

Abertillery & Llanhilleth Community Council
Financial Year 2023-24



Audit date: 3 March 2025

Interim Internal Audit Observations

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Have payments been approved as required under Council Financial Regulations?	Yes	<p><i>Council Financial Regulation 7.8 requires that "A full list of all payments made in a month shall be provided to the next council meeting."</i></p> <p><i>It is understood that this is included as part of the bank reconciliation, but Council Minutes do not record that Council received a list of payments or formal Council approval of payments.</i></p>	The Council to ensure that Minutes record formal Council review and approval of payments as required by Financial Regulation 7.8	High	
2	Have valid VAT invoices been obtained to support reclaim of VAT?	No	<i>It was noted that a payment of £2,400 was made to GreenPower based on a quotation and not against a valid VAT invoice.</i>	The Council must ensure that valid VAT invoices are received to support the reclaim of input VAT. Council to review the transaction identified and ensure that either valid a VAT invoice is obtained to support the reclaim or that the amount is not included in any VAT reclaim from HMRC.	Medium	
3	Have Grants awarded been appropriately considered by Council and approved?	No	<p><i>The Council makes a large number of grants many of which are of high value. At present the Council has a highly fragmented process for the awarding of grants, for example some are effectively included in the annual budget process, others are awarded out of funds received from the Solar Farm, others are 'Ward Grants' and others as Christmas Lighting grants.</i></p> <p><i>It is not clear that the Council has in place a robust and transparent process for the formal consideration and award of these grants.</i></p> <p><i>The Council does not have a formal Grants policy in place.</i></p>	<p>The Council, as a priority, to review the process by which it receives, considers and approves grants. As part of this process the Council to put in place a formal Grants Policy.</p> <p>The Council to consider publishing a full listing, on its website, of all grants awarded by the Council.</p>	High	

4	Are Powers under which grants are made clearly specified in Council Minutes?	No	<i>It was noted that the legal power under which grants are awarded is not always formally recorded in Council Minutes (for example those awarded under the Solar Farm grants process Minute Reference 73 - 4th October 2024)</i>	The Council to ensure that the appropriate Power under which grants are made is recorded in the Minutes of the meeting in which the grants are approved for ALL grants awarded.	Medium	
---	--	----	---	---	--------	--

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Minutes reviewed and no 'unusual activity' identified (interim - give date of last Minutes reviewed)	Yes	<i>The Council operates a number of Committees, it is not currently practice for the Minutes of Committees to be received by Full Council. It is unclear how all Councillors will be aware of decisions taken by the various Committees.</i>	The Council to review how the Minutes of Committees are subject to review by Full Council. (The norm for Councils is for all Minutes to be reported to Full Council.)	Medium	
2	Council has formally documented Internal Controls	No	<i>Council has not formally documented Internal Controls</i>	Council should formally document its Internal Controls.	High	
3	The Council, meeting as a whole, has reviewed the effectiveness of its internal control system as required by Regulation 5 of the Accounts and Audit (Wales) Regulations 2014	No	<i>The Council has not reviewed the effectiveness of its internal control system as required by Regulation 5 of the Accounts and Audit Regulations (Wales) 2014.</i>	Council to note the statutory requirement for it to regularly review the effectiveness its internal control system. It may be appropriate for this to be carried out after the Council has received the final internal audit report for the year.	High	
4	Assets included in the assets register are covered under the Councils insurance policy	Yes	<i>It is not clear when the Council last obtained an insurance valuation for the War Memorial. The current insured value is £338,100.</i>	The Council to review the insurance valuation of the War Memorial.	Medium	

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Assets purchased / disposed of have been added to / removed from asset register	Yes	<i>The Council has undertaken a detailed review of its asset register. It is not clear whether the updated register has been compared to the previous register to ensure that all assets properly recorded in the previous register have been carried over to the new register.</i>	<p>The Council to review the new updated register against the previous register and confirm that no items properly recorded in the previous register have been omitted from the updated register.</p> <p>The Council to note that, when preparing the Accounting Statements for 2024/25 the values for both the current year and the prior year must be stated on the same basis (so a restatement of the 2023/24 value will be required.)</p>	High	

