

Penmaenmawr Town Council

www.penmaenmawr.org

Annual Internal Audit Report 2024-25 financial year



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Working the Greener Way - Online



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1. The role of Internal audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (Wales & England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector and internal auditing standards and guidance’.

The standards for ‘proper practices’ in relation to internal audit are laid down in the Public Sector Internal Audit Standards 2016 [the Standards].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.’

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council’s objectives.

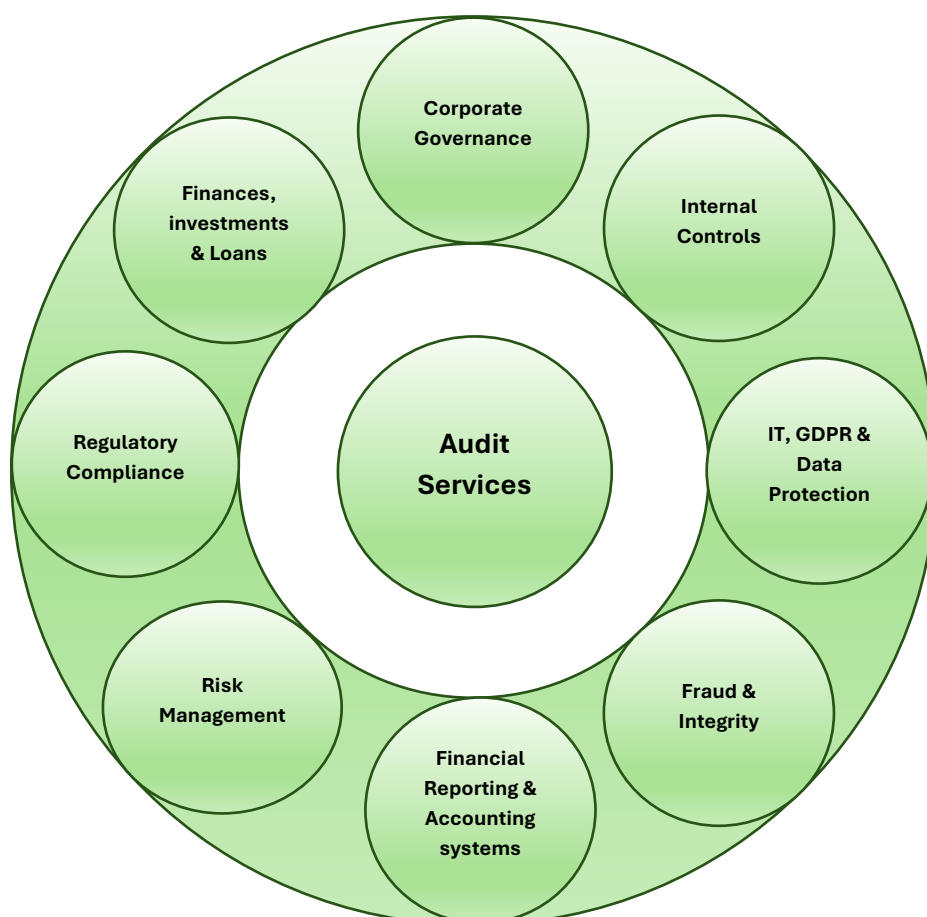
2. Internal audit approach

The risks inherent in the Council's internal control methods

To enable effective outcomes, our internal audit approach provides a combination of assurance review and consulting activities. Assurance reviews involve assessing how well systems and processes are designed and working, with consulting activities available to improve those systems and processes where necessary.

A full range of internal audit assurance reviews are performed in forming the year-end opinion with the approach to each area of review determined by:

-  The level of assurance required to meet statutory requirements;
-  The Council's short, medium, and long term objectives;
-  The level of confidence in the policies and procedures; and,
-  The risks inherent in the Council's internal control methods.



