

TONGWYNLAIS COMMUNITY COUNCIL

INTERNAL AUDIT FOR 2025/26 FINANCIAL YEAR

REPORT OF THE INTERNAL AUDITOR

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

Sample checks were undertaken of payments and income against entries in the cash book and no errors were identified. The accounts are maintained on a receipts and payments basis which is appropriate for the Council given the level of its annual gross income and expenditure. I noted that the precept payment for 2025/26 had been received in 2024/25 which is appropriately accounted for in the 2024/25 accounts but did influence the level of the end of year accounting balance and has also resulted in a similar influence in 2025/26. This is not the fault of the Community Council and the accounts for 2025/26 appear to show that a precept was not levied but this was not the case as it was received at the end of 2024/25.

Recommendation 1 – *A note of explanation should be included with the annual return when submitted to Audit Wales.*

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

Payment authorisation aligns with the requirements of the Council's financial regulations and evidence was provided demonstrating such compliance. A check of invoices was undertaken and all payments were appropriately recorded in the cash book. Expenditure is authorised by the Council and a list of payments is recorded in Council minutes. VAT was appropriately accounted for and refund claims submitted to HMRC aligned with VAT recorded in the cash book.

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

The risk management policy and register were assessed and was found to be adequate in relation to the risks identified in relation to the responsibilities of the Council. The Clerk/RFO confirmed that it is normal practice to review the policy and register on an annual basis.

The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.

A budget had been prepared for the 2025/26 financial year and the precept required was approved by the Council and recorded in the minutes of the meeting held on 27

January 2025. The Clerk/RFO confirmed that the budget was considered before the Council set the precept and that reserves were not part of the consideration as they were well within the acceptable range as described in the Practitioner Guide to Governance and Accountability (2019). It was not clear from reading the minutes of the meeting held on 27 January 2025 that the budget was approved prior to the precept being set. The unearmarked reserves at 31 March 2025 were £47528 but allowing for the payment from Cardiff Council being received in advance of the expected payment date the reserves are at an acceptable level. Evidence was provided of regular budget monitoring reports being provided to the Council.

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

As part of the 2024/25 internal audit, I identified income received from hall bookings was low and there was no income recorded in the cash book for allotment rent. The Clerk advised that she would be progressing payment of allotment rents and that since the pandemic hall hire had significantly reduced. She advised me that the Council routinely reviews hall hire rates and allotment rents. All income received was correctly recorded in the cash book. As part of the 2025/26 internal audit, I was able to confirm that income from allotment rents was received during the year.

Petty cash payments were properly supported by receipts; expenditure was approved and VAT appropriately accounted for.

The Council does not operate a petty cash imprest account.

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

The Council pays the Clerk/RFO in accordance with the pay rates published annually by NALC and the SLCC and I found that approval of the application of the annual pay award was approved by the Council in September 2025 and included in the approved minute. Other staff are paid in accordance with the national minimum wage which is automatically applied when any changes are published by the UK Government. Evidence was supplied of PAYE and NI requirements being properly applied and payments being made to the HMRC. Evidence was available to demonstrate that the annual return for 2025/26 was submitted to the Democracy and Boundary Commission Cymru and duly acknowledged.

Asset and investment registers were complete, accurate, and properly maintained.

I inspected the asset register and found that this was updated to reflect some additional assets being purchased in 2025/26 resulting in the asset register value being increased by £1375.

Periodic and year-end bank account reconciliations were properly carried out.

Regular bank reconciliations were undertaken and the bank reconciliation prepared for the end of year showed a reconciled balance of £18929.30 which aligned with the end of year balance recorded in the accounting statement for 2025/26.

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 accounting statements were prepared on a receipts and payments basis which is the correct basis of accounting. The accounting statement was checked with the cash book and no errors were identified and the audit trail was properly recorded.

Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.

The Council does not have Trustee status.

OTHER RECOMMENDATIONS

Recommendation 2 – The papers that support agendas for meetings should be available on the council’s website (other than in the case of confidential papers) as is required under the Local Government Democracy (Wales) Act 2013.

Paul R. Egan
1st June 2026