9 Periodic and year-end bank account reconciliations were properly carried out.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Bank reconciliations have been signed and dated as evidence of independent review (Interim)	Yes	<i>Bank reconciliations have been prepared and subject to review however the supporting bank statements have not been initialled as evidence of review and agreement to value stated in the bank reconciliation</i>	When reviewing bank reconciliations the supporting bank statements should be initialled to indicated that they have been checked and verified to the value stated in the bank reconciliation.	Medium	

10 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.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Prior year accruals have been correctly reversed in the current year. (interim)	Yes	<p><i>There is a balance of £290 On nominal code 110 Prepayments. It is unclear what this balance relates to.</i></p> <p><i>There is also a balance of £1,059.05 on nominal code 502 - Chairs Charity. It is understood that this relates to funds raised which have not yet been paid over to nominated charities.</i></p>	Council to review the balances on nominal codes 110 and 502 and ensure that they are correct and verified prior to the end of the financial year.	Medium	



Steve Edwards
Clerk
Abertillery Community Council
Council Offices
Mitre Street
Abertillery
Blaenau
Gwent
NP13 1AE

4th March 2025

Dear Steve,

Interim Audit Cover Letter

An audit was carried out by Kevin Rose on Monday 3 March 2025. This was the interim internal audit, part of the annual internal audit coverage of the Council. Prior to the audit a 'Pre-Audit' was carried out remotely which tested items which are required to be published on the Councils website.

The audit was undertaken using the standard IAC Audit Checklist, that we use for all Local Councils, which has 179 items. A total of 120 items were tested during this audit, including items that were examined and tested as part of the pre-audit process. The balance of 59 items will be checked during the Year End audit.

The following 'Internal Control Objectives' of the Annual Internal Audit Report (part of the AGAR) were checked and confirmed as being Not Applicable to your Council for this financial year.

- Petty cash (Box 6)
- Trust Funds (Box 11)

Areas subject to audit were;

- the Accounting system and records (Box 1)
- the Payment system (Box 2)
- Risk and insurance (Box 3)
- Budget and precept setting and monitoring (Box 4)
- Income billing, collection and VAT (Box 5)
- Assets and investments (Box 8)
- Bank reconciliations (Box 9)
- Accounting Statements (Box 10)

Of the 79 applicable items tested a Positive response was obtained in respect of 74 tests. There were 5 Negative responses identified and 11 Observations were made, details of which are set out in the attached Interim Internal Audit Observations.

Summary of tests undertaken during this audit

Positive response	74
Negative response	5
Not Applicable to your Council	41
Total tests carried out	<u>120</u>

I am pleased to advise that no 'Non-Compliances' were identified at this stage that would give rise to a negative response on the statutory Annual Internal Audit Report.

I would like to express my thanks for the assistance provided to me during my audit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Rose'.

Kevin Rose ACMA
Director

Interim audit summary Abertillery & Llanhilleth Community Council



(shaded Internal Control Objectives are not applicable to your Council)

Interim Audit Date 3 March 2025

Internal Control Objective		N/A	Tested	Positive	Negative	Observations	Non Compliance
Box 1	Appropriate books of account have been properly kept throughout the year.		6	6	0	0	
Box 2	Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	5	34	31	3	4	
Box 3	The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	2	8	6	2	4	
Box 4	The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	3	9	9	0	0	
Box 5	Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for	12	11	11	0	0	
Box 6	Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	9	N/A	N/A	N/A	N/A	
Box 7	Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.		0	0	0	0	
Box 8	Asset and investment registers were complete, accurate, and properly maintained.	2	3	3	0	1	
Box 9	Periodic and year-end bank account reconciliations were properly carried out.	1	6	6	0	1	
Box 10	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.		2	2	0	1	
Box 11	Trust funds (including charitable trusts). The Council/Board/ Committee has met its responsibilities as a trustee.	7	N/A	N/A	N/A	N/A	
Totals		41	79	74	5	11	0