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# Penmaenmawr Town Council

## Retrospective Internal Audit Report 2023-24

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# 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 Internal Audit undertaken in relation to the 2023-24 financial year, which took place, retrospectively on the 9th, 10th, 11th, 13th & 14th of March 2025.

# Internal Audit Approach

The Internal audit for the 2023-24 financial year has been undertaken **retrospectively** and remotely. This was due to the turbulent period that the Council endured throughout 2023-24 when the Council had a high turnover of persons appointed to the position of Clerk & RFO. It is important to note that the Chairman, Mr Steven Consterdine, undertook the role of acting Clerk & RFO during the 2024-25 financial year and did his best to keep the Council operational until a new Clerk was appointed. However, the sheer volume of work combined with a number of misunderstandings relating to the process required to produce and Approve the Annual Return for Audit Wales led to the failure of the statutory documentation being submitted in a timely basis. This situation has further exacerbated by the fact that much of Council's physical records for that period appear to have disappeared during the tenure of the last Clerk & RFO in 2023-24, where the instruction given to tidy up the filing system appears to have been taken, literally.

This audit has been undertaken by reconstructing all the records for the financial year from the extant files, digital backups of the Council's records and its finance systems and supplemented by records which have been downloaded from the Council's bank and service suppliers. Under the management of the new Clerk & RFO in post, robust Internal Controls have been established to ensure that such a situation does not occur again.

All files and supporting document required to complete the audit have been supplied, as requested, electronically and have, unless otherwise stated, been retained on our permanent audit record and in compliance with GDPR at all times.

In undertaking our review for the year, we have had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / Annual Return. Our programme of cover is designed to afford appropriate assurance that the Council has appropriate 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 Return process, which requires independent assurance over a number of internal control objectives.

# Overall Conclusion

Based on the completion of our programme of work for the year, conducted retrospectively, we have concluded that the Council has demonstrated basic internal control arrangements, with three negative assertions recorded. There are eighteen (18) matters arising this year warranting formal comment or recommendation. These are documented in the main body of this report and the Action Plan in Appendix 1.

We have taken into consideration the fact that Penmaenmawr Town Council has undergone significant struggles in bringing the Council into good order and recognise the consistent efforts made by Mr Steven Consterdine and fellow Council Members in this regard. It is self-evident that the 2023-24 financial year has been a particularly challenging year which has, due to the nature of the matters at hand. We thank the new Clerk & RFO in post, Mr Peter Davis for his assistance, during this internal audit, which has ensured the successful conclusion of the year-end review process.

We have completed and signed the 'Internal Audit Report', having concluded that the control objectives set out in that Report have been achieved within the financial year to a standard adequate to meet the needs of the Council with the exception of Internal Control Objectives 2, 3 & 8 where negative assertions have been recorded.

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 Penmaenmawr Town Council. To the fullest extent permitted by law, no responsibility or liability is accepted by Working the Greener Way Online 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 Maintenance of Accounting Records & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. We note that the Council continues to employ Rialtas Alpha accounting software to maintain financial records and produce its financial statements and management report and accounts. Rialtas has been used to maintain the 2023-24 financial year accounts and to and prepare the Council's Annual Statement of Accounts.

The Council continues to maintain two bank accounts, a National Westminster Current and Reserve account for the Council's day-to-day administrative business.

We have checked and verified that:

- The Council reported its accounts on a Receipts and Payments basis in 2023-24;
- The closing balance for the 2022-23 financial year was brought forward correctly as the opening balance for the 2023-24 financial year;
- The Nominal and Cost Coding structure to ensure the ledger provides for sufficient analysis to enable the preparation of the annual accounts and Annual Return;
- All six Journals executed during the 2023-24 financial year were correctly applied;
- All inter account transfers were correctly recorded in the cashbook;
- Using sample testing, all transactions for the months of April, June, September and December 2023, and March 2024 were correctly recorded in the appropriate cashbook;
- Reviewed the Variance report as at the 31st of March 2024 noting that no explanation required further investigation or commentary;
- All transactions recorded in Rialtas during the year to the supporting bank statements, ensuring the correct recording of inter-account transactions.
- Finally, in this area, we have checked and verified the monthly and year end bank reconciliations, noting that the bank reconciliation statement for the National Westminster Bank reserve account had been been reconciled as at the 16th of March 2024 and not the 31st of March 2024 which resulted in the omission of the Gross Interest payment on the 28th of March being omitted from the annual accounts. As such the year-end balances had not been properly disclosed. This matter has now been resolved by the new Clerk & RFO in post, ensuring the accurate disclosure of the year-end balance in Section 2, Box 8 of the year's AGAR.

