Cyngor Tref Llanelli

Llanelli Town Council

Internal Audit Report 2025-26 (Interim review)

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For and on behalf of Auditing Solutions Ltd

Background

Statute requires all town and community councils to arrange for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Return (AR) which is sent to the external auditor.

This report sets out the audit work undertaken at the Council during our review for 2025-26 which took place on the 13th 14th 15th & 16th of January 2026 together with our preparatory work. We wish to thank the officers for providing all the records to enable us to undertake our work.

Internal Audit Approach

In undertaking our review for the year, we have had due regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts and Annual Return. We employ a combination of selective sampling techniques (where appropriate) and 100% detailed checks in a number of key areas to gain sufficient assurance that the Council's financial and regulatory systems and controls are appropriate and fit for the purposes intended.

Our programme of cover has been designed to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Annual Internal Audit Report' in the Council's Annual Return, which requires independent assurance over specified internal control objectives.

Overall Conclusion

We are pleased to conclude that the Council continues to operate effective internal controls in all areas of review, and as far as it is possible to ascertain transactions are free from material misstatement.

We have made six Best Practice recommendations as a result of this review. These are recorded in the main body of this report and in the appended Action Plan.

Finally, we would like to thank the Town Clerk, Principal Finance Officer, Finance Officer and Administrative Assistance for their assistance in undertaking this remote internal audit and for the timely provision of all the documentation that we have requested.

We ask that Council Members now consider the content of this report and that the Town Clerk acknowledges that the report has been formally Received and Noted / Adopted by the Council.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Council uses the Rialtas software to maintain its accounting records, with annual Statement of Accounts support being provided by third party contract accountants (DCK Accounting Ltd). One consolidated cashbook is operated incorporating transactions on the HSBC accounts, the current account and money master account.

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. We have consequently:

- Noted that as at the date of the Interim internal Audit, Llanelli Town Council was not in receipt of the Audit Wales External Auditor's report for the 2024-25 financial year;
- Noted that the Council continues to maintain its accounting records in Rialtas Omega with both the Sales and Purchase ledger Modules activated;
- Checked & verified the opening trial balance detail in the Rialtas software for 2025-26 to the closing Statement of Account and Annual Return for 2024-25 to ensure that the cash balances and reserves have been accurately brought forward;
- Checked & verified the combined Cashbook 1 HSBC bank reconciliation statements for the months of April, September and December 2025 with no matters arising;
- Ensured that the cost centre and nominal ledger income and expenditure coding structure is appropriate for purpose;
- Run both a Trial Balance and Nominal Ledger data check on Rialtas Omega, using the Backup file provided, to check and verify that the Nominal Ledger and Trial Balance remained in balance, with no matters arising;
- Reviewed the back-up arrangements for the Rialtas accounting system, which we have been informed is undertaken on a daily basis, and the Microsoft Office 365/Copilot systems which is backed up in near real-time to the Cloud, along with regular additional backups for the Rialtas Ledger and the Payroll system; and
- As a sample, at our first visit we checked and agreed detail in the consolidated cashbook, examining transactions for the months of April and September 2025 to the supporting bank statements, together with verifying the regular inter-account transfers between the bank accounts. We then checked and agreed detail on the weekly bank reconciliations between these dates to ensure that no long standing, uncleared or other anomalous entries were in existence.

Conclusion & recommendation

There are no matters arising in this area of review warranting formal comment or recommendation. We shall extend this area of revie during the year-end audit.

We have made once best practice recommendation which the Clerk, the Principal Finance Officer and Members may wish to consider:

1) *Rialtas now offers a Cloud based and tenanted version of Rialtas Omega. This can be integrated directly into SharePoint so that Purchase and Sales Invoices may be attached directly to its accounting record. The system also provides an Auditor Access function which permits read only access to the Council's duly appointed Auditors.*

Review of Corporate Governance

Our objective here is to ensure that the Council has suitable corporate governance documentation in place. We have:

- Commenced our review of the Council's minutes, examining those for the Full Council and its Standing Committee meetings as posted on the Council website (with the exception of Planning, Licencing & Consultation Committee) for the financial year, with no matters arising;
- Noted the Council declared itself eligible for the continued use and readoption of the General Power of Competence at the Ordinary meeting held on 12th May 2025;
- Noted that the Town Council last approved and updated Financial Regulations at the Ordinary meeting of the Town Council in December 2024. We have made a best practice recommendation in this regard;
- Checked & verified that the Council submitted a return to the Charity Commission in respect of the Llanelli Town Estate accounts for 2024-25 and that DCK Accounting Solutions have again undertaken the Independent Examination for 2025-26 financial year; and
- Checked & verified that the Council advertised the Notice for the period of Electors' Rights for its 2024-25 accounts on its official website: The date of the announcement is recorded as the 13th of June 2025 with the period established for the exercise of Electors' Rights as the 1st of July 2025 to the 28th of July 2025 as statutorily required.

