

**Mrs. Clare Hope**  
**Finance Officer to Llannon Community Council**  
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Tumble  
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SA14 6HR

**25<sup>th</sup> September 2023**

**Dear – RFO or Clerk to the Community Council**

**Re: Llannon Community Council  
Annual Return 2022/2023 – Internal Audit Report**

I have been offered the opportunity to undertake the position of Internal Auditor for Llannon Community Council for the 2<sup>nd</sup> financial year to 2022/2023 to 31<sup>st</sup> March 2023 and follow the set guidelines as outlined by Audit Wales (formerly Wales Audit Office). The previous Audit Report covered the period 2021/22 year to March 2022.

No specific brief has been provided and an open and **new impartial view has been adopted to provide a true and independent status** of the financial affairs of Llannon Community Council as of 31<sup>st</sup> March 2023.

The responses to the internal audit section of the Annual Report will be Yes and No answers, based on the scope of the audit. I have previously noted there may have been many misunderstandings and inadequacies in the previous years leading up to the current year to **31<sup>st</sup> March 2023**.

My scope of this audit is merely to concentrate on the latest financial year and retract from any views on the previous year's financial statements and comments and to conduct and confirm a true, open and a fair audit opinion. However, a new approach has been adopted by Llannon Community Council from **December 2022 (as indicated in the previous audit report to 2022)** and these methods, from the outset are totally adequate, well controlled, easy to follow and **within The Welsh Audit Standards**.

**Testing carried out by Internal Auditor:**

- Adequate Book Keeping.
- Cash Book Maintenance
- All checks and Balances
- Trial Balance and computerised Accounts to date to March 2023.
- Meetings with various senior members of the Council.

## **Findings and Council Expectations and Standing Orders:**

### **1. Appropriate Books and Records have been properly kept throughout the year:**

I am totally satisfied that the council has adhered to the correct accounting practice and the totals of the financial reports reflect the correct financial position for the 2022/2023 Year to March 2023. All balances and checks are complete and reconciled. The I.T. system used for the year to 31<sup>st</sup> March 2023 was **Microsoft Excel** based.

### **2. Financial regulations have been met, payment supported by invoices, expenditure approved and VAT appropriately accounted for:**

Financial regulations are now fully in place (from the 2022 Year) and are being adhered to. I am satisfied that all payments have been supported by the correct documentation and at least 3 signatures are apparent on all Invoice/payment paperwork – being the RFO/Community Clerk and a further 2/3 members from the council. Also, **a procedure is being put into place** to verify this process, **the RFO will** oversee the verification of all invoices and payments back to the bank transactions.

VAT is now accounted for correctly. However, no VAT HMRC reporting system has been set up. This assumption is in place and is to be considered going forward.

### **3. The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these:**

I believe, in the year 2022/2023 that the Council has addressed all risks associated with the financial records. However, I have **not** been provided with risk assessments in relation to this. However, due to the strength, accuracy and diligence of the financial records, previous risks from prior years have now been totally addressed. I will be addressing the possible risk assessments on this issue.

### **4. The annual Precept demand requested from an adequate budgetary process: progress against the budget was regularly monitored and reserves were appropriate.**

I was not presented with the background to the precept demand. However, I am sure the council members have agreed on the appropriate Precept and are now being presented monthly with budget reports against actual expenditure. There is a variance analysis shown, matching the budget to actual expenditure and explanations on variances discussed.

From evidence presented to me, council members are now aware of all income and expenditure transactions in finite detail via income and expenditure income/cost heads.

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

All income received by the council is properly documented, accounted for and banked in a timely manor.

**6. Petty Cash.**

The Council did not use Petty Cash in 2022/2023.

**7. Salaries to employees and allowances to members were paid in accordance with minuted approvals and PAYE and NICO requirements were properly applied.**

The RFO/Clerk facilitates this arrangement on a monthly basis and staff remuneration costs, including PAYE, NICO and PENSIONS, are highlighted individually on the financial reports and on a regular basis.

**8. Asset and Investment Registers were complete, accurate but properly valued.**

As of the date of the Audit, I can confirm the asset register was completed and ratified by the council on 18<sup>th</sup> September 2023.

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

I am pleased to say that all bank reconciliations have been in place on a monthly basis and reconcile to the original back statements. Full explanations are been provided on any variances e.g. uncashed cheques etc. I can also confirm the end of year bank reconciliation matches the actual bank accounts/balances. **A process is being put into place and will be underpinned by the chair of finance.**

**10. Accounting statements prepared during the year were completed on a correct accounting basis (Income and Expenditure or Receipts and Payments) agreed with the Cash Book, supported with an adequate audit trail from underlying records and where appropriate debtors and creditors we properly recorded.**

I can confirm and have evidenced that is fully in place since December 2022. All supporting documentation relating to each entry has been correctly accounted for and authorised.

**11. Trust Funds**

The council has no trust funds.

## **12. Risk areas identified by the Council.**

I refer back to item 3.

### **Conclusion:**

I believe and evidenced all financial risks have been indentified, reacted upon and addressed. I am happy to state that the 2022/2023 financial year represents a true and fair view of the finances of the Town Council to 31<sup>st</sup> March 2023.

**It is confirmed, from the records presented to myself for 2022/2023 - under this audit, no irregularities have taken place.**

It follows from this that the council must complete an Annual Governance statement confirming that to the best of their knowledge and belief, with respect to the accounting statements for the year ended **31<sup>st</sup> March 2023** that: -

#### **1. Effective Financial Management -**

Is now properly setting its annual budget and maintaining its finances and is approving/applying its accounting statements as prescribed by law.

#### **2. Internal Controls -**

They have been measured and tested and adequate controls are in place to alleviate and detect frauds with total effectiveness.

#### **3. Compliance with Laws –**

Work within the legal power to do so.

#### **4. Electors Rights –**

All interested person are entitled to inspect and review the council's accounts.

#### **5. Are due to carry out an assessment –**

Assess the risks facing the council.

#### **6. Internal Audit –**

As per the former Internal Auditor, a competent person has been appointed into this position.

## **7. Other –**

Take appropriate action on matters raised and mentioned by the Internal Auditor.

### **Other matters not relating to the Accounts –**

#### **1. Terms of reference –**

The council should continue drawing up its terms of references for their committee, contracts precept and Welsh Government Audit.etc.

#### **2. Wellbeing for future Generation Wales Act 2015**

I am pleased to see that the Council has considered its' duty under Section 40 of the Well-Being of Future Generations (Wales) Act 2015. The Act requires Llannon Community Council to publish a report annually on the progress made in meeting the Carmarthenshire Public Services Board's local well-being objectives. I note this report is incorporated within the Council's Annual Report in order to comply with Section 52 of the Local Government and Elections (Wales) Act 2021. I understand the Council will look to finalise this report during its' meeting on 27<sup>th</sup> September 2023. The Council will then publish the report on its' website.

I would like to take this opportunity to thank **Llannon Community Council** for the appointment as Internal Auditor.

As previously mentioned, my appointment is based from the 2021/2023 (Internal Audit only) and financial years going forward. I understand and fully comply with the previous years issues and will be available for assistance on these years if required. My full Audit position is for the 2023/2024 year (01<sup>st</sup> April 2023) is yet to be agreed. My full corporation with the Wales Audit Office, if required, will continue from years ending 2022 and 2023 if required.

I will finally add and admire the sheer diligence of the council and in particular the Clerk and Deputy-Clerk who have adopted and have created a solid financial platform going forward and long may it continue.

I trust that you accept the above report and if you need further clarification, please do not hesitate to contact me.

**M.I. Morris & Co. Ltd**