***Conclusions and recommendations***

***Journals are used as a tool to adjust values recorded against nominal codes and cost centres and reserve accounts. The use of Journals, primarily to correct coding errors or to effect necessary transactions during the year-end closure process change the financial record. It is therefore important that all Journals are subject to scrutiny during the review of finances either at Full Council or the Finance Committee Meeting.***

*R.1 The Clerk & RFO should ensure that were Journals are raised and posted, that the corresponding journal report is placed before Council Members, at the appropriate meeting of the Council, for their scrutiny and approval.*

## Review of Corporate Governance

Our objective here is to ensure that the Council has robust corporate governance documentation and processes in place, that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and Financial Regulations 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 have:

- Noted the content of the Internal Auditor's report for the 2022-23 financial year. In consultation with the New Clerk in post we were unable to identify any formal response to the report, or identify the Council's actions in relation to the Internal Auditor's report;
- Noted that the Council's Standing Orders were amended and Readopted at the 26th of June Meeting of the Full Town Council under Minute reference of 15 of that month;
- Noted that the Financial Regulations were last amended reviewed and readopted at the 25th of March 2024 meeting of the Full Town Council meeting, under Minute reference 9(a)
- Noted that the Council maintains a simple website, https://www.penmaenmawr.org which provides the Councils statutory and policy documents, financial information and the published Minutes of the Full Council and its Standing Committees. As far as can be ascertained, the website meets the requirements of the current Accessibility legislation, although we have noted that the Financial Regulations published on the website are not the currently adopted ones. Further, as at the 14th of March 2025, the website still records Mr Daryn Wilcox as the Council's Clerk & RFO;
- Noted that none of the Clerks in post during the 2023-24 financial year were CiLCA qualified;
- Noted that the Council was not eligible to Adopt the General Power of Competence and was reliant on LGA 1972 s.137;
- Noted that the Council did not, during 2023-24, hold a GDPR Policy, had not conducted a data impact assessment and did not have a document version control system in place;
- Noted that the Council did not Approve the Annual Return and requested documentation to Audit Wales by the 30th of June 2024;
- Noted that, as a result of the above point, the Council did not publish the Notice of Electors' Rights for the 2023-24 financial year;
- Reviewed the minutes of the Full Council for the year to the 31st of March 2024 to ensure that no issues affecting the Council's financial stability either in the short, medium or long term exist, also that no legal issues appear to exist whereby the Council may either be considering or have taken decisions that might result in ultra vires expenditure being incurred;
    - Noted that the Minutes of the Council and its Committees restarted at 1 at the commencement of each meeting;
    - Noted that several items of business were routinely grouped together under one Minute reference;
    - Noted that the Council's financial information is not reported correctly. Generic statements are made about bank reconciliation, budget and schedules of payment. However, none is properly identified, the documents do not appear in the agenda pack or attached to the published minutes and as such contain no information which may be validated for audit purposes;
    - Noted that the Council did record the outcome of its budget setting and precept determination process in its Approved and Published Minutes, however, the paper and digital copies of these minutes cannot be identified;
    - Noted that the Minutes of the HR Committee are declared as 'Confidential Minutes'. For the avoidance of doubt there is no such thing as 'Confidential Minutes'! Approved Minutes are the public and legal record of all business transacted by the Council and must be published, in full and without redaction;
    - Noted the inclusion of 'Urgent Matters' in several Agenda and published sets of Minutes. Urgent Matters, like Any Other Business may never appear on any Agenda and only items of business that are recorded on the Agenda of a meeting may be discussed at that meeting;
    - Noted that the Clerk & RFOs failed to record the statutory power under which all Award of Grant Aid were made during the 2023-24 financial year; and,
    - Noted that whilst all the Council's Committees are properly constituted, have appropriate Terms of Reference and Delegated Authority it is concerning that our Review of Minutes identified that

business matters are routinely discussed without resolution or agreed action and continue moving forward to the next meeting, and the next, and the next.

- Noted that the threshold for competitive public Tender is consistently set at £25,000 excluding VAT in both the Council's Adopted Standing Orders and Financial Regulations.

