

## **Adroddiad yr Archwilydd Mewnol**

### **Internal Audit Report**

**2023-24**

## **Cyngor Tref Aberteifi**

### **Cardigan Town Council**

**Date of Audit Visit:** 19<sup>th</sup> April 2024

**Name of Clerk:** Mrs Eleri Maskell

**Annual Precept 2023-24:** £80,077.10

### **1. RECORDS, ACCOUNTING AND ADMINISTRATION**

The Clerk fully co-operated with the audit and provided all the requested records and documents. A number of documents were made available in advance of the audit in order for a full audit plan to be prepared, with further records being made available during the audit and afterwards.

The Clerk has ensured that all reports and minutes have been published as appropriate, including the previous year's Annual Return and minutes of monthly meetings.

The standard of records kept ensured that the audit could be carried out with few issues and where there were areas discovered that could be improved; the potential improvements were discussed and taken on board with plans made on how these can be changed in the future.

### **2. STANDING ORDERS AND FINANCIAL REGULATIONS**

The council should continue to review Standing Orders and Financial Regulations to reflect the current requirements on risk management and corporate governance. The review was a recommendation made in the 2022-23 audit and although was planned, was not carried out during the year. It is planned to be carried out early in the 2024-25 year.

### **3. EXPENDITURE AND INCOME CONTROLS**

All expenditure is approved by the council and recorded in the minutes of meetings. A sample of three expenses were selected from the records (spreadsheet) and invoices were produced and payments confirmed on the bank statements. Invoices are kept in date order and bound annually. VAT is recorded and accounted for correctly on the purchases and the recovered from HMRC at the appropriate time.

Income is reported to the council when received and recorded in the minutes of the meetings. A sample was again selected and invoices and proof of banking were requested. Where no sales invoices were available, an acceptable explanation was given and alternative paperwork was provided.

#### **4. AUDIT TRAIL CHECKS BY MEMBERS**

As a procedure of good practice, random checks of audit trails are carried out by members; purchases are selected and paperwork and payments are checked against the supporting paperwork. This ensures that the correct procedures are in place and are followed. The audit trail check for 2023-24 was carried out by Cllr Clive Davies and Cllr Stephen Greenhalgh on 8 January 2024 and all items selected were found to be recorded correctly.

#### **5. SECTION 137 DONATIONS**

No donations were received during the year and therefore no comment can be made on donations received.

#### **6. PETTY CASH RECORDS**

Although no purchases are made with petty cash, there is income taken via cash. Namely, stalls during the annual fair paying for pitches. Although there were issues with taking and recording the takings effectively. There is paperwork relating to the cash takings and the full amount was banked with none needed to be held back as no cash purchases are made.

The system in place relating to the collection and recording of these payments received were discussed with the Clerk during the audit and a plan has been made to improve the system and included in the audit's recommendations.

#### **7. BUDGETARY CONTROLS AND RESERVES**

An annual budget is prepared by the Clerk and is presented to the council in the January meeting and is then updated every three months and again presented in a meeting. Variances are reported and can be explained.

#### **8. PAYROLL RECORDS**

The Clerk's salary is approved by the Council and is within the terms of the National Agreement. The Clerk complies with payroll regulations by processing the payroll and making submissions to HMRC through the HMRC Basic PAYE Tools software. Paperwork relating to the Clerk's salary and National Insurance contributions are printed and are filed with the purchase invoices.

## **9. ASSETS CONTROLS**

The Clerk maintains an asset register with the cost of the asset along with a valuation of what the asset is insured for. Assets are not depreciated to comply with regulations for Councils leaving a closing balance on the statement of financial position of £275,210. No assessment has been carried out as to if the assets listed are still owned by the Council, it is possible that some may have perished over time.

## **10. RISK MANAGEMENT**

An appropriate risk assessment is carried out and discussed at meetings; for the current year, the assessment was discussed in the February meeting which was minuted and agreed. For any major risks identified, insurances are taken out or policies are put in place to minimise the risk.

## **11. UNUSUAL FINANCIAL ACTIVITIES**

There does not appear to be any unusual financial matters or responsibilities affecting the Council.

## **12. CHARITABLE TRUSTS**

The Council acts as a Trustee for the King George V Playing Field (Charity No. 509062). Transactions relating to the Charity are processed through the Council's books as may of the transactions (especially purchases) are for both the playing field and the town itself, an estimate is made for the split of these purchases and are shown as such on the face of the profit and loss account.

An approved annual return for the Charity was prepared for 2022 and submitted on 21 July 2023.

## **13. AUDIT RECOMMENDATIONS**

Prior to the audit, the Clerk advised that there was an error on the annual return of £1 which was investigated during the audit and discussed. Through the investigation it was discovered that there was a rounding issue on the 2023 annual return. It was therefore decided that the appropriate action was to correct through box 7 of the 2024 annual return. This was amended at the time and a revised annual return was produced by the Clerk on the same day.

Additional recommendations to review and implement moving forward are as follows:

To keep a file of paperwork relating to the sales all together, in the same fashion as the purchase invoices are kept; this would make it easier to find the paperwork as and when needed.

Improve the recording of payments for pitches for the fair by adding two columns to the spreadsheet that already exists. These columns being method paid and if there was an over or underpayment. It

would also be advised that a receipt book could be used to provide vendors with receipts and a duplicate receipt kept by the Council.

The fixed asset register should be reviewed for any assets that are no longer held by the Council, the Clerk confirmed that this is planned after the current insurance lapses in 2025.

Financial Regulations and Standing orders are to be reviewed to ensure that they are up to date.

#### **14. AUDIT OPINION AND CERTIFICATION**

I have relied on the information, records and documentation supplied by the Clerk. On the basis of my examination, checks and enquiries it is my view that the Council's system of internal control is adequate. Where appropriate, I have discussed any matters with the Clerk during the audit and made recommendations as appropriate.

However, internal audit work should not be seen as a substitute for the Council's responsibility to ensure sound internal controls are in place and that checks are made on a regular basis.

**Signed**



**Name**

Gethin Davies FCCA ATT

**Address:**

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**Date**

03 May 2024