



# M.I. Morris & Co Ltd

Accountants, Taxation and Business Consultants

**Mrs. Clare Hope**  
**Clerk & Responsible Finance Officer to Llannon Community Council**  
Tumble Hall  
Heol y Neuadd  
Tumble  
Carmarthenshire  
SA14 6HR

**24<sup>th</sup> June 2024**

**Dear Mrs Hope,**

**Re: Llannon Community Council  
Annual Return 2023/2024 ending 31<sup>st</sup> March 2024 – Internal Audit Report**

I have been offered the opportunity to undertake the position of Internal Auditor for Llannon Community Council for the 3<sup>rd</sup> Financial Year for 2023/2024 to 31<sup>st</sup> March 2024, as per the engagement letter of 15<sup>th</sup> April 2024 and follow the set guidelines as outlined by Audit Wales (formerly Wales Audit Office). The previous Audit Report covered the period **2022/23 year to March 2023.**

No specific brief has been provided by the Council and an open and **new impartial view be adopted to provide a true and independent status** of the financial affairs of **Llannon Community Council as of 31<sup>st</sup> March 2024.** However, the **Audit Wales basic information guide has been adopted under section 52 of the Public Audit (Wales) Act 2004.**

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 2024.**

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 a 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 2024.
- Meetings with various senior members of the Council.

- 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 used a Petty Cash system in **2023/2024 to 31<sup>st</sup> March 2024**. A closing balance of **£913.72** was carried for into the **2024/2025 year to 31<sup>st</sup> March 2025** and forms part of the Bank Account Statutory Reconciliation process to **31<sup>st</sup> March 2024**.

- 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. An increase in Staff remuneration in the **2023/2024 Financial Year to 31<sup>st</sup> March 2024** has been highlighted to the value of **£24,108.69**. This represents an increase of **9%** from the **2022/2023** year and is not deemed as material enough to provide and explanation on this.

- 8. Asset and Investment Registers were complete, accurate and 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** and represents a net book value of **£1,304,623.87**.

- 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 bank statements. Full explanations have 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. **This process has remained in 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.**

**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 as per Welsh Audit Statutory requirement.

**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, contract precept and the Statutory Welsh Government Audit Requirement.

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

I am pleased to state 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 **26<sup>th</sup> June 2024**. The Council will then publish the report on its' website.

I would like to take this opportunity to thank **Llannon Community Council** for the re-appointment as Internal Auditor and to the diligence evidenced in my Internal Audit report for **2023/2024 ending 31<sup>st</sup> March 2024**.

As previously mentioned, my appointment is based on the **2023/2024** (Internal Audit only) and possible financial years going forward to be agreed the Council and Appropriate members/officers. 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 for the **2024/2025 year (commencing 01<sup>st</sup> April 2024)** is yet to be agreed.

My full corporation with the Welsh Audit Office, under the Governance and Accountability for Local Councils, if required, will continue from years ending **2022 to 2024**. (The term of my appointment as Internal Auditor)

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

# Community and Town Councils in Wales Annual Return for the Year Ended 31 March 2024

## Accounting statements 2023-24 for:

Name of body: **Llannon Community Council**

	Year ending		Notes and guidance
	31 March 2023 (£)	31 March 2024 (£)	
<b>Statement of income and expenditure/receipts and payments</b>			
1. Balances brought forward	315,187.71	117,524.01	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	363,385.00	392,434.13	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	86,021.36	261,554.20	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	257,775.51	281,884.20	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, taxable allowances, PAYE and NI (employees and employers), pension contributions and termination costs. Exclude reimbursement of out-of-pocket expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	389,294.55	422,887.05	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	117,524.01	66,741.09	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
<b>Statement of balances</b>			
8. (+) Debtors	0	0	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body at the year-end.
9. (+) Total cash and investments	117,524.01	66,741.09	<b>All accounts:</b> The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	0	0	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	117,524.01	66,741.09	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	1,304,623.87	1,304,623.87	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).


## Additional disclosure notes\*

<p>The following information is provided to assist the reader to understand the accounting statement and/or the Annual Governance Statement</p>	
<p><b>1. Expenditure under S137 Local Government Act 1972 and S2 Local Government Act 2000</b></p> <p>Section 137(1) of the 1972 Act permits the Council to spend on activities for which it has no other specific powers if the Council considers that the expenditure is in the interests of, and will bring direct benefit to, the area or any part of it, or all or some of its inhabitants, providing that the benefit is commensurate with the expenditure. Section 137(3) also permits the Council to incur expenditure for certain charitable and other purposes. The maximum expenditure that can be incurred under both section 137(1) and (3) for the financial year 2023-24 was £9.93 per elector.</p> <p>In 2023-24, the Council made payments totalling £3,900.00 under section 137. These payments are included within 'Other payments' in the Accounting Statement.</p>	
<p>2.</p>	
<p>3.</p>	

\* Include here any additional disclosures the Council considers necessary to aid the reader's understanding of the accounting statement and/or the annual governance statement.