Conclusion & recommendation

There are no matters arising in this area of review warranting formal comment or recommendation. We shall extend this area of review during the year-end audit.

We draw the Town Clerk's attention to the currently published version of the Council's Adopted Financial Regulations which contains no front sheet or document control information.

2) *It is considered Best Practice to ensure that all statutory and policy documents are formatted in the same manner, using the same font, format and with a front page containing the Council's logo where one exists, or its name. The document version number, date of adoption, date of next review and retention information should also be clearly stated.*

Review of Expenditure

Our aim here is to ensure that:

- Council resources are released in accordance with the Council's approved procedures and budgets;

- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have checked & verified, from scanned copies of prime documentation requested, the internal controls in place regarding the processing and approval of purchase invoices. We reviewed a sample of transactions which included all payments over £4,000 and every forty-fifth payment in the cash book regardless of value covering the period of the 1st of April 2025 to the 31st of December 2025. Our sample comprised 49 payments in total. The value of our sample was £921,682.10 equating to 65% of non-payroll related during the financial year to the 31st of December 2025, with no matters arising.

We have noted that the Council operates a robust series of financial internal controls in relation to expenditure:

- A purchase order is raised for all items of expenditure;
- Town Clerk or Principal Finance Officer approve all invoices prior to input;
- Batches of payments are countersigned by a Town Councillor; and,
- All payments are approved by Committee on a monthly basis.

We have noted that the Council's currently adopted Financial Regulations stipulate the requirement for both competitive quotation and tender. It was apparent during our review of the Council's Approve and Published Minutes, that there is clear evidence of a robust, proportionate and transparent process in place which confirms the proper management of the Council's procurement processes.

We have checked & verified that the 2024-25 financial year Q4 VAT reclaim was received to bank on the 17th of April 2025 in the amount of £63,997.42.

We confirmed that the Council has properly submitted its VAT returns for the first three quarters of the 2024-25 financial year:

Q1 VAT reclaim in the amount of £50,175.17
Q2 VAT reclaim in the amount of £69,286.28
Q3 VAT reclaim in the amount of £49,858.41

We shall extend this area of review during the year-end audit to ensure that the final quarter's VAT return has been correctly disclosed and recorded as a creditor.

Conclusion

There are no matters arising in this area of review warranting formal comment or recommendation.

We shall extend this area of review during the year end audit.

Review of Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition.

We reviewed the Council's 2025-26 Select for Local Council's insurance policy provided by Zurich Municipal under Policy Number YLL-272000-3593:

The Period of cover extending from the 1st of April 2025 to the 31st of March 2026. We draw the attention of the Town Clerk and Members to the 'Statement of Facts' and advise that these should be kept in mind at all times.

Key items of cover include:

Risk	Cover Limit
Material Damage (Part 'A')	Various
Business Interruption (Part 'B')	£75,000
All Risks (Part 'C')	Various
Money (Part 'D')	£250,000
Public Liability (Part 'E')	£15,000,000
Hirers' Liability (Part 'F')	£2,000,000
Employers Liability (Part 'G')	£10,000,000
Libel and Slander (Part 'H')	£250,000
Inspection Contract (Part 'K')	£500,000
Plant Protection (Part 'L')	£500,000
Fidelity Guarantee (Part 'N')	£1,000,000
Personal Accident (Part 'O')	£1,000,000
Legal Expenses (Part 'P')	£200,000

We further note that there is a secondary policy for motor vehicle cover.

We have noted the Council's protocols for Playground Risk Management and for the reviewing the status of the Council's play equipment. We understand that the Clerk conducts a supervisory visual check of all play areas on a fortnightly and monthly basis, with members of staff who are trained playground inspections conducting daily checks. The annual independent play area inspections are undertaken by The Play Inspection Company.

We note that the Council maintains a combined Business and Health & Safety Risk Assessment Register identifies the risks, assess the potential impact of the risk and details the internal controls to manage them. The Council's independent Health & Safety Consultant undertakes specific Risk Assessments for Council events and specifically identified areas of interest. About thirty-five to forty of these independent assessments are undertaken annually.

The most recently reviewed its Risk Register at the Ordinary Meeting of the Building and Finance Committee on the 12th of May 2025 under Minute reference 4 of that meeting. The

Risk Register was subject to onward approval at the Ordinary Meeting of the Full Council on the 4th of June 2025 under Minute reference 28 of that meeting.

Conclusion & recommendation

There are no matters arising in this area of review warranting formal comment or recommendation.

