

Magor with Undy Community Council

Cyngor Cymuned Magwr A Gwyndy

Internal Audit Report: (Final Update) FY 2020-21

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*For and on behalf of
Auditing Solutions Ltd*

Background

Statute requires all town and parish councils 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 Return.

This report sets out the work undertaken in relation to the Internal Audit process for the 2020-21 financial year; the Interim review which took place on the 30th November 2020 and the Final Update review which took place on the 7th & 10th May 2021.

Internal Audit Approach

In commencing our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential mis recording or misrepresentation in the year-end Statement of Accounts / Annual Return. Our programme of cover, which has been modified in light of the Covid-19 directives under which Councils are required to operate, 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 Governance and Accountability Return process, which requires independent assurance over a number of internal control objectives.

Overall Conclusions

We have followed up the suggestions and formal recommendations made in our FY2019-20 reports and acknowledge that the members have noted and considered these in their deliberations and have implemented these as far as it has been possible to do so given the constrictions of the Covid-19 situation and has made significant business processes improvements, even in these challenging times. We have reviewed the Council's modified practices implemented to comply with Public Health Wales' Covid-19 directives, and report that, on the basis of the work undertaken to date in the current year, the Council is operating effective internal controls in all areas examined. Resultantly, only eight recommendations for improvement have been made as a result of this review, these are detailed in the main body of the report and the appended Action Plan.

We have noted that the Council has complied, as far as it is possible to do so, with Public Health Wales Covid-19 directives amended from time to time, maintaining a consistently high standard of service provision whilst utilising the down time to complete the renovations of the Tennis Courts and undertake the playground build. The Council has also taken all reasonable steps to ensure the health and safety of its Staff, Members, Clients and members of the public utilising the Council's facilities. All modified and exceptional working practices have been formally Reviewed, Resolved and Recorded in the Council's Minutes and the Council is complimented for its management processes in this regard.

We commend the Clerk/RFO her diligent management and administration of the Council's finance and governance functions, and the Members who have worked strenuously to maintain services on behalf of their constituents during these challenging times.

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

This report has been prepared for the sole use of Magor with Undy 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 no anomalous entries appear in the financial ledgers as at the 31st March 2021. The Council has now transitioned to using the Rialtas Alpha accounting software to maintain its financial records.

We note that the Council continues to operate two bank accounts with Barclays, a Current and Reserve account and has obtained a Debit Card in order for the Council to avail itself of internet purchases.

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

- Noted that the External Auditor has yet to sign off the 2017-18, 2018-19 and 2019-20 Annual Returns;
- Noted that the Welsh Office has conducted two on-site investigations and has published a draft report which has not yet been finalised;
- Verified the accuracy of the opening trial balance for 2020-21 with detail recorded in the 2019-20 combined year-end bank reconciliation;
- Noted that bank reconciliations for both the Council's bank accounts are undertaken at each month end and subject to the scrutiny of Members and subsequently approved at meetings of the Full Council;
- Verified the accounting transactions recorded in the Rialtas Accounting system by reference to supporting bank statements for the months of May and June 2020 and March 2021;
- Noted that the Council has acquired a Debit Card to support internet purchases. Supporting invoices/receipts are properly entered into the Rialtas Cashbook and VAT reclaimed accordingly;
- Ensured that an appropriate analysis of receipts and payments is maintained by the clerk to facilitate monitoring of performance against the approved budget;
- Verified the accuracy of the closing trial balance for 2020-21 with the detail recorded in the Rialtas Accounting system and corresponding prime documentation and checked and verified this to the corresponding Annual Return detail; and,
- Noted that the Council has appropriate software back-up arrangements in place through Microshade and secure Cloud based storage.

Conclusions and recommendations

There are no significant matters arising in this area of our review, however, we make three recommendations in relation to the use of RBS Rialtas Alpha accounting software related to the nomenclature used which should be based on general accounting terminology rather than colloquialisms:

Reference for payments made: Rialtas has a feature which gives a unique reference number to each payment document entered onto the system. This feature should be activated and used as the payment reference preceded by BACS, i.e. BACS12345 rather than 'INTERNET' which conveys no useful information. This will ensure that each payment may be uniquely identified.

Reference for Payments received: Receipts from clients are not bank transfers: Currently payments are recorded in Rialtas, under 'Receipt Ref' as 'Bank Trf'. In accounting terms, a Bank Transfer only donates the movement of the Council's funds from one bank account to another.

Each Receipt of funds, excepting Precept, VAT Reclaims, grants and donations should be in relation to an invoice raised and each invoice should have a unique invoice reference as this pertains to the sale of Council services and must be recorded as such. Invoices should be sequentially referenced, for example MUCC00001, MUCC00002, MUCC00003, etc. The Payment Reference recorded for the Precept, VAT Reclaims and other receipts should be the payment reference on the payment advice received by the Council. Finally, payments received in relation to contracts or lease agreements should be recorded as the agreement number.

