

## Annual internal audit report to:

Name of body: **Welshpool Town Council**

The Council's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2025.

The internal audit has been carried out in accordance with the Council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

|  | Agreed? |     |     |               | Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)  |
|--|---------|-----|-----|---------------|---|
|  | Yes     | No* | N/A | Not covered** |   |
| 1. Appropriate books of account have been properly kept throughout the year.   | Y       |     |     |               | Review of a sample of finance reports to the Finance Committee confirmed that appropriate books of account have been maintained throughout the year. Sample testing of income and expenditure transactions confirmed that appropriate records are maintained and that books of account are kept up to date.   |
| 2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for. | Y       |     |     |               | Sample testing of payments confirmed that payments are supported by invoices, and VAT is appropriately accounted for. All expenditure is approved by the Finance Committee monthly. Review of the minutes of the Finance Committee for the year showed that the appropriate level of scrutiny was applied by the Committee prior to approval.   |
| 3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.              | Y       |     |     |               | <p>A Risk Management Register is in place and was last reviewed on 28<sup>th</sup> May 2025. The Risk Management Register categorises risks under the following:</p> <ul style="list-style-type: none"> <li>• Building and Assets (13 Risks)</li> <li>• Business Continuity (2 Risks)</li> <li>• Finance (21 Risks)</li> <li>• Governance (12 Risks)</li> <li>• Health and Safety (4 Risks)</li> <li>• Personnel (4 Risks)</li> <li>• Reputational (5 Risks)</li> </ul> <p>There are a total of 61 risks on the risk register. After the management or control of risk, no risks remain rated red, nine risks are rated Amber, and all other risks are rated Green.</p> <p>The Council have a responsibility to the town for the maintenance of historic buildings. Quinquennial surveys were completed in 2024/25 which found that two of the buildings (Motte &amp; Bailey and Berriew Street Toilets) were structurally unsound and urgent repairs were needed</p> |

\* Please include an explanation for any 'No' answers

|   | Agreed? |     |     |               | Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)   |
|---|---------|-----|-----|---------------|--|
|   | Yes     | No* | N/A | Not covered** |  |
|   |         |     |     |               | <p>for all buildings at a projected total cost of £5.9m over ten years and £846k recommended in Year 1.</p> <p>With reserves currently at approximately £50k there is a risk that if immediate and urgent repairs arise the Council do not have sufficient funds to meet their responsibility and keep the buildings safe to the public, or to continue activities.</p> <p><b>Recommendation 1</b></p>   |
| 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. | Y       |     |     |               | <p>Monthly finance reports are provided to the Finance Committee and reviewed by Council.</p> <p>Adequate budgetary processes are in place and the annual budget is approved by the Council. A review of the Finance Committee minutes confirmed that regular budget reports are regularly monitored. The budget reports include the actual to date, annual budget, variance to budget, funds available, and percentage of budget spent.</p> <p>The previous audit recommended that a reserves strategy be put in place to address the need for maintenance of appropriate reserves. This recommendation was implemented and the Reserves Policy approved by the Council on 24<sup>th</sup> April 2024 was reviewed during the audit. The Reserves Policy stated that it was the Council's intention to increase general reserves by a minimum of £20k per annum as part of a long-term plan to work towards a working general reserve fund of 6 months of the precept. Total reserves have increased from £37,689 at the end of 2023/24 to £49,995 at the end of 2024/25.</p> |
| 5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.   | Y       |     |     |               | <p>Sample testing performed confirmed that expected income was received and accurately recorded in the accounts. VAT records checked to ensure that where claimed. VAT return was checked against bank statements and is appropriately accounted for.</p>  |
| 6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.   | Y       |     |     |               | <p>Petty cash payments are properly supported by receipts, expenditure is approved and VAT appropriately accounted for.</p> <p>Income received is used on occasion to top up the Petty Cash which is not in compliance with the Financial Regulations 6.21b). A recommendation was made in 2023/24 to ensure processes comply with the financial regulations, but this has not yet been implemented.</p>   |