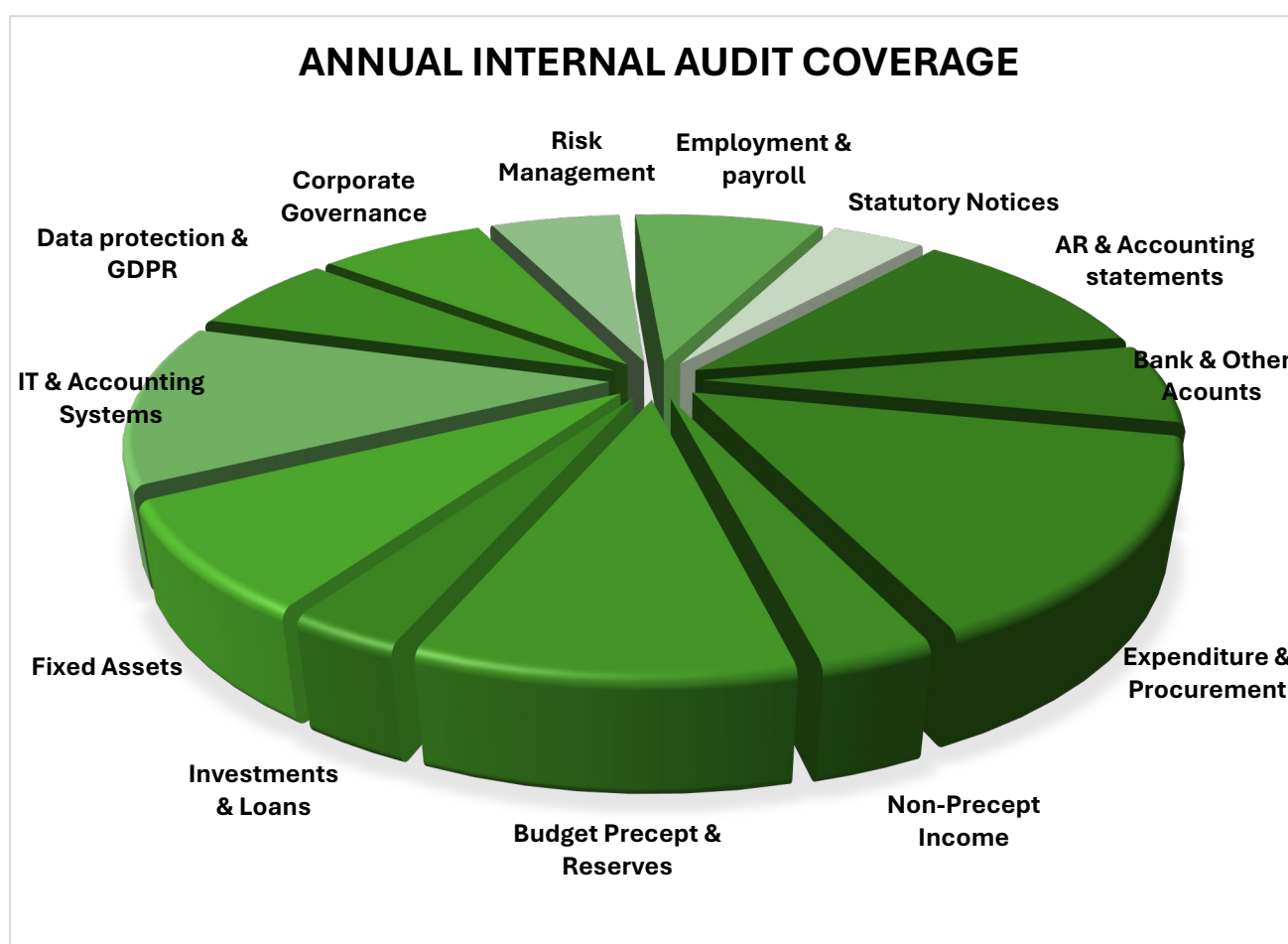
3. Internal audit coverage

The annual Internal Audit plan was prepared to take account of the unique characteristics and relative risks of Penmaenmawr Town Council's activities and to support the preparation of the Annual Governance Statement and the Annual Statement of Accounts contained within the Annual Return.

