Llanharry Community Council

https://www.llanharry-cc.gov.wales/

Interim Internal Audit Report 2026-27 financial year

Claire Lingard McKay

Working the Greener Way – Online LLP

Table of Contents

1. The role of Internal audit 2
2. Internal audit approach 3
3. Internal audit coverage 4
4. Internal Audit opinion 5
5. Council profile 6
6. Corporate governance 7
7. Annual Independent Internal Audit 9

Internal control objective '1' 9
Internal control objective '2' 11
Internal control objective '3' 13
Internal control objective '4' 15
Internal control objective '5' 16
Internal control objective '6' 18
Internal control objective '7' 19
Internal control objective '8' 20
Internal control objective '9' 21
Internal control objective '10' 22
Internal control objective '11' 23

8. Audit Assurance Review 24
9. Confirmation of independence and Quality Assurance 25
10. Internal Audit Performance 25
11. Acknowledgements 25
12. FY2026-27 Internal Audit – Recommendations Action Plan 1

This Internal Audit Report has been prepared for the sole use of Llanharry Community Council. To the fullest extent permitted by law, no responsibility or liability is accepted by WGW Online to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions. This report is issued to Llanharry Community Council on a confidential and privilege basis.

1. The role of Internal audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (Wales) Regulations 2014, which states that a relevant body must:

'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control'.

The standards for 'proper practices' in relation to internal audit in the public sector are the Global Internal Audit Standards, published by the Institute of Internal Auditors, in conjunction with the Application Note Global Internal Audit Standards in the UK Public Sector, last updated the 01st of April 2025 [the Standards].

The role of internal audit is best summarised through its definition within the Standards, as an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council's objectives.

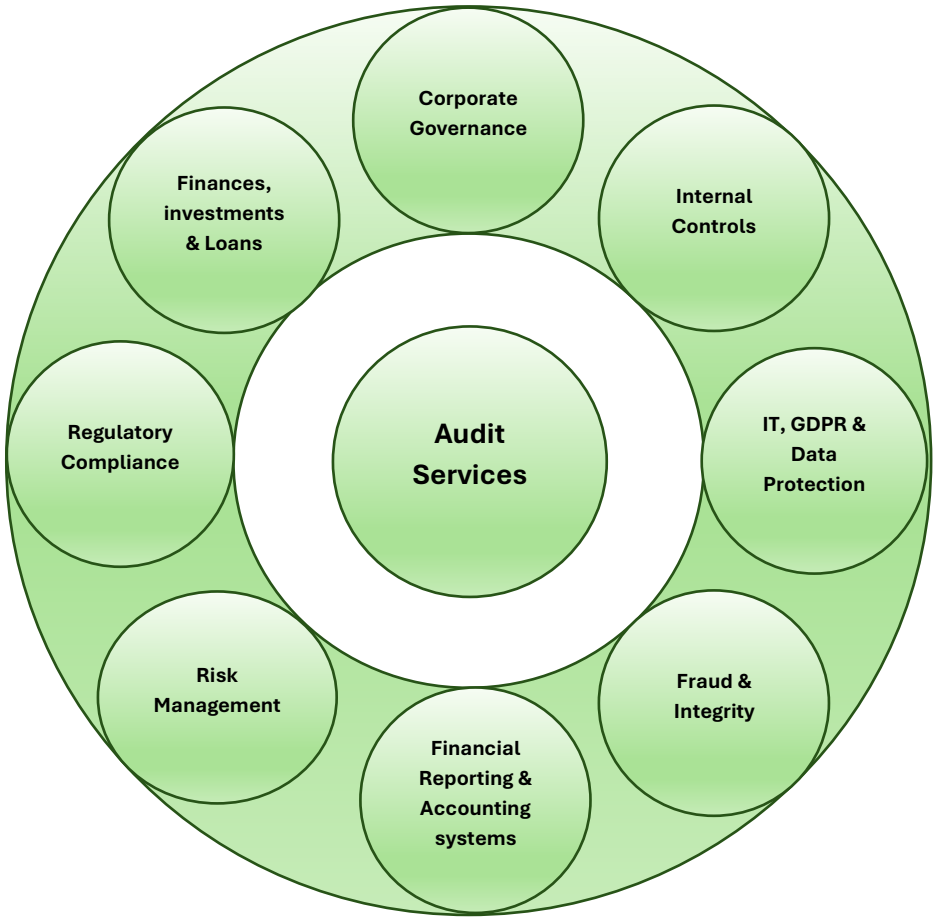
2. Internal audit approach

The risks inherent in the Council's internal control methods

To enable effective outcomes, our internal audit approach provides a combination of assurance review and consulting activities. Assurance reviews involve assessing how well systems and processes are designed and working, with consulting activities available to improve those systems and processes where necessary.

A full range of internal audit assurance reviews are performed in forming the year-end opinion with the approach to each area of review determined by:

- The level of assurance required to meet statutory requirements;
- The Council's short, medium, and long term objectives;
- The level of confidence in the policies and procedures; and,
- The risks inherent in the Council's internal control methods.