The phrase 'Top-up' used to describe Bank Transfers should not be used as it is incorrect. The correct terminology is Transfer, abbreviated to 'TRF'. The Receipt Ref should be TRF and the 'Transaction detail' should be recorded as: TRF from Reserve Account.

- R1. *The Rialtas unique reference number feature for each payment document should be switched on in the data entry screen. All electronic payments made by BACS should be recorded as BACS followed by the unique document number generated by Rialtas, i.e. BACS12345, ensuring that each payment is uniquely identified. **Response: Implemented.***
- R2. *Each payment received should be referenced by the corresponding invoice number for services issued by the council, or the payment advice issued in relation to the Precept, VAT Reclaim or other receipt, or the contract/lease agreement number. **Response: Implemented.***
- R3. *'Top-up' is not a correct accounting term. When funds are transferred from the Council's reserve account the 'Receipt ref' must be recorded as 'TFR' and the 'Transaction Detail' recorded as; 'Tfr from Reserve Acc'. **Response: Implemented.***

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 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 the Council has again reviewed and most recently readopted its Standing Orders (SOs) and Financial Regulations (FRs) at the postponed Annual Meeting of the Community Council on the 19th October 2020.

We note that two Tenders were let during the year to the 30th September 2020: The Sycamore Terrace Play Park Refurbishment and the Sycamore Sports Field Landscape Project. Both procurements were correctly let and managed in accordance with the prevailing EU Legislation requires all projects in excess of £25,000 to be advertised formally on the Government's Contract Finder website and, in compliance with the Council's Standing Orders and Financial Regulations.

We have concluded our Review of the Minutes of the Full Council and its Committees for the year to the 31st March 2021 and are pleased to note a marked improvement of both the quality and content of the Minutes. However, there are a number of concerns about disclosures in the Minutes, occurring in the last quarter of the year, which have been detailed in 'Conclusions and Recommendations' below.

Measures taken during irregular working periods resulting from Central & Devolved Government public health directives:

- The council has continued to ensure that the democratic process has been maintained, by holding its meetings via the ‘Zoom’ virtual conference platform. Such amendments to working practices were formally resolved in the Minutes of the Council’s Emergency Committee (Plenary) of March 2020;
- Staff have continued to hold their regular meetings with the Chair via WhatsApp and then Zoom;
- The Council has published its first Annual Report covering the 2019-20 financial year;
- During the first lockdown, the Clerk/RFO and her Assistant continued to work with the contractors and planning department to deliver the refurbishment of the MUGA (tennis) courts and plan for the landscaping of the surrounding area. The ability to exploit the period that these facilities were mandatorily closed to the public to deliver the project has lessened the impact of the closure to the community;
- The Covid-19 directives, issued by Public Health Wales in March/April 2020, delayed the consideration of tenders for the delivery of the refurbishment of the Sycamore Play Park. The Clerk/RFO and her Assistant at that time continued to work closely with the contractors to finalise and successfully deliver the refurbishment over a four week period in November 2020;
- The Clerk/RFO and her Assistant at that time delivered the Council’s website update during the lockdown, ensuring that it met the legally mandated Accessibility standards; and,
- The Clerk/RFO and her Assistant at that time also worked with the Council’s web developers to launch the new ‘Visit Magor & Undy’ website, commissioned by the Council, which involved collating information and liaising with local businesses, organisations and community groups during this period.

Conclusions and recommendations

We take this opportunity to commend the Clerk/RFO and Members for their diligent work to support the Magor with Undy community, during the various public health restrictions and lockdowns put in place by Central and Devolved government as amended from time to time throughout the 2021-22 financial year. The Council’s considered and measured responses have ensured that the Council has continued to provide a high standard of services during this unprecedented period in our history.

We are however, somewhat concerned to note a small number of issues which have occurred during the final quarter of the year, and which are recorded in the council’s Minutes:

a) At the Full Council meeting of the 11th January 2021, a Member attempted to introduce a non-Agenda item of business as recorded under Minute reference 79.1. The Clerk/RFO correctly advised the Council that non-Agenda items could not be discussed. The Member, dissatisfied with the Clerk/RFO’s response, caused the other attendant Members to vote to convene a meeting of the Emergency Committee on the next day to discuss the matter of business that they wished to pursue. This vote was undertaken despite there being, as advised by the Clerk/RFO, sufficient time to convene the meeting lawfully. The Resolution was carried.

