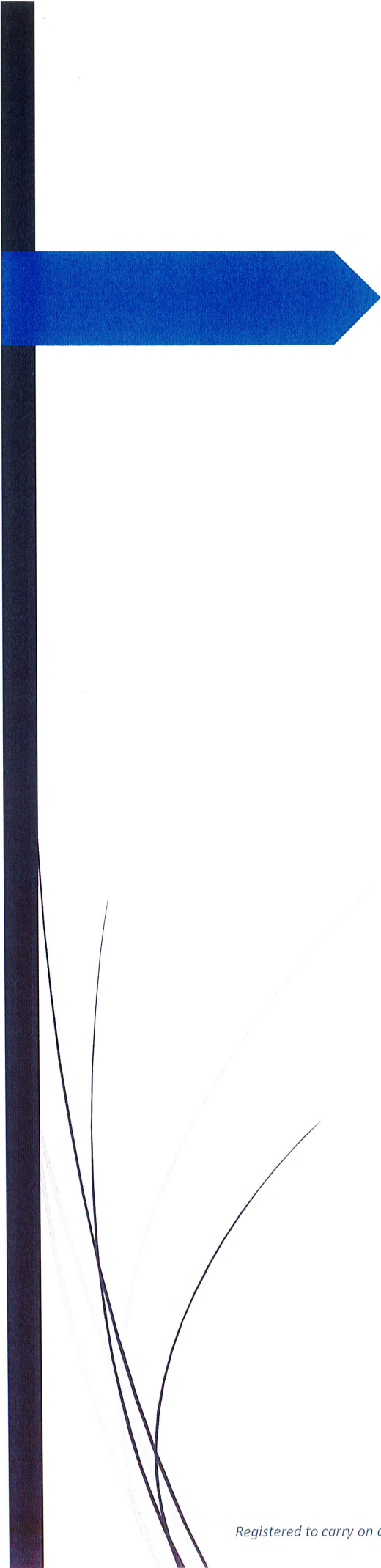




Towyn and Kinmel Bay Town Council

Internal Audit 2024/25

Interim Report

JDH BUSINESS SERVICES LTD

Registered to carry on audit work by the Institute of Chartered Accountants in England and Wales

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)
- Review of the year-end financial statements

The interim internal audit provides evidence to support the annual internal audit conclusion on the Annual Return for local councils.

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 recommendations 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 Ltd

ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
<i>2024/25 interim internal audit</i>			
1	The current contingency plan was last reviewed in 2022 and does not contain arrangements to maintain complete and accurate and up to date accounting systems if the clerk/RFO was absent for a significant period.	<i>The council need to review its contingency arrangements for maintaining complete and accurate financial systems and controls in the absence of the clerk/RFO and ensure formal arrangements are in place by ensuring staff are trained in the use and functionality of the Rialtas accounting system.</i>	
2	The council currently has one overarching strategic wellbeing plan. However, the council does not link any decision making in the minutes to the aims and objectives of these key strategic plans.	<i>Where appropriate, the council should consider linking resolutions in the minutes with key aims and objectives in the current strategic plans to evidence that decision making is driven by strategic planning. This could be carried out by, for instance, ensuring reports to council with recommendations in the agenda documents link to strategic objectives.</i>	

	ISSUE	RECOMMENDATION	FOLLOW UP
<i>2023/24 year end internal audit</i>			
<i>No further issues arising – a robust set of year end records have been maintained with a comprehensive audit trail to supporting information.</i>			
<i>2023/24 interim internal audit</i>			
1	A review of governance and policies identified that a local expenses policy had not been established at the council.	<i>The council should consider adopting an expenses policy covering both officers and members.</i>	Implemented
<i>2022/23 year end internal audit</i>			
<i>No further issues arising – a robust set of year end records have been maintained with a comprehensive audit trail to supporting information.</i>			
<i>2022/23 interim internal audit</i>			
1	Expenditure testing identified that an invoice received in 2022/23 for PLACE strategy work related to services delivered in the 2021/22 financial year. Therefore, the invoice should have been included as an accrual for services	<i>Year end procedures must include a thorough review by staff of the services being delivered to the council as at the year end to identify any services provided that have yet to be invoiced. Any amounts</i>	<i>2023/24 follow up – no further issues identified with respect to the accuracy of year end accruals</i>

	ISSUE	RECOMMENDATION	FOLLOW UP
	provided but not invoiced in the 2021/22 financial year.	<i>identified as accruals must be included in the year-end balance sheet.</i>	
2	Income testing identified a duplicate sales invoice in the Rialtas ledger. Further review identified this was an isolated error as the actual invoice did contain a unique sequential reference number.	<i>The correct invoice numbers should be included in the Rialtas ledger to ensure a clear audit trail is maintained.</i>	Implemented
2021/22 year end internal audit			
1	The asset register records that the bus shelters, solar and LED lights and PVC planters are not insured. The clerk has provided an explanation to us for each asset type.	<i>The reasons why the council has taken the decision not to insure certain material fixed assets should be disclosed either as part of the annual risk assessment or within the asset register.</i>	Implemented
2	We were informed that £10k has been allocated to cover the council contribution towards a Community Place Plan Project from the Solar Funds held.	<i>The council should consider establishing an earmarked reserve to disclose the amount set aside as a contribution to the Community Place Plan Project.</i>	Noted, however, full list of 2022/23 earmarked reserves now established.
2021/22 interim internal audit			

	ISSUE	RECOMMENDATION	FOLLOW UP
<i>No further issues arising – a robust set of internal controls has operated during the period covered by the interim internal audit. We have now updated issue 2.) of the 2017/18 year end internal audit report regarding the Joint Burial Board to the following:</i> <i>'We are informed that the cemetery is now full and therefore the future control of the cemetery will be passing to the principal council. Therefore, the JBC will cease to exist when this legal transfer has completed.'</i>			
2020/21 year end internal audit			
1	Fixed Asset Register: - CCLA funds are classified as fixed assets and included in the fixed asset register. These funds are long term investments and should be recorded in an investments register. - A small number of operating leases had been disclosed as fixed assets. The asset register has now been updated to remove these operating leases as the assets are not owned by the town council.	<i>CCLA funds should be included in a separate investment register as they are not fixed assets.</i> <i>Operating leases do not result in ownership of fixed assets by the council and therefore should not be included in fixed assets.</i>	Implemented Implemented

	ISSUE	RECOMMENDATION	FOLLOW UP
2	The risk assessment does not address the risks of supplier (procurement) fraud.	<i>The risk assessment should be updated to include supplier (procurement) fraud including the adequacy of supplier onboarding controls.</i>	<i>Implemented</i>
2020/21 interim internal audit			
1	The threshold for tendering in the Standing Orders and Financial Regulations is not consistent. Standing Orders s18a v.) require a tender when a contract is above £45,000 whereas Financial Regulations require a tender process when the contract is above £60,000.	<i>The council should review the Standing Orders and Financial Regulations and ensure the tendering thresholds are consistent.</i>	<i>Implemented</i>
2	The supply of sundry garden goods dated 09/06/2020 for £659.6 was not supported by a valid invoice/voucher.	<i>Valid invoices/vouchers should be secured for all council expenditure</i>	<i>Implemented</i>