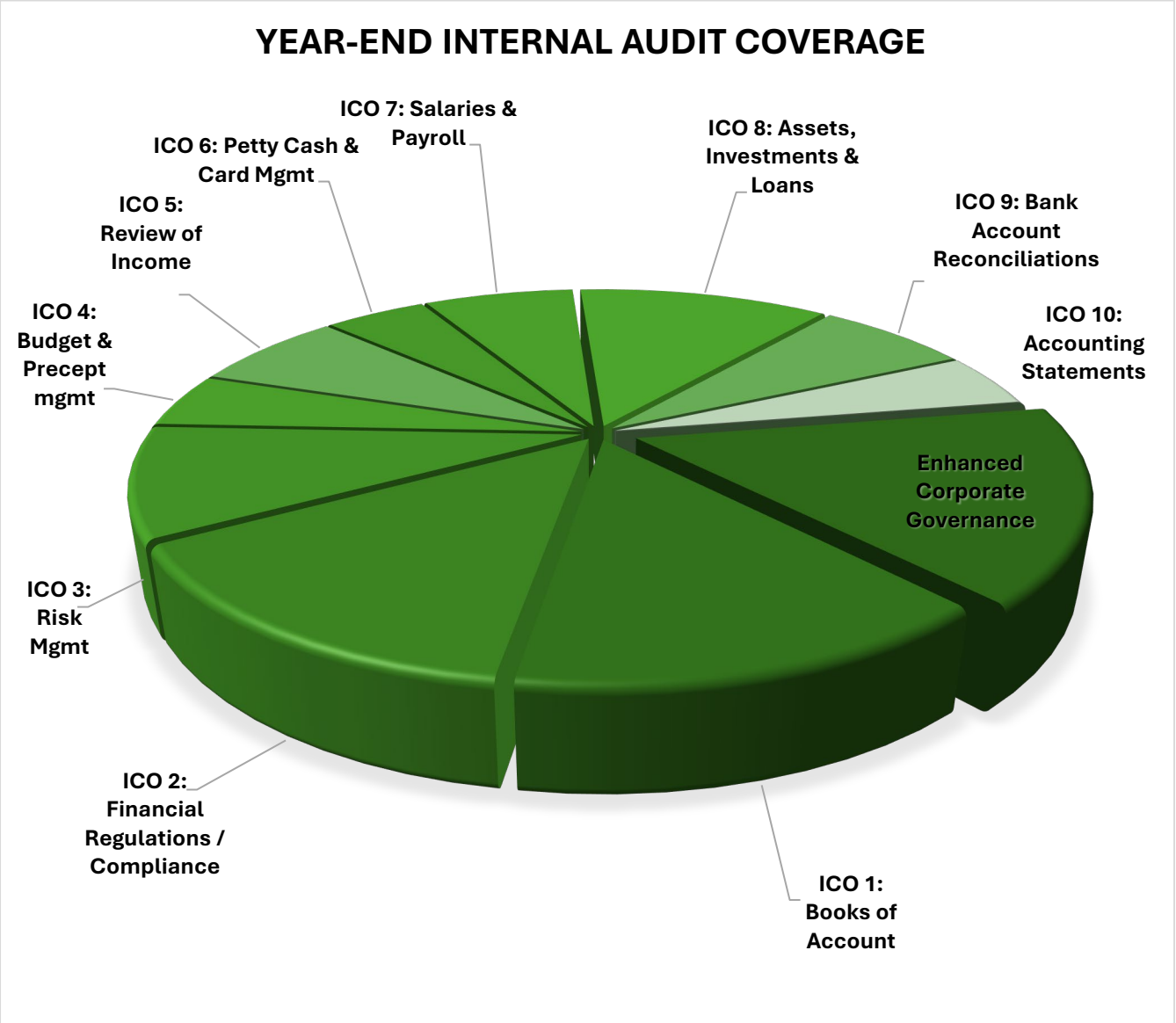


3. Internal audit coverage

The annual Internal Audit plan was prepared to take account of the unique characteristics and relative risks of Llanharry Community Council's activities and to support the preparation of the Annual Governance Statement and the Annual Statement of Accounts contained within the Annual Return.

Assurance reviews in twelve areas have been planned and performed to obtain sufficient information and explanation considered necessary to give reasonable assurance that the Council's Internal Controls systems are functioning effectively. The Internal Audit plan for the 2026-27 financial year was approved in consultation with the Council's Clerk & Responsible Finance Officer (RFO), and was informed by our own assessment of risk and materiality. The plan will be modified in future years, in consultation with the Clerk & RFO to ensure it is aligned to the objectives of, and the key risks facing the Council.

WGW online has provided assurance across twelve areas of review, which correspond to the eleven Internal Control objectives contained within the Annual Return: Annual Internal Audit Report, and an enhanced review of Corporate Governance during the 2026-27 financial year to the 30th of September 2026.



4. Internal Audit opinion

The Senior Partner of WGW online is responsible for the delivery of an interim and annual Internal Audit opinion and report which may be used by the Council to inform its Governance and Accounting statements in the Annual Return. The interim opinion, based on our review conducted onsite, with the assistance of the Clerk & RFO, onsite on the 12th of October 2026, examined the overall adequacy and effectiveness of the organisation's framework of governance, risk management and Internal Controls.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance may be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

- The 2026-27 interim audit work & reporting completed onsite and at our offices;
- The results of the follow up discussions conducted with the Clerk & RFO;
- The responses of the Council to prior year's internal audit report;
- The quality and performance of the Council's administrative function and the extent of compliance with the Standards defined in the One Voice Wales/SLCC (Society of Local Council Clerks) proper practice guidance: 'Governance and Accountability for Local Councils in Wales: A Practitioners' Guide'; and,
- The enhanced review of Corporate Governance and Financial Internal Controls.
- The proportion of Llanharry Community Council's audit requirement that has been covered during the interim review.

