

## **Rogiet Community Council**

*Internal Audit Report: 2020-21*

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*Claire Lingard*

*For and on behalf of  
Auditing Solutions Ltd*

## **Background**

All community councils are required by statute to arrange for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Governance & Accountability Return (AGAR). Auditing Solutions Ltd has been appointed to provide this service effective from 2018-19.

This report sets out the work undertaken in relation to the 2020-21 financial year, both in advance of and during our remote audit of the 6<sup>th</sup> & 16<sup>th</sup> May 2021, together with the matters arising and recommendations for action, where appropriate. The audit took place over two days as initially an incorrect data backup of the finance system was provided, and the year-end review had to be undertaken a second time.

## **Internal Audit Approach**

In undertaking our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / Annual Return. Our programme of cover is designed to afford appropriate assurance that the Council has appropriate and robust financial systems in place that 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 regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' as part of the Council's Annual Return (AR) process, which requires independent assurance over a number of internal control objectives.

## **Overall Conclusion**

We have followed up the recommendations made in our 2019-20 reports and acknowledge that the members have noted and considered these in their deliberations and have enacted twelve of the thirteen recommendations made. As a result of our work during the Internal Audit for this financial year, we have made thirteen new recommendations, including one outstanding recommendations from the prior year, for consideration by the Clerk/RFO and Members.

We have concluded that, based on the programme of work undertaken the Council continues to maintain adequate and effective internal control arrangements that should ensure that transactions have been recorded accurately in the financial ledger and, subsequently, the detailed Statement of Accounts and Annual Return that forms the statutory accounts of the Council subject to external audit certification.

We would like to thank the Clerk/RFO for her assistance during in undertaking this audit during this unprecedented lock-down situation due to the Government's Covid-19 directives, and commend them for adapting to this irregular working pattern, maintain the Council's services during these uncertain times.

We have completed and signed the 'Internal Audit Report', having concluded that the control objectives set out in that Report have been achieved within the financial year to a standard adequate to meet the needs of the Council.

We ask that members consider the content of this report and acknowledge that the report has been reviewed and accepted by the Council.

## Detailed Report

### Review of Accounting Records & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in the financial ledgers.

During the 2020-21 financial year, the former Clerk/RFO, latterly the RFO has retired. Upon her retirement the new Clerk/RFO finally made the transition from maintenance of the Council's Accounting Records in a Microsoft Excel spreadsheet format to a bespoke financial accounting system for Councils: RBS Rialtas Alpha. We consider this solution entirely appropriate for the Council's present and future needs.

The Council currently maintains three bank accounts with Lloyds currently; the main or current account for day to day transactions, together with two deposit accounts, both of which hold reserve funds and are credited with bank interest on a monthly basis. We note from our review of the Council's minutes that members have Resolved to close the second reserve account during the 2021-22 financial year.

We have further noted that, in the October meeting of the Committee, Members Resolved to acquire a Visa Card to enable on-line purchase in accordance with its Standing Orders and Financial Regulations. The Card has been in use since January 2021.

In order to ensure the appropriateness of financial data recording and validate the values to be reported in the 2020-21 Annual Return, we have: -

- Verified the accuracy of the combined opening bank balances for 2020-21 with detail recorded in the 2019-20 combined year-end bank reconciliation;
- Checked the appropriateness of the cashbook analysis of receipts and payments to provide appropriate data for reporting the Council's financial performance to members during the year;
- Checked and verified the accounting transactions recorded in the Rialtas cashbooks by reference to supporting bank statements on each account for the financial year to March 2021 with no issues arising;
- Checked and verified the monthly bank reconciliations for all bank accounts;
- Checked and verified the transactions on the newly acquired Visa card;
- Checked and verified the accuracy of the combined year-end bank reconciliation on all accounts;
- Checked and verified the Rialtas year-end trial balance as at 31<sup>st</sup> March 2021; and,
- Noted that there is now an established backup procedure for the Rialtas Accounting system, where the Clerk/RFO backs-up the system each month after the month end reconciliations have been completed, and e-mails the file to herself;

#### *Conclusions*

*There are no matters arising in this area of our review warranting formal comment or recommendation.*

## Review of Corporate Governance

Our objective here is to ensure that the Council has a robust series of corporate governance documentation in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we are able to reasonably ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation.

