INTERNAL AUDIT REPORT

FINANCIAL YEAR

2025/2026

PREPARED ON BEHALF OF

LISVANE COMMUNITY COUNCIL

BY

MICHAEL FISHER

Date of Fieldwork	*April/May 2026*
Date of Report Issue	*6th May 2026*
Report Status	*Final*
Issued by:	*Michael Fisher, Internal Auditor*
Copy to	*Haydn Davies, Clerk to the Council*

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APPENDICES

1. PURPOSE OF THE AUDIT

1.1. The purpose of the audit was to review the financial propriety and governance arrangements of the Council in accordance with proper practices as set out in the One Voice Wales/SLCC publication "Governance and accountability for local councils in Wales – A Practitioners' Guide (as amended December 2014)"

2. INDEPENDENCE AND COMPETENCE

2.1. Your audit was conducted by Michael Fisher, a CIPFA qualified accountant, who has over 43 years' experience in local government. Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

3. MAIN FINDINGS

3.1. The control objectives tested and proved to be satisfactory can be seen in Appendix A.

4. AUDIT OPINION

Assurance can be expressed in the governance arrangements and the financial statement of **Lisvane Community Council for the financial year 2025/2026** based on the tests conducted, but there are aspects that could be tightened to mitigate the risks identified as identified within the action plan at Appendix B.

It is recommended that the Council take appropriate steps to mitigate the following risks:

• Ensure insurance provision is approved through Council or Committees each year, even if staying with current insurer.

5. ACKNOWLEDGEMENTS

The co-operation of the Clerk to the Council and other officers during the review was much appreciated.

6. ATTACHMENTS

Appendix 1 – Internal Audit – Work Programme
Appendix 2 – Internal Audit – Action Plan

APPENDIX 1 - Internal Audit - Work Programme

Internal Control	Tests	Initial if yes	Working Paper Reference	Comments
Previous Internal Audit Report	Do the minutes record that Council has considered the Internal Audit Report for the previous year and the matters arising addressed?	MF	N/A	Minutes of Council 9th June 2025, minute 103/25 indicates that the internal audit report had been considered and recommendations highlighted.
Proper bookkeeping	Is the cashbook maintained and up to date?	MF	Clerk Files & Committee Minutes	Viewed and all payments/receipts in place and recorded for 2025/2026. Electronic Copies would be helpful if appointed in future, although records supplied were helpful and fully recorded.
	Is the cashbook arithmetically correct?	MF	Clerk Files	Viewed and tested, various reports tested to triangulate information.
	Is the cashbook regularly balanced?	MF	Clerk Files & Committee Minutes	Reports regularly taken to Council. Example Minute 15/26 Council 12th January 2026
Standing Orders and Financial Regulations	Has the Council formally adopted Standing orders and Financial Regulations?	MF	Council Minutes	Minute 85/25 Council AGM 12th May 2025 after accepting Policy Committee recommendations of Policy Reviews.
	Has a Responsible Financial Officer been appointed?	MF	Financial Regulations	Financial Regulations state that the Clerk is the RFO at paragraph 1.5 and one is in employment.
	Have items or services above a de minimis amount been competitively purchased?	MF	Financial Regulations	Delegations and levels of quotations in Financial Regulations Noted.
	Are payments in the cashbook supported by invoices and have they been authorised and minuted?	MF	Invoices and Income Papers	Sample of all documents taken and agreed recorded properly. WP3

	Has VAT on payments been identified, recorded and reclaimed?	MF	Clerk Files	Noted that claims have been submitted and claimed and a reconciliation is contained in files.
	Is Section 137 expenditure separately recorded and within statutory limits?	MF	Clerk Files & Committee Minutes	Noted that these are reported to Council each meeting even where none are made – only one recorded for financial year 2025/2026 at £20 and well within powers and limits on expenditure.
Risk Management Arrangements	Does a scan of the minutes identify any unusual activity?	MF	All Minutes	No issues noted.
	Do the minutes record the Council carrying out an annual risk assessment?	MF	Minutes	Risk Management Plan note within the Risk Management Policy and review dated 12th May 2025 and reviewed as part of AGM (minute 85/25) on that date and a report from Policy Committee report dated 1st May 2025.
	Is insurance cover appropriate and adequate?	MF	Minutes	Although the insurance payment has been approved as part of regular reports to Council for 25/26 there is no record of the insurance being approved at Council as it has been in prior years. Query with Clerk Audit Queries 1 – Clerk has supplied a response to this query which is satisfactory to the auditor and has been included within the action plan appendix below purely to ensure that the prices remain competitive and cover the Council appropriately.
	Are internal financial controls documented and regularly reviewed?	MF	Minutes	Policy Committee last reviewed the internal control and internal audit arrangements on 19th March 2026 and at time of audit the IA did not have sight of Council Minutes following that date to check if approved but is on the agenda for 13th April 2026. Although the review prior to this was carried out in Mrach 2025 with the report approved at Council at Minute 51/25 on 10th March 2025. Therefore, regular reviews take place.
Budgetary Controls	Has the Council prepared an annual budget in support of its precept?	MF	Minutes	Minute 18/25 Council for 2025/2026 Precept at £84,500 Minute 15/26 Council for 2026/2027 Precept at £88,500
	Is actual expenditure against the budget regularly reported to Council?	MF	Minutes	Regularly reported through full Council.