Internal audit opinion

I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of Llanharry Community Council's Internal Control Ecosystem.

In my opinion, Llanharry Community Council's framework of governance, risk management and management control has 'Substantial Assurance' with internal controls working in practice.

Where weaknesses have been identified and/or Best Practice recommendations for improvement made, these are recorded in Section 9: 'FY2026-27 Internal Audit Action Plan' of this Internal Audit Report.

5. Council profile

Council name:	Llanharry Community Council
Address:	Council Office, Groes Sannor, Degar Road, Llanharry CF72 9JX
Unitary authority:	Rhondda Cynon Taff Borough Council, Council Offices, Bronwydd, Porth CF39 9DL
Proper officer:	Mrs Gillian Lewis
Responsible Finance Officer:	Mrs Gillian Lewis
General Power of Competence:	The Council is not currently eligible to Adopt the General Power of Competence. This has not impeded the Council's operations or performance
Members:	Nine seats
Elected Members:	Nine elected members
Co-opted Members:	No co-opted members
Chairperson:	Cllr Lara Manchip
Vice-chairperson:	Cllr Emma Coates
Members Register:	A physical Members Register is maintained in the Council's office. A Hyperlink to the 2026-27 Member's Register is available from the Councillors profile page on the Council's official website
Size of Electorate:	3,378 (Three-thousand three-hundred and seventy-eight) 01.04.26
Current Precept:	£145,891.00 for the 2026-27 financial year
External Auditor's Report:	The 2025-26 financial year Audit Wales opinion had not been received as at the 12th of October 2026.
Official Website:	The Council maintains a free to access website on a secure server, published at: https://www.llanharry-cc.gov.wales

6. Corporate governance

The objective in this area of review is to ensure that the Council has robust corporate governance arrangements in place, and that, as far as we may reasonably be expected to ascertain (as we do not attend Council or Committee meetings) all meetings are conducted in accordance with the adopted Standing Orders and no actions of a potentially unlawful nature have been or are being considered for implementation. To meet the above objectives, we have:

- Noted that there was one recommendation for improvement made as a result of the 2025-26 financial year Internal Audit process which has been fully implemented;
- Noted that the Standing Orders and Financial Regulations were last Readopted unamended at the Annual Meeting of the Town Council on the 13th of May 2025, both under Minute reference 10;
- Noted that the Council is currently ineligible to adopt the General Power of Competence as the Clerk is not CiLCA qualified. This position has not impacted the council's operational effectiveness;
- Noted that the Council has adopted the Terms of Reference for its Standing Committees;
- Noted that the Council published the Notice of the Exercise of Elector's Rights was published as follows:
    - Date of Announcement: 17th of July 2026
    - Date of Commencement: 16th of July 2026
    - Date of Conclusion: 31st of July 2026
- Noted that the FY2025-26 Annual Return and Internal Audit reports are published on the council's official website, as required, and may be accessed at: https://llanharry-cc.gov.wales/annual-accounts-2025-26/
- Commenced our review of the minutes of Full Council and its Standing Committee meetings (excluding Planning matters) for the full year ensuring that no issues affecting the Council's financial stability either in the short, medium or long term exist, noting that the Council's Agenda, Minutes and supporting documentation continue to be produced to a high standard;
- Noted that the Council continues to make Grants and Community Contributions to local organisations with the relevant Statutory Powers recorded in the Approved and Published minutes of the Council;
- Noted that the Council maintains a free to use website under the domain: https://www.llanharry-cc.gov.wales/ hosted on a secure JSEC approved server;
- Noted that the Council's official website is compliant with current WCAG 2.2AA Accessibility Legislation;
- Noted that the Council's official website contains a wide variety of information including the Council's meeting diary, Agenda, Agenda Packs, Minutes, Policies & Procedures, Financial information, Audited Accounts and other useful local news. All information is easily identifiable and accessible;

- Noted that the Council is registered with the Information Commissioners Office (ICO) as a Data processor under certificate number ZA328712 with an annual renewal date of the 02nd of April each year;
- Noted that the ICO's model Publication Scheme was last approved and adopted during the 11th of February 2026 Community Council meeting under Minute reference 13;
- Noted that the Council has not received any Freedom of Information requests during the 2026-27 financial year during the period of the 01st of April to the 30th of September 2026;
- Noted that the Clerk & RFO has not conducted the document and data Impact Assessment for the 2026-27 financial year. The 2025-26 financial year Assessment is published on the Council's official website;
- Noted that the Council continues, as far as may be reasonably ascertained, to be compliant with the General Data Protection Regulation (GDPR);
- Noted that the Council has and Approved and Adopted Social Media Policy which is published on its official website; and,
- Noted that the Council maintains robust Internal Controls, in concert with its Health & Safety Risk Policy and Risk Assessments as amended from time to time. Increasing emphasis is being placed on the development and management of internal controls within the Standards defined in the One Voice Wales/SLCC (Society of Local Council Clerks) proper practice guidance: 'Governance and Accountability for Local Councils in Wales: A Practitioners' Guide

Conclusion

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

Outcome - Corporate Governance

Substantial Assurance

7. Annual Independent Internal Audit

Internal control objective '1'

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

The objective in this area of review is to ensure that the accounting records are being maintained accurately and currently, and that no anomalous entries appear in the financial ledgers.

To meet the above objectives, we have reviewed the following: -

Finance systems

The Council has migrated from a Microsoft Excel based system to Rialtas Alpha I&E to maintain its financial records.