***Conclusions and recommendations***

***The standard of Corporate Governance was of a variable quality during the financial year. Despite a Locum Clerk being retained to coach two new Clerk &RFOs during the 2023-24 financial year, both employees failed to meet the required standard to pass their probation period. Indeed, our Review of Minutes has identified that one Clerk either inadvertently or deliberately misled the Chairman and Members of the Council by stating that Rialtas Business Solutions Ltd was an; 'accounting firm' and their services should be retained to sort out the year-end and internal audit issues for the Council!***

***These statements, as recorded in the Approved and Published Minutes of the Full Council, led to the Chairman and Members believing, incorrectly, that Rialtas would take care of the whole year end process for the Council without the Council's further involvement. This misinformation was the direct cause of the failure of the Council; a) to appoint an Internal Auditor for the 2023-24 financial year, b) to complete the Annual Return pack, reviewing and approving this at a meeting of the full Council and, c) Submitting the Annual Return pack to Audit Wales by the deadline.***

***For the avoidance of doubt, Rialtas Business Solutions Ltd is an accounting Software Vendor. It is not and never has been a firm of Accountants. The Rialtas accounting software platform is currently the market leader for fully auditable accounting software in Wales and England for Town, Community and Parish Councils. It provides year-end close down, data entry, training and support services. It does not and never has provide accountancy services.***

***Finally, in this regard, we take this opportunity to advise the Clerk & RFO and Members that it is the Council's duty to complete the Audit Wales Annual Return, along with all the requested supporting documentation to Audit Wales at their designated address by the 30th of June each year at the latest, unless a formal extension to this period has been agreed in writing:***

*R.2 The Clerk & RFO must henceforth ensure that the Annual Return including the Statement of Accounts, Governance Statement and Internal Audit Report (which may only be completed by the internal audit) is properly and fully completed, reviewed and Approved at Full Council and submitted to the designated contact at Audit Wales by the 30th of June deadline.*

***The Minutes of each council meeting commence with 1 at each meeting of the Council or its Committees. It is considered best practice to commence Minute referencing at the beginning of each municipal year and conclude at the end of the year:***

*R.3 The Clerk & RFO should ensure, henceforth, that Minute Referencing commenced for the Full Council and each of its Committees at the first meeting of the Municipal year. For example, the first Minute of the Full Council should be; FC/001/24-25 and the Human Resources Committee F&GC/001/24-25 etc., running consecutively to the last Minute of the Municipal Year: FC/997/24-25.*

***The Approved and Published Minutes of the Council and its Committees often record several items of business under each Minutes reference. As the Approved and Published Minutes are the Legal record of all business transacted by the Council it is imperative that all matters are uniquely identified:***

*R.4 The Clerk & RFO should ensure that where several items of business recorded under one Minute Reference, that each item of business is uniquely identified as a sub point. For example; FC/001/24-25(a), FC/001/24-25(b), FC/001/24-25(c) etc.*

***The Council's financial information is not reported correctly. Generic statements are made about bank reconciliation, budget and schedules of payment. However, none is properly identified, nor are the documents saved with the agenda pack or the published minutes:***

*R.5 The Clerk & RFO Must ensure, henceforth that the review of the Council's Financial Statements is properly recorded. For example:*

***FC/123/24-25 FINANCIAL MATTERS***
*a) Members Received and Noted the Bank Statement and Bank Reconciliation Statement for the NatWest Current Account, as at the 31st of March 2025, in the amount of £41,101.01.*
*b) Members Received and Noted the Bank Statement and Bank Reconciliation Statement for the NatWest Reserve Account, as at the 31st of March 2025, in the amount of £144,101.01.*
*c) Members Received and Approved the Schedule of Payments & Receipts reference 12-March-2025 attached as Appendix 1 to these Minutes/as recorded in this Minutes*
*d) Members Received and Noted the Income & Expenditure Budget Vs Actual report dated 31st of March 2025, attached as Appendix 2 to these Minutes.*

***The Minutes of the HR Committee are declared as 'Confidential Minutes'. For the avoidance of doubt there is no such thing as 'Confidential Minutes'! Approved Minutes are the public and legal record of all business transacted by the Council and must be published, in full and without redaction;***

*R.6 The Clerk & RFO must ensure that the Approved Minutes of the Full Council are published on the Council's official website expeditiously. Any business matter which is sensitive and confidential must be recorded in a 'Confidential & Privilege' report which is attached to the Published Minutes as an Appendix but is not made available to public view.*