\* Please include an explanation for any 'No' answers

|   | Agreed? |     |     |               | Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)  |
|---|---------|-----|-----|---------------|---|
|   | Yes     | No* | N/A | Not covered** |   |
|   |         |     |     |               | <b>Recommendation 2</b>   |
| 7. Salaries to employees and allowances to members were paid in accordance with contracts/ minuted approvals, and PAYE and NI requirements were properly applied. | Y       |     |     |               | Payroll services are undertaken by Demna Consulting including payment of salaries and allowances and calculation of PAYE and NI. BACS payments are authorised by two Councillors. Examination of bank statements confirmed salaries are paid by the Council through the Lloyds Bank account. The minutes of the Finance Committee confirmed that payroll payments are reviewed and approved monthly by the Committee. |
| 8. Asset and investment registers were complete, accurate, and properly maintained.   | Y       |     |     |               | An asset register is maintained and regularly updated and reviewed.   |

\* Please include an explanation for any 'No' answers

|  | Agreed? |     |     |               | Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)   |
|--|---------|-----|-----|---------------|--|
|  | Yes     | No* | N/A | Not covered** |  |
| 9. Periodic and year-end bank account reconciliations were properly carried out.   | Y       |     |     |               | Evidence of periodic and year-end bank account reconciliations was obtained. Review of a sample of bank reconciliations confirmed they were properly carried out and agreed to the bank statements. Review of the Finance Committee minutes confirmed that bank reconciliations are subject to appropriate review.   |
| 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. | Y       |     |     |               | A monthly budget report is presented to the Council. These reports are prepared on the correct accounting basis. Reconciliations with the cashbook are performed monthly and approved by the Finance Committee. Debtors and Creditors are properly recorded and reviewed by the Finance Committee monthly.<br><br>A review of the Debtor report at the year end showed that the oldest recorded debtor was dated 30/07/2020 and that the total debtor balance over 1 year was £4,587.<br><br>A review of the Creditor report at the year-end showed that the oldest Creditor was dated 01/12/2020 and that the total balance over 1 year was £1,515. The Finance Officer confirmed that the Finance Committee need to decide how to treat some old outstanding debtors and creditors. A recommendation is made to clear these accounts as required.<br><b>Recommendation 3</b> |
| 11. Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.  |         |     |     | Not Covered   | Welshpool Town Council has responsibility for two Trust Funds – Burgess Lands Trust and R U Sayce. These were not examined as financial transactions relating to the Trusts are outside the scope of the Annual Governance Statement.  |

**For any risk areas identified by the Council (list any other risk areas below or on separate sheets if needed) adequate controls existed:**

|  | Agreed? |     |     |               | Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)   |
|--|---------|-----|-----|---------------|--|
|  | Yes     | No* | N/A | Not covered** |  |
| 12. Buildings and Structures – Risk or damage to property or individuals | Y       |     |     |               | The management or control of risk listed on the risk register are to review the adequacy of public liability insurance and dangerous and unsafe buildings and sites removed/sealed off.<br><br>Assurance was gained that adequate controls existed through review of the register, documents and minutes, and discussions held with the Responsible Finance Officer and Clerk. |

\* Please include an explanation for any 'No' answers

|  |   |   |  |  |   |
|--|---|---|--|--|---|
| 13. Buildings and Structures – Loss or Damage                                  | Y |   |  |  | <p>The management or control of risk listed on the risk register are that the Town Clerk ensures adequate records held and all asset registers regularly reviewed and updated, weekly checks are undertaken by Operations Team, and reports provided to Council via Committee.</p> <p>Assurance was gained that adequate controls existed through review of the register, documents and minutes, and discussions held with the Responsible Finance Officer and Clerk.</p> |
| 14. Buildings and Structures – Lack of Maintenance                             | Y |   |  |  | <p>The management or control of risk listed on the risk register are major project to modernise the Town Hall underway; Operations Team to manage appropriate repairs; and, the Council to provide repairs and maintenance budgets.</p> <p>Assurance was gained that adequate controls existed through review of the register, documents and minutes, and discussions held with the Responsible Finance Officer and Clerk.</p>  |
| 15. Buildings and Structures – Lack of budget planning for lifecycle of leases | Y |   |  |  | <p>The management or control of risk listed on the risk register are to ensure that budgets reflect the end position on leases and to ensure that leases/buildings are handed back as required.</p> <p>Assurance was gained that adequate controls existed through review of the register, documents and minutes, and discussions held with the Responsible Finance Officer and Clerk.</p>  |
| 16. Cashflow – Management of cash flow   |   | N |  |  | <p>The management or control of risk listed on the risk register are to look at investments and take regular advice from Responsible Finance Officer, cashflow and reserve reports to council meetings monthly.</p> <p>It was noted that cashflow reports are not currently being provided to Council,<br/><b>Recommendation 4 refers</b></p>   |
| 17. Other income – Cash handling   | Y |   |  |  | <p>The management or control of risk listed on the risk register are that Council explore income and regularly review based on reports provided.</p> <p>Assurance was gained that adequate controls existed through review of the register, documents and minutes, and discussions held with the Responsible Finance Officer and Clerk.</p>   |
| 18. Reserves – Depletion and use of reserves below strategy balance            |   |   |  |  | <p>The management or control of risk listed on the risk register are that Council review the reserve balance each month.</p> <p>Assurance was gained that adequate controls existed through review of the register, documents and minutes, and discussions held with the Responsible Finance Officer and Clerk.</p>   |