- Checked and verified that the closing balance for the 2025-26 financial year was correctly brought forward as the opening balance of the 2026-27 financial year;
- Noted that Rialtas is set up with four cashbooks, one for each of the council's financial accounts;
- Checked and verified the Chart of Accounts, Nominal and Cost Centre coding structure to ensure proper and concise analysis may be undertaken;
- Checked and verified all transactions including inter-account transfers on all the Council's bank accounts for the period of the 1st of April 2026 to the 30th of September 2026;
- Noted that the Rialtas Alpha solution installed by the Council is a web based tenanted system which performs near real-time backup; and
- Noted that the Clerk & RFO maintains a robust backup procedure where all Council's files are backed up to an external Hard drive which is maintained in a fireproof safe offsite additionally, the files are also backed up to the Cloud, which may be accessed from anywhere that has an internet connection. We consider these to be reasonable and proportionate data security measures for a council of this size.

Bank and building society accounts

The Council retains the public funds under its management in three separate bank accounts with two financial institutions and a further sector specific investment organisation.

- The Council maintains three bank accounts: A current and deposit account with Lloyds Bank plc and a further deposit account with the Unity Trust Bank. These accounts are utilised for the Council's day-to-day banking requirements;
- The Council maintains an investment account with the CCLA Public Sector Deposit Fund (PSDF) where funds are invested to achieve a greater return on investment;
- The current Financial Regulations accord with the Council's current Internal Controls with two authorising persons required to process each payment;

- The Mandates for all the Council's banking and investment accounts are reviewed at least once annually and have sufficient signatories to make enquires, load payments only, and authorise payments; and,
- Formal segregation of duties are not possible as the Clerk & RFO are the same person. However, the Internal Controls pertaining to the procurement, ordering and payment for goods and services are both proportionate and robust, with all payments being submitted to Council Members for their Scrutiny and approval.

Investments

The Clerk & RFO has Certified that as at the 30th of September 2026 the Council retains no public funds in other investments.

Loans

The Clerk & RFO has Certified that as at the 30th of September 2026 the Council held no loans either owed by it, or to it.

Credit and Debit cards

We note that the Council continues to maintain a Lloyds Bank debit card against its current account. The card is maintained securely by the Clerk & RFO.

Each debit card transaction is recorded on the current account bank statement, the corresponding Rialtas Cashbook, and is identified on the monthly schedule of payments and presented to Members at the Full Council meeting and subjected to the same scrutiny as all other payments.

Conclusion

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

Outcome - Internal Control Objective '1'

Substantial Assurance

Internal control objective '2'

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

The objective in this area of review is to ensure that Council resources are released in accordance with the Council's adopted Standing Orders, Financial Regulations, budgets and other approved procedures, that 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, that correct analysis codes have been applied to invoices when processed, and that VAT has been appropriately identified and coded to the control account for periodic recovery.

To meet the above objectives, we have: -

- Noted that the Council has not had any requirement to enter into a formal tender process during the period of the 1st of April 2026 to the 30th of September 2026;
- Checked and verified that all quotations undertaken during the period of the 1st of April 2026 to the 30th of September 2026 have been undertaken in accordance with the Council's currently adopted Standing Orders and Financial Regulations;
- Noted that no Purchase Order system is in place with significant orders being placed, via email by the Clerk & RFO;
- Commenced our payment document testing process for the 2026-27 financial year, to ensure compliance within the Standards defined in the One Voice Wales/SLCC (Society of Local Council Clerks) proper practice guidance: 'Governance and Accountability for Local Councils in Wales: A Practitioners' Guide;
- Commenced our review of payments examining 100% of all non-payroll related payments to ensure that these had been correctly entered into the new Rialtas system. We have made one best practice recommendation in this regard;
- Checked and verified that all payment documents that have been validated by the Clerk & RFO, and that they had been presented to Members of the Full Council for Scrutiny and Approval. Such approval being recorded in the Council's published Minutes; and,
- Checked and verified the Council's first two quarterly s.126 VAT returns along with ensuring that the Q4 FY2025-26return had been received to bank:
    - The Q2 s.126 VAT Return was submitted to HMRC in the amount of £2,258.31
    - The Q1 s.126 VAT Return was submitted to HMRC in the amount of £1,093.52
    - The Q4 FY2025-26 s.126 VAT Reclaim was received to bank on the 14th of April 2026 in the amount of £3,009.09.

Conclusion & Recommendations

There is clear evidence that the Clerk & RFO has made smooth transfer from the Microsoft Excel spreadsheets to the Rialtas Alpha Accounting software. However, there is one matter which will assist the Clerk & RFO and Council members moving forward which is not routinely covered in Rialtas' own training:

When Entering Payments or Receipts into Rialtas Alpha the information which should be entered into the Reference field is not the type of payment which has been made, i.e., DD, BACS, SALARY etc., it is the Receipt, Sales or Purchase invoice number only. The reference field automatically checks to see if there are duplicate invoice numbers which is a valuable feature. It is not necessary to record the type of transaction, other than TFR: Transfer, which should only be used for inter-account transfers as these have no unique reference associated with them.

R1. The Clerk & RFO should, henceforth, only record the Receipt, Sales or Purchase Invoice number in the reference field in Rialtas.

R2. The Clerk & RFO must ensure that inter account transfers are only undertaken via the Rialtas: 'Cashbook Transfer' feature.

Outcome - Internal Control Objective '2'

Substantial Assurance

Internal control objective '3'

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

The objective in this area of review 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. We also aim to ensure that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition.