The following text is that recorded in the Full Council's Approved and Published Minutes of the 11th January 2021:

“79 Future Meeting Content

79.1 To accept proposals from Councillors for items to be included at future meetings.

Lighting up the Procurators House in memory of lives lost to Covid-19 A Member stated they were not happy with the Welsh Assembly's performance in the distribution of the Covid-19 vaccine and requested Council write to the Welsh Assembly to express its concerns.

The Clerk advised this issue was not on the agenda and therefore not up for discussion. A Member disputed this stating all standing orders had been suspended earlier in the meeting. The Clerk was requested to check standing orders and she subsequently referred Council to standing order 9.b “No motion may be moved at a meeting unless it is on the agenda and the mover has given written notice of its wording to the Proper Officer at least 7 clear days before the meeting. Clear days do not include the day of the notice or the day of the meeting.”

Whilst the Clerk was checking the standing orders, Council continued to debate this issue and agreed to convene an Emergency Meeting the following day to further discuss.”

b) The Emergency Committee (Plenary) was Unlawfully convened to be held on the 12th January 2021, to discuss the matter of business of the Member. This contrary the advice given by the Clerk/RFO, as recorded in 79.1 above, that the meeting had been convened Unlawfully. The Clerk attended and minuted this meeting, and subsequent to significant discussion, all matters were deferred until an Extraordinary meeting of the Full Council could be properly and Lawfully convened.

c) Subsequently, an Extraordinary meeting of the Full Council was convened on the 18th January 2021 where the Minutes which were taken by the Assistant to the Clerk, due to the Clerk's absence.

The minutes record that the Member who had initially attempted to discuss non-Agenda item of business, continued to challenge guidance given by the Clerk, that Members could not discuss Non-Agenda items of business at any meeting of the Council, and further, that the meeting of the Emergency Committee (Plenary) had been convened unlawfully. Resultantly, a vote was called Members Resolved to instruct the Clerk/RFO to provide a full written explanation as to why she had provided Members with the Guidance that she had.

The following text is that published in the in the Full Council's Approved and Published Minutes of the 18th January 2021:

“86 COVID-19 Vaccination Programme

86.1 To discuss an issue and question raised by Cllr Carole Hopkins (carried over from Ordinary Meeting 11th January 2021) about the performance of Welsh Government in relation to the distribution of the vaccine, and that very little specific information had been received.

“... RESOLVED: To write a positive letter to Welsh Government's Minister for Health and Social Services (cc: Aneurin Bevan University Health Board, Caldicot Medical Group and Communities Connections Manager) expressing Council's concerns over the rollout

of the Covid-19 vaccine and requesting more detailed information on the location of more local vaccination centres.

Cllr F Taylor requested an explanation for why Council could not have discussed this item at the Ordinary Meeting held on 11th January citing Council's Standing Orders had been suspended and stating that in County Council the Chair permitted urgent items to be discussed.

In the absence of the Clerk the Admin Assistant clarified the suspension of Standing Order 3(w) to allow the meeting to continue past 9pm "A meeting shall not exceed a period of 2 hours, unless at the discretion of the Chair" and Standing Order 26 (a) as the item was raised under 'Future Meeting Content' "All or part of a standing order, except one that incorporates mandatory statutory requirements, may be suspended by resolution in relation to the consideration of an item on the agenda for a meeting".

Councillor Taylor disputed the clarification and requested a written explanation from the Clerk. The Admin Assistant referred Members to the Policy Review Workshop immediately following this meeting at which Council would be reviewing its Standing Orders. Cllrs C Hopkins and F Taylor offered apologies for the Workshop.

RESOLVED: that the Clerk provide a written explanation."

d) At the meeting of the Full Council of the 08th February 2021, the Clerk/RFO provided a written explanation for the guidance, that had been given, as instructed by the Resolution of the Full Council. Minute 90.2 of that date records that the Member stated that she was dissatisfied with the Clerk's written response, and demanded a further response citing Sources.

The following text is that published in the in the Full Council's Approved and Published Minutes of the 8th February 2021:

"90.2 To note a written explanation from the Clerk, as requested by Cllr F Taylor, as to why an un-tabled verbal motion could not be discussed at the 11th January 2021 Ordinary Meeting.

Cllr Taylor stated she was perplexed by the explanation and requested the Clerk further clarify the Standing Orders quoted in the explanation. Cllr Taylor stated she was surprised there was no reference to SO 10(a)(xv) to suspend a particular standing order (unless it reflects mandatory statutory or legal requirements) and that Standing Orders were open to interpretation. The Chair requested if the Clerk was happy. to provide further clarification on the suspension of Standing Orders to include SO 10(a)(xv)."

No Resolution in regard to 90.2 is recorded as having been made under Minute reference 90.2."

e) At the meeting of the HR Committee of the 01st March 2021, after a discussion pertaining to expert advisers in Human Resources and Risk Management, under Minute Reference 12.1 the Member sought clarification on the role of the Clerk as the Proper Officer of the Council and what the position holds responsibility for. A vote was called and the resolution carried as recorded in the extract from the Human Resources (HR) Committee below.