We have noted that with the irregular working practices due to the Covid-19 related public-health directives, such as the lock-downs, which have been implemented at different times throughout the year, that this has been a challenging year for all Councils. However, Rogiet Community Council has had to manage a number of additional issues:

- The retirement of long-standing Clerk/RFO, then RFO;
- Identifying supplier accounts which were recorded as owned by previous Members;
- The transition from a spreadsheet based accounting system to Rialtas Alpha mid-year;
- Payroll queries (discussed later in this report)
- The Legionella situation at the Pavilion; and,
- The current Clerk/RFO's absence during the last quarter of the year due to Covid-19.

Despite the above, the Clerk/RFO and Members have acquitted themselves well, and the Council has continued to provide a consistently high level of service to the Rogiet community and its constituents.

We note that the Council most recently readopted its Financial Regulations in June 2019 and its Financial Regulations in the meeting of the Full Council in March 2021 under Minute Reference 98.a

We have reviewed the Council minutes for the financial year noting that the Council has established five new standing committees during the year:

- Finance Committee
- Community Engagement Committee
- Policies and Contract Committee
- Land and Building Committee
- Staffing Committee

A number of issues have been identified with regard to the Council's Minutes that have been identified in our conclusions with recommendations for improvement listed in point format.

We have reviewed the Council's new website which is compliant with the new Accessibility requirements. The website is easy to navigate, and for the average person, it is a simple and straightforward process to identify, access and save any information being sought. The website, and the Council's Facebook page has provided the Council's Constituents with a trusted source of information during the past year.

We note that, as per our prior year recommendation, Members in the November 2020 meeting of the Finance Committee Resolved to acquire dedicated Council email addresses for Council business, thereby complying with the General Data Protection Regulation which requires the controlled administration of all sensitive information contained in correspondence or data maintained in a private e-mail facility is not under the control of the Council.

## ***Conclusions and recommendations***

***As mentioned in our prior year review, there are a number of issues pertaining to the quality of the Minutes of the Council and its standing committees, although the general quality of the Minutes has improved. I have spoken with the Clerk/RFO concerning this matter at length and have listed my findings under headings for ease of understanding:***

### ***Minute and page referencing***

***We have noted during our review in this area, that the Minutes of the Council and its Committees do not have page numbers recorded in some instances, and that the page numbers, where present, restart at each meeting. Likewise, all Minute References must be unique and sequential. The Minutes of the Full Council, and the Minutes for the new standing committees record minutes which restart the numbering from Minute reference '1' at each meeting. In some cases, Minute references have been reused in up to three meetings. This is not an acceptable practice and attention must be paid to ensure the proper use of page in Minute referencing in future.***

***The Minutes of the Council and its standing committees are its permanent, published legal record. It is necessary that the importance of these documents is viewed, not just as a record of what happened at one meeting, but as the living history of the council. Each page of the Council and Committee's minutes must be numbered uniquely and sequentially:***

***R1. The Minute referencing system is overly complicated and confusing. It is considered best practice that Minute references should begin with the year in which the Annual Meeting takes place, and then the Unique Minutes reference itself, i.e., 20-21/001. That numbering cycle should end with the last minute of the Council year, i.e., the last recorded item of business prior to the Annual Meeting of the Council, i.e., 20-21/999.***

***Committee Minute references should be denoted by prefixing the Committee's initials to the minute Reference, i.e., Finance Committee – FC/20-21/001 etc.,***

***NB: the Committee/year designation only needs to appear in the column header of the recorded Minutes rather than next to each Minute number.***

