Full audits 2025-26

Application: Council subject to a triennial full audit for 2025-26

The Auditor General’s right of access to information and explanations

Section 52 of the Public Audit (Wales) Act 2004 provides the Auditor General with the right of access to all information and explanations that he considers to be necessary for the purposes of the audit. Persons holding such information are required to provide this on request.

The following information is provided to assist councils to prepare information required for the audit of accounts.

Councils must note that this information request represents the core information we require. In most cases, this will be sufficient for us to complete the audit.

However, we may request any further information that we consider necessary to complete the audit. Further information may be required due to issues being identified or clarification being required during the audit process and/or if we receive correspondence related to individual councils.

Audit cycle

Your Council is subject to a triennial ‘**full**’ audit this year. The information required for audit can be seen below.

To view the audit cycle for the period 2025-26 to 2026-27, please refer to the attached document ‘TCC_audit_cycle_by_county.pdf’. It is arranged by county.

Council contact details and other core information

Each year, we identify numerous changes to clerk's/councils' contact details. In many cases, councils do not inform us of these changes.

We will be asking all councils to confirm their contact details each year to help us maintain our records.

Language preference

Please indicate the language preference for the Council. We will use this as a basis for our communications with you related to the audit.

English	Welsh	Bilingual

Contact details

Please provide the following contact details for the Council.

	Current details
Clerk's name	
Clerk's address[1]	
Clerk's contact telephone	
Clerk's email address	
Council website	

Accounting records

Please indicate the format in which the Council keeps its accounting records

	Yes / No
Manuscript cashbook / receipts and payments book	
Spreadsheet	
Accounts software packages:	
• Rialtas	
• Sage	
• Scribe	
• Xero	
• Other (Please specify)	

[1] We will use this address to return any original records to you. The address you provide must be listed on Postcode finder. We cannot return documents to a PO Box.

Bank reconciliation

A bank reconciliation is a control schedule prepared by the Council that agrees the balance per the bank statement at the year end to the bank balance per the Council's own records e.g. the cashbook. The Council should prepare a bank reconciliation every time it receives a bank statement to ensure that any errors are identified at an early stage.

The bank reconciliation(s) should cover all the Council's bank accounts. If the Council has more than one bank account it is helpful if you can provide a summary of the bank reconciliations that agrees to Box 9 on the Annual Return in addition to the detailed reconciliations prepared for each account.

If there are no outstanding items at the year-end you must still supply a bank reconciliation. A zero or "Nil" should be included in the relevant lines on the schedule or a clear statement should be made to that effect.

An example bank reconciliation is provided on page 6. We recommend that councils use this format.

COUNCIL NAME: ……………………………………………………………………

		£
A	Balance on the bank statement at 31 March (taken from bank statement)	
B	**Outstanding items** **Less** unpresented cheques (List each outstanding cheque)	
C	**Plus** uncleared payments into bank (to agree with attached list)	
D	**Petty cash** **Plus** any petty cash balance held at 31 March	
E	Balance in the cash book (Authority's own records) at 31 March (Calculated as A-B+C+D=E and agrees with Box 9 on the Annual Return) [2]	

[2] The bank reconciliation provided must equal line 9 on the annual return. Therefore, you need to either provide a reconciliation for every account held by the Council or combine them all on one sheet.

If there are no reconciling items please tell us and provide copies of the year end bank statements.

Explanation of variances

We require explanations for significant variances (increases or decreases) of more than 15% between the current audit year and the last audit year in lines 3, 4, 5, 6, 8, 10, 12 and 13. Variances of less than 15% need not be explained.

Positive and negative variances must be explained.

Your explanations must be quantified, i.e. state how much of the variance is covered by each specific explanation. Your explanations must ensure that the variances for each line are explained and quantified to within 15%.

You can set out your explanations of variances in any way you wish, but they should be clear and complete and easy to follow. You should not simply send a copy of a cashbook. We need to understand why the council's activity level changed.

Our suggested method of how to identify variances that require explanation, and suggested layout for providing explanations are set out

Working out what variances need to be explained

Line in section 1	**Last Year £**	**This Year £**	**Variance Increase (+) or decrease (-) (This Year minus Last Year) £**	**% (Variance divided by Last Year figure multiplied by 100)**	**Explanation required? Less than 15% - NO More than 15% - YES**
Line 3 Total other receipts					
Line 4 Staff costs					
Line 5 Loan interest/ capital repayments					
Line 6 Total other payments					
Line 8 Debtors and stock balances					
Line 10 Creditors					
Line 12 Total fixed assets and long term assets					
Line 13 Total borrowing					

Suggested layout for explanations

One sheet to be prepared for **each variance** that requires explanation.