To meet the above objectives, we have: -

- Noted that the Council maintains a basic Business & Health & Safety Risk Register which is maintained by the Clerk & RFO;
- Noted that the Council's Risk Register is updated biannually in usually in October and March each year, with the amended Register being presented to Full Council for Approval in February or March for the following financial year. Noted that Members last Approved the Council's Revised Risk Assessment during the 11th of March 2026 Community Council meeting under Minute reference 19;
- The revised Risk Registers for the 2026-27 financial year had not been presented to the Full Council for scrutiny and onward approval as at the 12th of October 2026;
- Noted that separate Risk Assessments are undertaken for special events etc.;
- Examined the Council's insurance policy to ensure that appropriate cover is in place: Cover is provided by Hiscox Insurance Company Ltd under policy number 8187980 with the period of cover running from the 1st of April 2026 to the 31st of March 2027 on a run until cancelled basis (commenced on the 1st of April 2022):

  Key features include:

  - Employers Liability £10 million
  - Products & Public Liability £10 million
  - Officers & Trustees Indemnity including Fidelity Guarantee £500k
  - Commercial & Legal protection £100K
  - Personal Accident £100k
  - Crisis containment £25k
  - Business Interruption £10K

  We have noted Audit Wales current Best Practice advice that the level of Fidelity Guarantee cover should be a minimum of the 'Balances carried forward' Box 7 of the prior year Annual Return plus one precept payment. Assuming two precept payments, this means that minimum level of cover in respect of Fidelity Guarantee should be £210,686.50 (£136,741 + £72,945.50). We therefore consider the level of cover appropriate for the Council's current and ongoing needs; and,
- Noted that the council has one play area, the play area at Ty Isaf Park which also contains a teen shelter and MUGA (Multi use games area);

- Weekly inspections are conducted by the Clerk & RFO (who does not hold a current inspector certificate) with monthly inspections undertaken by Urban Recreation Ltd and the annual independent inspection undertaken by RoSPA;
- Noted that the Playground inspection reports are maintained for a period of 21 years (18 plus 3 years);
- Noted that the Review of Minutes provides clear evidence of continuous and diligent review of the health & safety reports of the playground and recreation area; and,
- Noted that the Council Approved and Adopted a standalone Playground Risk Management Policy during the 08th of January 2025 meeting of the Community Council under minute reference 18 of that meeting.

Conclusion

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

Outcome - Internal Control Objective '3'

Substantial Assurance

Internal control objective '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 objective in this area of review is to ensure that the Council has determined its annual budget based on sound assumptions of intended spending, that reasonable and proportionate funding is 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.

To meet the above objectives, we have:

- Noted that the Review of the Council's Approved and Published Minutes provides clear evidence that detailed monthly finance reports, and the Budget vs. Actual reports are reviewed, in detail, on a monthly basis;
- Noted that the Council had commenced its Budget setting and Precept determination process for the 2027-28 financial as at the date of the Interim Internal Audit: 12th of October 2026;
- Noted that the Council's 2026-27 financial year Budget and Precept, both in the amount of £145,891.00, were Resolved during the 14th of January 2026 Community Council meeting under Minute reference 12;
- Noted that as at the 30th of September 2026 the Council held four formally constituted earmarked reserves with an opening balance of £46,500.00. As at the 12th of October 2026 there had been no in-year transfers;
- Checked and verified the half-year position as at the 30th of September 2026:

Cash at Bank	**£**
CB1 Lloyds 30 Day Business Acc	501.00
CB2 Lloyds Current Acc	78,573.39
Unity Trust Bank	37,435.30
CCLA PSDF	123,772.54
TOTAL	**£240,240.23**
Less Earmarked Reserves	£46,500.00
General Reserve (GR)	**£193,740.23**

- The level of Retained General Reserve as at the 30th of September 2026 remains appropriately set for the Council's current and ongoing needs.

Conclusion & Recommendation

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

Outcome - Internal Control Objective '4'

Substantial Assurance

Internal control objective '5'

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

The objective in this area of review is to ensure that the Council maintains appropriate records to ensure that all income due to the Council is identified, invoiced accordingly, and recovered within an appropriate time scale.

To meet the above objectives, we have noted that in addition to the Precept the Council receives supplementary income from a relatively limited variety of sources recorded below:

NON PRECEPT INCOME FY2025-26

The objective in this area of review is to ensure that the Council maintains appropriate records are to ensure that all income due to the Council is identified, invoiced accordingly, and recovered within an appropriate time scale. To meet the above objectives, we have: -

Noted that in addition to the Precept the Council receives relatively limited variety of sources, including Burial & Memorial Fees, Hall Hire, Allotment rents, Way Leaves (approximately £34.00 per annum), occasional Grants & Donations, bank interest payments, VAT reclaims and CIL funds from time to time.

We note from our Review of Minutes that there is clear evidence of the Council's review of its schedule of Fees and Charges during the Budget Setting and Precept determination process. We have:

- Noted that the Council has no leases in place with any third party;
- Noted that the Council holds no saleable stock; and,
- Noted that the Council demonstrates reasonable and proportionate credit control processes.

Accuracy of income records

We have examined the reported income for the 2026-27 financial year to the 30th of September 2026 ensuring that, as far as we are able to reasonably ascertain, all income due to the Council has been received and recorded appropriately. Further, we have checked and verified the Rialtas cashbooks to ensure that all income has been accurately recorded against appropriate account coding with no matters arising:

FY2025-26 Precept

The Council received the 2026-27 financial year Precept in the amount of £145,891.