***R2. Each page of the Minutes of the Full Council and its standing committees must be numbered uniquely and sequentially.***

***R3. It is preferable to bind the Minutes of the Council and its standing committees each year. Although this may be done professionally, this is rather costly. The Clerk/RFO and Members should consider acquiring a heat binder and appropriate binding folders to be able to 'perfect bind' these and other documents in house.***

### ***The Budget setting and Precept determination processes***

***The Budget setting and Precept determination process undertaken by the Council is one of the most important events which takes place in the Council year as it dictates the level of local taxation applied to the Council's constituents. Given that this is a taxation process it is critical that the process is undertaken and concluded transparently. It is a requirement that a schedule of the Budget setting workshops is published, usually in the Finance Committee Minutes. The Finance Committee should record the outcome of each workshop along with any draft budget***

*as an attachment, in its Minutes. Finally, the Committee must Approve the draft Budget and its Recommendation for review, approval and adoption at Full Council.*

*It is a mandatory requirement that the Approved and Adopted Budget, and the Precept subsequently Approved and Established are recorded, in full, in the Minutes of the Full Council.*

*R4. The Clerk/RFO must ensure that the Council's annual Budget setting and Precept determination meeting schedule is published in the Minutes of the Full Council.*

*R5. The Clerk/RFO must ensure that the Budget Adopted and Approved for the forthcoming financial year is recorded, in full, and under one Minute reference and the Precept Approved and Established is recorded, in full, and under another Minute reference.*

### **The Council's standing committees**

*The Clerk/RFO and Members should note that each of its standing committees should be confirmed at the Annual Meeting of the Community Council each year. Members should be appointed to these committees and the terms of reference for each committee Approved and Adopted.*

*At the first meeting of each committee, a Chairperson and Vice-Chair person must be elected for the forthcoming council year.*

*Each meeting must be formally Minuted to the same standard required of the Full Council. This includes recording Apologies and Declarations of Interest at the beginning of each meeting.*

*R6. The Meetings of the Council's standing committees must be Minuted to the same standard required of the Full Council, including; Unique and sequential Minute and Page referencing, the recording of Apologies and Declarations of Interest at the beginning of each meeting, formal Resolution is required for each item of business appearing on the Agenda. NB Only Items of business recorded on the formally published Agenda may be discussed: there is no latitude in this regard.*

### **The Annual Schedule of meetings**

*Even when the unusual circumstances of the 2020-21 financial year have been taken into consideration, it is apparent that the Council has placed far too much reliance on the use of Extraordinary Meetings rather than publish an annual schedule of meetings.*

*It is incumbent on all Council's to produce a annual schedule of meetings for the Full Council and all of its standing committees, which may of course be amended if circumstances require. Extraordinary Meetings should only be convened to address significant and unplanned business that cannot be delayed until the next regular meeting.*

*This is to ensure that the democratic process is open, transparent, and available for all to participate in with good notice. Even with the unusual circumstances of the 2020-21 financial year*

*R7. An annual schedule of meetings for the Full Council and all its standing committees, must be formally Approved at a meeting of the Full Council, and the diary published on the Council's website.*

*This is to ensure that the democratic process is open and transparent and made as widely available to the Council's constituents as possible.*

## **Review of Expenditure**

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- Invoices are scrutinised and appropriately "signed-off" by members signing cheques or authorising payments by other means;
- The correct expenditure analysis has been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

As this is the first year in which the Council's accounts have been maintained in the year-end balances reported from Rialtas Alpha, we have all transactions for the whole year on all cashbooks. Additionally, we have examined the payment documents of each non-pay payment in excess of £500 and every tenth payment irrespective of value.

We have noted that the British Gas invoices which we requested for our review were not available as the account was recorded to be in the name of a previous Member of the Council, with the account listed at their home address. Additionally, the SWALEC invoices for part of the year were not available, as this account was listed in the name of the previous Clerk/RFO at her home address. The Clerk has advised me that she has now rectified this situation and that both accounts are now properly listed in the name of the Council and held against the correct address for correspondence.