The following text is that recorded in the Council's Human Resources (HR) Committee Approved and Published Minutes of the 1st March 2021:

“12 Ellis Whittam: Specialists in Employment Law, Human Resources and Health & Safety Compliance

12.1 To consider employing/commissioning ‘Ellis Whittam’ to assist in Employment Law, Human Resources and Health & Safety compliance (deferred from 7/12/20):

a. To note and/or consider possible alternative suppliers Members noted information on three companies who provide specialist HR advice, two of which also provide H&S advice.

Cllr Taylor sought clarification as to what the Clerk/Proper Officer is actually responsible for.

Resolved: That members be crystal clear as to the role and responsibility of the Clerk/Proper Officer in respect of Human Resources and Health & Safety, and that Council agree what actions both the Clerk/Proper Officer and selected Councillors will take to upskill themselves in respect of Human Resources and Health and Safety, in order to ask the right questions to make correct use of any commissioned service provider going forward.

b. To note that a £3000 budget has been set aside in the 2021-2022 budget to employ the services of a company specialising in HR, Employment Law and H&S compliance. Noted.

2 c. To agree any actions in respect of employing the services of a company specialising in HR, Employment Law and H&S compliance.

Members agreed to revisit this item upon completion of the rest of the agenda.”

f) At the meeting of the Full Council of the 08th March 2021, Minute 105.1 records that the Council Noted the “written evidence and provision of source details as requested by (the Member) and Resolution by the Full Council as evidenced above, of the advice given by the Clerk/RFO at the Ordinary Meeting of the 8th February 2021 and in relation to their proposed Standing Orders amendment; standing order 1.s.”

The following text is that recorded in the Full Council’s Approved and Published Minutes of the 8th March 2021:

“105 Council Policies & Public Documents

105.1 To note written evidence and provision of source details as requested by Cllr F Taylor, [of the advice given by the Clerk at the Ordinary Meeting (8/2/21) in respect of proposed new standing order 1.s] before Councillors consider whether to accept the Clerk’s advice.

RESOLVED: To accept the clerk’s recommendation not to include the proposed new standing order 1.s.”

g) Minute reference 105.2 of the meeting of the Full Council of the 08th March 2021 records that Members Resolved not to Adopt the Member’s proposed standing order 1.s.

The following text is that recorded in the Full Council’s Approved and Published Minutes of the 8th March 2021:

“105.2 At the Policy Workshop (18/1/21) members recommended that Council adopt the policies and documents (as per attached version) (deferred from 8/2/21)

- i. Code of Conduct
- ii. Complaints
- iii. Dignity at Work
- iv. Disciplinary and Grievance
- v. Lone Working (draft)
- vi. Equal Opportunities 5
- vii. Financial Regulations
- viii. Freedom of Information
- ix. General Privacy Notice
- x. Grant Application Form
- xi. Grant Funding Criteria and Guidance
- xii. Health & Safety
- xiii. Information Data Protection
- xiv. Local Resolution Protocol
- xv. Overtime Policy
- xvi. Press Media and Publicity
- xvii. Publication Scheme
- xviii. Safeguarding
- xix. Sickness
- xx. Social Media
- xxi. Standing Orders
- xxii. Unacceptable Actions by Individuals//

RESOLVED: To adopt the above policies as circulated (with the exception of xxi, whereby proposed new standing order 1.s is to be excluded)”

h) Minute reference 109.2 of the meeting of the Full Council of the 08th March 2021 records that Members noted a further, expanded explanation Provided by the Clerk/RFO as to why non-Agenda items could not Lawfully be discussed in Council Meetings.

The following text is that recorded in the Full Council’s Approved and Published Minutes of the 8th March 2021:

“109.2 To note a further, expanded written explanation from the Clerk, as requested by Cllr F Taylor, as to why an un-tabled verbal motion could not be discussed at the 11th January 2021 Ordinary Meeting and to why no reference was made to Standing Order 10 (a)(xv).

Noted.”

Given previous issues detailed in the Audit Wales draft report, and the issues recorded in the Council’s published Minutes referenced above, have the very real potential to undermine the reputation and good standing of the council as they could easily be misconstrued as disputation.

I have provided herewith basic information that is published and freely available on the internet, in the One Voice Wales ‘Good Councillors Guide’ and other standard government publications.