Bank Interest

The Council only receives interest payments on its Lloyds Bank Community Instant Account. Interest income was received in the amount of £282.85

CCLA PSDF Dividends

The Council received CCLA PSDF Dividends in the amount of £1,996.74.

Interment & Memorial Fees

The Council received Interment & Memorial fees in the amount of £731.00.

Allotment fees

The Council received Allotment fees in the amount of £00.00.

Grants & Donations

The Council received funds in the amount of £591.00.

Other sundry items

The Council received other, sundry income in the amount of £148.78.

VAT Reclaims

The Council received VAT Reclaims in the amount of £4,102.61 in respect of the Q4 FY2025-26 and Q1 FY2026-27 Returns to the 30th of September 2026.

We have agreed the total income for the 2026-27 financial half-year to the 30th of September 2026 in the amount of £153,923.98.

Conclusion

There are no matters arising from this area of review warranting formal comment or recommendation. We shall extend this area of review during the year-end audit.

Outcome - Internal Control Objective '5'

Substantial Assurance

Internal control objective '6'

'Petty Cash payments were properly supported by receipts; all petty cash expenditure was approved, and VAT appropriately accounted for.'

The objective in this area of review is to ensure that the Council manages its Petty Cash system(s) in accordance with its adopted Financial Regulations, that items purchased are suitable for the Council's use, transactions are correctly recorded in the Council's cashbooks, that VAT is identified for recovery where appropriate and that the Petty Cash account is reconciled on an appropriate basis.

To meet the above objectives, we have:

Noted that the Council did not operate a Petty Cash system, or use any form of cash float during the 2026-27 financial year from the 01st of April 2026 to the 30th of September 2026.

Conclusion

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

Outcome - Internal Control Objective '6'

Not applicable

Internal control objective '7'

'Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.'

The objective in this area of review is to ensure that the Council is appropriately observing legislation with regard to the Employee Rights Act 1998 and the requirements of HMRC legislation as regards the deduction and payment of income tax and NI contributions, together with meeting the requirements of the LGPS.

To meet the above objectives, we have: -

- Noted that during the 2026-27 financial year from the 01st of April 2026 to the 30th of September 2026 the Council continued to employ a single member of staff: the Clerk & RFO;
- Noted that the Clerk& RFO's current contract of employment was issued, after formal resolution of the Council during the Ordinary Meeting of the 14th of May 2025 under Minute reference 16 of that meeting;
- Noted that the Clerk & RFO is remunerated against the NJC SCP pay grade scale;
- Noted that there is no variable pay;
- Noted that the Clerk & RFO manages the Council's payroll in house using the HMRC PAYE Tools software;
- Conducted a 100% review of the council's payroll payments for the period of the 01st of April 2026 to the 30th of September 2026;
- Checked and verified that the PAYE and NI deductions had been properly paid to HMRC and were properly recorded in the Nominal Ledger;
- Noted that the Council did not employ any agency or temporary staff during the 2026-27 financial year to the 30th of September 2026;
- Noted that the Council is enrolled in the Rhondda Cynon Taff Local Government Pension Scheme. We have checked and verified the Employees and Employers contributions have been properly paid over; and,
- We have checked and verified the monthly HMRC PAYE Tools reports to the 30th of September 2026 with no matters arising.

Conclusion

There are no matters arising from this area of review warranting formal comment or recommendation. We shall extend this area of review during the year-end audit.

Outcome - Internal Control Objective '7'

Substantial Assurance

Internal control objective '8'

'Assets and investments registers were complete and accurate and properly maintained.'

The objective in this area of review is to ensure that the Council has prepared and maintains a register of its stock of land, buildings, vehicles, furniture and equipment as required by the Un Llais Cymru (One Voice Wales) and SLCC Governance and Accountability for Local Councils in Wales – A Practitioners Guide (2019).

To meet the above objectives, we have: -

Noted the Practitioners Guide requirements for councils with income and expenditure below £2.5 million which requires the following information in the Fixed Asset and Investment Register and appended our findings:

- Date of acquisition, upgrade and disposal
- Cost of acquisition and any expenditure which increases the life of the asset
- Basis of recorded book value i.e. cost or valuation (including the basis of valuation)
- Date of last valuation
- Useful life estimate
- Location
- Responsibility (which member of staff is the asset assigned to)
- Present use and capacity, e.g., site area, internal floor areas, and measures of occupancy and/or usage
- Corresponding periodic measures of usage or occupation
- Any available indications of asset value and condition
- Charges for usage or occupancy
- Disposal of fixed assets

Conclusion & Recommendation

There are no matters arising from this area of review warranting formal comment or recommendation. We shall extend this area of review during the year-end audit to verify the disclosure the Fixed Asset Value in the Annual Return Accounting Statements.

We have provided the Clerk & RFO a new Fixed Asset Register template MS Excel template which fully conforms to the new requirements for Smaller Authorities in Wales. This is attached as Appendix 'A' to this report and has been issued in digital format.

R3. We recommend that the Council's Fixed Asset information is migrated to the new spreadsheet supplied.

Outcome - Internal Control Objective '8'

Substantial Assurance

Internal control objective '9'

'Periodic bank account reconciliations were properly carried out during the year.'

The objective in this area of review is to ensure that the Council conducts regular reconciliations of the bank, building society and other investment accounts in which it maintains the public funds raised by taxation. That these reconciliations along with the corresponding account statements are presented to Members for their scrutiny and approval with that being recorded in the Minutes of the Full Council or its Committees.

