

INTERNAL AUDIT REPORT



Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

HARLECH COMMUNITY COUNCIL

RHOI POBL GWYNEDD YN GANOLOG I BOPETH RYDYM YN EI WNEUD
PUTTING **THE PEOPLE OF GWYNEDD** AT THE CENTRE OF EVERYTHING WE DO



CONTROL OBJECTIVES AND AUDIT FINDINGS

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. On the basis of the findings in the areas examined, the internal audit conclusions on whether the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council are summarised below.

- Appropriate books of account have been properly kept throughout the year
- Financial Regulations have been met and payments were supported by invoices
- Expenditure was approved
- VAT was appropriately accounted for

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

- The annual precept requirement resulted from an adequate budgetary process
- Progress against the budget was regularly monitored
- Reserves were appropriate

- Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for

- Salaries to employees were paid in accordance with minuted approvals
- Allowances to members were paid in accordance with minuted approvals

- Asset registers were complete, accurate, and properly maintained

- Year-end bank account reconciliations were properly carried out

- Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payment), agreed with the cashbook, and were supported by an adequate audit trail from underlying records

- The Council has prepared an annual report

- The Council has displayed all the required information and documents on its website

INTERNAL AUDIT HARLECH COMMUNITY COUNCIL

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 / Society of Local Council Clerks publication "Governance and Accountability for Local Councils in Wales - A Practitioners Guide 2019".
- 1.2 The internal auditor undertook a work program based on an assessment of risk, and the type of external audit conducted. The scope and scale of the audit was proportionate to the needs, size and circumstances of the Council, and based on a sample of documents.
- 1.3 The governance arrangements and the 2025/26 financial statement of Harlech Community Council is subject to a basic external audit. As such, the Internal Audit was based on selective testing and professional judgement and, as such, cannot guarantee the identification of all weaknesses, irregularities or instances of non-compliance. Internal audit provides reasonable, not absolute, assurance and cannot be relied upon to identify all risks or control failures. The responsibility for the system of internal control remains with the Council.

2. Main Findings

- 2.1 The control objectives tested and proved to be satisfactorily can be seen in Appendix A.

3. Audit Opinion

Partial Assurance can be expressed in the governance arrangements and the financial statement of Harlech Community Council for the 2025-26 financial year based on the tests conducted, as there are aspects that could be tightened to mitigate the risks identified. It is recommended that the Council take appropriate steps to mitigate the following risks:

- Risk of losses or unauthorised payments when processing payments online i.e. no online dual authorisation for bank transactions.
- Risk of fines from HMRC on staff costs paid without having been reviewed and declared for tax purposes.
- Risk of the Council not fulfilling its employment obligations by failing to provide sufficient evidence to determine staff employment status.
- Risk of financial losses where there is no systematic review of the insurance policy to check whether or not it is adequate.

4. Acknowledgements

- 4.1 The auditor would like to thank the Clerk for all the help and co-operation with the completion of the audit.

LUNED FÔN JONES

Audit Manager

April 2026