

Internal Audit Report – Crynant Community Council 2024 -2025



Prepared by Kerry-Leigh Grabham

## **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>Crynant Community Council uses Scribe Accounts, a recognised accounting software designed specifically for local council accounting. This satisfies the requirement under Financial Regulation 1.10 and 1.11 for accounting systems to support timely, accurate, and auditable records.</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>There were 140 payments recorded in Scribe during 2024–25. However, not all appear individually in Council minutes. This is not necessarily non-compliant, but it requires clarification regarding the approval route for each payment type.</p>	<p><b>R1</b> Ensure a payment list (including DDs and wages) is presented monthly and approved and summarised in minutes.</p> <p><b>R2</b> Maintain a full Payment Authorisation Schedule each month — ideally cross-referenced to minutes, stored with the financial records.</p> <p><b>R3</b> Wages may continue to be summarised in line with Financial Reg. 5.2 (removing personal data), but the net total and payroll period should be recorded.</p> <p><b>R4</b> Direct Debits (e.g., utilities, software, telecoms):</p> <ul style="list-style-type: none"> <li>• List them at the start of the year for Council approval</li> <li>• Provide a standing schedule to note them as recurring</li> <li>• Include payment confirmation reports quarterly to show they're being reviewed</li> </ul>

<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.	Upon reviewing minutes from April 2024 to March 2025, there is no evidence of a formal financial risk assessment being conducted or documented during this period. While operational and asset-related risks, such as playground safety and infrastructure maintenance, have been actively managed and recorded in the minutes, the Council has not undertaken a specific review addressing financial risks.	<p><b>R5</b> Conduct a Formal Financial Risk Assessment: The Council should undertake a comprehensive review of financial risks, including fraud prevention, reserve adequacy, and financial continuity planning.</p> <p><b>R6</b> Document and Minute the Assessment: The findings of the financial risk assessment should be formally documented and included in the Council meeting minutes to ensure transparency and accountability.</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.	Council has established a sound and transparent budgetary process. The precept for 2024–25 was set at £68,900 following detailed forecasting and comparison against previous years. The process was timely and submitted in accordance with the principal authority’s deadline.	<p><b>R7</b> Council should ensure that quarterly budget monitoring reports are formally presented and minuted at Full Council meetings. These reports should include:</p> <ul style="list-style-type: none"> <li>• Actual income and expenditure against budget</li> <li>• Commentary on significant variances</li> <li>• Updates on reserve levels</li> </ul>
<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 VAT was	All expected income for the year—totalling £77,011—was received, correctly calculated, and properly recorded in the Council’s accounts. The precept of £68,900 was received in full, and additional income sources, including burial fees, bank interest, and grants, are clearly itemised in the Council’s financial records via Scribe.	

<p>appropriately accounted for.</p>	<p>Bank reconciliations are carried out monthly, confirming that receipts were banked promptly and accurately.</p> <p>VAT was appropriately recorded and £1,220 was reclaimed during the year, supported by a detailed Scribe VAT report showing individual entries, suppliers, invoice references, and eligible amounts.</p>	
<p><b>Determination</b></p>	<p><b>Findings 2024-2025</b></p>	<p><b>Recommendations 2024-2025</b></p>
<p>6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.</p>	<p>N/A</p>	
<p><b>Determination</b></p>	<p><b>Findings 2024-2025</b></p>	<p><b>Recommendations 2024-2025</b></p>
<p>7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.</p>	<p>Salaries to employees and allowances to members were paid in accordance with minuted approvals and the terms set out in the 2024–25 budget. Council minutes confirm that staffing matters, including the appointment of seasonal staff and wage approvals "as per contract," were properly considered and resolved.</p>	

	<p>The total salary payments recorded in Scribe for the year were £41,338.90, which aligns closely with the approved salary budget of £42,500. This small underspend reflects responsible financial management and is within an acceptable margin of variance.</p> <p>Monthly payments to HMRC were recorded separately in Scribe, confirming that PAYE and NI obligations were properly applied.</p> <p>These payments were consistent with gross salaries and statutory requirements.</p> <p>Additionally, councillor allowances were issued in accordance with the Independent Remuneration Panel for Wales guidance, with appropriate opt-outs documented and forms returned.</p>	
<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
<p><b>8.</b> Asset and investment registers were complete, accurate, and properly maintained.</p>	<p>The Council maintains its asset and investment register using the Scribe accounting system. The register is reviewed and updated as necessary to ensure accuracy and completeness throughout the financial year.</p>	

<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.	Bank reconciliations were completed monthly using the Scribe system. A sample of reconciliations from May, July, November, February, and March were reviewed. Each had been presented to Council and formally minuted as evidence of regular review and oversight.	

<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
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.	The Council prepared its accounts on a receipts and payments basis, as appropriate for its size. The figures in the Annual Return were checked against the cashbook and the receipts and payments statement, both of which reconcile to the year-end bank balance. The entries are supported by an adequate audit trail from the underlying financial records, and there were no debtors or creditors reported at year-end.	
<b>Determination</b>	<b>Findings 2024-2025</b>	<b>Recommendations 2024-2025</b>
11. Trust funds (including charitable trusts). The Council has met its	N/A	

responsibilities as a trustee.		
--------------------------------	--	--