

Final Internal Audit Report Welsh St Donats Community Council 2025-2026



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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 2025 - 2026 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

| Determination | Findings 2025-2026 | Recommendations 2025-2026 |
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| 1. Appropriate books of account have been properly kept throughout the year. | Council uses a comprehensive spreadsheet to maintain its cashbook. | |
| Determination | Findings 2025-2026 | Recommendations 2025-2026 |
| 2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for. | <p>Copies of the invoices were not supplied for the audit. Minutes record payment listed being approved and signed, again these were not provided for Audit.</p> <p>Vat has been accounted for within the Councils cashbook.</p> | <p>R1 for copies of invoices to be submitted for audit purposes.</p> <p>R2 for the payment schedules that are presented to Council to for approval to be given a unique reference and for the reference number and the total amounts of payments approved to recorded in the minutes.</p> |
| Determination | Findings 2025-2026 | Recommendations 2025-2026 |
| 3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | A risk policy and risk register were provided; however this has not been reviewed by Council. | R3 For the risk policy and risk register to be reviewed by Council at the earliest convenience. |
| 4. The annual precept/levy/resource demand requirement resulted from an | The annual precept for 2026/2027 resulted from a sound budget setting process led by the Clerk. Minutes from Decembers 2025 meeting record the | R4 Council strengthens its budget-setting process to ensure compliance with proper practices and to provide a clear audit trail supporting the approval of the annual budget and precept. |

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| <p>adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.</p> | <p>budget being agreed as £11,289 and the precept requirement as £8480 for the 2026/2027 Financial year.</p> <p>The budget for the 2025/2026 financial year was provided. With the precept being agreed at £8000.00. However, I could not locate a minute where the precept and budget have been agreed.</p> <p>The financial position of Council was reviewed in September 2025.</p> | <p>In line with Audit Wales expectations and proper practices, the Council should ensure that:</p> <ul style="list-style-type: none"> • A detailed draft budget is prepared annually, clearly showing estimated income and expenditure, earmarked reserves, general reserves, and the resulting precept requirement. • Budget working papers and supporting calculations are retained and presented to Members as part of the budget-setting process. • Council minutes clearly record: <ul style="list-style-type: none"> ○ the total budget requirement approved by Council; ○ the total precept demand approved; ○ the date of approval; and ○ any associated resolutions relating to reserves or planned use of balances. • Budget documents are clearly labelled for the relevant financial year and distinguish between budget information and cashbook/accounting records. • The Council considers adopting a formal budget-setting timetable to ensure Members have sufficient information and time to review the budget prior to approval. <p>R5 For Budget monitoring reports to be presented to Council on a quarterly basis.</p> |
| <p>5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was</p> | <p>Income is received via the precept, bank interest.</p> | |

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| appropriately accounted for. | | |
| 6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for. | N/A | |
| 7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied. | <p>From reviewing the minutes available on the Councils website, it is noted a new Clerk joined the Council June 2025 - December 2025. Between December 2025 to February 2026 there has been a change over of Clerk.</p> <p>On both occasions New Clerks have been welcomed to the Council, but the minutes do not confirm the appointment or the salary that has been agreed.</p> | R6 Council must ensure that minutes reflect the agreed salary of the Clerk and also the appointment of the Clerk. |
| 8. Asset and investment registers were complete, accurate, and properly maintained. | An Asset Register was provided which agrees with the assets contained with the Annual Return. | |
| 9. Periodic and year-end bank account | The Cashbook has been reconciled on a monthly basis, however the minutes only record a reconciliation being presented to | R7 Bank reconciliations to be prepared at least quarterly and presented to Council for review and approval, with the approval clearly recorded within the minutes. |

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| <p>reconciliations were properly carried out.</p> | <p>Council in September 2025. The minutes do not state which month reconciliation Council were approving.</p> <p>Only the bank statements for community account were provided. I have been unable to verify the bank reconciliations recorded in the cashbook.</p> | <p>R8 Ensure all bank statements are provided for Internal Audit</p> |
| <p>10. 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.</p> | <p>Accounting statements have been prepared on the correct basis of receipts and payments. However, I have been unable to verify opening or closing yearend balance due only the bank statements for the community account being provided.</p> | <p>R9 Ensures all original bank statements, are retained and made available for audit purposes to enable verification of opening and closing year-end balances and transactions completed during the year.</p> |
| <p>11. Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.</p> | <p>N/A</p> | |

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