Assurance reviews in eleven areas have been planned and performed to obtain sufficient information and explanation considered necessary to give reasonable assurance that the Council's Internal Controls systems are functioning effectively. The Internal Audit plan for the 2024-25 financial year was approved in consultation with the Council's Clerk and the Responsible Finance Officer (Clerk & RFO) and was informed by our own assessment of risk and materiality.

The plan will be modified in future years, in consultation with the Clerk & RFO and Council Members to ensure it is aligned to the objectives of, and key risks facing the Council.

WGW online has provided assurance across sixteen areas of review, including an enhanced review of Corporate Governance, which correspond to the eleven Internal Control objectives contained within the Annual Return: Annual Internal Audit Report, during the 2024-25 financial year to the 31st of March 2025.



4. Internal Audit opinion

The Practice Manager of WGW online is responsible for the delivery of the annual Internal Audit opinion and report that may be used by the Council to inform its Governance and Accounting statements in the Annual Return. The year-end opinion, based on our year-end review conducted remotely with the assistance of the Clerk & RFO: Mr Peter Davis on the 3rd & 4th of April, 28th & 30th of June and the 5th, 6th & 7th of July 2025 and the interim review conducted on site with the assistance of the Chairman and acting Clerk & RFO Mr Steven Consterdine, on the 18th, 19th & 20th of November 2024, examined the overall adequacy and effectiveness of the organisation's framework of governance, risk management and Internal Controls.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance may be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

-  The year-end audit work & reporting completed at our offices;
-  The results of the follow up discussions conducted with the Clerk & RFO;
-  The responses of the Council to prior year's Internal Audit report noting that the Audit Wales reports 2023-24 is outstanding due to delayed submission;
-  The quality and performance of the Council's administrative function and the extent of compliance with the Standards defined in the Joint Panel on Accountability and Governance, Practitioner's Guide 2024; and,
-  The proportion of Penmaenmawr Town Council's audit requirement that has been covered during the year-end audit.

Internal audit opinion

I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of Penmaenmawr Town Council's Internal Control Ecosystem.

In my opinion, Penmaenmawr Town Council's framework of governance, risk management and management control has 'Limited Assurance' with internal controls working in practice.

Where weaknesses have been identified, detailed recommendations for improvement are recorded in Section 9: 'Action Plan FY2024-25' of this Internal Audit Report.

5. Council profile

Council name:	Penmaenmawr Town Council
Address:	Town Council Offices, Penmaenmawr Community Centre, Conwy Road, Penmaenmawr LL34 6AB.
Unitary authority:	Conwy County Borough Council, Bodlondeb, Bangor Road, Conwy, Gwynedd, LL32 8DU.
Proper officer:	Mr Peter Davis since December 2024 (Acting Chairman Steven September– December 2024), Amy Quin July to September 2024, Daryn Wilcox April 2024.
Responsible Finance Officer:	Mr Peter Davis since December 2024 (Acting Chairman Steven September– December 2024), Amy Quin July to September 2024, Daryn Wilcox April 2024.
General Power of Competence:	Ineligible: The Council fails all three criteria for eligibility: 1) The Clerk & RFO does not hold one of the qualifying sector-specific qualifications; CiLCA etc., 2) The Council cannot demonstrate at least two thirds of elected Council Members, and 3) The Council cannot demonstrate two years of unqualified External Auditors Opinion of the Auditor General for Wales.
Members:	Thirteen seats in three wards.
Elected Members:	Four elected Members.
Co-opted Members:	Eight coopted Members and one vacant position as at the 31 st of March 2025
Chairperson:	Councillor Mr Steven Consterdine.
Vice-chairperson:	Councillor Mr James Cook.
Members Register:	A physical Members Register is in place and maintained at the Council's Office. Hyperlinks to each Member's Register entry is available from their individual profile on the Council's official website.
Head of Electorate:	4,500 (Four-thousand five hundred) 31.03.25.
Current precept:	£180,715 for the 2024-25 financial year.
External Auditor's report:	FY2023-24 Audit Wales opinion outstanding.
Official website:	The Council maintains a free to access website on a secure server, published at https://www.penmaenmawr.org

