

Final Internal Audit Report Clydach Community Council 2024-2025



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## **Background**

All town and community councils are required by statute to make arrangements for an independent internal audit examination of their accounting records, systems of internal control and for the conclusions to be reported each year in the Annual Return.

This report set outs the work that undertaken in relation to the internal audit 2024 - 2025 financial year.

## **Internal Audit Approach**

In undertaking the internal audit, I have regarded the materiality of transactions and their susceptibility to potential misreporting or misrepresentation in the yearend statement of accounts/annual return. The internal audit programme has been designed to cover and afford appropriate assurance that the Council's financial systems remain robust and 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 framework. The programme is also designed to facilitate the completion of the 'Internal Audit Report' in the Council's Annual Governance & Accountability Return, which requires independent assurance over several internal controls and objectives.

## Areas of Testing

<b>Determination</b>	<b>Findings 2024 - 2025</b>	<b>Recommendations 2024 - 2025</b>
1. Appropriate books of account have been properly kept throughout the year.	Council maintained full books of account using the Rialtas software system throughout the 2024–2025 financial year. Final accounts were produced using Rialtas, as noted in supporting documentation. Nominal ledgers, payment records, and income logs were properly maintained.	.
<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	Financial Regulations approved March 2025. Finance & Audit Committee minutes (18 March 2025) confirm oversight. Payments reviewed monthly. During the 5-month period without a permanent Clerk (September 2024–February 2025), payments were still approved at Council meetings, including in October (10 Oct 2024) and November (14 Nov 2024), with clear itemised expenditure and ratification processes recorded.	
<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
3. The body assessed the significant risks to achieving its objectives and	While fire risk assessments and staffing contingency planning were noted in the minutes (Oct, Nov, Jan, Apr), there is no evidence that a formal financial risk	<b>R1</b> Complete and minute a formal annual financial risk assessment, covering internal and external financial risks, in line with Financial Regulations.

reviewed the adequacy of arrangements to manage these.	assessment was completed or reviewed by Council as required under Section 17 of the Financial Regulations.	
<b>4.</b> The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	Draft budget and 3-year plan discussed from November 2024 to January 2025 (12 Dec, 9 Jan 2025 minutes). Precept agreed and income projections recorded. Budget monitoring reports were presented and discussed throughout the year at various meetings, from April 2024 through to March 2025, confirming ongoing financial oversight. Specifically, financial and budget monitoring was noted in the following meetings: 11 April 2024, 9 July 2024, 12 December 2024, 9 January 2025, 11 March 2025.	
<b>5.</b> Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	The approved income budget for 2024–2025 was £208,580, with the final income received totalling £211,129. Income was generated through the following key streams: annual precept, hall hire, grant funding, VAT refunds, and bank interest. Although minutes during the 5-month period without a permanent Clerk do not explicitly confirm banking activity, bank statements reviewed separately confirm that income was banked during this period.	
<b>6.</b> Petty cash payments were	N/A	

properly supported by receipts, expenditure was approved and VAT appropriately accounted for.		
<b>7.</b> Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	Staff payments were approved in financial reports across multiple months. The Clerk's appointment was confirmed in January 2025 (9 Jan) with duties commencing in February (11 Feb). Clerk salary payments were clearly recorded in financial approvals for March 2025. However, there is no explicit record in the minutes of salary approvals from April to July 2024. While payment has been made these were not signed off by Council.	<b>R2</b> Ensure all salary payments are itemised in monthly financial reports and formally approved by Council to maintain a transparent audit trail. (with personal data removed)
<b>8.</b> Asset and investment registers were complete, accurate, and properly maintained.	The asset register has been maintained and reflects the Council's holdings. Insurance documentation confirmed active coverage.	
<b>9.</b> Periodic and year-end bank account reconciliations were properly carried out.	Monthly reconciliations were reviewed and approved at Council and Finance Committee meetings, including March 2025. However, during the Clerk vacancy (Sept 2024–Feb 2025), bank reconciliations were not explicitly noted in the minutes, although financial reports continued.	<b>R3</b> Bank reconciliations should be clearly noted in minutes as reviewed and approved. Reconciliations should be signed, dated, and filed with supporting documentation.
<b>10.</b> Accounting statements prepared	The Council prepared statements on an income and expenditure basis. Final	

<p>during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.</p>	<p>accounts were generated via Rialtas and validated with supporting records.</p>	
<p><b>11.</b> Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.</p>	<p>N/A</p>	