To meet the above objectives, we have:

- Noted that the Clerk & RFO reconciles all the Council's financial accounts on a monthly basis;
- Checked and verified the Bank Reconciliation on the Lloyds Community and Community Instant Access Accounts for the period of the 01st of April 2026 to the 30th of September 2026 with no matters arising;
- Checked and verified the Bank Reconciliation on the Unity Trust Bank Account for the period of the 01st of April 2026 to the 30th of September 2026 with no matters arising;
- Checked and verified the Bank Reconciliation on the CCLA PSDF Account for the period of the 01st of April 2026 to the 30th of September 2026 with no matters arising;
- Noted that there is clear evidence of monthly reconciliations being undertaken, as recorded in the Rialtas Reconciliation archive, with hard copies signed off by the Clerk & RFO prior to onward scrutiny and approval by Council Members;
- Noted that there is clear evidence of Members' scrutiny and Approval of Reconciliation Statements in the Council's Approved and Published Minutes; and,
- Noted that the Council has a formally constituted Audit Committee which conducts an in-depth quarterly review of the Council's financial records including the monthly Cash & Investment Reconciliation report produced by the Clerk & RFO. The Audit Committee reports its findings to the Full Council.

Conclusion

There are no matters arising from this area of review warranting formal comment or recommendation. We consider the financial internal controls in this respect to be exemplary.

Outcome - Internal Control Objective '9'

Substantial Assurance

Internal control objective '10'

'Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records & where appropriate debtors and creditors were properly recorded.'

The objective of this area of review is to ensure that accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments), agreed to the cashbook, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.'

To meet the above objectives, we have:

The Council's accounts are managed in the Rialtas Alpha software accounting package, detail of which we have examined and consider records accurately the 2026-27 financial half-year's transactions. The software is used to manage the following working records and management reports which have all been checked and verified for the period from the 01st of April to the 30th of September 2026 with reference to prime documentation:

Working records

- Cashbooks
- Journals
- Reconciliation statements
- Budgetary reports
- VAT reclaim reports
- Detailed budget vs actual reports

Management reports

- Earmarked Reserves
- Trial balance
- Nominal Ledger
- Income and expenditure reports
- Cash & Investment report
- Reserves Reconciliation

We have checked and verified the declared closing Trial Balance for the 2024-25 financial year as recorded in the Microsoft Excel Spreadsheet Balance Sheet, as at the 31st of March 2025 against the opening Trial Balance on the 1st of April 2026 in Rialtas Alpha ensuring that the cashbooks remained in balance, after the migration to the new accounting system, with no matters arising.

Further we have undertaken a 'line-item' check and verification for all the Council's cashbooks, journals, nominal ledger, for the months of April, June, September 2026 with reference to the supporting prime documentation and the Council's published Minutes.

Finally, we have checked and verified the Nominal Ledger report to the 30th of September 2026 to ensure that appropriate coding has been applied and that there is no unexplained or unbudgeted expenditure with no matters arising.

Conclusion

There are no matters arising from this area of review warranting formal comment or recommendation. We shall extend this area of review during the year-end audit.

Outcome - Internal Control Objective '10'

Substantial Assurance

Internal control objective '11'

'Trust funds (including charitable) – The council met its responsibilities as a trustee.'

The objective in this area of review is to ensure that the Council has met its statutory requirements where it acts as a trustee for any trust fund or charitable trust, including maintaining separate financial and bank accounts and making all required statutory returns to the Charities Commission and/or the HMRC.

To meet the above objectives, we have:

- Noted that the Clerk has certified that Llanharry Community Council is not responsible for any Trust Fund or Charitable Trust and has no responsibilities as a trustee for any organisation.

Conclusion

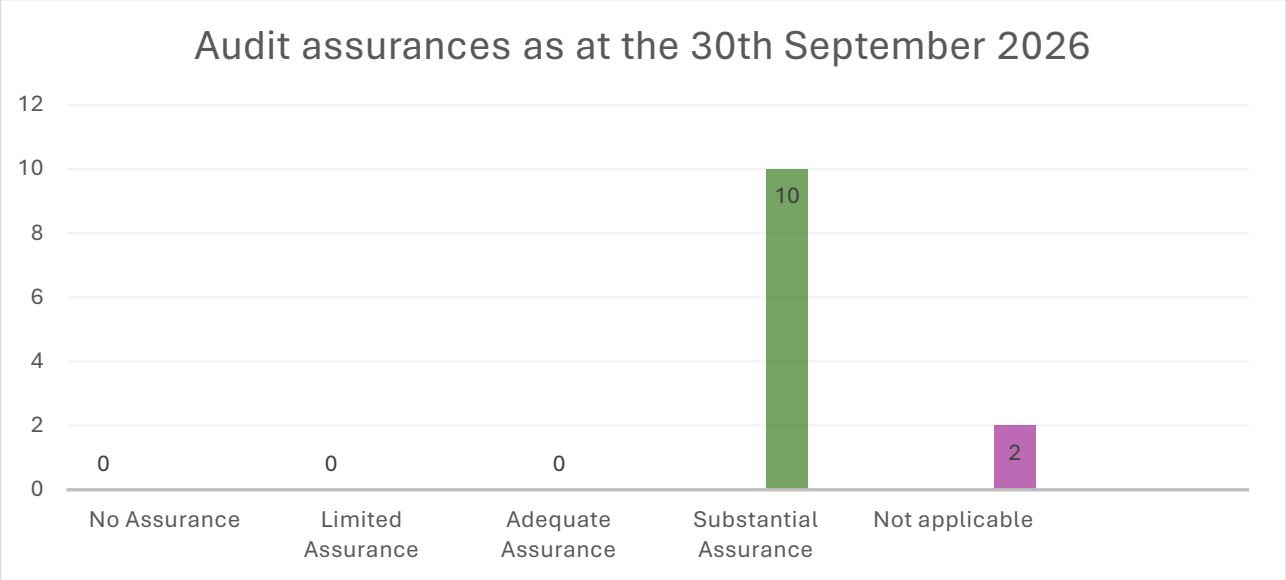
There were no matters arising from this area of review warranting formal comment or recommendation.

