LISVANE COMMUNITY COUNCIL

NON CONFIDENTIAL

COMMITTEE :	**POLICY**
DATE :	**19 MARCH 2026**
ATTENDANCE:	**CLLR S BEST** **CLLR C BOLTON** **CLLR V HANSON** **MR H DAVIES (CLERK)**
SUBJECT :	**REVIEW OF INTERNAL CONTROL AND INTERNAL AUDIT ARRANGEMENTS**

1. **Summary**

1.1 The Council is required to conduct a review, at least once a year, of the effectiveness of its internal control arrangements

1.2 It is the Council's responsibility to undertake this review rather than the External Auditor. Neither can it be delegated to the Clerk or the Internal Auditor

1.3 Details of the review are given for members' consideration

1.4 Although it is appropriate for the Policy Committee to carry out the review, a full meeting of the Council should receive and consider the results because of the link to the Council's Annual Governance Statement

2. **Recommendations**

2.1 It is recommended that;

2.1.1 The attached review checklist and audit plan are approved by Council.

3 **Background**

3.1 Community Councils are responsible for putting in place proper arrangements for the governance of their affairs and the stewardship of the resources in their care. These arrangements should enable the Council to carry out its activities effectively whilst managing risk.

3.2 A system of internal control should be designed to manage risk to a reasonable level. Whilst it cannot eliminate all risk of failure to achieve policies, aims and objectives; it can provide reasonable assurance of effectiveness.

3.3 Regular reviews of internal control provide assurances on their effectiveness and where appropriate a management action plan can be used to address any identified weaknesses.

3.4 The review process includes:

- obtaining assurances from key officers within the Council to the extent that control systems have operated effectively throughout the year;
- reviewing Internal and External Audit Inspection Reports;
- a review of any issues arising from the last review of internal control.

4 System of Internal Control

4.1 Review checklists of Internal Control systems have been prepared and are shown at appendices 1 and 2, together with an Audit Plan at appendix 3. Members are asked to consider and amend these as required to ensure that the Internal Control arrangements continue to be efficient and effective for the Council.

5 Review of Internal Audit Arrangements

5.1 Advice provided by the Society of Local Council Clerks, states that as a minimum the review of internal audit should include an assessment of the each of the following:

- the scope of the audit
- independence
- competence
- relationships
- audit planning and reporting

5.2 The appointment of the Internal Auditor is made by the Clerk following approval by Council. Formal terms of engagement are issued as agreed by Council.

5.3 The Internal Auditor has no involvement in the financial decision making or management or administrative control of the Council. He is not asked to provide consultancy or advice on the Council's financial controls and procedures.

5.4 The Internal Auditor is a qualified accountant with relevant Community Council finance experience and has an understanding of accounting processes, the role of the internal audit and awareness of risk management issues. He has an understanding of accounting requirements and of the legal framework and powers of Community Councils.

5.5 The current annual Audit Plan is produced in appendix 3

ANNUAL INTERNAL AUDIT REVIEW

Review checklist – meeting the standards (appendix 1)

Expected Standard	Evidence of Achievement	Yes or No	Comments
Scope of internal Audit	Appointment of Internal Auditor and issuing of Letter of Engagement containing terms of reference for internal audit were approved by full Council on 8 December 2025 (min. no. 210/25 refers) Internal audit work takes into account both the Council's risk assessment and wider internal control arrangements. Internal audit work covers the Council's anti-fraud and corruption arrangements	Yes	All payments are made by cheque and require authorisation from the full Council (except for payments below £2,000 exc VAT which can be agreed by the Chairman jointly with the Clerk as per the Financial Regulations Policy - section 5.15)
Independence	Internal audit has direct access to those charged with governance Reports are made in own name to management Internal audit does not have any other role within the Council	Yes	
Competence	There is no evidence of a failure to carry out internal audit work ethically, with integrity and objectivity.	Yes	
Relationships	All responsible officers (Clerk/RFO) are consulted on the internal audit plan Respective responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters. The responsibilities of Council Members are understood, training of members is carried out as necessary.	Yes	Clerk/RFO job description includes involvement in preparation for Audits Members have individual Learning Plans (OVW refresher training was provided to all Members in 2019 and Code of Conduct Training in Sept 2022 – further training will be provided as required). Three training videos produced by the WG (relating to Ethical Standards and Code of Conduct) were shown to Members as requested by the Monitoring Officer at the September

