

Rogiet Community Council

Internal Audit Report: 2021-22

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 2021-22 financial year, during our remote audit of the 17th, 18th & 19th of June 2022, together with the matters arising and recommendations for action, where appropriate. The audit took place over three days as there has been some difficulty in obtaining the documents required for audit, including original copies of bank statements, the insurance schedule for the 2021-22 financial year, missing minutes and obtaining clarifying statements.

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 2020-21 report and acknowledge that the members have noted and considered these in their deliberations and have implemented eleven of the thirteen recommendations made. As a result of our work during the Internal Audit for this financial year, we have made five recommendations, for consideration by Members.

We have concluded that, based on the programme of work undertaken, that all financial 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. However, several significant deficiencies in the Council's governance and administration have arisen during the 2021-22 financial year:

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, with the exception of Internal Control Objectives 2, 3, and 4 against which we have recorded negative assertions in the Annual Internal Audit Report with full explanations given in our detailed report.

We take this opportunity to thank the Locum Clerk/RFO for his considerable efforts in assisting in the internal audit process, particularly in liaising with us over his holiday and the weekend of the 18th and 19th of June to bring this audit to a successful conclusion. We request that he works with us to facilitate the outstanding documentation, that is still required, and of which he has been advised.

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.

This report has been prepared for the sole use of Rogiet Community Council. To the fullest extent permitted by law, no responsibility or liability is accepted by Auditing Solutions Ltd to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

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.

In March 22, upon the resignation of the permanent Clerk/RFO, a Locum Clerk/RFO was appointed to assist with the internal audit process, the Council's Corporate Governance and Finance administration until a new Clerk/RFO is appointed.

We note that the Council continues to employ the RBS Rialtas Alpha accounting system for the maintenance of its accounts. We consider this solution entirely appropriate for the Council's present and future needs.

The Council maintained three bank accounts with Lloyds Bank, the second reserve account was closed on the 21st October 2021 and the residual balance transferred to the first reserve account. The current account is now used for day to day transactions, with the reserve being utilised to deposit the precept and for the receipt of surplus funds. This account is credited with interest on a monthly basis. The Council also maintains a Barclay 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 2021-22 Annual Return, we have: -

- Verified the accuracy of the combined opening bank balances for 2021-22 with detail recorded in the 2020-21 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 on the Rialtas Cashbook 1, Lloyds Bank Current Account by reference to supporting bank statements for the financial year to the 31st March 2022 with no issues arising;
- Checked and verified the accounting transactions recorded on the Rialtas Cashbook 2, Lloyds Bank First Reserve Account by reference to supporting bank statements for the financial year to the 31st March 2022 with no issues arising;
- Checked and verified the accounting transactions recorded on the Rialtas Cashbook 3 Lloyds Bank Second Reserve Account (closed on the 21st October 2021) to the 10th May 2021 showing the closing balance; (the Locum Clerk/RFO has requested a closing bank statement as this does not appear to have been retained on file, and committed to forwarding this to us for placement on permanent file);
- Checked and verified the monthly bank reconciliations on the Current Account with no issues arising;
- Checked and verified the monthly bank reconciliations on the two reserve accounts to the 31st March 2022 with no issues arising;
- Checked and verified the transactions on the Barclay Card to the 31st March 2022 with no issues arising;
- Checked and verified the accuracy of the combined year-end bank reconciliation on all accounts to the 31st March 2022 with no issues arising; and,

- Checked and verified the accuracy of the Rialtas year-end trial balance to the 31st March 2022 with no issues arising.

Conclusions

There are no matters arising in this area of 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 note that there has been a marked decline in standards of Corporate Governance over the financial year:

- Noted that Members have implemented eleven of the thirteen recommendations for improvement made as a result of the 2020-21 financial year Internal Audit report. However, the Council has for the third year in succession failed to provide a proper schedule of Full Community Council meetings and the meetings of its sub-committees which had been commented on in the prior year;
- Noted that the Council published the Notice for the Exercise of Public Rights as required;
- **UNABLE** to review the External Auditor's report for the 2020-21 financial year, as the Locum Clerk/RFO and Members have been unable to provide this for audit. At the time of writing, it is unclear whether the Council has received the External Auditor's report or not;
- Noted that the Auditing Solutions Ltd., Corporate Governance Questionnaire issued to the Council, in respect of the 2021-22 financial year was not returned;
- Noted that the Council maintains five Standing Committees; Finance Committee, Community Engagement Committee, Policies and Contract Committee, Land and Building Committee, and Staffing Committee. However, we note that no fixed schedule of meetings was agreed for the 2021-22 financial year, and it appears that not all of the committees actually convened. We are advised in the previous Clerk/RFO's response to recommendations made in the 2020-21 financial year Internal Audit report, that the reason for this was: *"Not achieved due to members unable to agree on committee schedules."*;
- Noted that the Council's Standing Orders and Financial Regulations are subject to periodic review and update and are based on the one Voice Wales model documents. The Council's Standing Orders and Financial Regulations were last readopted without amendment at the meeting of the Full Community Council on the 12th May 2021 under Minute reference 2021.008(1) and 2021.008(2) respectively;
- Noted that the Council has a well-developed portfolio of policies which has been reviewed and readopted during the 2021-22 financial year, with new policies being adopted as required;
- Noted that the Council continues to host a bespoke website which is now somewhat out of date. We bring the Council's attention to the fact that it is not being hosted on a secure site: (non https://). Much of the Council's current documentation is not been published on the site, including the 2020-21 financial year Annual Return; and,

- We have completed the review of Minutes for the 2021-22 financial year, conducting the review of the Minutes of the Council and its committees that were uploaded on the website. A number of the Minutes had not been published, including: The Minutes of the ordinary meetings of the Full Community Council of the 11th August and the 8th September 2021, the Minutes of the Extraordinary meeting of the Full Community Council of the 22nd September 2021 and the Minutes of the Policies and Contracts Committee of the 21st March 2022 (provided for the purposes of this audit by the Locum Clerk/RFO via email).

We further note that there is no published Agenda or Minutes for either the Finance Committee, the Community Engagement Committee or the Staffing Committee during the financial year.

Finally, in the review of Minutes, we note that the Council has appointed non-council Members to the Land and Building Committee. We take this opportunity to remind Rogiet Community Council Members that non-Council committee members may not vote on any financial or contractual matter. I have attached the NALC Legal Note 7 regarding non-Council committee members for the Members information.

Conclusions and recommendations

We are concerned about the general decline in Corporate Governance standards which we have observed over the 2021-22 financial year. This concern is exacerbated due to the improvements which had initially been made by the Clerk/RFO in post at that time.

As mentioned in our prior year review, there continue to be issues pertaining to the convening of the Council's standing committees as according to the Clerk/RFO in post during the 2021-22 financial year, this was: "Not achieved due to members unable to agree on committee schedules." This is not an acceptable position.

The Annual Schedule of meetings

Even though the public-health lockdowns are no longer extant, the Council has, once again, failed to publish an annual schedule of meetings.

It is incumbent on all Council's to produce an 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.

R1. 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.

The Council’s accounts have again been maintained in, and the year-end balances reported from Rialtas Alpha, we have all transactions for the whole year on Cashbooks 1 – Lloyds Bank Current Account, Cashbook 4 – Petty Cash Account and Cashbook 5 – Barclay Card credit card as stated earlier in our report.

We have conducted a detailed examination of the council’s non-salary related payment documents with a criteria of each non-pay payment in excess of £500 and every tenth payment irrespective of value. A sample of 20 payments was examined with a total value of £55,855.96 and equating to 83% of non-pay related expenditure. The Locum Clerk/RFO was able to provide all the payment documents requested.

We note, however, that there was no clear evidence of any scrutiny by the Clerk/RFO or Members applied to the face of any one of the payment documents. Although the schedules of payments recorded in the Council’s Minutes provide a record of the Members Approval of, and Authorisation to make payment of presented payment documents, including those made by Direct Debit, Standing Order and Barclaycard credit card.

We confirm that all payments have been properly recorded and reconciled in Rialtas Cashbook 1, which records the Lloyds bank current account transactions, during the financial year.

Of greater concern are the two payments made to Mistral Architects & Surveyors in relation to the prospective development at the Pavilion. The first dated the 20th August 2021 in the amount of £5,700.00 including VAT and the second dated 11th March 2022 in the amount of £8,100.00 including VAT. Whilst we express no opinion as to the appropriateness and suitability of such a project, we take this opportunity to remind Members that the Council is required at all times to act only under the statutory authority of its Standing Orders and Financial Regulations.

The Council has no statutory authority under which it was able to expend significant funds on a prospective capital project without first having the total funds necessary to complete the project in its entirety in place, or committed., i.e. in the form of an approved loan in, or exceeding the amount of the total required project expenditure: (*Financial Regulations: 4.1, 4.2 and 4.6*).