Five of these documents contained within the review sample, selected at random, were integrity tested to ensure that the document was legitimate, and that the values on the face of these documents were genuine. Checked and verified with no issues arising.

We have noted that the procedures in place for the Approval and Authorisation of payments has been modified both as a result of the irregular working practices brought about by the public-health and lockdown directives which have been amended from time to time. There is a clear evidentiary chain of payment scrutiny by members, their approval and subsequent payment.

We have also noted the Council's prudent move away from its dependency on cheque payments to electronic payments which is more secure, and which gives the Council Control over its cashbooks.

The Authorisation process still requires the Schedule of Payments including the Visa Card charges, to be presented to Members at each meeting of the full Council for Approval, with the subsequent online authorisation of payments being made by two members and the Clerk/RFO.

All payments have been properly recorded and reconciled in the Rialtas cashbook during the financial year.

We note that the Council's Special VAT reclaim is prepared and submitted to HMRC once annually. The reclaim is now generated and transmitted directly from the Rialtas software. As at the date of this audit, the VAT reclaim for the 2020-21 financial year had been prepared and submitted to HMRC in the amount of £4,863.85.

### **Conclusion**

*There are no matters arising in this area of our review warranting formal comment or recommendation.*

## **Review of Assessment and Management of Risk**

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition. We have: -

- Noted that the Council has prepared appropriate risk assessment registers covering financial, staffing and health / safety issues. The registers were adopted at the March 2021 meeting of the Full Council as recorded under Minute reference 98.b.
- Examined the Council's extant insurance policy with Axa is provided under a three year agreement expiring on the 21<sup>st</sup> May 2021. It has ensured that appropriate cover is in place, noting that Employer's and Public Liability cover are in place at £10 million, Product Liability at £10 million, Hirers Liability at £5 million, Liable & Slander at £500K, Data Protection at £500K, Officers Liability £500K and Fidelity Guarantee cover at £150,000, all of which we consider appropriate for the Council's current requirements; and
- Noted that the play areas within the parish, including the Westway Play Park where the Council has installed new play equipment during the financial year, are owned by Monmouth CC and are consequently monitored for health and safety issues by that body.

### **Conclusions**

*There are no matters arising in this area of our review warranting formal comment or recommendation.*

## **Review of Budgetary Control and Reserves**

In this area of review, we are seeking to confirm that the Council has determined its annual budget based on sound assumptions of intended spending, that sufficient funds are available to meet future spending plans and that members are kept aware of actual budgetary performance during the course of the financial year. We also seek to assess the adequacy of retained reserves, be they in respect of specific earmarked funds or the General Fund and note that: -

- The Council undertook a robust Budget setting and a Precept determination process for the 2021-22 financial year, as proven with reference to original documentation. This process culminated in the Budget and Precept being established for that year.

However, Council omitted to formally record the Recommendation of the draft Budget and the Precept value in the Finance Meeting and did not ratify this in a meeting of the Full Council as required. The Precept was requested in the amount of £54,733.55 (£54,733.55 prior year) for the 2021-22 financial year;



- The Council continues to receive regular budgetary reports updating them on the financial position throughout the year;
- As recommended in our prior year report, the Council has established three earmarked reserves in the financial year, totalling an amount of £47,162, which has been ringfenced for future projects including repair and maintenance to the Westway Play Park, Improvements to Ifton Lane and CCTV requirements; and,
- The Council's total reserves at the financial year-end, 31<sup>st</sup> March 2021 stood at £66,826 (£55,000 prior year), with earmarked reserves of £47,162 leaving a General Reserve balance of £19,664, equating to approximately three and-a-half months' revenue spending at prior year levels. Sitting just above the lower level of the current guidance from the Chartered Institute of Public Accountants (CIPFA) to hold between three and six months revenue expenditure as a reserve, based on the average of prior year expenditure.

