand requirement did not result from the correct process. Council did not have a Clerk. Cllrs spoke with Neath Port Talbot Borough Council to ensure that there was time to submit a precept demand and then agreed for 5% increase on the previous year's precept demand.	<p>The Clerk must lead the budget setting process.</p> <p>Council must ensure that it adheres to its financial regulations with regards to the budget setting process.</p> <p>The overall budget and precept figures must be recorded in the minutes of Council meetings to ensure a clear audit trail.</p> <p>For all Councillors to read Governance and Accountability for Local Councils in Wales and to attend finance training course provided by One Voice Wales to ensure</p>

				<p>they have a robust understanding of the budget setting process. <a href="#">Governance and Accountability A Practitioners Guide Wales 2019.pdf</a> (<a href="http://onevoicewales.org.uk">onevoicewales.org.uk</a>)</p> <p>For Council to complete Finance and Governance Toolkit for Community and Town Councils, which will highlight areas for improvement for the Council. <a href="#">FINAL - The Finance Governance Toolkit for Community and Town councils - E - Version 1.1 - November 2022.docx</a> (<a href="http://live.com">live.com</a>)</p>
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<b>Determination</b>	<b>Findings 2022 – 2023</b>	<b>Recommendations 2022 - 2023</b>	<b>Findings 2023 – 2024</b>	<b>Recommendations 2023 – 2024</b>
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	Council receives income from the following sources, burial, grants, precept, VAT reclaims, lease payments and Bank Interest.	Council should ensure that as part of the budget setting process, that income and charges the Council make are reviewed.	Leasing income due during the year was not received until June 2024.	Council should ensure that regular income due is invoices, paid and banked in a timely manner.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<b>N/A</b>	<b>No Data provided for Audit</b>	<b>N/A</b>	<b>No Data Provided for Audit</b>
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	Audit Wales identified noncompliance with the Clerks contract of employment not stating hours worked or rate of pay. No contract provided for this audit or copies of payroll provided for this audit.	Council must ensure that every employee has a contract of employment that states rate of pay, contracted hours, sickness, annual leave entitlement and pension entitlement. A copy of the model contract of employment can be obtained from One Voice Wales.  Council must ensure that appropriate records of salaries and payments are maintained.	<b>Please see 2022-2023 findings</b>	<b>Please see 2022-2023 recommendations.</b>



Determination	Findings 2022 – 2023	Recommendations 2022-2023	Findings 2023-2024	Recommendations 2023 - 2024
8. Asset and investment registers were complete, accurate, and properly maintained.	The Asset Register has been created using Scribe software package. I note movement of £119,470 in the year which relates to New Play Park Equipment at Dyffren Cellwen.		The Asset Register has been created using Scribe Software.	
9. Periodic and year-end bank account reconciliations were properly carried out.	Bank reconciliations have been carried out, however these have not been presented to Council for ratification.	<p>The Clerk must prepare and present monthly bank reconciliations to Council. The reconciliations must be reflected in the minutes of the meeting.</p> <p>A Cllr other than the Chair of Council should be appointed to verify the accuracy of the bank reconciliations and should sign each reconciliation.</p>	No bank reconciliations were carried out during the year.	<b>Please see 2022-2023 recommendations.</b>
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were	Accounting statements were prepared on the receipts and payment method.		Accounting statement were prepared on the receipts and payment method.	

supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.				
<b>11.</b> Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>12</b> Corporate Governance	<p>Council have not updated Standing Orders or Financial Regulations since 2014.</p> <p>Terms of reference should be agreed for all committees.</p>	<p>Standing Orders and Financial Regulations need to be updated as a priority. There have been several changes since 2014. Copies of the updated model Standing Orders and Financial Regulations can be obtained from One Voice Wales.</p> <p>Terms of Reference must be agreed for all committees and at the first committee meeting it must be minuted as being accepted.</p>	<p>There are no minutes on the Councils website from April 2023 until February 2024. No hard copies were provided for the audit. This leads me to believe that the Council did not hold the Annual General Meeting of Council in May 2023.</p>	<p>The Local Government Act 1972 Sch 12 paragraph 23 states that all Community Councils must hold an annual general meeting. Council must ensure that it holds the Annual General Meeting in May each year.</p> <p>The Clerk should request a copy of the best practice guidance that has been prepared by One Voice Wales and share this guidance with all</p>

<p><b>12 Corporate Governance Cont</b></p>				<p>Councillors. The guidance details all the statutory functions that need to be undertaken during the year.</p> <p>Council should make themselves familiar with <a href="#">Governance and Accountability A Practitioners Guide Wales 2019.pdf</a> (<a href="http://onevoicewales.org.uk">onevoicewales.org.uk</a>)</p> <p>Council should as required by the Local Government (Wales) Act 2021 produce a training plan for all staff and Cllrs and maintain training records. <a href="#">Consultation Template</a> (<a href="http://onevoicewales.org.uk">onevoicewales.org.uk</a>)</p> <p>Council should undertake the work that is contained within the Finance &amp; Governance Tool Kit for Town and Community Councils <a href="#">FINAL - The Finance Governance Toolkit for Community and Town councils - E - Version 1.1 -</a></p>
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<b>Determination</b>	<b>Findings 2022-2023</b>	<b>Recommendations 2022 - 2023</b>	<b>Findings 2023 - 2024</b>	<a href="#">November 2022.docx (live.com)</a> <b>Recommendations 2023 – 2024</b>
<b>13</b> Quotations & Tenders – Council has followed Financial Regulations when seeking quotations or Tenders.	A large piece of work was undertaken at Dyffren Cellwyn Play Park. The minutes do not clearly reflect what tender process was undertaken for awarding the work.	Council should create contracts register. The register should include all the details of contracts awarded, whether quotes or tenders have been sought as detailed in Financial Regulations.		