During the 2021-22 financial year, the Council spent £13,800 on a prospective capital project (development of the pavilion), approximately 25% of that financial year’s Precept. The funds were expended without having any budget, Earmarked reserve or committed funds for the prospective capital project in place. Indeed, we are advised that the Council can present no business plan in relation to the prospective capital project and has not forecast the potential increase to the precept that such a capital project would entail.

We note that the Council’s Special VAT reclaim for the 2020-21 financial year, including unclaimed items dating back to 2019 was submitted in the amount of £4,863.85 was received to bank on the 28th June 2021. The Special VAT reclaim for the 2021-22 financial year was

generated directly from the Rialtas software, in the amount of £8,471.87 and was in the process of being submitted by the Locum Clerk/RFO.

Conclusions and recommendation

The Council has expressed its desire to develop the Pavilion, we have no opinion as to the appropriateness or suitability of this prospective capital project, and make no comment in this regard.

To the 31st March 2022, the Council had expended £13,800.00, approximately 25% of the 2021-22 financial year precept on this project without having any secured funds, or even having a formal business plan in place. However, as of the date of this year-end internal audit, we understand that Members have not produced a business plan or conducted a referendum with the electorate to gauge opinion on such a project, or considered the impact on the community that the increase in Precept to pay for such a project would entail.

We note that the Council is not in possession of the necessary funds to undertake this project, which is likely to require expenditure that is at least in the high six figures, and has not secured said funds by way of a committed loan facility nor is it able to demonstrate any committed funding via any third party.

We remind Members of the absolute requirement, prior to committing any significant expenditure on a prospective Capital Project, for the Council to have all necessary funding in place to deliver the completed project. Phasing, i.e., attempting to commence the project without the total funds being available, is not permissible, and that significant expenditure already undertaken by the Council may be deemed to be unlawful by the External Auditors.

Resultantly, the Council is in breach of its own Financial Regulations as follows:

4.1. “Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by: • the Council for all items over £5,000; • a duly delegated committee of the Council for items over £500; or • the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £500. Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chairman. Contracts may not be disaggregated to avoid controls imposed by these regulations.”

4.2. “No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council, or duly delegated committee. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate (‘virement’).”

4.6. “No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, and the requisite borrowing approval has been obtained.”

R2. Members should conduct a frank and honest review into the status of the prospective pavilion development project and establish a realistic time-based business plan, which includes a properly developed funding forecast to ensure that this is a viable project. We strongly suggest that Members seek the immediate advice from One Voice Wales in this regard.

Due to the issues described above with have recorded a negative assertion against Internal Control Objective '2' in the FY2021-22 Annual Return, annual internal audit report:

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

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 Council's Health & Safety and Business Risk registers were adopted at the Annual Meeting of the Full Community Council of the 12th May 2021, under Minute reference 2021.009(4). Further Risk Assessments were undertaken of the Council's Multi Use Games Area (MUGA) and Playing Field and Endorsed at the 22nd September 2021 meeting of the Health & Safety, under Minute reference 2021.005(1 & 2) respectively;
- **UNABLE** to review the Council's Insurance cover for the 2021-22 financial year, as the Council has been unable to present the Insurance Policy & Schedule for this period for audit; and,
- **UNABLE** to review the Council's management of the play and recreation areas within the community, which the Review of Minutes confirms have been transferred to it as the information required to do so has not been presented for audit.

Conclusions

We have been unable to conclude our review in this area due to the information in relation to the Council's Insurance Policy and Schedule for the 2021-22 financial year and information concerning the status of the play areas and recreation grounds being provided. We have verified that Insurance for this period was in place via reference to the Council's Cashbooks and verification of the payment to Came & Company., the Council's insurance brokers in the amount of £1,021.20.

The proper management and operations of children's play areas and recreation grounds are critical for all councils which operate such facilities. The Locum Clerk/RFO has been unable to identify any of the information that we have requested to conduct our review in this area.

Whereas we note that the Council has undertaken detailed Risk Assessments for the Council's operations, there appears to be a disconnect in implementing risk mitigation practices. This is evidenced by the lack of information concerning the inspection regime, or lack thereof, in the Westway Play Park and Recreation grounds for which the Council is responsible.

It is of critical importance that the Council is able to produce its Insurance Schedule and Health and Safety management policies, reports and mitigation measures both for the purposes of internal and external audit, and also, should a claim be made against the Council, for legal purposes.

