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Internal Audit for Lisvane Community Council

Year Ending 31st March 2025

I would like to thank members for appointing me as Internal Auditor for 2024/25. I would also like to thank the Clerk for his assistance during the Audit. I would also like to take this opportunity to inform the Council that I will not be providing internal audits for Community Councils going forward.

I have performed the Internal Audit for the year ending 31st March 2025 in accordance with tests for internal audit within the Annual Return and my engagement letter from the Council. The Receipts & Payments account for the year ended 31st March 2025 in my opinion accurately reflects the financial activities of the Council for that year and the Balance Sheet as at the 31st March 2025 is an accurate statement of the Council's financial position at that date, in accordance with the records and explanations given to me.

Risks

Segregation of duties

This Council, like most small Councils, has the issue of a segregation of duties. However, the Clerk maintains detailed records and it is evident from the records presented to me that the Council is made aware of the financial situation at each meeting and that this is recorded in the minutes. Also, as a review of the cheque stubs shows all were initialled by the three cheque signatories, this provides an extra level of control.
I am therefore satisfied that there are enough controls in place to mitigate the risk.

Publication of information

It was noted by Audit Wales that they obtained several error messages when attempting to access the website.
UPDATE – Per the Council minutes - *The website supplier advises that this is probably because they used some form of robot technology to search for something and that the system identified this as a cyber-attack and prevented access. No other reports from anyone else has suggested that there is a problem with access*

There were no problems in me accessing any information on the website in either the prior year or this year's audit.

Approval of members allowances

Audit Wales recommendation- Council need to minute its decision to pay all members allowances, including the amount payable to Chair.
UPDATE FROM RFO– *The Chairman signed the opt out form which says "I wish to decline all Councillor Allowances Payments" which we take to mean, in his case, both the £156 and*

Chairman's allowance. Will document it more specifically in the Minutes but none of our past or present Chairmen have ever claimed this allowance.

I have outlined below the work that I have performed for each test:

1 Appropriate books of account have been properly kept throughout the year.

The Clerk keeps comprehensive books of account by way of an electronic cashbook. The cashbook is supported by hard copy invoices which support the payments or receipts made during the year. Consequently, I was able to easily follow the audit trail from the Council's Minutes through to the Cashbook and Bank Statements, for all payments and receipts.

The Clerk provides a quarterly financial report which is annexed to the minutes. This includes the bank reconciliation and budget review for the quarter as well as payments that need approval that month.

Regarding receipts there was backing documentation for all receipts.

I am satisfied that appropriate books have been kept properly throughout the year.

2 Financial Regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for

Minutes show that the financial regulations are reviewed by the Policy Committee and approved by the Council at the AGM, this year updated financial regulations were released by NALC and the minutes show these were adopted by the Council in November 2024. They appear to cover all main risks and regulations.

Except for the HMRC and Loan repayment direct debits all payments have been made by cheque. The cheque stubs showed the initials of the three members who signed them.

All payments in the cashbook were agreed to supporting hard copy invoices and the minutes show that the expenditure items were approved at the Council meetings.

All invoices with VAT were agreed to the VAT column of the cashbook. A copy of the VAT reclaim for the year end was reviewed and agreed to the VAT cashbook. This has been paid post year end and agreed to the bank statement.

There was one small payment recorded under s137 powers, well below the limit. It was recorded on a separate schedule as required.
A review of the payments in the cashbook did not identify any other s137 payments.

I am satisfied that this test has been met.

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

I reviewed the risk report that was considered at each AGM by the Council. This report appears to be comprehensive for a Council of this size.

The insurance certificate shows that the Council has insurance for the period. I have not reviewed the insurance policy in detail.

I have reviewed the website and note that all required documents are present and up to date- *See risk section at the start of this report.* However, I note there were two members co-opted in February 2025, their details are on the website however it did not state that they are co-opted, this has now been updated.

I have reviewed the minutes for evidence of conflicts of interests declared, these were agreed to the register of interest's schedule on the website.

I am satisfied that this test has been met.

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

The January 2024 minutes and budget documentation showed that a detailed budgetary process was used to determine the precept for 2024/25. The January 2025 minutes and budget documentation show a similar detailed process for the 2025/26 budget.