Line ………………..	**£**
Figure in This Year column	
Figure in Last Year column	
Variance (This Year figure less Last Year figure) A positive figure is an increase, a negative figure is a decrease	

Reasons (as many as are applicable)	**Amount £**
Reason 1	
Reason 2	
Reason 3	
Reason 4	
Unexplained	
Confirm unexplained amount is less than 15% of Last Year figure	

Please note that explanations should be quantified and should consider one off items in both the current and prior years. Monetary values **must** be attached to each explanation. Explanations that do not quantify each element of the variance will not be accepted as a full explanation and will likely result in a qualified opinion. Examples of unacceptable explanations include:

- Expenditure increased because the Council spent more on staff.
- Other payments increased because of park benches and grass cutting,

Governance themes 2025-26

Well-being of Future Generations (Wales) Act 2015

For those councils subject to the requirements of the Well-being of Future Generations (Wales) Act 2015, a copy of the Council’s report on how it is contributing to the wellbeing of its area.

Annual Report

Please provide the following information:

1. A copy of the Council’s Annual Report for 2024-25 published during 2025-26 OR a copy of the 2025-26 annual report OR;

2. A link to the Annual Report on the Council’s website (Please note we want a direct link to the report itself and not a link to the Council’s homepage).

Budget monitoring

Please provide the following information:

1. An explanation of how the Council sets its budget (including consideration of its reserves) and how it monitors income and expenditure against that budget.

Internal audit

Please provide the following information:

1. A copy of the agreed terms of reference for internal audit for 2025-26; AND

2. Where the Council has received a detailed, written report in addition to the report included on the annual return, a copy of the detailed report. If there is no report, please tell us this.

Additional full audit documentation requirements

What does the full audit involve?

In short, the full audit will include:

- Agreement of the accounting statement to the underlying cashbook/ledger
- Verification of the arithmetic accuracy of the underlying records
- Additional planning procedures to identify risk areas. This will include a review of minutes and other documentation including the council's website.
- Review of the Council's annual budget setting and monitoring procedures
- Verification of income including precept and other sources of income to ensure it is completely and accurately accounted for
- Agreement of staff costs to contracts and relevant approvals and verification that the council is properly operating PAYE for wages, salaries and relevant taxable benefits
- Verification of the year end bank reconciliation to ensure the accounts are complete and accurate
- Verification of year end loan balances and approvals for any new borrowing
- Verification of member allowances payments to the Independent Remuneration Panel report
- Review of grant payments made under s137 of the Local Government Act 1972
- Verification of other payments to original invoices etc and checking that payments made complied with the council's proper procedures and standing orders
- Verification of year end debtor and creditor balances if appropriate (councils > £200,000)
- Agreement of fixed assets and investments to asset and investment registers

These audit procedures are in addition to those you have been subject to in recent years i.e. the basic audit. The extent of our audit work will be based on the size of the council. In some cases, we will not need to complete the whole programme listed above.

What information do we need for the audit?

To enable us to complete our audit we need you to provide the following documents. During the audit we may identify further documents that we wish to examine. We will contact you directly to arrange for these to be supplied to us. We suggest that you use the following as a checklist to ensure that you provide everything we need in the first instance.

Core accounting records

We will be checking to see that the Accounting Statement on the Annual Return agrees with the underlying accounting records. This means that we must be able to see the number on the Annual Return and trace back to the source record to see what categories of transactions make up each line of the Accounting Statement.

What do we need	Have you included this in your submission?
Manuscript cashbook	
Spreadsheet cashbook	
Full audit trail to agree Accounting Statement to the entries in the cashbook or spreadsheet and containing ALL transactions	
Details of how to access your accounting software online[3]	
Full data export from accounting software including all transactions and categories of receipts and payments.	

Council minutes

We will use the minutes to review decisions made by the Council.

What do we need	Have you included this in your submission?
Specific confirmation that ALL council minutes are available on the Council's website OR	
Copies of all Council minutes including all committees and private sessions for January 2025 to June 2026	

Bank statements

We will use the bank statements to confirm the accuracy of transactions recorded in the cashbook.

What do we need	Have you included this in your submission?
Bank statements for EVERY account (not just the current account) held by the Council for April 2025 to June 2026	

[3] We cannot add any software to our laptops. Most software packages will allow remote access without requiring us to install additional software.

Key financial management and governance documents

We use this information to assess the effectiveness of the Council's arrangements to secure value for money

What do we need	Have you included this in your submission?
A copy of the Council's budget for 2025-26 AND 2026-27 clearly showing how the Council complied with the Local Government Finance Act 1992	
A link to the minutes for the meeting at which the Council approved the budget and set the precept – we expect to see the absolute value of the precept set not just a Band D equivalent	
An explanation as to how the Council monitored its finances throughout the 2025-26 financial year	
A copy of the Council's Standing Orders and Financial Regulations OR a link to these on the Council's website (We need a link to the SO/FR not just the Council's home page.)	
A copy of the Council's insurance policy	

Income records

We use this information to validate the income reported in Line 3 of the Accounting Statement and to inform our conclusion on whether the Council has in place arrangements to secure value for money.