R3. *The Clerk/RFO in post and Members must ensure that a reasonable and proportionate Risk Management and Risk Mitigation policy in relation to its play park and recreation ground*

is in place, and can be produced for scrutiny for the purposes of statutory audit, any other supervening authority and for legal purposes should the need arise.

R4. *The Clerk/RFO in post and Members must ensure that all inspection reports, including the annual independent inspections are retained for the mandatory period of 21 years.*

Due to the issues described above with have recorded a negative assertion against Internal Control Objective '3' in the FY2021-22 Annual Return, annual internal audit report:

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

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: -.

- We are advised that the Council undertook a Budget setting and a Precept determination process for the 2022-23 financial year which culminated in the Budget and Precept being established.

However, we have not been provided with the Council's draft budget for the 2021-22 financial year for the purposes of this internal audit. We have noted that the Budget was Approved in the amount of £72,349.00 and the Precept Established in the amount of £54,733.55 (£54,733.55 prior year) for the 2022-23 financial year at the 19th January 2022 meeting of the Full Community Council under Minute reference 2022.122(1.2);

- We note that Members expressed their dissatisfaction with the Clerk/RFO's budgetary reports at the 8th September 2021 meeting of the Full Community Council, under Minute reference 2021.053(5);
- Noted that there is no record, under the heading 'FINANCE' in the published Minutes of the Full Community Council of any recorded reference to budget reports or regular budgetary monitoring;
- We have noted that the Council has established three earmarked reserves in the financial year in respect of the Westway Play Park, Improvements to Ifton Lane and CCTV. The earmarked reserves as at the 31st March 2022 stood at £27,457 (£47,162 prior year). We have noted that there is no established earmarked reserve in relation to the prospective Pavilion Capital Project;
- Checked and verified the Council's total reserves as at the 31st March 2022 at £44,309 (£66,826 prior year), with earmarked reserves of £27,457 (£47,162 prior year) leaving a General Reserve balance of £16,852, equating to approximately two months' revenue spending at prior year levels. Sitting below the lowest 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. This low level of General Reserve is not appropriate for the Council's current and ongoing needs; and,
- Reviewed the Council's year-end out turn as at the 31st March 2022 noting the Clerk/RFO's variance report which records an arrears payment in relation to arrears of salary payments in 2020-21, in the amount of £7,963, to Monmouth County Council. There are no further

matters requiring further explanation that the comments recorded in the 2021-22 financial year variance report.

Conclusions and recommendations

In our prior year internal audit report, I recorded the necessity for all Councils not only to conduct, but to be seen to conduct an open and transparent budget setting process, this process to be supported by proper budgetary control and management throughout the financial year.

I advised that the Clerk/RFO should ensure that at each month end the following reports should be submitted to Members for their scrutiny at either the Finance Committee (which does not appear to have been convened during the financial year):

- ***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 note that Rialtas Alpha's Budgetary tool has not been employed as we recommended.

R5. The Council's draft Budget should be produced and managed by the Rialtas Budget Management tool at the instruction and advice of the Members.

Due to the lack of budgetary oversight, formally Resolved and recorded in the published Minutes of the Full Council and its standing committees, the lack of formally Resolved and Recorded budgetary provision regarding the prospective pavilion project and the lower than appropriate level of retained General Reserve as at the 31st March 2022, we have recorded a negative assertion against Internal Control Objective '4' in the FY2021-22 Annual Return, annual internal audit report:

"The annual/precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored and reserves were appropriate ."

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. Non precept income received during the 2022-23 financial year has been checked and verified with the main income being derived from Car Parking fees and Pavilion/Room hire.

Non precept income	
Bank Interest	£6.90
Hall Hire fees	£4,032.00
MUGA hire	£9.00
Sports Pitch Hire	£125.00
Car Park income	£4,534.06

Wayleave payment	£85.05
VAT reclaims	£4,863.85
Occasional grants & donations	£0.00

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 and Credit/Debit Card(s)

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 the council retains a Barclaycard credit card with a £1,000 credit limit. All monthly credit card payments are given full scrutiny at each meeting of the Full Community Council.

We note that at the 10th November 2021 Meeting of the Full Community Council, Members Resolved, under Minute reference 2021.093(4) to write-off the £25 petty cash held by the former RFO as it is materially insignificant and unreasonable to pursue after such a great length of time. The Clerk was instructed to maintain a £100 petty cash reserve in case of credit card issues or for purchases where a card cannot be used under the same resolution (We recommended in our prior year report that the Petty Cash Account be closed as it was not used).

We note that there are no Petty Cash transactions recorded during the 2021-22 financial year and that the closing balance as at the 31st March 2022 was £100.00.