	Are there any significant unexplained variances from budget?	MF	Minutes	Quarterly reports taken to Council by Clerk, any significant variances noted on the reports by clerk. No significant issues noted within the reports. Precept pre-payment already noted in prior year
Income Controls	Is income properly recorded and promptly banked?	MF	Clerk Files and Bank Statements	All receipts noted and recorded – limited access to cash transactions.
	Does the precept recorded in the cashbook agree to the County/City Council's notification?	MF	Clerk Files and Bank Statements	Minute 18/25 Council for 2025/2026 Precept at £84,500 Precept paid on 20th March 2025 in advance of start of financial year. Recorded as income in 2024/2025.
	Are security controls over cash adequate and effective?	MF	N/A	Minimal exposure to cash therefore not a risk.
Petty Cash Procedures	Is all petty cash spent recorded and supported by VAT invoices/ receipts?	MF	N/A	No petty cash held.
	Is petty cash expenditure reported to Council?	MF	N/A	No petty cash held.
	Is petty cash reimbursement carried out regularly?	MF	N/A	No petty cash held.
Payroll Controls	Do salaries paid agree to those approved by Council?	MF	Contracts Minutes Payroll	Minute 75/25 Council 14th April 2025 agreed new SCP for Clerk at 18 with annual increments. Clerk and Admin Officer on 20 hours per week and pay calculations correct.
	Are other payments to the Clerk reasonable and approved by Council?	MF	Invoice Payments	All found to be correct
	Has PAYE/NIC been properly operated by the Council as an employer?	MF	Invoice Payments	All operated by Clerk and appeared to be in order,

Assets Controls	Does the Council keep an Assets Register of all material assets owned?	MF	Asset Register	Yes, register kept by Clerk.
	Is the Register up to date?	MF	Asset Register	Kept up to date with Clerk and via Insurance details.
Bank Reconciliation	Is there a bank reconciliation for each bank account?	MF	Clerk Files and Bank Statements Minutes	Completed by Clerk and reported quarterly to Council and signed off. Example Minute 128/25e Council 14th July 2025.
	Is the bank reconciliation carried out regularly on the receipt of statements?	MF	Clerk Files and Bank Statements Minutes	Completed by Clerk and reported quarterly to Council and signed off. Example Minute 128/25e Council 14th July 2025.
	Are there any unexplained balancing entries in any reconciliation?	MF	Clerk Files and Bank Statements	None to be reported.
Year-End Procedures	Are year-end accounts prepared on the correct accounting basis?	MF	Clerk Files Annual Return	Completed on an Income and Expenditure basis.
	Do accounts agree with the cashbook?	MF	Clerk Files Annual Return	All agreed and reconciled.
	Is there an audit trail from underlying financial records to the accounts?	MF	SCRIBE Annual Return	Yes, all can be seen to correspond from Clerks records back to the annual return.
	Where appropriate have debtors and creditors been properly recorded?	MF	Clerk Files Invoices and Income Papers	Sample of all documents taken and agreed recorded properly. WP3

APPENDIX 2 – Internal Audit – Action Plan

	Issue	Recommendation	Follow Up
1	<u>Insurance Renewals</u> No approval through Council for renewal for 2025/2026. *Auditor query as follows:* Was the renewal taken to Council for approval in 2025 for 2025/2026 renewal as prior years? Happy the payment has been approved through the schedule of payments seen by Council on 8th September 2025. *Clerk Explanation* No - other than by way of the Payment Schedule authorisation. Realistically we are very unlikely to look for an alternative Insurer given that Zurich remain very competitive and their annual increases are very much in line with CPI. In 2023 we did ask our Broker to obtain alternative quotes. Gallagher (formerly Came & Co) said: "Unfortunately I think we will need to withdraw from the quote process as we are not going to be able to improve on your premium spend if that is what the council is hoping to achieve. I can see you have noted the council are currently paying £1,491.18 with Zurich – whereas our insurer has given an indicative premium before any discount of £5,607.18 Including IPT and fee, so whilst we may be able to secure extra discount to bring this down closer to around £4,750, we will still be far higher than the councils current premium. So, unless your renewal is significantly higher this year, or you have had issues with Zurich, I would recommend remaining with them"	Ensure that the renewal is put through Council each year, even if staying with present insurer in order that Council can approve the continuation with that insurer.	IA to ensure and check that this has been followed through each year.

Follow up of 2024-2025 audit recommendations			
1	No issues to follow up.		
2			
3			
4			
5			
6			