

INTERNAL AUDIT REPORT
FINANCIAL YEAR
2025/2026

PREPARED ON BEHALF OF

BEDWAS, TRETTHOMAS AND MACHEN COMMUNITY COUNCIL

BY

MICHAEL FISHER

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Issued by: *Michael Fisher, Internal Auditor*
Copy to *Ann Butler, Clerk to Council*

INDEX

SECTION		PAGE No
1	Purpose of Audit	3
2	Independence and competence	3
3	Main Findings	3
4	Audit Opinion	3
5	Acknowledgements	3
6	Attachments	3

APPENDICES

Appendix 1	Internal Audit – Work Programme	4
Appendix 2	Internal Audit – Action Plan	7

1. PURPOSE OF THE AUDIT

- 1.1. The purpose of the audit was to review the financial propriety and governance arrangements of the Council in accordance with proper practices as set out in the One Voice Wales/SLCC publication “Governance and accountability for local councils in Wales – A Practitioners’ Guide (as amended December 2014)”

2. INDEPENDENCE AND COMPETENCE

- 2.1. Your audit was conducted by Michael Fisher, a CIPFA qualified accountant, who has over 43 years’ experience in local government. Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

3. MAIN FINDINGS

- 3.1. The control objectives tested and proved to be satisfactory can be seen in Appendix A.

4. AUDIT OPINION

Assurance can be expressed in the governance arrangements and the financial statement of **Bedwas, Trethomas and Machen Community Council for the financial year 2025/2026** based on the tests conducted, and there are no aspects that could be tightened to mitigate any risks identified within the action plan at Appendix B.

It is recommended that the Council take appropriate steps to mitigate the following risks:

- No steps identified

5. ACKNOWLEDGEMENTS

The co-operation of the Clerk to the Council and other officers during the review was much appreciated.

6. ATTACHMENTS

Appendix 1 – Internal Audit – Work Programme

Appendix 2 – Internal Audit – Action Plan

APPENDIX 1 - Internal Audit - Work Programme – BTM CC

Internal Control	Tests	Initial if yes	Working Paper Reference	Comments
Previous Internal Audit Report	Do the minutes record that Council has considered the Internal Audit Report for the previous year and the matters arising addressed?	MF	Minutes	Minute 1209 Council Meeting 10 th April 2025.
Proper bookkeeping	Is the cashbook maintained and up to date?	MF	Minutes Accounts	Viewed and all payments/receipts in place and recorded for 2025/2026. Regularly reported to Council eg: 5 th March 2026 Minute 1306
	Is the cashbook arithmetically correct?	MF	Accounts	Viewed and tested and formulas in excel checked, automatically calculated, various reports tested to triangulate information.
	Is the cashbook regularly balanced?	MF	Minutes Accounts	Viewed and all payments/receipts in place and recorded for 2025/2026. Regularly reported to Council eg: 5 th March 2026 Minute 1306
Standing Orders and Financial Regulations	Has the Council formally adopted Standing orders and Financial Regulations?	MF	Minutes	Minute 3 Finance, Employment & Policies Committee 25 th February 2025 Minute 1202 Council 25 th March 2025
	Has a Responsible Financial Officer been appointed?	MF	Minutes	Minute 9 Council AGM 14 th May 2025 – Clerk is the RFO, also Financial Regulations 1.5 state that the Clerk is the RFO and one is in employment.
	Have items or services above a de minimis amount been competitively purchased?	MF	Financial Regulations	Delegations and levels of quotations in Financial Regulations Noted
	Are payments in the cashbook supported by invoices and have they been authorised and minuted?	MF	Accounts Invoices Minutes	Sample of all documents taken and agreed recorded properly. WP3
	Has VAT on payments been identified, recorded and reclaimed?	MF	Accounts Invoices Returns	All claims noted and income in cashbook.
	Is Section 137 expenditure separately recorded and within statutory limits?	MF	Accounts Limits Check	S137 payments identified separately, allowed £11.10 per elector, number of electors 8133, spend £2475.22 – well within limits allowed.

