

INTERNAL AUDIT REPORT
BETWS-YN-RHOS COMMUNITY COUNCIL
2023/2024

The internal audit is carried out by the following testing of the internal controls specified on the Annual Return for local councils in Wales:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year-end testing on the accuracy and completeness of the financial statements
- Where the Council is sole trustee of a charity, checking that the Council has procedures in place to meet its responsibilities as a sole trustee

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the issues reported in the action plan overleaf. As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

JDH Business Services Limited 26/07/2024

**INTERNAL AUDIT REPORT
BETWS-YN-RHOS COMMUNITY COUNCIL
2023/2024**

ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
1	Staff costs on the annual return is incorrect as the internal audit fee has been incorrectly classified as a staff cost.	<i>The annual return should be amended as follows: Staff costs £5,575 Total other payments £7,839</i>	ANNUAL RETURN AMENDED FOR THE FULL AUDIT SUBMISSION
2	Fixed assets on the annual return of £8,506 is incorrect as it is the insurance valuation of the assets the Council holds. The purchase cost from the asset register is £3,200. The movement on the asset register is due to the removal of an asset of £800 (defibrillator) and addition of assets amounting to £540 for previous years. The Council purchased display equipment in 2023/24 at a cost of £1,762.68. This has not been added to the asset register.	<i>The annual return should be amended to reflect the balance on the asset register for the purchase cost of assets. If the display equipment is the property of the Council, it must be added to the asset register and the balance on the annual return.</i>	FIXED ASSET REGISTER AMENDED AND NOW INCLUDES DISPLAY EQUIPMENT
3	The minutes do not record the amount of the precept request for 2024/25 or details of the supporting budget.	<i>The Council minutes should record details of the precept request and the supporting budget.</i>	WILL BE RECORDED IN THE APPROPRIATE 2025 MINUTES
4	Testing of a sample of payments identified for the following grant payment made via online banking, there was no supporting letter/email confirming receipt of the grant or details of the bank account for payment	<i>Confirmation of receipt of grant should be obtained. This is particularly important for grants made via online banking.</i>	E MAIL CONFIRMATION NOW RECEIVED FROM THE TREASURER OF THE BETWS YN RHOS SPORTS ASSOCIATIONS

**INTERNAL AUDIT REPORT
BETWS-YN-RHOS COMMUNITY COUNCIL
2023/2024**

	provided on a grant application form: <ul style="list-style-type: none"> • 28/8/23 Betws Warm Hub £500 		
Follow up of 2022/23 internal audit recommendations			
1	<p>The Council received a qualified audit from Audit Wales. This has been displayed on the website but the minutes refer to receiving no issues from external audit.</p> <p>One of the qualifications related to the reporting of fixed assets in 21/22 and required that the 22/23 annual return should be restated. Fixed assets on the annual return for 22/23 has not been restated.</p>	<p><i>The issues raised by Audit Wales should be reported to Council and action against recommendations reported in the minutes.</i></p>	<p>The fixed assets balance for 23/24 has been updated for assets purchased in previous years but the 22/23 balance has not been restated.</p>
2	<p>The Council have recently introduced payment via online banking and this applied to only four payments in 22/23. One payment was approved in the minutes prior to payment but for the other three payments we did not see evidence that two signature approval was obtained from Councillors prior to payment. The payments were approved after payment in the Council minutes.</p>	<p><i>Two signature approval should be obtained for online bank payments. This can be from:</i></p> <ul style="list-style-type: none"> • <i>Prior approval by full council at a meeting (therefore listed in the minutes)</i> • <i>Two signature dated approval.</i> • <i>Emails from councillors approving payments before they are made.</i> • <i>Online approval if this facility is available from your bank.</i> 	<p>Implemented</p>
3	Testing of a sample of payments identified		Items tested in 23/24 supported by

**INTERNAL AUDIT REPORT
BETWS-YN-RHOS COMMUNITY COUNCIL
2023/2024**

	<p>the following:</p> <ul style="list-style-type: none"> • A payment to J&D Fabrication chq 200144 for £360 was approved in the minutes for £160. • We could not locate the invoice for the payment to J&D Fabrication. 	<p><i>Payments should be recorded correctly when approved in the minutes.</i></p> <p><i>The Council must ensure that they locate the VAT invoice for this payment or obtain a copy in order to reclaim the VAT.</i></p>	<p>invoices where appropriate.</p>
4	<p>The general reserves as at 31/3/23 are in excess of 12 months net operating expenditure.</p> <p>A small amount of reserves has been used in the setting of the 2023/24 budget leaving a general reserve of £12,734.</p>	<p><i>The Council must review the level of reserves they are holding.</i></p>	<p>The reserves of the Council have decreased during 23/24 and are now below the 23/24 budgeted expenditure level.</p>