### ***Conclusions and recommendations***

***I have discussed the necessity for all Councils not only to conduct, but to be seen to conduct an open and transparent budget setting process, with the formal Approval and Adoption of the Budget and the Adoption and Establishment of the Precept under separate Minute references with the Clerk/RFO. It is clear that such a process did take place during the Council's 2021-22 Budget Setting and Precept determination process, and the lack of formal resolution is an omission of error.***

***The Clerk has advised me that the Formal Resolution of the Budget and Precept for the 2021-22 financial year will take place, retrospectively at the next meeting of the Full Council and that steps will be put in place to ensure that this oversight does not occur in future years.***

***With regard to budgetary control and management: Now that the Council has its Rialtas Alpha finance system operations, the Clerk/RFO should ensure that at each month end the following steps are undertaken:***

- ***Bank Account reconciliations are undertaken for each of the Council's bank account.***
- ***A Trial Balance report is run for each of the council's bank accounts.***
- ***A cashbook report is run for each of the Council's bank accounts.***
- ***A Budget vs Actual report is run for each of the Council's bank accounts.***

***These reports should be retained for reference with the corresponding Bank statements and made available for inspection by Members at each meeting of the Full Council.***

***We take this opportunity to advise the Clerk/RFO and Members that Rialtas Alpha has a powerful Budgetary tool which enables 'what if' forecasting. When undertaking future Budget setting exercises, the Rialtas Budgetary tool should be used to prepare the draft Budget for Members' consideration.***

***R8. The Clerk/RFO should ensure that each year a Budget setting and Precept determination process schedule is agreed with Members, formally Resolved and recorded in the Council's Minutes.***

***R9. The Clerk/RFO should produce the bank account reconciliation, trial balance, cashbook and budget vs. actual reports, on a monthly basis, as indicated above.***

*R10. The Council's draft Budget should be produced and managed by the Rialtas Budget Management tool at the instruction and advice of the Members.*

## **Review of Income**

Our objective here is to ensure that appropriate records are maintained to ensure that all income due to the Council is identified, invoiced accordingly, and recovered within an appropriate time scale. In addition to the Precept the Council receives supplementary income from fairly limited hire of the pavilion and sports pitches, together with bank interest and recoverable VAT.

We note that the Council has continued to receive an income stream from a variety of sources. The resilience of the Council's non-Precept income is a credit to the Covid-19 risk-mitigation measures put in place by the Council, with advice from One Voice Wales, Public Health Wales and using its own Risk Assessment models. Non precept income received during the 2021-22 financial year has been checked and verified with the main income being derived from Car Parking fees and Pavilion/Room hire.

<b>Income Stream</b>	<b>£</b>
Car Parking fees	4,702
Pavilion / Room hire fees	2,184
Wayleaves	85
Interest	19

We note that the Council has reviewed its fees & charges during the Budget setting and Precept determination process, meeting the requirements of the Council's Financial Regulations (paragraph 9.3 refers), which requires that an annual review be undertaken.

### ***Conclusions***

*There are no matters arising in this area of our review warranting formal comment or recommendation.*

## **Review of Petty Cash Account**

We are required as part of the Internal Audit Report in the Annual Return to give a view on the soundness of controls over any petty cash accounts in operation at the Council.

We note that a £125 petty cash float has been maintained throughout the 2020-21 financial year for incidental expenses incurred by the Clerk/RFO. Members Resolved to Approve that the retained Petty Cash holding was raised to £150 under Minute reference 5.5 of the May 2020 meeting of the Full Council. However, it appears that this increase was never enacted, and the Petty Cash balance is recorded as £125 in cash and receipts for the duration of the financial year.