Risk Management Arrangements	Does a scan of the minutes identify any unusual activity?	MF	All Minutes	None noted.
	Do the minutes record the Council carrying out an annual risk assessment?	MF	Minutes	Reviewed 1 st April 2025 Asset Register reviewed 1 st July 2025
	Is insurance cover appropriate and adequate?	MF	Documents	In place and covered Policy started 7 th October 2025 with Brown and Brown Policy Number 023626/10/21 (AVIVA).
	Are internal financial controls documented and regularly reviewed?	MF	Policies Minutes	All contained within the Financial Regulations reviewed Minute 3 Finance, Employment & Policies Committee 25 th February 2025 Minute 1202 Council 25 th March 2025
Budgetary Controls	Has the Council prepared an annual budget in support of its precept?	MF	Minutes Notes	Considered at Council Minute 1286 15 th January 2026. Increased precept to £143,231.20.
	Is actual expenditure against the budget regularly reported to Council?	MF	Minutes	Regularly reported through Council Example 5 th February 2026 Minute 1296.
	Are there any significant unexplained variances from budget?	MF	Budgets Minutes	None found on all testing.
Income Controls	Is income properly recorded and promptly banked?	MF	Accounts Bank	All banked promptly, most through BACS.
	Does the precept recorded in the cashbook agree to the County/City Council's notification?	MF	Minutes Return Accounts	All agreed and collected and triangulated through all records.
	Are security controls over cash adequate and effective?	MF	Accounts	Limited exposure to cash, limited exposure to risk.
Petty Cash Procedures	Is all petty cash spent recorded and supported by VAT invoices/ receipts?	MF	N/A	No petty cash held.
	Is petty cash expenditure reported to Council?	MF	N/A	No petty cash held.
	Is petty cash reimbursement carried out regularly?	MF	N/A	No petty cash held.

Payroll Controls	Do salaries paid agree to those approved by Council?	MF	Contracts Minutes Payroll	Minute 1254 Council 3 rd September 2025 Contracts state spinal points PT26 Payroll Records Checked
	Are other payments to the Clerk reasonable and approved by Council?	MF	Invoice Payments	All found to be correct
	Has PAYE/NIC been properly operated by the Council as an employer?	MF	Invoice Payments Accounts	All operated by Bevan Buckland LLP accountants and appear to be in order.
Assets Controls	Does the Council keep an Assets Register of all material assets owned?	MF	Accounts Asset Register	Yes, register kept in accounts WP2.
	Is the Register up to date?	MF	Asset Register Minutes	Updated Asset Register reviewed 1 st July 2025.
Bank Reconciliation	Is there a bank reconciliation for each bank account?	MF	Accounts Statements	Agreed balances 31 st March 2026. Deposit Account: £69,829.52 Current Account: £26,428.85
	Is the bank reconciliation carried out regularly on the receipt of statements?	MF	Accounts Minutes	Submitted to each Council meeting for review.
	Are there any unexplained balancing entries in any reconciliation?	MF	Accounts Minutes Statements	None to be reported.
Year-End Procedures	Are year-end accounts prepared on the correct accounting basis?	MF	Accounts Annual Return	Completed on an Income and Expenditure basis.
	Do accounts agree with the cashbook?	MF	Accounts Annual Return	All agreed and reconciled.
	Is there an audit trail from underlying financial records to the accounts?	MF	Accounts Annual Return	Yes, all can be seen to correspond from accounts back to the annual return WP1
	Where appropriate have debtors and creditors been properly recorded?	MF	Invoices Accounts	Sample of all documents taken and agreed recorded properly. WP3

APPENDIX 2 – Internal Audit – Action Plan – BTM CC

Issue		Recommendation	Follow Up
1	No issues		
2			
3			
Follow up of 2024-2025 audit recommendations			
1	No issues to follow up.		
2			
3			