

INTERNAL AUDIT REPORT

FINANCIAL YEAR

2025/2026

PREPARED ON BEHALF OF

GELLIGAER COMMUNITY COUNCIL

BY

MICHAEL FISHER

Date of Fieldwork *June 2026*

Date of Report Issue *12th June 2026*

Report Status *Final*

Issued by: *Michael Fisher, Internal Auditor*

Copy to *Ceri Mortimer, Clerk to the Council*

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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 **Gelligaer Community Council for the financial year 2025/2026** based on the tests conducted, but there are aspects that could be tightened to mitigate the risks identified as identified within the action plan at Appendix B.

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

- None noted

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

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	Minutes of Council 25 th June 2025, minute 48(i) indicates that the internal audit report had been considered and all audit documents approved and signed off.
Proper bookkeeping	Is the cashbook maintained and up to date?	MF	Cashbook Spreadsheet	Viewed and all payments/receipts in place and recorded for 2025/2026.
	Is the cashbook arithmetically correct?	MF	Cashbook Spreadsheet	Viewed and tested, various reports tested to triangulate information.
	Is the cashbook regularly balanced?	MF	Cashbook Spreadsheet & Committee Minutes	Council minutes indicate that they receive and approve transactions eg: Minute 216, 29 th April 2026 and 12 th November 2025 Minute 97. Please see note under Risk Management Section and Minutes
Standing Orders and Financial Regulations	Has the Council formally adopted Standing orders and Financial Regulations?	MF	Council Minutes	Minute 6 Council AGM 14 th May 2025
	Has a Responsible Financial Officer been appointed?	MF	Financial Regulations	Financial Regulations state that the Clerk is the RFO and one is in employment, or in process of being appointed.
	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	Invoices and Income Papers	Sample of all documents taken and agreed recorded properly. WP3

	Has VAT on payments been identified, recorded and reclaimed?	MF	Cashbook Spreadsheet	Noted in Expenditure within cashbook that VAT has been recorded, although no evidence of any claims been made in 2025/2026 can be seen. Clerk confirmed no claims made in 2025/2026 as levels are not small and claimed on yearly basis and recommended submission as soon as possible.
	Is Section 137 expenditure separately recorded and within statutory limits?	MF	Cashbook Spreadsheet & Committee Minutes	Noted that recorded separately and are registered within the cashbook and these are approved through Council Minutes where they are made eg; Minute 171 of Council Meeting 18 th February 2026. Well within powers and limits on expenditure.
Risk Management Arrangements	Does a scan of the minutes identify any unusual activity?	MF	All Minutes	<p>It was noted that through part of 2025 and 2026 to date that through illness the Clerk had not been available at Council meetings, and the minutes were being taken by one of the Councillors.</p> <p>Through these minutes it was noted that that no minutes had been posted online for July and August meetings in 2025, and that Finance reports were being considered if not monthly on at least bi-monthly.</p> <p>Controls have always been in place at GCC and these issues noted but created no overall concern at the Council, and procedures were in place to appoint a new clerk following the retirement of the current clerk.</p>
	Do the minutes record the Council carrying out an annual risk assessment?	MF	Minutes	Risk management covered at AGM under Minute 6E
	Is insurance cover appropriate and adequate?	MF	Minutes	Insurance was in place for 2025/2026 with Zurich Insurance and paid in in April 2025.
	Are internal financial controls documented and regularly reviewed?	MF	Minutes	<p>These are included within the Financial Regulation documents which can be seen to be reviewed annually at the Council AGM</p> <p>Therefore, regular reviews take place.</p>
Budgetary Controls	Has the Council prepared an annual budget in support of its precept?	MF	Minutes	The Precept for 2025/26 was agreed on 22 nd January 2025 under minute reference 180 at £142,686 an increase of 3.5% on previous year.

				The Precept for 2026/27 was agreed on 28 th January 2026 under minute reference 145 with a 4.5% increase on 2025/2026 to £148,894.
	Is actual expenditure against the budget regularly reported to Council?	MF	Minutes	Regularly reported through full Council eg Minute 145 for Q3 on 28 th January 2026.
	Are there any significant unexplained variances from budget?	MF	Minutes	Quarterly reports taken to Council by Clerk, any significant variances noted, references to minutes above where appropriate. No significant issues noted within the reports.
Income Controls	Is income properly recorded and promptly banked?	MF	Spreadsheets and Bank Statements	All receipts noted and recorded – limited access to cash transactions.
	Does the precept recorded in the cashbook agree to the County/City Council's notification?	MF	Spreadsheets and Bank Statements	The Precept for 2025/26 was agreed on 22 nd January 2025 under minute reference 180 at £142,686 an increase of 3.5% on previous year. Precept payments paid on 30 th April 2025 and 21 st August 2025 for £71,343 each.
	Are security controls over cash adequate and effective?	MF	N/A	Minimal exposure to cash therefore not a 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 98 Council 12 th November 2025 agreed new increment at SCP 28 £20.29 per hour.

	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	All operated by external provider and appeared to be in order,
Assets Controls	Does the Council keep an Assets Register of all material assets owned?	MF	Asset Register	Yes, register kept by Clerk.
	Is the Register up to date?	MF	Asset Register	Kept up to date with Clerk.
Bank Reconciliation	Is there a bank reconciliation for each bank account?	MF	Spreadsheet and Bank Statements Minutes	Completed by Clerk.
	Is the bank reconciliation carried out regularly on the receipt of statements?	MF	Spreadsheet and Bank Statements Minutes	Completed by Clerk.
	Are there any unexplained balancing entries in any reconciliation?	MF	Clerk Files and Bank Statements	None to be reported.
Year-End Procedures	Are year-end accounts prepared on the correct accounting basis?	MF	Spreadsheet Annual Return	Completed on an Income and Expenditure basis.
	Do accounts agree with the cashbook?	MF	Spreadsheet Annual Return	All agreed and reconciled.
	Is there an audit trail from underlying financial records to the accounts?	MF	Spreadsheet Annual Return	Yes, all can be seen to correspond from Clerks records back to the annual return.
	Where appropriate have debtors and creditors been properly recorded?	MF	Spreadsheet Annual Return	Sample of all documents taken and agreed recorded properly. WP3

APPENDIX 2 – Internal Audit – Action Plan

Issue		Recommendation	Follow Up
1	No issues identified to include		
2			
3			
4			
5			
Follow up of 2024-2025 audit recommendations			
1	No issues to follow up.		
2			
3			
4			
5			
6			