			2023 LCC meeting. The Clerk will advise new Members of key training modules to be undertaken
Planning and reporting	The annual internal audit plan properly takes account of all the risks facing the Council and has been approved by Council on 13 April 2026 Internal audit has reported in accordance with the plan.	Yes	

ANNUAL INTERNAL AUDIT REVIEW

Review checklist – Characteristics of Effectiveness (appendix 2)

Expected Standard	Evidence of Achievement	Yes or No	Comments
Internal audit work is planned.	Planned internal audit is based on risk assessment and designed to meet the Council's needs.	Yes	
Understanding the whole organisation its needs and objectives.	The annual audit plan demonstrates how audit work will provide assurances for the Council's Annual Governance Statement.	Yes	
Be seen as a catalyst for change.	Internal audit supports the Council's work in delivering improved services to the community.	Yes	
Adds value and assist the organisation in achieving its objectives.	The Council makes positive responses to internal audit's recommendations and follows up with action where this is called for.	Yes	The Council follows up all recommendations from the Internal and External Auditors eg periodic adjustments to budgets as suggested by Internal Auditor April 2020, the noting of political affiliations April 2021, large project budgeting in April 2022 and Minutes to confirm that Members declaring a prejudicial interest leave the meeting room during the discussion and vote. The apportionment of general and specific reserves have been adjusted following the 2024-25 Internal Audit advice.

Be forward looking	In formulating the annual audit plan, national agenda and legislative changes are considered. Internal audit maintains awareness of new developments in the services, risk management and corporate governance.	Yes	
Be challenging	Internal audit focuses on the risks facing the Council. Internal audit encourages managers/Members to develop their own responses to risks, rather than relying solely on audit recommendations.	Yes	
Ensure the right resources are available.	Adequate resource is made available for internal audit to complete its work. Internal audit understands the Council and the legal and corporate framework in which it operates.	Yes	

AUDIT PLAN

This Audit Plan outlines the Council's internal audit procedures. All dates are approximate. The current Internal Auditor is Michael Fisher. Audit Wales (or its agent) will be the statutory External Auditor (appendix 3)

	Internal Audit	External Audit
January	Clerk and Internal Auditor agree scope of Audit following Council approval of Letter of Engagement	
April	Closure of Accounts at year end	
April/May	On site work to undertake audit of accounts and approve Annual Return – systems to check include: • Implementation of any recommendations from previous year's audit • Risk Assessment undertaken • Standing Orders, Financial Regulations & Contract Standing Orders in place • Employment Contracts • Signatories • Receipts, payments and VAT • Debt Management	

	• Budget Setting • Compliance with statutory procedures including updating of website • Any additional matters identified by the Council, Internal Auditor or External Auditor	
June	Report Audit Findings & Recommendations to Council	**By 30 June** (and prior to the external audit) • Internal Auditor to sign and date return • Annual return to Council for review and sign off by Chairman and RFO Note – the Council is also required to provide electors with opportunities to inspect documentation in accordance with dates set by External Auditor
Sept		External Auditor undertakes audit work and reports any matters arising from Audit Notice of Conclusion of Audit and final Accounts to be added to website by 30 September (subject to completion of Audit by Audit Wales)

Review conducted on behalf of Lisvane Community Council – 19 March 2026

Chairman Policy Committee……………………………………….

Clerk/RFO……………………………………………………………..

Reported and adopted by members at full Council held 13 April 2026

Chairman…………………………………………………………………..

Clerk/RFO…………………………………………………………………..