DINAS POWYS 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 now maintained on an income and expenditure basis which is appropriate for the Council given the level of its annual gross income and expenditure. There were no errors identified in the checks that were undertaken.

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

A sample check of invoices was undertaken and all payments were appropriately recorded in the cash book. Expenditure is authorised by the Council and two designated councillors check and sign schedules of payments to be made. VAT was appropriately accounted for and refund claims submitted to HMRC aligned with VAT recorded in the cash book. I noted that on one occasion financial regulations had been suspended to enable consideration of a single quotation that had been received. I would point out that where quotations are invited and only one is received, the approval of the single quote does not require the suspension of financial regulations. Instead, the quote should be considered and an assessment should be made of the reasonableness of that quote.

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

Evidence was provided of the financial risk management plan which was reviewed and approved by the Council at its meeting on 16 January 2025. There is also a general risk register which was approved in June 2024 but had not been reviewed since that time. There is a need to include a risk in relation to the use of the Council's debit card which should be included in the financial risk management plan. I suggested at last year's audit that a risk be also included in relation to a possible cyber-attack. It would appear that this had been investigated and that it had been concluded that the risk was sufficiently low and cyber security insurance was not seen as appropriate. I was provided with evidence of adequate insurance arrangements in place (Hiscox) although I noted that the insurance value of buildings had not been undertaken since 2019.

Recommendation 1 – The general Risk Management Plan should be reviewed on an annual basis.

Recommendation 2 – That consideration be given to arranging for a re-evaluation of buildings to ensure that the Council is not under-insured.

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

Evidence was provided of the budget and precept being considered at the Finance Committee and full council approving the recommendations for the 2025/2026 and 2026/27 year. It was confirmed that reserves were assessed as part of the budget making process and it was noted that the Council had resolved to ring-fence a sum of £100k for the replacement of the Parish Hall roof. The total reserves at 31 March 2026 were £237666. On that basis, I can confirm that the un-earmarked reserves are appropriate as they represent less than 100% of the value of the annual precept.

Regular financial monitoring reports are submitted to the Finance Committee. The work required to produce the reports used to be quite extensive given that the accounts were maintained on Excel spreadsheets. The Council now subscribes to Scribe accounting software and the Clerk/RFO plans to make wider use of the standard reporting facility to create regular budget monitoring reports for consideration by the Finance Committee.

Recommendation 3 – That the Clerk make wider use of the reporting facility within Scribe to simplify the production of budget monitoring reports.

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

Sample checks were undertaken of income by the Council and no errors were identified. Cash and cheque payments received are held in the Council's safe and they are banked at the Nat West branch in Barry every month. Charges for burial fees, allotment fees and hall hire fees are reviewed annually and evidence was provided of the latest review. VAT claims were checked and the value of claims tallied with the cash book records.

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. The RFO has access to a bank debit card which is used for payments of low value or purchased online. The RFO no longer uses her own credit card for expenditure incurred on behalf of the Council.

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

The staff are paid in accordance with the NJC rates of pay for local government staff. I was provided with evidence of the annual pay award for staff having been approved by the Finance Committee. Evidence was provided of statutory deductions being made for all staff and payments made to the HMRC for income tax and NI. I was provided with evidence of the staff having been issued with a contract of employment.

In the case of member payments, I noted that the basic payment and consumables payment had been paid to all councillors who had not opted out from receiving them. I advised that the annual return for 2025/26 needed to be submitted to the Democracy and Boundary Commission Cymru using a new form that no longer required the names of recipients to be recorded. I noted that a resolution had been passed by the Council that all discretionary payments other than the mayoral allowance would not be approved. I pointed out to the RFO last year that the basic payment of £156 should only be paid without tax deducted if councillors provided confirmation in writing that they undertook their council work from home and did not receive a home working allowance from another source. I noted that this recommendation had not been implemented as it related to confirmation of working from home and not receiving a home working allowance from another source.

Recommendation 4 – *The RFO should ensure that members provide written confirmation of undertaking council duties from home and are not receiving a home working allowance from another source. This could be achieved by modifying the current form signed by councillors.*

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

I inspected the asset register and found that it had been updated to reflect new purchases made during the year.

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 which aligned with the end of year balance of £237666.34 recorded in the accounting statement for 2025/26. Bank reconciliations were undertaken on a regular basis. A designated councillor checks all reconciliations against the bank statements and signs to confirm that the check has been undertaken. A schedule of payments is submitted to every Council meeting for approval.

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.

It had been necessary to change the basis of the accounting statements to an income and expenditure method with the accounting statement from 2023/24 requiring a restatement as required in the Practitioner's Guide to Governance and Accountability 2019. I am satisfied that there is an adequate audit trail and that debtors and creditors have been properly recorded.

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

The Council does not have Trustee status.

OTHER MATTERS

a) *It was noted that the wellbeing plan now required to be produced in accordance with the Wellbeing of Future Generations (Wales) Act had been prepared.*
b) *The Council had in place a statutory Training Plan.*
c) *The Section 6 Biodiversity Plan which was a legal requirement and needed to be prepared in 2025 – this had been completed.*
d) *The Council has a number of accounts with different banks ensuring that full cover is available under the FSCS scheme.*
e) *The Council is encouraged to use the Finance and Governance Self-Assessment Toolkit to ensure compliance with legal requirements and to consider how the Council might enhance the way it delivers services to the community.*
f) *The Council had approved the annual report for 2024/25 and for 2025/26 the report was in draft format.*

Paul R. Egan
18 May 2026