

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 2026.

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				Evidence that appropriate books of account were properly kept throughout the year was seen during the audit. Monthly Income and Expenditure reports from the finance system are presented to the Finance Committee and Council together with bank reconciliations and a graph of cash and bank totals by financial year and month. Bank CSV files are downloaded regularly, and transactions are recorded on the general ledger throughout the month. Month end reconciliations are signed by the RFO and Mayor and reported to Council with balances included in meeting papers.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	Y				A sample of ten payments was agreed to invoices, appropriate approvals, and VAT treatment with no exceptions. Where the value exceeded the threshold for quotations to be received these were agreed to the record of Council decisions where quotations were considered and the supplier and expenditure was approved. A review of the quarterly VAT returns also confirmed that VAT was appropriately accounted for.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Y				A Risk Register is maintained and regularly reviewed by the Audit Committee. A review of the Risk Register shows that it is updated regularly with the latest update dated March 2026, and review of minutes confirm that the adequacy of arrangements in place to manage

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					significant risks is regularly reviewed.
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				Evidence for the budgetary process for 2025/26 reviewed during the audit include the final budget workbook showing a precept of £781,600, and successive discussions recorded in the Council minutes in November and December 2024 with the final resolution to request a precept of £781,600 from Powys County Council recorded on 29th January 2025. It was not possible to obtain further documentation relating to the budget setting process as a new RFO has been in post in June 2025. Improvements to the budgetary process have been made by the new RFO. Budget preparation now starts earlier in the year and involves staff input. Budgets are aligned to the strategic plan, and draft budgets were reviewed by committees before final approval. The full budget and precept were approved separately in January in line with Audit Wales recommendations. The RFO reported that public engagement was also conducted for the 2026/27 supported by clear visual summaries. A budget folder is in place with successive draft budgets, minutes showing discussion by the Events and Planning Committee, Finance and Governance Committee, and Full Council, the final Budget Report and Precept Report to Council on 23rd January 2026. Appropriate monitoring of progress against the budget and reserves took place throughout the year, with monthly budget reports scrutinised by the Finance Committee and presented to Council.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	Y				A sample of ten income transactions was reviewed during the audit. In all cases the income was agreed to a sales invoice or remittance with no exceptions. Two of the invoices reviewed did not include VAT and a review of their descriptions confirmed they had been treated correctly as exempt. A review of the Aged Debtor report at the year-end showed total debtors of £20k of which £13k were over three

* Please include an explanation for any 'No' answers

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					months. A sample of five debtors over three months were selected for testing. In all cases appropriate measures had been taken to recover the income; £6.5k of the £13k related to one debtor that had been referred to bailiffs for recovery following approval from Council, and a payment plan was now in place.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	Y				A sample of five petty cash transactions was selected for testing. Four of these related to payments and were agreed to receipts. It was noted that the Council had agreed to replace the use of Petty Cash with payment cards for sundry expenditure.
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 DM Payroll Services Ltd 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. A review of minutes published on the Council website confirmed that payroll payments and changes are appropriately approved by Council and the Finance and Governance Committee.
8. Asset and investment registers were complete, accurate, and properly maintained.	Y				The Asset Register was added to the finance system in 2025/26 and fully reviewed by the new RFO with asset photographs and locations added. This resulted in an adjustment to the Asset Balance from £19.9m to 18.6m to account for errors and duplicates. The Asset Register was reviewed during the audit and included additions of £1.7k in 2025/26. A 30-day deposit account is held by the Council with a balance of £75.2k at the end of 2025/26.

