

Interim Internal Audit Report – Ammanford 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 years.

## **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

Determination	Findings 2024-2025	Recommendations 2024-2025
<p>1. Appropriate books of account have been properly kept throughout the year.</p>	<p>Council uses a spreadsheet for the cash book. Each month is printed off and filed with the months bank statement and invoices. Here I sampled Invoices from April, June, September &amp; November, traced back to the cashbook entry and payment through the bank.</p> <p>Council have implemented a Financial Software package for the new Financial Year.</p>	
Determination	Findings 2024-2025	Recommendations 2024-2025
<p>2. Financial regulations have been met, payments were supported by invoices, expenditure was approved, and VAT was appropriately accounted for.</p>	<p>Financial regulations have been met. Payments have been released in accordance with financial regulations. Vat has been accounted for and recorded correctly.</p> <p>Recommendation from Interim report: Financial Regulations have been updated and present to Council and approved 28<sup>th</sup> October 24. Standing orders need to be reviewed to ensure that they have been amended to take into account 2023 amendments. One Voice Wales will have a copy of the latest ones.</p> <p>Full Council meeting Minute 107 confirms the standing orders were amended and adopted.</p>	

<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 reviewed the adequacy of arrangements to manage these.	<p>A financial risk assessment has been prepared and is due to be reviewed by Finance Committee 16<sup>th</sup> December.</p> <p>Financial Risk Assessment minute number 104 16<sup>th</sup> December meeting confirms that Council have approved the Financial Risk Assessment.</p>	
<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
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.	<p>The budget for 2024/2025 was agreed in February 2024. The budget was prepared by the acting Clerk at the time.</p> <p>The interim RFO commenced in post June 2024. Unfortunately, due to the lateness of the commencement of post, Quarter 1 budget monitoring report was not presented to Council until October along with Quarter 2 budget monitoring report. Qtr 3 was presented in January along with Qtr 4 being presented at April 25 meeting.</p>	N/A
<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and	Expected income has been exceeded due to a VAT owing to the Council being more than anticipated and long-standing debtors have paid money owed to the Council. Plus, a refund from Welsh Water.	R1 For Debtors to be included in the Budget Monitoring reports which are presented to Council.

VAT was appropriately accounted for.	Vat reclaims have been submitted for the following years 2022-2023, 2023 -24 and quarter 1 and 2 for 2024 and 2025.	
<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	N/A	
<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	Salaries paid to staff are inline with contracts and are traceable back to the bank statements. There are payments that have been made to Cllrs for back dated allowances for 23-24 and these have been processed through payroll.	R2 For the RFO to ensure that the correct PAYE implications are applied to the processing of Cllr allowances.

<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
8. Asset and investment registers were complete, accurate, and properly maintained.	<p>The same fixed asset register is still in use. The following recommendation was made in 2022 -2023 audit</p> <p>The Clerk should conduct an asset audit of all the assets held by Council.</p> <p>The Clerk should implement a fixed asset register that follows the information contained in the Governance and Accountability A Practitioners Guide Wales 2019.</p> <p>For a fixed asset policy to be introduced.</p>	R3 For a the recommendations made in 2022 – 2023 internal audit to be implemented.
<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
9. Periodic and year-end bank account reconciliations were properly carried out.	Monthly and yearend reconciliations have been completed.	

<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
<b>10.</b> Accounting statements prepared 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.	The Council prepared its accounts on an income and expenditure basis, consistent with legal thresholds. Debtors and creditors were recorded. The Annual Return agrees with the cashbook and bank reconciliation.	
<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
<b>11.</b> Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.	N/A	N/A