6. Corporate governance

The objective in this area of review is to ensure that the Council has robust corporate governance arrangements in place, and that, as far as we may reasonably be expected to ascertain (as we do not attend Council or Committee meetings) all meetings are conducted in accordance with the adopted Standing Orders and no actions of a potentially unlawful nature have been or are being considered for implementation. To meet the above objectives, we have:

-  Noted that the Council's Financial Regulations was last Reviewed and Readopted at the 13th of May 2024 Annual Meeting of the Community Council under Minute Reference 9(b);
-  Noted that the Council's Standing Orders was last Reviewed and Readopted at the 13th of May 2024 Annual Meeting of the Community Council under Minute Reference 9(a);
-  Concluded our review of the minutes of Full Council and its Committees (excluding Planning) for the full year ensuring that no issues affecting the Council's financial stability either in the short, medium or long term exist, noting that the Minutes are of a generally adequate quality, however, the minutes pertaining to financial reporting require improvement. We have made a best practice recommendation in this regard;
-  Noted that the Council has adopted the Terms of Reference and Delegated Authority for its Committees, Adopted at the 07th of May 2024 Annual Meeting of the Community Council under Minute Reference CO2405.AN-09;
-  Noted that the Council has not received the Audit Wales, Auditor General's opinion since the 2020-21 financial year;
-  Noted the Internal Audit report for the 2023-24 financial year;
-  Noted that the Council currently maintains a comprehensive portfolio of policy documents which is published on its website;
-  We note that the Council maintains a formal Members Register of Interests which is held in the Town Council's offices;
-  We note that there is a hyperlink from each Council Member's profile to the corresponding Member's Register on the Council's official website;
-  Noted that the Council continues to make Awards of Grant Aid, noting that the Power of Last resort s.137, has not been utilised during the 2024-25 financial year;
-  Noted that the Council was not eligible to adopt the General Power of Competence as a) the Clerk & RFO does not hold a sector-specific qualification, b) there are insufficient elected members and c) the Council does not hold the required two years of 'Unqualified' Auditor General's External Audit Opinions;
-  Noted the Clerk & RFO's statement that the Council published the Notice of the Exercise of Elector's Rights for the 2023-24 financial year is published on the Council's official Website as required, noting that the submission of the Annual Return was delayed until March 2025;
-  Noted that the Council maintains a website which at the time of the internal audit was published on a government specific domain at <https://www.penmaenmawr.org> upon which the Council's Minutes, Policies, and Member profiles are available;

-  Noted that all Members have been issued with council e-mail addresses for exclusive use on Council business;
-  Noted that the Council is registered with the Information Commissioners' Office as a data custodian, and we are advised the Clerk & RFO that a Data Impact Assessment is conducted each year prior to the annual renewal of the Council's registration;
-  Noted that the Council has basic Data Protection and Freedom of Information policies in place. These documents require significant redevelopment to be brought into compliance with the General Data Protection Regulation (GDPR) as amended from time to time; and,
-  The Council has no Cyber Security or resilience strategy in place currently; A 'Best Practice' recommendation has been made in this regard;

Conclusion & Best Practice Recommendations

The overall standard of the Council's Corporate Governance is good. We have made four recommendations for Best Practice improvements.

1) INFORMATION UPLOADED TO THE COUNCIL'S OFFICIAL WEBSITE

The Clerk & RFO must ensure that all Annual Returns, Internal Audit Reports, Notice for the Exercise of Electors Rights and supporting statements published on the Council's website under the Accounts and Audit Tab and upon the Council's official noticeboards.