We take this opportunity to remind the Town Clerk and Council Members of the necessity that all playground / play area inspection reports must be retained for the statutory period of eighteen plus three years – twenty one years in total.

3) It is considered Best Practice for all Councils to maintain a holistic Playground Management Risk Policy. We encourage the Town Clerk and Council Members to consider developing such a document. A template can be provided upon request.

Review of Budgetary Control & Reserves

Our aim in this area of our work to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount of the precept and that effective arrangements are in place to monitor budgetary performance throughout the financial year.

We note that the Budget setting and Precept determination process was in progress at the time of the Interim Internal audit.

We note the Building and Finance Committee continue to receive regular reports analysing income and expenditure along with reports detailing accounts for payment. These Reports are generated from the Council's Rialtas Ledger.

Conclusion

There are no matters arising in this area of review warranting formal comment or recommendation. We shall extend this area of review during the year-end audit.

Review of Income

The Council receives income from a variety of sources including the precept, the letting of Council facilities, ad hoc grants and interest. We have confirmed receipt of the first, second and third instalments of 2025 Precept to the formal Precept request for the 2025-26 financial year established and Resolved in the Council's Approved and Published Minutes.

We have reviewed the Council's income to the 30th of November 2025 as follows:

Nominal Code	Income received
Precept	£1,537,500.00
Deposit Account Interest	£9,648.08
Mayor's Charity	£4,528.05
Grants received	£25,400.00
Miscellaneous	£20,671.00
Wayleaves	£228.00

Insurance costs recovered	£914.18
Utilities recharge	£5,321.38
Bar & Catering Concessions	£10,350.00
Green Fees	£10,970.25
Electricity F.I.T.	£2,978.46
Pitch Fees	£2,978.46
Day Nursery	£6,874.20
Hire fees	£22,316.12
Locker rental	£350.00
Sports club leases	£15,200.00
Rental fees	£19,219.75
TOTAL	**£1,695,511.00**

- We have checked and verified that the fees charged are in accordance with the Schedule of Fees and Charges for the Community Centre Hire, Pitch Hire, Allotment charges and Bolling Charges for the 2025-26 financial year with no matters arising;
- We have noted that the vast majority of income is received electronically and can be traced from the Sales Invoice (Sales Day Books) to receipt to bank.

  There is a minimal level of payment in cash from persons visiting the Council's offices. Persons paying in cash receive a receipt from the Council's Kalamazoo receipt ledger. The payments are placed in a cash box which is kept in the office safe. All cash receipts are properly recorded in the Council's Sales Ledger;
- All Cash received is banked at a local post office on a regular basis;
- We have noted that all income has been received and recorded in accordance with the Council's currently Adopted Financial Regulations; and,
- We have checked and verified the Creditors 'Day Sales Overdue' (DSO) balance as at the 31st of December 2025 in the amount of £19,313.72 which is broken down as follows:

  - < = 30 DSO £ 1,774.77
  - = > 30 DSO £ 2,698.57
  - = > 60 DSO £ 489.68
  - = > 90 DSO £14,350.69

Conclusion & recommendation

There are no matters arising in this area of review warranting formal comment or recommendation. However, we take this opportunity to advise the Clerk and Principal Finance Officer and Members of the importance of appropriate credit management protocols being maintained. Although there is no Creditor's balance from the prior financial year the bulk of the outstanding debt falls into the 90 day sales overdue window.

4) It is considered Best Practice for all Councils to implement reasonable and proportionate Credit Control measures. The Clerk and Principal Finance Officer should review the level of aged debt each month and take steps to collect the outstanding funds ensuring that there is no level of Aged Debt over 30 days.

Petty Cash & other Cash Accounts

We are required, as part of the Annual Return Certification process, to assess and comment accordingly on the controls in place over any funds operated by the Council in petty cash or similar "imprest" type accounts. We understand currently no such funds are held other than a front office till float of £40. We confirmed the inclusion of the till float in the year-end reconciliation.

Officers, Members and Staff expenses are settled on production of a proper Expenses Claim form, subject to the same level of Member Scrutiny as all other Payment Documents.

Conclusion

There are no matters arising in this area of review warranting formal comment or recommendation.

Review of Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC in relation to the deduction and payment over of income tax and National Insurance contributions, together with meeting the requirements of the local government pension scheme.

We note that the Council's payroll is managed inhouse using QTAC (qtac.co.uk/qtac-payroll) payroll management software. The Finance Officer prepares the payroll, which is then reviewed by the Administrative Officer and checked and verified by the Principal Finance Officer prior to payment being made. A Town Councillor countersigns the payroll schedule, and this is Approved by the Building and Finance Committee on a monthly basis. All timesheets are checked by the Administrative Officer prior to presentation to the Finance and Administrative Officers.