This information will begin to address any lack of clarity concerning the role of the Clerk as the Proper Officer, how council meetings are to be convened, lawfully, and the role of the published Agenda in all meetings of the Council and its committees:

The roles and responsibilities of the Clerk as the Proper Officer

“The community/parish/town council Clerk is the ‘engine’ of an effective council. He or she is its principal executive and adviser and, for the majority of smaller parish councils, is the officer responsible for the administration of its financial affairs – The Proper Officer. The Clerk is sometimes a council’s only employee.

The Clerk is required to give clear guidance to Councillors, including the Chair, before decisions are reached, even when that guidance may be unpalatable. The Clerk has a key role in advising the council, and Councillors, on governance, ethical and procedural matters. The Clerk must also liaise with the Monitoring Officer at the district/unitary council on ethical issues and the Councillors’ Register of Interests.”

Convening meetings Lawfully

“Council meetings and committee meetings are formal events, not social occasions. They have a clear purpose – to make decisions – and are not just talking shops. Furthermore, they are public events; the meetings must be advertised, and the press and public have a right to observe, record and report on how the council operates. The same approach should be adopted for sub-committees.

Exceptions are when sensitive issues are discussed (such as legal, contractual or staffing matters) and then the council can agree to exclude the press and public for just that item of business.

The council should decide on a schedule of meetings for the year.

- *Council meetings are meetings of the full council. All councillors are expected to attend.*
- *Committee meetings bring together a smaller number of councillors to concentrate on a specific function of the council and share the workload*

Some committees are permanent or standing committees, but others are set up for a short-term project. Many councils have a permanent Planning Committee allowing them to comment on planning applications as required without convening a full council meeting.

Some committees are advisory; they make recommendations to the full council, which then makes the decisions. There are also executive committees where the full council delegates responsibility for certain decisions to the committee. The committee then reports its decisions to the full council. This helps certain committees to make decisions without referring to the full council.

- *Sub-committees are appointed by a committee to focus discussion on a specific topic among an even smaller group of councillors. Otherwise, they operate like committees.*
- *Working parties or ‘task-and-finish’ groups are occasionally set up for a short-term purpose. They are not subject to the strict rules that apply to formal council meetings and do not need to be held in public. A working party cannot make a decision on behalf of the council, but they can explore options and present these to the council for a decision.*

- *There are rules about who is permitted to join a committee or sub-committee. Sometimes non-councillors can be included (although with a few exceptions, they cannot vote). This is an excellent means of involving others, particularly young people, in council work.*

At least three clear days before each council, committee or sub-committee meeting, you should receive a summons and Agenda. The three clear days is established in law because it is important to be notified of issues to be discussed. Topics requiring a decision cannot be added to the Agenda after the deadline has passed; they must wait for another meeting.

The Agenda

“Each Agenda item should make it very clear what you as a councillor are expected to do and be precise about the subject under discussion. For example, an Agenda item saying “footpaths” gives you no idea what to expect. It is more helpful to know that your task at the meeting is for example:

‘To receive a report from Cllr Lingard on the condition of footpaths in the community and to agree action in response to proposals for repairs (copy of report attached).’

It is actually unlawful to make a decision, especially a decision to spend money, without sufficient (three clear days) warning. Vague Agenda items that don’t specify exact business (such as Matters Arising, Correspondence and Any Other Business) are dangerous and should be avoided, because the council cannot make unexpected decisions. Items that have not been placed on the published Agenda must not be discussed.

Putting the Agenda together is the Clerk’s responsibility. The Clerk must sign the Agenda and can decide how it will be set out. This process is often undertaken in consultation with the Chairman. You may ask the Clerk to add items to the Agenda if you feel a relevant subject should be discussed.”

Finally, we take this opportunity to commend the Clerk/RFO and the Members for maintaining overall, a high level of service to its community during the Covid-19 situation and utilising the mandatory periods of lockdown to the benefit of the local community by dint of good planning and project execution.

- R6. *All Members of the Council should avail themselves of the current version of the ‘Good Councillors Guide’ so that they may appraise themselves of the roles, duties and responsibilities of the chair, the community councillor and the clerk as the Proper Officer. This document may be downloaded directly from the One Voice Wales website at:*

<http://www.onevoicewales.org.uk/OVWeb/UserFiles/Files/Good%20Practice%20General/Good%20Councillors%20Guide%202017.PDF>

- R7. *Members should consider providing all new councillors, and any Member who is not aware of proper council procedures with training for Councillors from One Voice Wales, which provides training sessions in modular units of 2.5 hours each, which may be delivered in the evening for ease of access.*

R8. *The Clerk and Members should ensure that the Clerk is furnished with a current copy of 'Charles Arnold-Baker': Charles Arnold-Baker on Local Council Administration, often referred to as 'the yellow bible' is a complete statement of the law relating to community and parish councils, in the form of an extensive though succinct narrative accompanied by comprehensive statutory materials.*

Now in its 12th edition, this book remains the key text for councils in Wales & England, Local Authorities, barristers and solicitors practising in local government law and public and administrative law.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- The correct form of procurement, i.e., quotation or tender defined by the Council's Standing Orders and Financial Regulations has been undertaken in respect of each procurement let by the Council,
- 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 electronic means;
- All Procurements and Payments are properly reported and recorded in the Council's Minutes;
- 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.