***There are several inclusions of 'Urgent Matters for discussion', which in the same context as 'Any Other Business' should not be used. Only business which is listed on the Agenda may be discussed during Council Meetings, notwithstanding the Chairperson's power to include an Urgent Matter to the Agenda, under exceptional circumstances, under Welsh regulations;***

*R.7 The regular inclusion of 'Urgent Matters for discussion' on the Agenda and Minutes should be discouraged, notwithstanding the Chairperson's power to include an Urgent Matter into the order of business under exceptional circumstances.*

***The Statutory Power under which Members Made the Award of Grant Aid to applicants during the 2023-24 financial year has not been recorded which is a statutory requirement for all Council's who do not qualify to use the General Power of Competence. Having reviewed the Grants that were made, it is our opinion that these could all have been made under Powers other than LGA 1972, s.137;***

*R.8 The Clerk & RFO should ensure that the Statutory Power, under which an Award of Grant Aid is made, is recorded alongside the Resolution making the award. For Example: Members Resolved to Award Grant Aid, in the amount of £500.00, to the 1st Collingbourne Scout Group for new benches for their Scout Hut, under LGA (Miscellaneous Provisions) Act 1976 s.19.*

***The Council operates properly constituted Committees with Approved and Adopted Terms of Reference and Delegated Authority. However, there is clear evidence recorded in the Council's Approved and Published Minutes of Committee meetings taking place where matters are discussed without Resolution or Actions agreed, only to be discussed again the next month, and the next, and the next…… finally to be referred to the Full Council months if not over a year later!***

*R.9 If a properly constituted Committee is unwilling, or unable to undertake a proper decisions making process, and refers its business to full Council, then the Council should consider the dissolution of the Committee and for the work to be transacted at Full Council instead. Such time wasting is potentially*

*injurious both to the Council and to the electorate and results in procrastination rather than actions taken in a reasonable manner and timeframe.*

## Review of Payments

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are electronically authorised & cheques signed by two elected members of 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;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and,
- VAT has been appropriately identified and coded to the control account for periodic recovery.

During the 2023-24 financial year, the Council moved over from cheque to electronic payments and the Financial Regulations were amended to accommodate this. All BACS, DD and SO payments, can be traced via their unique payment reference to the detail of the corresponding bank statement.

We note that a 'Schedule of Payments', was presented to the Members at the monthly meetings of the Town Council, which is duly authorised and minuted. However, we have also noted that these Schedules of Payment are not uniquely identified and are not attached to either the hard copy or the electronic copy of the Minutes or corresponding Agenda, so it has not been possible to review these for the purposes of audit. This matter has been commented on in the previous section on Corporate Governance.

We have noted that the Council went out to 'Tender' for the provision of new Christmas Lights during the 2023-24 financial year. However, the 'Tender' followed the quotations process and not the Formal Public Tender that it was required, in accordance with current Procurement Legislation and with the Council's own Adopted Financial Regulations. Due to this non-compliance, the Council cannot be said to have complied with its Financial Regulations, therefore a negative assertion has been recorded against Internal Control Objective 2 in the Annual Return, Annual Internal Audit report FY2023-24.

We have conducted our Review of Payments on the basis of every non payroll related payment in excess of £500 and every 15th payment irrespective of value. Using this criteria we checked and verified a sample of 51 non-payroll related payment documents totalling £91,969.51 and representing 39% of all non-salary related payments with only one issue arising: Although all high value payment documents contained the initials of the Chairman and one other Council Member, this was not universally applied as required in the Council's Adopted Financial Regulations.

We note that a Barclaycard Credit Card, with a monthly expenditure limit of £3,000.00 was in use during the 2023-24 financial year. The account was settled in full and closed on the 28th of June 2023.

Finally, in this area of our review we note that one VAT reclaim was prepared in respect of the 2023-24 financial year to the 31st of March 2024, in the amount of £6,298.21. However, the claim was never submitted to HMRC.

