2023 – 2024 Final Internal Audit Report of Glynneath Town Council

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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 2023 - 2024 financial.

Internal Audit Approach

In undertaking the internal audit from. 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.

Overall Conclusion

I have been able to conclude as far as possible from the programme of works undertaken that the financial statements are free from material misstatement, and I have duly signed off the annual return. I have, however made 4 recommendations for improvement. Please see the report for further information.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

My objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in the cashbooks or the financial ledgers.

Conclusion

Scribe is in place to reflect the transactions between the Councils Current Accounts and Saving Account

- Checked and agreed a sample of invoices from April 2023 – March 2024 to ensure the transactions recorded in the current account cashbook matched the transactions to the relevant bank statements and copies of the invoices have been retained.
- Ensured the accurate disclosure of the combined cashbooks and bank accounts balance as recorded in the detailed bank reconciliations which have been prepared by the Clerk/RFO retrospectively.
- Note that at October 2023 and January 2024 bank reconciliation's were presented to Council for approval.

Recommendations

R1. For the Clerk to present the monthly bank reconciliation to full council for retrospective approval.

Review of Corporate Governance

My objective here is to ensure that the Council has a robust regulatory framework in place; that Council meetings are conducted in accordance with the adopted Standing Orders and that no actions of a potentially unlawful nature have been or are being considered for implementation. To meet that objective, I have:

- Reviewed the minutes of Council and Committees from April 2023 – March 2024 to ensure that no issues affecting the Council's financial stability existence whereby the Council may either be considering or have taken decisions that might result in ultra vire expenditure being incurred;
- Reviewed Standing Orders and Financial Regulations
- Reviewed Committee Terms of Reference

Conclusion

- Note Standing Orders have been adopted in June 2023 Full Council meeting.
- Note that Terms of References for committees were approved and agreed at the AGM on the 9th May 2023.
- Note that Budget Monitoring Reports have not been presented to Council.

Recommendations

R2. At least every quarter Council should receive updated income and expenditures reports as per Financial Regulations.

<u>Review of Expenditure</u>

My aim here is to ensure that Council resources are released in accordance with the Council's approved procedures and budgets. Payments are supported by appropriate documentation, either in the form or an original invoice from the supplier or other appropriate documentation confirming that payment was due and acknowledgement of receipt and VAT has been identified and recovered in a periodic manner.

- Selected samples from the payment transactions list which has been inputted in Scribe to ensure that original invoices have been retained and payment has been released in accordance with Councils Financial Regulations.
- Checked selected invoices to ensure that VAT has been recorded correctly.

Conclusion

- ***Payments schedules have been provided to Council and are either contained in the summons or are contained in the minutes of the meeting***
- ***Note VAT has been recorded correctly.***

<u>Recommendations</u>

R3. Once the payment schedule has been approved by the Chair, these should be signed by the Chair and appended to the minutes of the meeting. This will ensure a transparent audit trail.

Assessment and Management of Risk

My aim here is to ensure that the Council has appropriate arrangements in place to identify all potential areas of risk, including those of Health and Safety nature as well as those of a financial nature.

Conclusion

- **Note the annual Financial Risk Assessment was presented, approved and adopted in September 2023.**
- **Note the annual fire risk assessments have been carried out on all the Councils properties.**
- **Note the annual ROSPA safety inspections have been carried out at the following locations Pontwalby Play Area,Welfare Park Play Area, Dynamic & Skateboard Park & The Welfare Park Tennis Courts**

Precept Determination & Budgetary Control

My objective here is to ensure that the Council has a robust budget setting and budget monitoring procedure in place.

Conclusion

- ***Note the budget setting process has been led by the clerk.***
- ***Note that Council agreed the precept requirement to be £215,604 in its January Full Council meeting.***

Review of Income

My aim here is to ensure that robust systems are in place to ensure the correct identification of all income due to the Council, to ensure that income is recorded in a timely manner. The Council receives income from the following sources, Precept, Vat reclaims, Grant Funding, Burials and Hall Hire.

Conclusion

- ***Note that income has been reviewed as part of the budget setting process.***

Petty Cash

The Council does operate a petty cash system

Conclusion

- **A reconciliation has been carried out.**

Wages and Salaries

Here my aim is to ensure that effective controls are in place for the processing of salaries and wages.

- ❖ Checked salary payments and tax & NI payments tie back to the reports provided and match with the payments made through the bank.
- ❖ Also checked the salary agreed by Council agreed to appropriate NALC pay scale.
- ❖ Also checked employment contracts and terms of employment.
- ❖ Checked to ensure that Councillors Allowances have been paid through payroll.

Conclusion

- ❖ **Cllrs Allowances have been processed through payroll.**
- ❖ **Council operates a weekly and monthly payroll.**

Insurance

My aim here is to ensure that the Council has adequate insurance in place.

Conclusion

- ❖ **Public Liability has been agreed at £10,000,000.00**
- ❖ **Fidelity Liability has been agreed at £250,000.00**

Fixed Asset Register

My aim here is to ensure that the Council has a register in place and that it is comprehensive, and it contains all the basic information that it should do.

Conclusion

- Inspected the fixed asset register and note movement of £113,074.40 during the year which relates to the acquisition of the Skatepark through a Community Asset Transfer.

Recommendations

R4 For a fixed asset policy to be introduced.

Reserves

My aim here is to ensure that the Council have adequate reserves to meet any unexpected expenditure.

- Note that Council holds £239,895.94 in general reserves.

Statement of Accounts and Annual Return

I have verified the accuracy of the data contained in Annual Return as far as reasonably practical and I have examined and confirmed that there is an undelaying audit trail from the financial records.

Conclusion

Based on work undertaken during the year, I have duly signed off the Internal Audit Report in the Annual Return.