We note that the Council is now making payments by BACS and Cheque, authorised by two members having been validated by the Clerk/RFO and entered onto the Rialtas Alpha accounting software, together with a few regular direct debits and monthly salaries paid by on-line transfer.

We have reviewed the procedures in place for processing payments and are pleased to note that there was clear evidence of all payment documents being subject to proper scrutiny by members with each invoice being properly coded and initialled.

Due to the remote nature of this Final Update Audit, resulting from the various public-health directives, which have been amended from time to time, we have tested a sample of payments processed in the financial year to 31st September 2021 on the basis of all payments in excess of £500 and every 15th payment irrespective of value.

During the Interim Review of the financial year twenty-one payment documents were examined, and during the Year End Review this sample was extended to forty-two payments including all non-pay payments in excess of £500 and every 15th payment irrespective of value, totalling £125,680.83 payments in total representing 81% of all non-pay payments to the 31st March 2021.

Five payment documents contained in the invoice sample, selected at random, were integrity tested to ensure that the payment document was genuine, issued by the organisation stated on the face of the document and that the payment amount recorded was correct.

Finally, in this area of our review we note that the Council has submitted three special VAT returns during the financial year covering the period from the 1st April 2020 to the 31st March 2021, reclaiming a total amount of £16,204.86 on behalf of the Council. The VAT Reclaims are now created directly from the Rialtas software. All three claims have been checked and verified against the Cashbook and cross referenced with the sample of payments, above, with no issues arising.

Conclusions and recommendation

There are no matters arising in this area of our review warranting formal comment. However, we take this opportunity to recommend that the Clerk/RFO avails herself of an invoice certification stamp (which may be ordered from any stationery supplier).

Magor with Undy CC Invoice Authorisation	
Date received:	
Validated:	<i>(Clerk/RFO signature)</i>
Account code:	<i>(4115)</i>
Cost Centre:	<i>(110)</i>
Query:	Y/N
Authorisation 1:	<i>(Authorising Member signature)</i>
Authorisation 2:	<i>(Authorising Member signature)</i>
Payment Ref:	<i>BACS12345/Chq No/DD/Card</i>

To be applied to each payment document, thereby ensuring that the required information remains consistent, and that no information is omitted.

The Stamp should include the detail contained in the diagram above, or similar.

***R4. The Clerk/RFO should avail themselves of an invoice certification stamp to ensure that all required authorisation information is consistently recorded on each payment document.
Response: Implemented and clear evidence of use.***

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: -

- Previously noted that the Council used the services of One Voice Wales to assist in establishing a professional risk management process during the 2018-19 financial year. The Council's Risk Registers are maintained in LCRS Software, a package utilised by

many Community, Town and Parish Councils. The Council's Registers have been under continuous review throughout the year, due largely to the Covid-19 situation and Public Health Wales directives which have changed from time to time and were last formally Reviewed and Re-Adopted at the Council's postponed Annual Meeting of the 19th October 2020 under Minute Reference 9.5;

- Examined the Council's extant insurance policy with Zurich Insurance to ensure that appropriate cover is in place, noting that Employer's and Public Liability cover are in place at £10 million and £12 million respectively, together with Fidelity Guarantee cover at £250,000, all of which we consider appropriate for the Council's current requirements;
- Noted that regular monthly inspections of the Council's play areas continue to be undertaken by the parent Council together with an annual RoSPA based review: the resultant reports are duly reviewed by the Clerk/RFO and Member and acted on appropriately; and,
- Noted that the Council set aside £3,000 in the 2021-22 financial year budget for Health & Safety and Human Resources consultancy, with a view to appointing retained consultants. A prudent decision in today's world where all Councils need to have access to expert advice readily accessible.

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 Budget setting and Precept determination process was postponed due to the Covid-19 restrictions until the 16th November 2020. The Clerk/RFO circulated a Budget Setting workshop document to all Members in advance. Additionally, the Clerk/RFO provided a draft budget for payments and receipts for the 2021-22 financial year to the Members.
- The Council's Budget setting and Precept was finalised at the December meeting of the Council's Finance meeting with Resolutions to make a formal Recommendation to the Full Council for the Approval and Adoption the 2021-22 Budget in the amount of £279,525 and the Precept in the amount of £277,400 (£277,400 prior year) with the shortfall being met from the Council's reserves. Recorded under Minute reference 7.1 and 8.1 of the 17th respectively.
- The Recommendation made at the Council's Finance meeting was confirmed at the Full Council meeting of the 08th February 2021 with Budget and Precept for the 2021-22 financial year, with the latter set at £277,400 (£277,400 prior year) under Minute ref: 85.5;
- The Council continues to receive regular management reports, generated directly from Rialtas Accounting Software, updating them on the financial position throughout the year; and,

- As indicated earlier in this report, specific funds are set aside in six specific earmarked reserves that appear to be appropriate and active with the in-year transfers being correctly recorded in the Rialtas accounting software.