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9. Periodic and year-end bank account reconciliations were properly carried out.	Y				Bank Reconciliations are performed regularly and reviewed and approved by Council monthly. Review of a sample of three bank reconciliations for the main bank account and savings bank account for September and December 2025 and February 2026 were reviewed and their approval was agreed to Council minutes. There were no unreconciled items on the bank reconciliations reviewed.
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 review of monthly budget monitoring reports, income and expenditure reports and balance sheet reports from the nominal ledger confirmed that accounting statements prepared during the year were prepared on the correct accounting basis and supported by an adequate audit trail with debtors and creditors properly recorded. Amounts recorded on the Annual Return were agreed to nominal ledger reports with no exceptions.
11. Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.	Y				Welshpool Town Council has responsibility for two Trust Funds – Burgesses Land Trust and R U Sayce Bequest Trust. Welshpool Town Council acts as corporate trustee and town councillors sit as the Trust and make decisions regarding its governance and spending. The administration of the Burgesses Land Trust is separate from the Town Council and is in the process of transitioning to a Charitable Incorporated Organisation (CIO) to further improve governance. The R U Sayce Bequest Trust annual accounts and reports can be found on the Charity Commission's website.

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

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12. Buildings and Structures: Risk or damage to property or individuals	Y				Red Inherent Risk (6); Amber Residual Risk (5). The Risk Register notes that the adequacy of public liability insurance has been reviewed and dangerous and unsafe buildings and sites removed/sealed off. Evidence of the public liability insurance in place was seen during the review, and the

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					RFO confirmed that the risk had reduced following emergency works completed on the Town Hall.
13. Buildings and Structures: Loss or damage	Y				Red Inherent Risk (6); Amber Residual Risk (5). The Risk Register notes that the Town Clerk is to ensure adequate records are held and all asset registers regularly reviewed and updated. In addition, weekly checks are undertaken by the Operations Team and reported back to Council via committee. The RFO confirmed that a log of checks is kept, and a review of minutes of the Operations and Development Committee showed evidence of the checks being reported. The Asset Register is up to date and noted above.
14. Buildings and Structures: Lack of maintenance	Y				Red Inherent Risk (6); Amber Residual Risk (5). The Risk Register notes that a major project to modernise town hall is underway. The Operations Team are managing appropriate repairs and Council are to provide repairs and maintenance budgets. Review of the 26/27 Budget and Council minutes confirmed this is in place.
15. Buildings and Structures: Lack of budget planning for lifecycle of leases	Y				Red Inherent Risk (6); Amber Residual Risk (5). The Risk Register notes that Council are to ensure that budgets reflect the end position on leases to ensure that leases/buildings are handed back as required, and that the Motel and Bailey Lease will require making good expiring 2038. The RFO confirmed that no leases are ending within the next three years.
16. Cashflow: Management of cashflow	Y				Amber Inherent Risk (4); Amber Residual Risk (4). The Risk Register notes that the Council will look at investments and take regular advice from the RFO; with cashflow and reserve reports presented to council meetings monthly. A review of papers to Council and Council minutes confirmed that cashflow and reserves reports are being presented as planned. The RFO noted that the risk remains but is being closely monitored.
17. Other income: Insufficient income generation	Y				Red Inherent Risk (6); Amber Residual Risk (5). The Risk Register notes that Council are to explore income and regularly review income based on reports provided. The need to maximise income generation is

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					also noted. The 2026/27 records an increase in budgeted income across community events, sponsorship and increase in demand at the Tourist Information Centre.
18. Reserves: Depletion and use of reserves below strategy balance	Y				Red Inherent Risk (6); Amber Residual Risk (5). The Risk Register notes that the Council is to review the reserve balance each Month. A review of Council minutes and papers confirmed this is taking place.
19. Unaffordability: Unaffordability of the quintennial building survey	Y				Red Inherent Risk (6); Red Residual Risk (6). The Risk Register notes that the Council is to review costs at budget setting and focus on priority urgent works. This is confirmed through review of the 2026/27 budget and Council minutes.

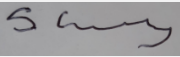
* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** 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.

[My detailed findings and recommendations which I draw to the attention of the Council are included in my detailed report to the Council dated _____.] * Delete if no report prepared.

Internal audit confirmation

I/we confirm that as the Council's internal auditor, I/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 2025-25 and 2026-26. I also confirm that there are no conflicts of interest surrounding my 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: 08/05/2026

* Please include an explanation for any 'No' answers