What do we need	Have you included this in your submission?
A breakdown of what makes up the total in line 3 by type of receipt	
Burials: • A copy of the Council's burial records (burial register, receipts etc sufficient for us to trace individual burials to burial fees received and banked) • Schedule of approved burial fees	
Hall lettings: • A copy of the Council's hall lettings records (booking diary register, receipts etc sufficient for us to trace individual hall lettings to fees received and banked) • Schedule of approved fees	
VAT • A copy of the VAT return for 2025-26 • A copy of the VAT return for 2024/25 if submitted to HMRC after 31 March 2025	
Other • A copy of grant applications and approvals to support grants received during the year • Cash collection records for any cash income received eg car park fees	

Payroll records

We use this information to validate staff costs reported in Line 4. We use this information to confirm staff are paid in accordance with the contract of employment and that the Council correctly operates PAYE[4]. We will use the payscale specified in the contract of employment, adding increments if appropriate, to calculate the gross pay payable for employees.

What do we need	Have you included this in your submission?
Copy of the staff contracts of employment	
A statement of the current pay point, hourly rate or salary payable to each employee	
Where employees have been placed on a different pay scale and the contract has not been updated, please provide copies of the minutes of the meeting at which the change was approved by the Council.	
Payslips for all staff for the year	
PAYE records including monthly and year end returns and P11D forms where appropriate	

Loans

We use this information to confirm that the Council has borrowed money lawfully and is correctly reporting the year end balance.

What do we need	Have you included this in your submission?
A list of all outstanding borrowing by individual loan	
For all non-PWLB loans, a 31 March 2026 statement showing the outstanding balance	
For all new loans drawn in the year, a copy of the Welsh Government borrowing approval.	

Other payments

We use this information to ensure that the Council has properly incurred expenditure, made proper arrangements for VFM and payments are bona fide.

What do we need	Have you included this in your submission?
Details of the Council's arrangements for making payments.	
Copies of all invoices paid in the year	
If not published with the Council minutes on the website, copies of all schedules of payments approved by the Council during 2025-26	
A copy of the return for members allowances for 2025-26	
A link to the minutes where the Council resolved to pay members allowances	

[4] Please refer to the Practitioners' Guide. Clerks are never self employed for tax purposes. HMRC issued guidance on this in 2012. No council should treat its clerk as self employed

Debtors, Creditors and fixed assets

We use this information to ensure that the Council has fairly stated these items.

What do we need	Have you included this in your submission?
A schedule of year end debtors and creditors	
A copy of the Council's Fixed Asset and Investment register	

How do you provide the documents we need?

You can provide documents to us in one of the following ways:

- Deliver physical documents to our Cardiff office by hand or by courier. The Cardiff office address is listed below.
- Submit documents electronically via an Objective Connect website. Objective Connect is a secure file transfer system.

Due to IT security issues we cannot accept electronic files on memory sticks. We are also unable to access cloud storage services such as GoogleDrive, OneDrive or Dropbox folders.

Delivery to Cardiff office

Our Cardiff office address is:

Community Council Audits

Audit Wales

1 Capital Quarter

Tyndall Street

Cardiff, CF10 4BZ

Our office can be found at Google maps. Please note that there is no on-site parking available.

By secure data transfer

We use Objective Connect to securely transfer data. Objective Connect allows you to transfer large files (up to 10Gb) securely and confidentially.

If you wish to transfer data securely, please contact us at communitycouncilaudits@audit.wales. We will set up an Objective Connect portal for you to submit documents.

Organising the information

Please provide documents that are clearly labelled and organised.

It is not helpful for us to receive a box full of loose papers. We spend significant amounts of time organising and searching through disorganised records. This time is charged in full to the Council.

If submitted scanned copies of documents, these must also be properly organised and identifiable. For example, scanning 260 documents with file names IMG0001 to IMG0260 will mean we spend a lot of time searching through all of the scanned files looking for the ones we need. Think needle in a haystack.

Accessing your accounting system

In some cases, we may be able to access your accounting software remotely with read only access.

If you wish for us to do this, please contact us. However, we CANNOT add any software to our laptops to enable this.

Appendix: Council’s arrangements for making payments

Some of the most important internal controls for community and town councils are the controls the councils have in place to manage payments made. In recent years our audit work has highlighted serious deficiencies at individual councils. These deficiencies have directly contributed to significant losses being incurred at some councils.

Under our new audit arrangements we will consider whether or not councils are following their established internal controls. As a first step therefore, we need to understand the different ways in which councils make payments and the checks and balances put in place to ensure the security of the councils’ funds.

Arrangements for making payments

Cash and bank accounts	
Does the Council operate more than one bank account?	
If Yes, please provide a description of the accounts operated. Please do not include account numbers at this stage	
Does the Council operate petty cash or make any payments by cash?	
If Yes, what records of cash receipts and payments are kept?	
Payment methods	
Does the Council make payments from its bank accounts by:	
Cheque: If Yes please describe the approval process for signing cheques (approval by council, numbers of signatories etc)	
Debit card: If Yes, please describe the approval process for debit card	

payments and how these are recorded	
Direct debits and standing orders: If Yes, please describe how the Council approves the setting up of the direct debit/standing order.	
Bank transfers; eg direct transfers using internet banking. If Yes please explain how individual payments are made and authorised	
Reporting payments to the Council	
Please describe how payments made are reported to the Council. For example: Does the clerk present a schedule of payments to the Council for approval before or after payments are made? Does the clerk report to the Council payments made using a debit card and payments made via standing order and direct debits?	