

INTERNAL AUDIT REPORT – 2025/2026
LLANARMON YN IAL COMMUNITY COUNCIL

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 20/05/2026

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ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
1	We identified the following transposition error on the annual return: 2024/25 fixed assets= 174,575 This should be £174,757.	<i>The annual return should be amended to show the correct value.</i>	
2	The Council experienced a fraudulent payment on the council debit card of £35 which was later refunded.	<i>The Council should review the controls over the Council debit card and may want to consider alternative payment methods, to limit exposure to Council funds such as prepaid debit cards and Council credit cards with set limits. Any changes to the type of card used must be underpinned by robust internal controls stipulated in updated Financial Regulations.</i>	
2024/25 audit recommendations			
1	Staff costs includes a £100 payment in relation to health and safety checks on the playground. This has not been made to an employee of the Council and has not been subject to PAYE. It therefore does not meet the definition of staff costs and should be	<i>The annual return should be amended as follows: Staff Costs £9,006 Total other payments £14,643</i>	Implemented

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	included in other payments.		
2023/24 audit recommendations			
1	Whilst the financial regulations allow for the use of a debit card they do not state a maximum transaction value for the use of the card.	<i>The Council should consider setting a maximum transaction value for the use of the debit card as per the model financial regulations.</i>	Implemented
2022/23 audit recommendations			
1	No issues were identified during the 2022/23 internal audit.		