I can determine from the minutes that the budget, outturn and variances were reviewed on a quarterly basis by the Council, with budget virements suggested when budget line overspends were anticipated.
There was no budget overspend on any of the budget lines.

A comparison of the 2025/26 budget lines with the actual costs in 2024/25 shows the 2025/26 budget appears to be realistic and complete.

The balance carried forward at the year-end stood at £119.3k however once the 2025/26 precept had been removed to allow for this timing effect (see section 5 below), this would be £34.8k. If you remove the loan repayments this represents approx. 8 months' worth of actual 2024/25 expenditure and will cover approx. 6 months of the budgeted expenditure of the 2025/25 budget. The Council therefore appear to be managing their reserves at an appropriate level as the carried forward falls within the guidance in the Practitioners' Guide, namely, to hold between three to twelve months' gross expenditure as reserves.

I have noted though that the council have designated £30k of the £34.8k reserve for any abnormal costs to the Community Centre, leaving the general reserve at £5k only. The Council need to carefully consider whether this is a reasonable specific reserve, as if it is they probably need to build up their general reserve more. As the general reserve is falling way below the guidance above.

I am satisfied that this test has been met.

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

The precept of £157k was received and agreed to the precept request. The precept in the cashbook consists of both the 24/25 Precept payment (received in April 2024) and the 25/26 Precept payment (received in March 2025) which was paid early in error by Cardiff Council. This recording is appropriate and just to do with a timing difference in payment.

In line with the prior year the Other Income amount is very small (under £1k).
The other receipts consist of mainly interest on the accounts and a VAT refund. All receipts were agreed to the bank statements and backing documentation.

A comparison of the paying in book with the cashbook showed the two receipts received by cheque appeared to be promptly banked.

I am satisfied that this test has been met.

6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.

The Council does not use petty cash and therefore this test does not apply.

7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.
The salary payments to each employee (same hours each month, and only two employees) were agreed back to Council minutes and supporting schedules. The hourly amount was agreed to the relevant SCP payscale, and an increase in pay has been reflected (and the required backdated amount) during the year. A review of the cashbook shows a salary, pension and HMRC payment for each month employed.

The Council uses HMRC RTI software for its payroll, per evidence presented from the system all PAYE/NI owed had been correctly calculated and payments to HMRC paid as required.
A small refund of £47 for NI overpayments was received during the year, however this appears to be a HMRC software system error.
Pension payments were also agreed to supporting schedules.

There were no members allowances or expenses payments during 2024/25. This was confirmed by a review of payments and minutes and of ‘opt out’ forms.

I am satisfied that this test has been met.

8. Asset and investment registers were complete, accurate and properly maintained.

The asset register was reviewed. There was one addition during the year, an additional printer, the amount of this was agreed to invoice. The value of the Old School Centre and the War memorial are revalued annually to an agreed insurance value, this is appropriate for these assets. A review of the payments/invoices did not identify any assets that had not been capitalised. There were no disposals during the year.

I am satisfied that this test has been met.

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

A year end bank reconciliation was completed with one reconciling item, an unpresented cheque written in March 2025 and agreed to the cashbook and cheque book stubb, so was an appropriate reconciling item. At the time of writing this has not yet been presented post year end. The arithmetical accuracy of the reconciliation was confirmed, and the balances agreed to the bank statements and cashbook.

The Clerk completes quarterly bank reconciliations and per signatures these are appropriately reviewed and approved by a Councillor who is not the Chair. It was noted that in the minutes the action of the review by a Councillor is not always noted in the relevant minutes, this should be minuted to evidence compliance with part of Financial Reg 2.6. *"This activity, including any exceptions, shall be reported to and noted by the council."*

I am satisfied that the reconciliations were properly carried out.

10. Accounting statements prepared during the year were prepared on the correct accounting basis, agreed with the cashbook, were supported by an adequate audit trails from underlying records, and where appropriate, debtors and creditors were properly recorded.

The Council prepares their Accounting statements on a receipts and payments basis which is appropriate for the size of the Council. There was a very clear audit trail supporting the amounts in the Cashbook. Debtors and creditors were not recorded, as they are not required when the receipts and payments method is used. The loan recorded in the annual return was agreed to a year end outstanding balance statement from the UK Debt Management Office.

I am satisfied that this test has been met.

11. Trust funds

Not applicable

Joanna Howell

J Howell
11/05/2025