Recommendation

- (a) The Clerk & RFO should ensure that each of the Audit Wales, Auditor General's Reports and the Notice for the Exercise of Electors Rights, clearly identified as 'Audited or Unaudited'.
- (b) Upon receipt of the corresponding Notices of Conclusion of Audits from Audit Wales, must also be published on the Council's official Website along with the Annual Return information for the corresponding financial year.
- (c) Internal policies are not required to be published on the Council's official website. Policies such as the Grievance & Disciplinary Policy adopted in February 2005 and the Protocol on Member Officer Relations should be removed and retained in the Council's official Human Resources handbook.
- (d) The currently adopted Financial Regulations are not published under the Policies section on the official website but should be. We suggest that the first three documents which appear under the Policies section are the Council's currently adopted Standing Orders, Financial Recommendations, Code of Conduct and Business Continuity plan.
- (e) The Council requires a Social Media and Electronic Communications Policy.

2) MONTHLY FINANCIAL REPORTING

As we have commented on previously, the Council has a propensity to focus on and report Budget monitoring and not proper Financial Management reports, of which budget monitoring is only one facet. It is important that the Council's financial operations are properly and transparently disclosed and recorded in the Council's Approved and Published minutes:

All matters pertaining to financial decisions must record the associated Resolution against a unique reference and specific language, without ambiguity, must be used. For example:

FINANCIAL MATTERS

Minute reference FC/101/25-26

- (a) Members Received and Approved the Bank Reconciliation statements for the NatWest current account as at the 31st of March 2025 with a closing balance of £xx.xx
- (b) Members Received and Approved the Bank Reconciliation statements for the NatWest deposit account as at the 31st of March 2025 with a closing balance of £xx.xx
- (c) Members Received and Approved the corresponding NatWest Bank Statements for the HSBC current and deposit accounts as at the 31st of March 2025.
- (d) Members Received and Approved the Schedule of Payments to the 31st of March 2025 as recorded, in the amount of £xx.xx, and initialled the payment documents, including invoices and receipts, as having been Approved.
- (e) Members Received and Noted the Schedule of Receipts to the 31st of March 2025 as recorded, in the amount of £xx.xx (*Where remittances have been received*)
- (f) Members Received and Noted the Income and Expenditure report by cost centre to the 31st of March 2025.
- (g) Members received and noted the Clerk & RFO's Budget vs. Actual report to the 31st of March 2025. (*Quarterly basis only*)

3) GENERAL DATA PROTECTION REGULATION

Noted that the Council has very limited General Data Protection Regulation (GDPR) or Data Protection Policies in place, is registered as a Data Custodian with the Information Commissioners Office but has not conducted a Document Impact Assessment.

Recommendation

(a) As a public authority, which exchanges emails and other communications, with members of the public, and which is required to retain a wide range of documentation in hard copy and electronically the Council is required to have a reasonable and proportionate General Data Protection Regulation policy, (GDPR) Data Protection Policy and associated Internal Controls in place including a Document Retention Policy. This has been discussed at some length with the Clerk & RFO.

We strongly encourage the Clerk & RFO to draft an appropriate suite of GDPR and Data Protection policies for Scrutiny and onward Approval by Council Members. Further, a Document Retention policy should be drafted and maintained by the Clerk & RFO to ensure that all council documentation, either electronic or hard copy are secured and maintained appropriately for the correct period of time.

4) CYBER SECURITY

Noted that the Council's IT infrastructure is somewhat disparate and the Council can provide no clear evidence of any Cyber Security policy or resilience strategy in place.

As is the case with many small to medium sized councils, historical consideration given to IT infrastructure, resilience and business continuity has been minimal. Currently, the Council is unable to provide clear evidence of a coherent IT strategy and action plan.

In today's increasingly digital world, it is critical that all Council's address this matter in a reasonable and proportionate manner.

Recommendation

(a) Please note that the UK Government and the Senedd is increasingly focused on cyber security and will be bringing new legislation which will require a more stringent approach to this area of Corporate Governance to all government bodies. We strongly encourage the Clerk & RFO and the Council Members to work towards Cyber Essentials Certification during the 2025-26 financial year, as we are advised that this will become a minimum requirement for all Councils in Wales & England the near future.