\* Please include an explanation for any 'No' answers

|   |   |  |  |  |   |
|---|---|--|--|--|---|
| <b>19. All Persons – Premises, equipment, and building safety</b> | Y |  |  |  | <p>The management or control of risk listed on the risk register are that risk assessments are undertaken and appropriate signage is in place; council make decisions with regard to maintenance and appropriate works undertaken.</p> <p>Assurance was gained that adequate controls existed through review of the register, documents and minutes, and discussions held with the Responsible Finance Officer and Clerk.</p>     |
| <b>20. Personnel – Loss of key personnel</b>                      | Y |  |  |  | <p>The management or control of risk listed on the risk register are that line managers monitor staff hours, health, stress, training; annual appraisals and regular 1-1s; team Meetings; and, the Town Clerk to keep Council updated.</p> <p>Assurance was gained that adequate controls existed through review of the register, documents and minutes, and discussions held with the Responsible Finance Officer and Clerk.</p> |

\* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\* If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

#### Recommendations:

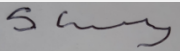
| Rec. | Finding   | Recommendation  |
|------|---|---|
| 1    | <p>The Council have a responsibility to the town for the maintenance of historic buildings. Quinquennial surveys were completed in 2024/25 which found that two of the buildings (Motte &amp; Bailey and Berriew Street Toilets) were structurally unsound and urgent repairs were needed for all buildings at a projected total cost of £5.9m over ten years and £846k recommended in Year 1.</p> <p>With reserves currently at approximately £50k there is a risk that if immediate and urgent repairs arise the Council will not have sufficient funds to ensure the buildings are safe for the public, or to continue activities.</p> | <p>The Risk Register be reviewed to reflect the outcomes of the survey with the residual risk maintained at a high level.</p> <p>The Council to provide ongoing monitoring of plans to address repairs.</p> |
| 2    | <p>Income received is used to top up the petty cash on occasion. This is not in compliance with the Financial Regulations 6.21b).</p> <p>A recommendation was made in 2023/24 to ensure compliance with the Financial Regulations 6.21b. This had not yet been implemented but a debit card is now in use and the petty cash limit has been reduced from £500 to £250 with plans in place to ensure that income received is not used to top up petty cash.</p>  | <p>Compliance with the Financial Regulations in respect of Petty Cash be implemented in 2025/26.</p>  |

\* Please include an explanation for any 'No' answers

| Rec. | Finding  | Recommendation  |
|------|--|---|
| 3    | <p>A review of the Debtor report at the year end showed that the oldest recorded debtor was dated 30/07/2020 and that the total debtor balance over 1 year was £4,587.</p> <p>A review of the Creditor report at the year-end showed that the oldest Creditor was dated 01/12/2020 and that the total balance over 1 year was £1,515. The Finance Officer confirmed that the Finance Committee need to decide how to treat some old outstanding debtors and creditors.</p> | Old debtors and creditors be reviewed and cleared as planned. |
| 4    | <p>A cash flow forecast is not currently prepared for Council. A cash flow forecast would support the Council in performing its responsibility to effectively manage the cash flow throughout the year. The Financial Regulations stipulate that quarterly cash flow forecasts be prepared for planning and monitoring purposes. The Clerk confirmed that plans are in place to prepare cash flow forecasts for 2026/26.</p>   | Cash-flow forecasts be prepared as planned.                   |

### Internal audit confirmation

We confirm that as the Council's internal auditor, we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2024-25 and 2025-26. We also confirm that there are no conflicts of interest surrounding our appointment.

|   |   |
|---|---|
| Name of person who carried out the internal audit: Jemimah McAlpine and Steen Gourlay |   |
| Signature of person who carried out the internal audit:                               |  |
| Date: 24/06/2025  |   |