Due to the remote nature of the audit, due to Government directives concerning Covid-19, it has not been possible to check and verify the physical cash holding as at the 31<sup>st</sup> March 2021 and we have relied upon the self-certification of this balance, by the Clerk/RFO

### ***Conclusions and recommendation***

*Now that the Council has obtained a Visa card for occasional purchases, the Clerk/RFO and Members should consider the necessity of maintaining the Petty Cash system in future.*

*R11. The Clerk/RFO and Members should consider closing the Petty Cash system now that a Visa Card has been obtained for incidental expenses.*

## **Review of Staff Salaries**

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HM Revenue and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions.

To meet the above objectives, we have: -

- Noted that preparation of the Council's payroll for the three employees in 2020-21 was, as in previous years outsourced to Monmouthshire CC, which made the physical payments to the staff and HMRC and reclaim the gross cost plus their service charge by monthly invoice. As we indicated in our prior year report, the Monmouthshire CC return provides no detail of the actual salaries paid to individuals;
- Acquired the detail of the staff in post during 2020-21 with a view to ensuring that the gross salaries payable in October, November and December 2020 and March 2021. This was achieved by reference to copies of pay-slips, supplied by Monmouthshire County Council due to its lack of formal reporting;
- Noted that prior to her departure, the retiring RFO requested a revaluation of her pay grade, despite having been responsible for the management of this process for several years. Accordingly, Members sought advice from One Voice Wales which provided a revaluation of the retiring RFO's pay-grade retrospectively to the 2016-17 financial year, and that of the new Clerk/RFO's pay-grade retrospectively to the commencement of her employment with the Council. Members Resolved to make the payment of the back-pay identified by One Voice Wales and the transaction was completed in the January 2021 payroll;
- Noted that all staff members are now in receipt of formal letters of engagement and contracts of employment;
- Noted that all staff members are now remunerated against SCP grades on the NJC scale;
- Noted that the Clerk's exceptional overtime, requested to manage the Legionella situation at the Pavilion, was approved via email;
- Noted that the Council has now retained Chepstow Accountancy Services Limited as its outsources payroll services provider effective from the 1<sup>st</sup> April 2021, and,
- Noted that Clerk has yet to complete an Establishment List for the Council's employees.

### ***Conclusions and recommendation***

***The Clerk should produce an Establishment List for the Council's employees. The Establishment List, usually maintained in a password protected spreadsheet, details the commencement date of a staff member's employment.***

***Details recording include Name and payroll number, starting paygrade, date of any amendment to rates of pay with reference to the formal Resolution confirming this. It also contains the calculation of the base monthly salary payments with the hourly and annual rate of pay recorded.***

*This spreadsheet is amended each year after Staff appraisals have been undertaken during the Budget setting and Precept determination process and then presented to the Members to Approve the new annual salary amounts effective from the 1<sup>st</sup> April in the forthcoming financial year.*

*R12. The Clerk/RFO should create an Establishment List, maintained in spreadsheet format, as soon as reasonably possible.*

## **Fixed Asset Register / Inventory**

The Governance and Accountability Manual requires all Councils to prepare and maintain registers of their stock of land, buildings, vehicles, furniture and equipment. We note that the Council currently only maintains a basic register which does not, as advised in our prior year report meet the requirements of the Practitioner's Guide. We have noted that the Council's assets have been added to Google Earth.

For the purposes of this year's review, we have been provided with a word document containing a basic listing with photographic evidence of the Council's assets.

We have reviewed the content noting the addition of new acquisitions in the year to the register, The Council's FAR value is recorded as £357,437 (£333,858 prior year) an increase in asset value of £23,579 which is presumably the result of the purchase of play equipment for the Westland Play Park. We confirm that the Fixed Asset Value recorded is correctly reported to the extent that we are able to ascertain.