Outcome - Corporate Governance

Adequate Assurance: The FY2024-25 Action Plan is recorded in Section 9 of this report.

7. Annual Independent Internal Audit

Internal control objective '1'

'Appropriate books of account have been properly kept throughout the year.'

The objective in this area of review is to ensure that the accounting records are being maintained accurately and currently, and that no anomalous entries appear in the financial ledgers.

Finance systems

The Council has maintained its financial records using Rialtas Alpha Accounting Software and has done so since the 2018-19 financial year.

To meet the above objectives of this area of review, we have: -

-  Noted that Rialtas Business Solutions performed the year-end close down for both the 2023-24 and the 2024-25 financial years;
-  Checked and verified that the closing balance for the 2023-24 financial year was correctly brought forward as the opening balance of the 2024-25 financial year with reference to the opening and closing balances declared on the Closing Trial Balance FY2023-24, the Opening Trial Balance for 2024-25, the Councils Bank Statements and Petty Cash statement and the Approved Annual Return Accounting Statements;
-  Noted that the quality of data entry into Rialtas Alpha is vastly improved during the 2024-25 financial year and the Chairman, Mr Steven Consterdine and the new Clerk & RFO in post, Mr Peter Davis are to be commended in this regard;
-  Noted that VAT has been properly recorded in all cases examined which we have commented on below;
-  Noted that the s.126 VAT return for the 2023-24 financial year had not been submitted due to the fact that the Council had been locked out of the HMRC MTD Gateway. A previous Clerk having used a personal email address to register this facility. The new Clerk & RFO in post was in the process of resolving this at the time of the audit and both the 2023-24 and the 2024-25 s.126 VAT returns had been created and were pending submission to HMRC;
-  Noted that Awards of Grant Aid which had been made during the 2024-25 financial year had been made using Statutory Powers other than LGA 1972 s.137 and that these had properly recorded in the Council's Rialtas Alpha Accounting System;
-  Noted that although the position of Clerk & RFO is held by one person, a formal segregation of duties has been implemented for the physical authorisation of payments once approved by Members at Full Council. The Council utilises the NatWest BankLine service which allows the Clerk & RFO to upload Approved payments onto the system but requires two Council Members who are signatories on the Bank Account Mandate to authorise each payment that is made by the Council. The Clerk & RFO cannot authorise payments;

-  Checked and verified all transactions recorded in the Rialtas Alpha Cashbooks: 1) NatWest current account, 2) Cashbook 3) Petty Cash, and Cashbook 4) NatWest Deposit account for the 2024-25 financial year, for the period of the 01st of April 2024 to the 31st of March 2025;
-  Checked and verified the disclosed year-end creditors and debtors values on the balance sheet noting the VAT reclaim value for the 2024-25 financial year in the amount of £8,860.27 with the total amount of VAT reclaimable under s.126 returns in the amount of £15,158.48; and,
-  Checked and verified the accounting statements recorded in the FY2024-25 Annual Return Accounting statement.

Bank and building society accounts

The Council retains the public funds under its management in two separate accounts with the National Westminster Bank; a current and interest bearing account. As at the 31st of March 2025, the Council held no other financial accounts whatsoever.

Investments and Loans

The Clerk & RFO has Certified that during the 2024-25 financial year from the 01st of April 2024 to the 31st of March 2025 the Council held no loans owed either by it or two it.

Credit and Debit cards

The Clerk & RFO has certified that during the 2024-25 financial year from the 01st of April 2024 to the 31st of March 2025 the Council held a single debit card against the Council's NatWest Bank Current account. We are advised that the debit card is used to make online purchases and the purchase of daily consumables from local vendors.

Conclusion & Recommendations

There are no matters arising in this area of review warranting formal comment or recommendation. We have made one Best Practice recommendation.

5) CREDIT & DEBIT CARDS

We have noted that the Council held a single debit card during the 2024-25 financial year: A Debit Card should never be used for online purchase as this is the gateway to the Council's current account! A Welsh council lost over £35,000.00 over one weekend in 2024 as its current account Debit Card was lodged as the payment method on a well-known online vendor's website.