***Conclusions & recommendations***

***Public Sector Procurement legislation for Smaller Authorities requires that all procurements which are likely be to in excess of £25,000.00 excluding VAT for the total value of a contract for goods or services MUST go out to formal Public Tender, including the advertising of that Tender on the Welsh Government's Tender Portal: 'Sell2Wales', and optionally the UK Government's Tender Portal 'ContractsFinder'. The Council must ensure that it complies fully with its Financial Regulations in future.***

*R.10 The Clerk & RFO must ensure that, in future, all Tenders that are, or are likely to be in excess of £25,000 excluding VAT are treated as Formal Public Tenders and advertised on the Welsh government's Tender Portal: 'Sell2Wales', in compliance with the Council's currently Adopted Financial Regulations.*

***Whereas the high value invoices contained clear evidence of scrutiny by the Chairman and another Council Member. This level of scrutiny had not been universally applied, in accordance with the Council's currently Adopted Financial Regulations. The Payment Document Approval process is one of the most important aspects of Council financial accounting as it is here that fraud is identified and stopped. It is important that the Clerk & RFO validates and codes the Payment document, then the Payment Document is initialled by two Council Members.***

*R.11 To ensure that the Payment Document Approval process is conducted as a standard practice, we recommend that the Clerk & RFO acquires a document coding stamp with fields for the date of receipt, the Clerk & RFO's initials, the account and cost centre codes and two sets of Council Member's initials.*

**A single VAT reclaim was prepared in respect of the 2023-24 financial year to the 31st of March 2024, in the amount of £6,298.21. However, the claim was never submitted to HMRC.**

*R.12 The VAT reclaim that was not submitted to HMRC for the 2023-24 financial year should be submitted expeditiously with a letter explaining the circumstance of the delayed submission. In future, we recommend that the Council commences making quarterly VAT reclaims at the end of each quarter to regularise the Council's cashflow and maximise the potential interest gained for the electorate.*

## 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 identified in order to minimise the opportunity for their coming to fruition.

We have noted in our Review of the Council's Approved and published Minutes that there are several references to the two Clerk & RFOs appointed by the Council being instructed to create a single matrix Health & Safety and Business Risk Register. However, there is no extant Register in place either in hard copy or electronically. Resultantly, we have recorded a negative assertion against Internal Control Objective 3, in the 2023-24 Annual Internal Audit Report.

The Council has now placed its insurance cover requirements with BHIB under a 'Local Councils' policy Number: 100723637BDN/LCO02984. (Underwritten by Aviva).

The Policy is effective from the 31st of May 2023 to the 30th of May 2024.

£10 million - Employers Liability
£10 million - Public & Products Liability
£500,000 - Officials Indemnity
£250,000 - Legal Expenses
£250,000 - Libel & Slander
£150,000 - Fidelity Guarantee
£100,000 - Personal Accident

We consider this level of cover to be appropriate for the Council's current and ongoing needs.

Finally, in this area of our review, we note that the Council is not responsible for any children's playgrounds or recreation areas.

***Conclusions and recommendations***

***The proper maintenance and management of a reasonable and proportionate combined Health & Safety and Business Risk Register is fundamental to operational security of every council. The Chairman has disclosed that it has tried to create a Risk Register, without success for several years. To this end, this Auditor has supplied a sample Excel based Risk Register to the Clerk & RFO to be used as the basis for council to develop its own Registers.***

*R.13 The Clerk & RFO must ensure that a reasonable and proportionate Business and Health & Safety Risk Register is developed for the Council's needs. It should be noted that specific Risk Assessments can be added for individual events such as Remembrance Day, or for Lone working for example.*

*R.14 The Council's Risk Registers **must** be reviewed and readopted at least once annually, with formal Adoption being recorded in the Approved and Published Minutes of the corresponding meeting. We would suggest that this should be the AGM of the Town Council in May.*

## Review of Budgetary Control and Reserves

In this area of our coverage, we aim to ensure that the Council has sound procedures in place for the determination of its annual budget and monitoring and managing available resources throughout the financial year.

The Council's Minutes and other documentation provided for our review indicate that Members undertook its Budget setting and Precept determination process from October to December 2023. Subsequently, Members Resolved to Approve the Budget and establish the Precept for the 2024-25 financial year at the 29th of January 2024 meeting of the Town Council. The budget and precept for the 2024-25 financial year was Approved at the 29th January 2024 meeting of the Full Council, with the precept for the 2024-25 financial year Established in the amount of £180,715 *(£172,110 prior-year).*

We note that the Council continues to be provided with detailed monthly budget monitoring reports which now provide a means of measuring actual performance against an approved budget.