The Council's overall reserves as at 31st March 2021 stand at £231,189 (£149,841 prior year) with Earmarked reserves of £140,280 (£59,621 prior year) leaving a General Reserve fund of £90,909.01, which equates approximately 4.5 months' revenue spending at the 2020-21 level, sitting comfortably within the recognised CiPFA guideline of retaining between three and six months' revenue expenditure.

Conclusion

There are no matters arising in this area of our review warranting formal comment or recommendation. We have noted the significant increase in the Council's reserve position over that of the previous year which is explained by the delay in project expenditure scheduled for the 2020-21 financial year, which did not take place due to the extended periods of lock-down public-health methods, which saw non-essential services and businesses unable to operate.

The Council has pragmatically and prudently approached its budgetary requirements for the 2021-22 financial year by placing unspent funds from the prior year in earmarked reserves for delayed project expenditure and by establishing a Precept with no increase above the prior year level.

The Council has a solid financial foundation and budget for its continued operations in the 2021-22 financial year and beyond.

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 very limited areas, including allotment rents, wayleaves and occasional hire of the tennis courts, together with bank interest and recoverable VAT.

We note that the formal review of rents, fees, etc., now takes place during the Budget setting and Precept determination process. During the Council's December Finance Meeting, Members Resolved under Minute reference 5.1 to; a) retain the existing Schedule of Fees for 2021-22, b) retain the existing Allotment Fees for 2021-22, and c) to Note that any increase in MUGA hire fees would be considered at the Council's Annual Meeting in May 2021. These measures will go some way to assist business and social groups within the Magor with Undy community to recover financially during the year.

We note that Allotment rents fell due on 1st August annually and that all outstanding rents have been collected. A blank copy of the Allotment tenancy agreement has been reviewed and deemed suitable for the Council's needs.

We further note that the 2.39 acres of grazing land with no water provision was released, over a five year period as at the 14th September 2020 in the amount of £325 per annum after a formal and proper advertisement and tender process was undertaken.

Finally, in this area of our review we are advised that there is still no formal licence agreement in place with the local Tennis Club for the use of the Tennis Courts.

Conclusions and recommendation

We recommend, as in our prior year report, that the Clerk should arrange for a formal licence agreement to be drafted in relation to the use of the tennis courts by the local Tennis Club.

R5. The Clerk should arrange for a formal licence agreement to be drafted in relation to the use of the tennis courts by the local Tennis Club. Response: Noted.

Review of Petty Cash Account

The Council does not operate a petty cash account, any casual expenses incurred by officers being reimbursed periodically through the usual invoicing process on production of supporting invoices, etc. A Barclay Card debit card has been obtained for use by the Clerk/RFO to enable the Clerk to make internet purchases on behalf of the Council. The debit card may not be used to withdraw cash.

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, together with meeting the requirements of the local government pension scheme, as most recently further revised effective from 1st April 2017.

To meet the above objectives, we have: -

- Acquired detail of the five staff members in post during 2020-21 and ensured that the gross salaries payable in June 2020 were in accord with those details;
- Noted that the payroll continues to be managed as an outsourced service by Chepstow Accounting Services (CAS);
- Noted that all staff have employment contracts;
- Noted that the Clerk and the Administration Assistant are Salaried according to the NJC SCP system;
- Noted that the NJC National Pay Award was Adopted by the Full Council at its 14th September Meeting under Minute references. 251.4 a & b, with the Award being made retrospectively from the 1st April 2020;
- Noted that three litter pickers have standard employment contracts with two having a set number of hours, with one working ad-hoc and producing a time sheet to record the hours worked which is duly authorised by the Clerk/RFO;
- Noted that the Litter Picker rates of Pay were Reviewed and agreed at the HR Committee of the 3rd February 2020 under Minute Reference 10.1.a. and subsequently ratified at Full Council on the 10th February 2020 under Minute reference 147.3.
- Verified the accurate calculation and deduction of income tax, NI deductions and contributions, together with pension deductions and contributions for staff contributing to the Local Government pension scheme;
- Verified the accurate payment of staff salary costs routinely throughout the year to HMRC and the pension fund administrators; and,

- Noted that CAS complete all required RTI reporting to HMRC and supply the Clerk/RFO with all statutory documentation required for the Council's records.