Recommendations

(a) A Credit Card rather than its Debit Card should be utilised to make all online purchases with immediate effect. This will provide the Council with the extra protection of the Credit Card Charge Back. Once an allegation of fraud has been made, this will be investigated by the Credit card company and where the charge is deemed unauthorised or fraudulent the Council will receive a refund.

Outcome - Internal Control Objective '1'**Substantial Assurance:** The FY2024-25 Action Plan is recorded in Section 9 of this report**Internal control objective '2'**

'Financial regulations have been met, payments were supported by invoices, expenditure was approved, and VAT was appropriately accounted for.'

The objective in this area of review is to ensure that Council resources are released in accordance with the Council's adopted Standing Orders, Financial Regulations, budgets and other approved procedures, that 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, that correct analysis codes have been applied to invoices when processed, and that VAT has been appropriately identified and coded to the control account for periodic recovery. To meet the above objectives, we have: -

-  Conducted 100% transaction testing including all inter-bank transfers for the 2024-25 financial year from the 01st of April 2024 to the 31st of March 2025 with no matters arising.
-  Noted that the Council did not undertake any formal public tender process during the period of the 1st of April 2024 to the 31st of March 2025;
-  Checked and verified that all quotations undertaken during the period of the 1st of April 2024 to the 31st of March 2025 with no matters arising;
-  Noted that a Purchase Order system was implemented by the Acting Clerk & RFO (Chairman Mr Steven Consterdine) in December 2024;
-  Conducted a review of payments with the criteria of selecting every non-payroll related payment in excess of £3,000 and every 20th non-payroll related payment, irrespective of value, as recorded in Rialtas Alpha Cashbook 1 (NatWest current account) during the 2024-25 financial year from the 01st of April 2024 to the 31st of March 2025, ensuring compliance with the Council's currently adopted Financial Regulations and the requirements of the Joint Panel on Accountability and Governance (JPAG) Practitioners Guide. We checked and verified a total of 27 payment documents, in the total amount of £71,308.85 and representing 66.5% of all non-payroll related payments made by the Council with no matters arising;
-  Noted that VAT had not been reclaimed since the 2022-23 financial year but that the new Clerk & RFO in post had prepared the FY2023-24 and FY2024-25 s.126 VAT returns which were pending submission when the Council's HMRC Making Tax Digital Gateway when reactivated; and,

-  Checked and verified the Council's two s.126 VAT returns as at the 31st of March 2025 (FY2023-24 and FY2024-25) relying on the data entered into Rialtas Alpha, in the amount of £15,158.48, which is correctly disclosed on the year-end balance sheet;

Outcome - Internal Control Objective '2'

Substantial Assurance

Internal control objective '3'

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

The objective in this area of review 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. We also aim to ensure that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition. To meet the above objectives, we have: -

-  Noted that the Council now maintains both a Health & Safety, and Business Risk Register. Both registers which were supplied for the purposes of this audit were drafted and revised by the new Clerk & RFO in post during the period of January to March 2024. It is our opinion that both registers are robust and proportionate. We have noted, however, that the Registers were not formally adopted during this period;

-  Examined the Council's insurance policy to ensure that appropriate cover is in place: Cover is provided by Clear Insurance Management Ltd., under a Clear Councils policy number 100723637BDN/LCO02984 with the period of cover running from the 31st of May 2024 on the 30th of May 2025.

Key features include:

Employers Liability	£10,000,000
Public & Products Liability	£10,000,000
Officials Indemnity	£500,000
Fidelity Guarantee	£250,000
Libel & Slander	£250,000
Legal Expenses	£250,000
Data Breach Response	£250,000
Personal Accident	£100,000
Business Contents	£33,000
War Memorial	£40,000
Civic Regalia	£11,000
Business Interruption	£0

It is our opinion that this level of cover is adequate for Council's Current and ongoing insurance requirements; and,



Noted that the Clerk & RFO has stated the Council has no playgrounds under its management. We have noted, however, that the Council has covered Playground equipment at the Maes y Llan children's playground, which is owned, maintained and insurance by Conwy County Borough Council.