Due to the remote nature of the audit, it was not possible to check and verify the physical cash holding as at the 31st March 2022 and we have relied upon the self-certification of this balance, by the previous Clerk/RFO

Conclusions

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

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 was previously outsourced to Monmouthshire County Council. The Council's outsourced payroll services were placed with Chepstow Accounting Services as at the 1st April 2021;

- Noted that there was an arrear in relation to the payroll processing by Monmouth County Council during FY2020-21, which was settled in the amount of £8,129.67 on the 26th April 2021;
- Noted the staff changes during the 2021-22 financial year to the 31st March 2022, noting the resignation of the Clerk/RFO in post;
- Agreed the amounts paid to the Council's three employees in July 2021 by reference to the Council's approved pay scale on the NJC annual schedule of rates payable, and to the pro-rata rate of pay of the employees;
- Ensured that tax and NI deductions have been made applying the appropriate tax code;
- Ensured that the appropriate employee contributions to the Local Government Pension Scheme, administered by Torfaen County Borough Council have been determined and paid over to the Pension Fund Administrators in accordance with the latest percentage rates applicable;
- Noted that the remuneration in respect of Members Allowances continues to be properly transacted via the Council's payroll; and,
- Ensured that individual staff net pay and payments to the relevant agencies (HMRC, pension fund and unions) have been processed accurately and in a timely manner.

Conclusion

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

Review of the Fixed Asset Register

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 maintains a basic Fixed Asset Register in Microsoft Excel, which meets the requirements of the Practitioner's Guide. We have noted that the Council's assets were also 'geo-tagged' and added to Google Earth during 2020-21

We have noted that Members at the Annual Meeting of the Full Community Council of the 12th May 2021, under Minute reference 2021.009(5) "Resolved to Approve the Fixed Asset Register with the amendment of the location of the third noticeboard."

We have reviewed the content noting in-year acquisitions and disposals, with the resultant Fixed Asset Register value being recorded as £381,108 (£357,437 prior year) an increase in asset value of £23,671. We confirm that the Fixed Asset Value recorded is correctly reported to the extent that we are able to.

Conclusion

There are no matters arising warranting formal comment or recommendation.

Investments and Loans

The Council has no investments and retains all funds under its management in two accounts with Lloyds Bank. Plc. The Council's Minutes confirm that the second reserve account was closed during the 2021-22 financial year, and the residual funds, in the amount of £161.26 being transferred to the first reserve account on the 21st October 2021:

- Lloyds Bank Treasury Account (Current);

- Lloyds Bank 1st Reserve Account (Interest Bearing); and,
- Lloyds Bank 2nd Reserve (Closed 21st October 2021)

As the Council retains less than £85,000 in both accounts that total fund value is protected by the Government's Financial Services Compensation Scheme.

The Council has no loans in place, either let by it, or to it.

Conclusion

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

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 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 with the exception of Internal Control Objectives: 2, 3, and 4, as detailed in the main body of this report.

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NOTE TO REPORT

We confirm that all confidential & sensitive information, supplied for the purposes of this audit including, Personnel Minutes, Payroll and Employment data have been permanently deleted from Auditing Solutions Ltd.'s servers and any printouts made for the purposes of this audit have been destroyed in accordance with the Company's data and document retention policies and with the prevailing General Data Protection Legislation.

Rec. No.	Recommendations	Response
Review of Corporate Governance		
R1	<p>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.</p> <p>This is to ensure that the democratic process is open and transparent and made as widely available to the Council's constituents as possible.</p>	
Review of Expenditure		
R2	<p>Members should conduct a frank and honest review into the status of the prospective pavilion development project and establish a realistic time-based business plan, which includes a properly developed funding forecast to ensure that this is a viable project. We strongly suggest that Members seek the immediate advice from One Voice Wales in this regard.</p>	
Review of Assessment and Management of Risk		
R3	<p>The Clerk/RFO in post and Members must ensure that a reasonable and proportionate Risk Management and Risk Mitigation policy in relation to its play park and recreation ground is in place, and can be produced for scrutiny for the purposes of statutory audit, any other supervening authority and for legal purposes should the need arise.</p>	
R4	<p>The Clerk/RFO in post and Members must ensure that all inspection reports, including the annual independent inspections are retained for the mandatory period of 21 years.</p>	
Review of Budgetary Control and Reserves		
R5	<p>The Council's draft Budget should be produced and managed by the Rialtas Budget Management tool at the instruction and advice of the Members.</p>	