## Council approval and certification

The Council is responsible for the preparation of the accounting statements and the annual governance statement in accordance with the requirements of the Public Audit (Wales) Act 2004 (the Act) and the Accounts and Audit (Wales) Regulations 2014.

<p><b>Certification by the RFO</b></p> <p>I certify that the accounting statements contained in this Annual Return present fairly the financial position of the Council, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2024.</p>	<p><b>Approval by the Council</b></p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Council under minute reference:</p>
<p><b>RFO signature:</b></p> 	<p><b>Minute ref:</b></p>
<p><b>Name:</b> CLARE VICTORIA HOPE</p>	<p><b>Chair signature:</b></p>
<p><b>Date:</b> 17/06/2024</p>	<p><b>Name:</b></p>
	<p><b>Date:</b></p>

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	✓				
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 supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	✓				
11. Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.				✓	No trust funds are in place for the 2023/2024 year – ending 31 <sup>st</sup> March 2024

For any risk areas identified by the Council (list any other risk areas below or on separate sheets if needed) adequate controls existed:					
	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12.					
13.					
14.					

\* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\* If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

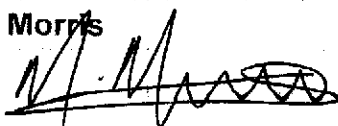
[My detailed findings and recommendations which I draw to the attention of the Council are included in my detailed report to the Council dated **24<sup>th</sup> June 2024.**

### Internal audit confirmation

I/we confirm that as the Council's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2022-23 and 2023-24. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: **Mark. I. Morris**

Signature of person who carried out the internal audit:



Date: 24<sup>th</sup> June 2024

## **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 **2023/2024 Year to March 2024**. All balances and checks are complete and reconciled. The I.T. system used for the year to **31<sup>st</sup> March 2024** was **Microsoft Excel** based. This system is more than adequate, it is a recommended system to use for the Financial Reporting of the Council, been tailored to the council Financial Reporting requirements and adheres to the Welsh Audit Guidelines.

### **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 **2022/23** 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 payment paperwork – being the RFO/Clerk and a further 2 members from the council. Also, a **procedure has been 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 correctly accounted for. The HMRC VAT reporting system has been set up and HMRC MTD (Making Tax Digital) Statutory reporting is in place.

### **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 **2023/2024 to 31<sup>st</sup> March 2024** 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 have been presented with the background to the precept demand. I am confident 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.

I can confirm and have evidence 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 have evidence all financial risks have been identified, reacted upon and addressed. I am more than happy to state that the **2023/2024** financial year represents a true and fair view of the finances of the Llannon Community Council to **31<sup>st</sup> March 2024**.

**It is confirmed, from the records presented to myself for 2023/2024 year ending 31<sup>st</sup> March 2024 - 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 2024** that: -

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

Is properly setting its annual budget and maintaining its finances and is approving/applying its accounting statements as prescribed by Statutory Law and Welsh Audit Standards.

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

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

#### **3. Compliance with Laws –**

Work within the legal power to do so.

#### **4. Electors Rights –**

All interested persons 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 as per Welsh Audit Statutory requirement.

- 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, contract precept and the Statutory Welsh Government Audit Requirement.

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# Community and Town Councils in Wales Annual Return for the Year Ended 31 March 2024

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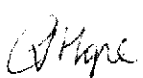
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<p><b>Certification by the RFO</b></p> <p>I certify that the accounting statements contained in this Annual Return present fairly the financial position of the Council, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2024.</p>	<p><b>Approval by the Council</b></p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Council under minute reference:</p>
<p><b>RFO signature:</b></p> 	<p><b>Minute ref:</b></p> <p><b>Chair signature:</b></p>
<p><b>Name:</b> CLARE VICTORIA HOPE</p>	<p><b>Name:</b></p>
<p><b>Date:</b> 17/06/2024</p>	<p><b>Date:</b></p>

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	✓				
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 supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	✓				
11. Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.				✓	No trust funds are in place for the 2023/2024 year – ending 31 <sup>st</sup> March 2024

For any risk areas identified by the Council (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
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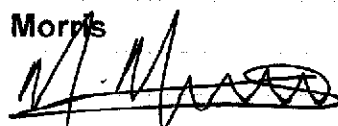
[My detailed findings and recommendations which I draw to the attention of the Council are included in my detailed report to the Council dated **24<sup>th</sup> June 2024.**

### Internal audit confirmation

I/we confirm that as the Council's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2022-23 and 2023-24. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: **Mark. I. Morris**

Signature of person who carried out the internal audit:



Date: 24<sup>th</sup> June 2024