We have sample tested payroll as follows, specifically we:

- Reviewed payroll reports for August and December 2025 and agreed the totals to the payments recorded in the Rialtas Cash Book;
- Checked & verified the calculation of PAYE, Employees and Employers National Insurance Contributions for all employees for the month of December 2025 with no matters arising;
- Checked and verified the calculation of pension contributions by confirming the national banded contributions were applied for employee contributions to the Local Government Scheme and the employer rate as notified by the Dyfed Pension Fund administrator was being applied correctly;
- Confirmed that all Expenses recorded in the payroll summary records were supported by invoices or receipts;
- Test checked the application of the 2025 pay award by reference to the national published pay scales; and,

- Checked & verified the Nominal Ledger to ensure that the monthly salary, wage, statutory deduction and pensions payments were being properly recorded with no matters arising.

Conclusion

There are no matters arising in this area of review warranting formal comment or recommendation.

Review Fixed Asset & Investment Registers

The Accounts and Audit Regulations 1996 (as amended from time to time) require all Councils to maintain a Register of Assets and we are pleased to note that officers, working with the contract accountants DCK, continue to prepare suitable documentation to meet this requirement. The Council's Asset Register analyses assets by type, e.g., freehold land and buildings, vehicles and plant, infrastructure etc. The cost is recorded and used for the Annual Return and details of depreciation calculated for management purposes.

We shall undertake this area of review during the year-end audit.

Review of Investments and Loans

We note that the Council benefits from Funds invested in the Llanelli Town Estate, which is subject to a separate Independent Examination by DCK Accounting Solutions Ltd. The Council has funds that are invested in an HSBC Money Market Account. We have:

- Noted the Building and Finance Committee approved the Annual Investment Strategy at their meeting on the 12th of May 2025 under Minute reference 5, as previously recorded;
- Checked and verified the Gross Interest paid on the HSBC Deposit Account recorded in Rialtas against prime documentation;
- Noted that the Public funds under the Council's management are not covered under the Governments Financial Services Compensation Scheme; and
- Noted that the Town Clerk has certified that as at the 31st of December, the Council holds no loans owed either by it, or to it.

Conclusion & recommendation

There are no matters arising from our review in this area warranting formal comment or recommendation. We take this opportunity to make a Best Practice recommendation in relation to the Council's current investments.

5) The Council has a significant investment in a single bank: the HSBC. We ask the Clerk, the Principal Finance Officer and Members to consider opening a CCLA PSDF account in order to de-risk the Council currently having all the Public funds under its management in a single banking institution. The CCLA is used by a great many councils in Wales and in England. Other investments are available from other institutions.

Proper investment advice should be sought when considering any investment.

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NOTE TO REPORT

We confirm that all confidential & sensitive information, supplied for the purposes of this audit including, Personnel Minutes, Payroll and Employment data have been permanently deleted from Auditing Solutions Ltd.'s servers and any printouts made for the purposes of this audit have been destroyed in accordance with the Company's data and document retention policies and with the prevailing General Data Protection Legislation.

Action Plan FY2025-26		
Ref:	*Recommendation*	*Comments*
Review of Maintenance of Accounting Records & Bank Reconciliations		
1	Rialtas now offers a Cloud based and tenanted version of Rialtas Omega. This can be integrated directly into SharePoint so that Purchase and Sales Invoices may be attached directly to its accounting record. The system also provides an Auditor Access function which permits read only access to the Council's duly appointed Auditors.	
Review of Corporate Governance		
2	It is considered Best Practice to ensure that all statutory and policy documents are formatted in the same manner, using the same font, format and with a front page containing the Council's logo where one exists, or its name. The document version number, date of adoption, date of next review and retention information should also be clearly stated.	
Review of Assessment and Management of Risk		
3	It is considered Best Practice for all Councils to maintain a holistic Playground Management Risk Policy. We encourage the Town Clerk and Council Members to consider developing such a document. A template can be provided upon request.	
Review of Income		
4	It is considered Best Practice for all Councils to implement reasonable and proportionate Credit Control measures. The Clerk and Principal Finance Officer should review the level of aged debt each month and take steps to collect the outstanding funds ensuring that there is no level of Aged Debt over 30 days.	
Review of Investments & Loans		
5	The Council has a significant investment in a single bank: the HSBC. We ask the Clerk, the Principal Finance Officer and Members to consider opening a CCLA PSDF account in order to de-risk the Council currently having all the Public funds under its management in a single banking institution. The CCLA is used by a great many councils in Wales and in England. Other investments are available from other institutions. Proper investment advice should be sought when considering any investment.	