### ***Conclusions and recommendation***

*It is not appropriate to maintain a Fixed Asset Register in a Microsoft Word document as it is impossible to perform numeric calculations therein. We noted in our prior year report that the Fixed Asset Register maintained by the Council did not meet the requirements of the Practitioner's Guide and supplied a basic Fixed Asset Register Template, in Microsoft Excel format, and in use at several council's in Wales, for the Council's use.*

*We strongly suggest that the Council's Fixed Asset Register is transferred into the Excel spreadsheet as previously supplied, as soon as practicably possible.*

*R13 The Clerk should, in future, maintain the Council's Fixed Asset Register in the Excel template supplied or a similar template. A column for a photograph of the asset may easily be added.*

## **Investments and Loans**

*The Council has no funds held in specific investments other than the two bank deposit accounts earning minimal interest each month. Similarly, no loans are in place either repayable by or to the Council.*

## Statement of Accounts and Annual Return

The Council's accounts are managed in the Rialtas Alpha software accounting package, detail of which we have examined and consider reflects accurately the year's transactions as recorded therein. The software is also used to generate the detail for inclusion in the year's Annual Return, which we have also verified as being consistent with the accounting and other relevant supporting records.

We have also reviewed the procedures in place for identifying year-end debtors, creditors and accruals and agreed the detailed values recorded in the year-end Balance Sheet to the underlying records with no long-standing unpaid accounts or other issues arising.

### *Conclusion*

*We are pleased to record that no issues arise in this area and, on the basis of the work undertaken during the course of our review for the year, we have "signed off" the Internal Audit Certificate in the Annual Return assigning positive assurances in all areas.*

*Finally, we take this opportunity to remind the Town Clerk/RFO of the requirements in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.*

Rec. No.	Recommendations – CURRENT YEAR	Response
<b>Review of Corporate Governance</b>		
R1	<p>The Minute referencing system is overly complicated and confusing. It is considered best practice that Minute references should begin with the year in which the Annual Meeting takes place, and then the Unique Minutes reference itself, i.e., 20-21/001. That numbering cycle should end with the last minute of the Council year, i.e., the last recorded item of business prior to the Annual Meeting of the Council, i.e., 20-21/999.</p> <p>Committee Minute references should be denoted by prefixing the Committee’s initials to the minute Reference, i.e., Finance Committee – FC/20-21/001 etc.,</p> <p>NB: the Committee/year designation only needs to appear in the column header of the recorded Minutes rather than next to each Minute number.</p>	
R2	<p>Each page of the Minutes of the Full Council and its standing committees must be numbered uniquely and sequentially.</p>	
R3	<p>It is preferable to bind the Minutes of the Council and its standing committees each year. Although this may be done professionally, this is rather costly. The Clerk/RFO and Members should consider acquiring a heat binder and appropriate binding folders to be able to ‘perfect bind’ these and other documents in house.</p>	
R4	<p>The Clerk/RFO must ensure that the Council’s annual Budget setting and Precept determination meeting schedule is published in the Minutes of the Full Council.</p>	
R5	<p>The Clerk/RFO must ensure that the Budget Adopted and Approved for the forthcoming financial year is recorded, in full, and under one Minute reference and the Precept Approved and Established is recorded, in full, and under another Minute reference.</p>	
R6	<p>The Meetings of the Council’s standing committees must be Minuted to the same standard required of the Full Council, including; Unique and sequential Minute and Page referencing, the recording of Apologies and Declarations of Interest at the beginning of each meeting, formal Resolution is required for each item of business appearing on the Agenda. NB Only Items of business recorded on the formally published Agenda may be discussed: there is no latitude in this regard.</p>	