Outcome - Internal Control Objective '11'

Not applicable

8. Audit Assurance Review

During the year-end and interim internal audits for the 2026-27 financial year, we have undertaken 197 separate audit tests, providing eleven separate assurances in the twelve areas of review which correspond to an enhanced review of Corporate Governance and the eleven Internal Control objectives contained within the Annual Return: Annual Internal Audit Report as detailed in the chart below.



Substantial: A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified;

Adequate: Basically, a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified;

Limited: Significant weakness(es) have been identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk; or

No: Fundamental weaknesses identified in the framework of internal control, or the framework is ineffective or absent with significant risk to the achievement of system objectives.

Not applicable: The Council does not utilise any process under the internal control objective being audited or the control objective has not been reviewed during the interim audit. Under these circumstances, a finding of 'not applicable' will be recorded.

9. Confirmation of independence and Quality Assurance

During the 2026- financial half-year to the 30th of September 2026, we confirm that the internal auditor has acted independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation, based upon the internal audit programme, and has obtained appropriate evidence including copies of prime documentation to support our opinions from Llanharry Community Council.

The interim internal audit was conducted onsite at the Council's offices on the 12th of October 2026 with subsequent work conducted at our Wiltshire offices. The work was carried out in accordance with Llanharry Community Council's needs and planned coverage as reviewed with the Clerk & RFO: Mrs Gill Lewis

Based on the findings in the areas reviewed, the internal audit conclusions are summarised in the main body of this report, which correspond to an enhanced review of Corporate Governance and the Internal Control Objectives table contained within the Audit Wales 2026-27 financial year Annual Return's Annual Independent Internal Audit Report.

10. Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery & quality:

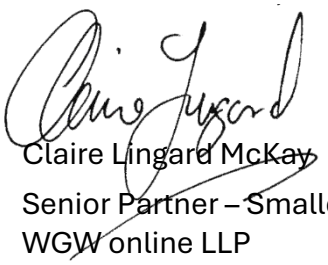
Annual performance indicators			
Aspect of service	**Interim 2026-27 (Actual %)**		**YE 2026-27 (Actual %)**
Internal Audit plan delivered	63	→	N/A
Positive customer responses to quality appraisal questionnaire			TBC
Compliant with the Public Sector Internal Audit Standards	Y	↔	N/A

11. Acknowledgements

We would like to take this opportunity to thank the Clerk & RFO of Llanharry Community Council, for her assistance in performing the interim internal audit for the 2026-27 financial year which was conducted onsite. We are grateful for the content and quality of the documentation and the responses that have been supplied to our supplementary questions.

We have noted that the Council continues to be well served by the Clerk & RFO, with the standard of both the Council's governance and financial records keeping being very high. We have noted that the Council has now migrated its accounting records to, Rialtas Alpha Web, sector specific accounting software and have noted the consistent quality of the Clerk & RFO's record keeping in this regard.

We now ask that the Clerk & RFO, Chairman and the Council Members consider the content of this report and acknowledge, in due course, that the report has been formally reviewed and adopted, with all recommendations for improvement noted by the Council.



Claire Lingard McKay
Senior Partner – Smaller Authority Internal Audit Practice
WGW online LLP

Appendix 'A' – Best Practice Fixed Asset Register spreadsheet (Welsh Councils).

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 WGW Online'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 as amended from time to time.

12. FY2026-27 Internal Audit – Recommendations Action Plan

Conclusion & recommendation - ICO 2	
There is clear evidence that the Clerk & RFO has made smooth transfer from the Microsoft Excel spreadsheets to the Rialtas Alpha Accounting software. However, there is one matter which will assist the Clerk & RFO and Council members moving forward which is not routinely covered in Rialtas' own training: When Entering Payments or Receipts into Rialtas Alpha the information which should be entered into the Reference field is not the type of payment which has been made, i.e., DD, BACS, SALARY etc., it is the Receipt, Sales or Purchase invoice number only. The reference field automatically checks to see if there are duplicate invoice numbers which is a valuable feature. It is not necessary to record the type of transaction, other than TFR: Transfer, which should only be used for inter-account transfers as these have no unique reference associated with them. R1. The Clerk & RFO should, henceforth, only record the Receipt, Sales or Purchase Invoice number in the reference field in Rialtas. R2. The Clerk & RFO must ensure that inter account transfers are only undertaken via the Rialtas: 'Cashbook Transfer' feature.	**Comments**
Conclusion & recommendation - ICO 8	
We have provided the Clerk & RFO a new Fixed Asset Register template MS Excel template which fully conforms to the new requirements for Smaller Authorities in Wales. This is attached as Appendix 'A' to this report and has been issued in digital format. R3. We recommend that the Council's Fixed Asset information is migrated to the new spreadsheet supplied.	**Comments**

-oO0Oo-