The Council's Total Reserves at the 31st of March 2024, stood at £181,657 *(£177,250 prior-year)*. The Council currently maintains earmarked reserves in the amount of £34,500 *(£34,500 prior-year)*, in relation to Skatepark development, Elections, Asset Transfer fees, and Community projects.

The General Reserve Fund balance of £147,157 represents approximately 6 months' average monthly revenue expenditure at 2023-24 financial year levels, sitting at the upper threshold of the current Chartered Institute of Public Finance Accountants (CiPFA) guidance to retain between 3 and 6 months average month expenditure as retained reserves. We consider this level of General Reserve appropriate for the Council's current and ongoing needs.

***Conclusion***

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

## Review of Income

The Council receives income by way of the annual precept, bank interest, occasional grants and donations, and recovered VAT. The Council has no chargeable services.

Finally, in this area of review, we have checked and verified all receipts received during the 2023-24 financial year with no matters arising.

***Conclusions***

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

## Review Petty Cash Account

The Council operates an informal Petty Cash Account which is used infrequently and topped up on an 'as and when' basis. The Petty Cash Account is reconciled on a monthly basis, even when no transactions have occurred.

As this internal audit has been conducted retrospectively it was not possible to check and verify the end of year cash balance, and we are reliant on the veracity of the Reconciliation Statement, recording a balance of £83.58 on the 31st of March 2024.

***Conclusions and recommendation***

***Whilst there are no matters arising in this area of our review warranting formal comment, it is our recommendation that given the extremely low level of use of the Petty Cash Account, and the fact that we are advised the Council now has a debit card in place for sundry purposes, that the Petty Cash Account be closed and any residual funds returned to the General Reserve.***

*R.15 It is our opinion that the Petty Cash Account should be closed as it's use is now so minor that it has become an administrative overhead, in terms of time and money, to manage the account, and a risk to maintain physical cash in the office.*

## Review of Staff Salaries

In examining the Council's payroll function, we aim to ensure 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) in relation to the deduction and payment over of income tax and NI contributions.

To meet these objectives, we have examined the payroll procedures in place and the physical payments made to staff in 2023-24 by reference to the September 2023 payroll documentation, which is produced by Council's outsourced Payroll provider: Trident Tax & Accountancy Ltd. Our review has included:

Ensuring that the Council has approved employee pay rates for the financial year and that these have been duly and accurately applied, we have;

- Reviewed the Establishment list provided for the 2023-24 financial year;
- Checked to ensure that appropriate PAYE tax codes were applied for the year;
- Checked to ensure that national insurance deductions were accurately applied;
- Verified the detail of the net salary and third-party payments of PAYE / NI contributions by reference to payslips and payroll summary reports and the subsequent cheque / BACS payments issued;
- Verified the detail of pension contributions by reference to payslips and payroll summary reports and to the subsequent cheque / BACS payments issued; and,
- Ensured that monthly payroll submissions have been properly submitted to HMRC in accordance with current legislation.

***Conclusions***

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

## Review of Fixed Asset Register(s)

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned. We note that, acting on our prior year recommendations, that the Clerk has revised the Council's Fixed Asset Register and that it now meets the basic requirements of the Practitioners' Guide.

We have Noted but not agreed the 2023-24 financial year Fixed Asset Register value, in the amount of £151,827 *(£151,827*, *prior-year)*, with no in year acquisitions and disposals recorded. The Fixed Asset Register provide was developed historically, has not been updated in over three years, and is not compliant with the requirements of the Practitioners' Guide.

Due to the failure to maintain a proper and compliant Fixed Asset Register we have recorded a negative assertion against Internal Control Objective 8 of the Annual Internal Audit Report for the 2023-24 financial year.

***Conclusions and recommendation***

***All Council's are required to maintain a proper Fixed Asset Register that is compliant with the requirements stated in JPAG, the Practitioners' Guide. This Auditor has supplied the Clerk & RFO with a basic Excel Spreadsheet Template which may be populated with the Council's Fixed Asset Data.***

*R.16 The Clerk & RFO must ensure that a proper Fixed Asset Register is brought into use and continuously maintained in compliance with the requirements recorded in JPAG, The Practitioners' Guide as amended from time to time.*

## Review of Investments and Loans

We have noted that the Council does not hold an Investment Strategy / Policy. As at the 31st of March 2024, the Council held funds, totalling circa £19,255.02 in its National Westminster Bank accounts as follows:

| Account | Cashbook Number | Reconciled Value as at 31.03.24 |
|---|---|---|
| NatWest (current) | CB1 | £ 47,107.49 |
| NatWest (reserve) | CB4 | £ 140,466.05 |
| | | **Total £ 181,573.54** |

The detail of each account has been checked and verified against the prime documentation, i.e. bank statements as at the 31st of March 2024, cashbook entries and corresponding bank reconciliations.