Conclusions

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

Review of Fixed Asset Registers

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned. The Council maintains a simple Fixed Asset Register which contains all the detail required by the Practitioners Guide.

Once again, the Clerk/RFO has undertaken a formal review of all the Council's assets during the year; checking each asset appearing on the Council's register and verifying its correct value. The Fixed Asset Register is managed in an Excel spreadsheet, where acquisitions and disposals are properly recorded making the Fixed Asset Register easy to use, understand, audit and validate.

We have checked and verified the information recorded in the Fixed Asset Register, checking the total asset value recorded in the 2019-20 Annual Return against the value of all assets recorded in the register, less disposals, plus additions and have agreed the declared Fixed Asset Register value of £309,748 as at the 31st March 2021 accordingly (£278,315-**restated** in the prior year).

Conclusions

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

Review of Investments and Loans

We aim here to ensure that the Council has appropriate investment and borrowing strategies in place and that the most advantageous interest rates are being obtained.

We note that the Council's Investment Strategy was readopted for the 2020-21 financial year at the Annual Meeting of the Council, which was postponed until October, in accordance with the guidance issued by the National Assembly for Wales. No formal investments are held, surplus funds being held in a Barclays Bank deposit account.

Loans are in existence with the UK Debt Management Office (UKDMO), repayable half-yearly: we have checked and verified both repayments made in 2020-21 by reference to the UKDMO loan repayment request prime documentation, confirming the outstanding borrowing in the amount of £172,986 and ensuring that the value has been correctly recorded on the 2020-21 Annual Return.

We note from the Council's minutes that Members are minded to apply for a second loan from the UK Debt Management Office, the replacement for the Public Works Loan Board (PWLB), in support of a community initiative.

Finally, in this area of our review we note that, in the Council's December Finance meeting under Minute reference 9.1, Members Resolved that an Annual Investment Strategy be drawn up for Approval and Adoption by the Full Council after the 2020-21 financial year-end.

Conclusions

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

Statement of Accounts and Annual Return

The Council has maintained its Receipts & Payments accounts for the 2020-21 financial year in Rialtas Alpha accounting software platform, detail of which we have examined and consider reflects accurately the year's transactions as recorded therein. Rialtas Alpha automatically generates the year-end detail for inclusion in the year's Annual Return, which we have also verified as being consistent with the 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.

Conclusions

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 Report in the year's 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	Response
Review of Accounting Arrangements and Bank Reconciliations.		
R1	The Rialtas unique reference number feature for each payment document should be switched on in the data entry screen. All electronic payments made by BACS should be recorded as BACS followed by the unique document number generated by Rialtas, i.e. BACS12345, ensuring that each payment is uniquely identified.	<i>Response: Implemented.</i>
R2	Each payment received should be referenced by the corresponding invoice number for services issued by the council, or the payment advice issued in relation to the Precept, VAT Reclaim or other receipt, or contract/lease agreement number.	<i>Response: Implemented.</i>
R3	'Top-up' is not a correct accounting term. When funds are transferred from the Council's reserve account the 'Receipt ref' must be recorded as 'TFR' and the 'Transaction Detail' recorded as; 'Tfr from Reserve Acc'	<i>Response: Implemented.</i>
R6	All Members of the Council should avail themselves of the current version of the 'Good Councillors Guide' so that they may appraise themselves of the roles, duties and responsibilities of the chair, the community councillor and the Clerk as the Proper Officer. This document may be downloaded directly from the One Voice Wales website at: http://www.onevoicewales.org.uk/OVWWeb/UserFiles/Files/Good%20Practice%20General/Good%20Councillors%20Guide%202017.PDF	
R7	Members should consider providing all new councillors, and any Member who is not aware of proper council procedures with training for Councillors from One Voice Wales, which provides training sessions in modular units of 2.5 hours each, which may be delivered in the evening for ease of access.	
R8	The Clerk and Members should ensure that the Clerk is furnished with a current copy of 'Charles Arnold-Baker': Charles Arnold-Baker on Local Council Administration, often referred to as 'the yellow bible' is a complete statement of the law relating to community and parish councils, in the form of an extensive though succinct narrative accompanied by comprehensive statutory materials. Now in its 12 th edition, this book remains the key text for councils in Wales & England, Local Authorities, barristers and solicitors practising in local government law and public and administrative law.	

Review of Expenditure & VAT

R4 The Clerk/RFO should avail themselves of an invoice certification stamp to ensure that all required authorisation information is consistently recorded on each payment document. *Response: Implemented with clear evidence of use.*

Review of Income

R5 The Clerk should arrange for a formal licence agreement to be drafted in relation to the use of the tennis courts by the local Tennis Club. *Response: Noted.*