Rec. No.	Recommendations	Response
R7	An annual schedule of meetings for the Full Council and all its standing committees, must be formally Approved at a meeting of the Full Council, and the diary published on the Council's website.	
	This is to ensure that the democratic process is open and transparent and made as widely available to the Council's constituents as possible.	
<b>Review of Budgetary Control and Reserves</b>		
R8	The Clerk/RFO should ensure that each year a Budget setting and Precept determination process schedule is agreed with Members, formally Resolved and recorded in the Council's Minutes.	
R9	The Clerk/RFO should produce the bank account reconciliation, trial balance, cashbook and budget vs. actual reports, on a monthly basis, as indicated above.	
R10	The Council's draft Budget should be produced and managed by the Rialtas Budget Management tool at the instruction and advice of the Members.	
<b>Review of Petty Cash Account</b>		
R11	The Clerk/RFO and Members should consider closing the Petty Cash system now that a Visa Card has been obtained for incidental expenses.	
<b>Review of Staff Salaries</b>		
R12	The Clerk/RFO should create an Establishment List, maintained in spreadsheet format, as soon as reasonably possible.	
<b>Review of Fixed Asset Registers</b>		
R13	The Clerk should, in future, maintain the Council's Fixed Asset Register in the Excel template supplied or a similar template. A column for a photograph of the asset may easily be added.	

Rec. No.	Recommendations made in the FY2019-20 Internal Audit	Response
<b>Review of Corporate Governance</b>		
R1	Members should consider the Clerk undertaking the half-day SLCC online training for drafting Agenda and taking Minutes and enrolment on the CiLCA qualification which will benefit both the Clerk and the Council.	<i>Response: Implemented.</i>
R2	Only items of business published on the Agenda may be discussed at Council meetings. The inclusion of any unpublished item is unlawful due to the statutory requirements of the Democratic Process. See Charles Arnold Baker for further clarification in this regard (Current edition 19 <sup>th</sup> ).	<i>Response: Implemented.</i>
R3	The Council should ensure that, when approving the payment of grants and donations, it both identifies and minutes formally the powers relied on for that approval.	<i>Response: Implemented.</i>
R4	The Clerk should ensure that the Annual Governance Statement and the Annual Statement of Accounts within the Annual are approved sequentially and recorded separately, noting the signatory to the statements in the Council's Minutes.	<i>Response: Implemented.</i>
R5	The Clerk must ensure that the Council's Risk Registers are formally Adopted at a meeting of the Full Council each year and the Adoption formally Minuted as this is a Mandatory requirement.	<i>Response: Implemented.</i>
R6	As the Council now operates a Social Media account with Facebook with which the public may interact, the Clerk should draft a Social Media Policy for scrutiny and subsequent Adoption by Members.	<i>Response: Implemented.</i>
R7	The Council must ensure that it is fully compliant with the General Data Protection Regulation at all times.	<i>Response: Implemented.</i>
R8	The information pertaining to the Council's merchant banking facilities and the number of signatories to its mandates should be removed from the Council's website forthwith as this is not required and may be exploited by fraudsters.	<i>Response: Implemented.</i>



Rec. No.	Recommendations made in the FY2019-20 Internal Audit	Response
<b>Review of Income</b>		
R9	The Clerk, RFO and Members should consider establishing formal EMRs, assigning them budgeted funds for forthcoming capital projects and other long term expenditure, i.e. maintenance at the pavilion.	<i>Response: Implemented.</i>
<b>Review of Petty Cash Account</b>		
R10	The Clerk/RFO and Members should consider availing the Council of a Barclaycard Credit card under the Welsh Government scheme to achieve cost savings in relation to its internet and ad-hoc purchases.	<i>Response: Implemented.</i>
<b>Review of Staff Salaries</b>		
R11	As the employing authority, the Council should be provided with appropriate detail of individual staff pay and deductions each month in order that it may effectively verify the charges being levied by Monmouth CC for production of the payroll and payment of its staff.	<i>Response: Implemented.</i>
R12	The Clerk and Members should ensure that all staff members receive a contract of employment as soon as practicably possible.	<i>Response: Implemented.</i>
<b>Review of Fixed Asset Registers</b>		
R13	The Clerk should, in future, maintain the Council's Fixed Asset Register in the template supplied or a similar template. A column for a photograph of the asset may easily be added.	<i>Response: Not implemented.</i>