The Government's FSCS (Financial Services Compensation Scheme) gives a maximum level of protection of £85,000 invested in one institution. Resultantly, as at the 31st of March 2024 £96,573.54 of the public funds managed by the Council were not protected by FSCS.

Finally, in this area of review we note that the Council has no loans owed by it, or to it.

***Conclusion and recommendations***

***It is a statutory requirement for every Council in Wales and England, which holds over £100,000 of the public's funds on deposit, to develop an Investment Strategy to ensure that due consideration is given to how best to protect the funds under the Council's management whilst obtaining a reasonable return on investments made with these funds:***

*R.17 The Clerk & RFO is required to draft a formal Investment Strategy / Policy for scrutiny, Approval and Adoption by Members.*

***The economic uncertainty caused by the unprecedented situation over the past four years, exacerbated by current geopolitical issues is significantly affecting financial markets which are becoming increasingly volatile. We take this opportunity to remind the Clerk & RFO and Members that a maximum of £85,000, per financial services provider, is protected by the Financial Services Compensation Scheme.***

***We encourage the Clerk & RFO and Council to take all necessary actions to protect the public funds, under its management, to the extent that is able to, and put in place measures to protect these.***

***There are a number of organisations, such as the CCLA, (Church, Charities and Local Authorities Investment Management Ltd) which provide bespoke services and investment funds for Public Sector entities*** https://www.ccla.co.uk/ ***utilised by many councils in England & Wales. The Clerk & RFO and Members should undertake independent financial advice into possible investment solutions in this regard.***

*R.18 The Parish Council should seek financial advice about how to protect the public funds under its management and consider alternative investment opportunities such as, but not limited to, the CCLA Public Sector Deposit Fund which is used by many Town, Parish and Community Council's in Wales & England.*

## Annual Return and Accounting Statements

The Council's Rialtas accounting system automatically generates the Management Accounts, Balance Sheet, Trial Balance, Income & Expenditure Accounts and Reserves reports as part of the software's year-end closed down procedure.

We have checked and verified these reports, against prime documentation, and consider that the Council's Accounting reports accurately records the 2023-24 financial year's transactions. The software also generates the detail for inclusion in the year's Annual Return, which we have also verified as being consistent with the accounting and other relevant 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.

***Conclusion***

***We are pleased to record that there are no matters arising in this area of our review warranting formal comment or recommendation and, on the basis of the work undertaken during the course of our review for the year, we have "signed off" the Internal Audit Certificate in the Annual Return assigning positive assurances in all areas of the Annual Internal Audit Report with the exception of Internal Control Objectives 2, 3 and 8 as recorded in the main body of this report.***

***Claire Lingard***
***Practice Manager***

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***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 Working the Greener Way – 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.***

| Rec. No. | Recommendations | Response |
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| **Review of Maintenance of Bank Accounts and Bank Reconciliation statements** | | |
| 1 | The Clerk & RFO should ensure that were Journals are raised and posted, that the corresponding journal report is placed before Council Members, at the appropriate meeting of the Council, for their scrutiny and approval. | |
| **Review of Corporate Governance** | | |
| 2 | The Clerk & RFO must henceforth ensure that the Annual Return including the Statement of Accounts, Governance Statement and Internal Audit Report (which may only be completed by the internal audit) is properly and fully completed, reviewed and Approved at Full Council and submitted to the designated contact at Audit Wales by the 30th of June deadline. | |
| 3 | The Clerk & RFO should ensure, henceforth, that Minute Referencing commenced for the Full Council and each of its Committees at the first meeting of the Municipal year. For example, the first Minute of the Full Council should be; FC/001/24-25 and the Human Resources Committee F&GC/001/24-25 etc., running consecutively to the last Minute of the Municipal Year: FC/997/24-25. | |
| 4 | The Clerk & RFO should ensure that where several items of business recorded under one Minute Reference, that each item of business is uniquely identified as a sub point. For example: FC/001/24-25(a), FC/001/24-25(b), FC/001/24-25(c) etc. | |
| 5 | The Clerk & RFO Must ensure, henceforth that the review of the Council's Financial Statements is properly recorded. For example:<br>**FC/123/24-25 FINANCIAL MATTERS**<br>a) Members Received and Noted the Bank Statement and Bank Reconciliation Statement for the NatWest Current Account, as at the 31st of March 2025, in the amount of £41,101.01.<br>b) Members Received and Noted the Bank Statement and Bank Reconciliation Statement for the NatWest Reserve Account, as at the 31st of March 2025, in the amount of £144,101.01.<br>c) Members Received and Approved the Schedule of Payments & Receipts reference 12-March-2025 attached as Appendix 1 to these Minutes/as recorded in this Minutes<br>d) Members Received and Noted the Income & Expenditure Budget Vs Actual report dated 31st of March 2025, attached as Appendix 2 to these Minutes. | |
| 6 | The Clerk & RFO must ensure that the Approved Minutes of the Full Council are published on the Council's official website expeditiously. Any business matter which is sensitive and confidential must be recorded in a 'Confidential & Privilege' report which is attached to the Published Minutes as an Appendix but is not made available to public view. | |

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| 7 | The regular inclusion of 'Urgent Matters for discussion' on the Agenda and Minutes should be discouraged, notwithstanding the Chairperson's power to include an Urgent Matter into the order of business under exceptional circumstances. | |
| 8 | The Clerk & RFO should ensure that the Statutory Power, under which an Award of Grant Aid is made, is recorded alongside the Resolution making the award. For Example: Members Resolved to Award Grant Aid, in the amount of £500.00, to the 1st Collingbourne Scout Group for new benches for their Scout Hut, under LGA (Miscellaneous Provisions) Act 1976 s.19. | |
| 9 | If a properly constituted Committee is unwilling, or unable to undertake a proper decisions making process, and refers its business to full Council, then the Council should consider the dissolution of the Committee and for the work to be transacted at Full Council instead. Such time wasting is potentially injurious both to the Council and to the electorate and results in procrastination rather than actions taken in a reasonable manner and timeframe. | |
| **Review of Payments** | | |
| R.10 | The Clerk & RFO must ensure that, in future, all Tenders that are, or are likely to be in excess of £25,000 excluding VAT are treated as Formal Public Tenders and advertised on the Welsh government's Tender Portal: 'Sell2Wales'. | |
| R.11 | To ensure that the Payment Document Approval process is conducted as a standard practice, we recommend that the Clerk & RFO acquires a document coding stamp with fields for the date of receipt, the Clerk & RFO's initials, the account and cost centre codes and two sets of Council Member's initials. | |
| R.12 | The VAT reclaim that was not submitted to HMRC for the 2023-24 financial year should be submitted expeditiously with a letter explaining the circumstance of the delayed submission. In future, we recommend that the Council commences making quarterly VAT reclaims at the end of each quarter to regularise the Council's cashflow and maximise the potential interest gained for the electorate. | |
| **Review of Assessment and Management of Risk** | | |
| R.13 | The Clerk & RFO must ensure that a reasonable and proportionate Business and Health & Safety Risk Register is developed for the Council's needs. It should be noted that specific Risk Assessments can be added for individual events such as Remembrance Day, or for Lone Working for example. | |

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| R.14 | The Council's Risk Registers **must** be reviewed and readopted at least once annually, with formal Adoption being recorded in the Approved and Published Minutes of the corresponding meeting. We would suggest that this should be the AGM of the Town Council in May. | |
| **Review of Petty Cash Account** | | |
| R.15 | It is our opinion that the Petty Cash Account should be closed as it's use is now so minor that it has become an administrative overhead, in terms of time and money, to manage the account, and a risk to maintain physical cash in the office. | |
| **Review of Fixed Asset Registers** | | |
| R.16 | The Clerk & RFO must ensure that a proper Fixed Asset Register is brought into use and continuously maintained in compliance with the requirements recorded in JPAG, The Practitioners' Guide as amended from time to time. | |
| **Review of Investments and Loans** | | |
| R.17 | The Clerk & RFO is required to draft a formal Investment Strategy / Policy for scrutiny, Approval and Adoption by Members. | |
| R.18 | The Parish Council should seek financial advice about how to protect the public funds under its management and consider alternative investment opportunities such as, but not limited to, the CCLA Public Sector Deposit Fund which is used by many Town, Parish and Community Council's in Wales & England. | |