Conclusion

6) REVIEW & MAINTENANCE OF RISK REGISTERS

We have noted that the Council's currently holds both a drafted Health & Safety and Business Risk Register. However, the Council has failed to formally Adopt the Register during the 2024-25 financial year as required to comply with the requirements of JPAG the Practitioners Guide 2024 and Internal Control Objective 3 in the Annual Return Internal Audit Report FY2024-25.

Recommendations

- (a) We remind the Clerk & RFO and Members that it is a statutory requirement of Review and Readopt its Risk Register(s) at least once annually, recording the Readoption in the Approved and Published Minutes in the corresponding Full Council or Committee Meeting.
- (b) We strongly encourage the Council to further expand and enhance its Risk Register to include consideration of Business Continuity planning, Cyber Security and Systems Resilience.

7) INSURANCE POLICY

- (a) We have reviewed the Council's Clear Councils Insurance Schedule with the new Clerk & RFO in post and have advised that it may not insure Maes Y Llan children's playground equipment in the amount of £90,000, as that equipment is owned and insured by Conwy County Borough Council. This cover should be removed.
- (b) The Council has no cover in place in respect of Business Continuity. The Clerk & RFO should review this matter with the Council's insurers.

Outcome - Internal Control Objective '3'

Adequate Assurance: The 2024-25 Action Plan is recorded in Section 9 of this report

Internal control objective '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.'

The objective in this area of review is to ensure that the Council has determined its annual budget based on sound assumptions of intended spending, that reasonable and proportionate funding is available to meet future spending plans, and that Members are kept aware of actual budgetary performance during the course of the financial year. We also seek to assess the adequacy of retained reserves, be they in respect of specific earmarked funds or the General Fund. To meet the above objectives, we have:

-  Noted from our review of the Council's Minutes that Members review the current year Budget Vs. Actual expenditure on a monthly basis at full Council and Committee level using a report produced from the Council's Rialtas Alpha Accounting system by the Clerk & RFO;
-  Noted from our review of Council Minutes that Members receive a Year-end Budget Vs. Actual report, produced by the Clerk & RFO, produced at the end of each financial year;
-  Noted that the Clerk & RFO and Members undertook a detailed and robust Budget setting and Precept determination process during October, November and December 2024. This resulted in the Council formally Resolving its Budget and Precept for the 2025-26 financial year during the extraordinary meeting of the Community Council on the 6th of January 2025:

Budget and Precept Resolved under Minute reference 7

c) Resolved to Approve the 2025-26 financial year Budget in the amount of £198,786.50

d) Resolved to Approve the 2025-26 financial year Precept in the amount of £198,786.50

-  Noted that the Council held seven formally constituted earmarked reserves as at the 31st of March 2025 with a closing balance of £130,000.00;
-  Checked and verified the year-end outturn as at the 31st of March 2025 was as follows:

Cash at bank as at 31st of March 2025

NatWest Bank Current Account	£ 84,340.68
NatWest Bank Deposit Account	£ 142,442.89
Petty Cash Account	£56.04
Total	£ 226,839.61

Earmarked Reserves	£130,000.00
Plus debtors	£15,149.48
Less creditors	£2,534.38

General Reserves	£138,167.71
Total expenditure FY2024-25	£138,167.00
Average monthly expenditure FY2024-25	£ 11,513.92

Retained reserve 9.5 months

The level of the Council's General Reserve as at the 31st of March 2025 is approximately ten (10) months retained reserve at the average prior year monthly rate of expenditure. JPAG the Practitioners Guide 2024 recommends that Councils of Penmaenmawr Town Council's size and structure retain General Reserve of between three and twelve months based on the average prior year monthly rate of expenditure. The Council's level of retained reserve sits comfortably within this range; and,

-  We have checked and verified the content of the Variance Report, prepared by the Clerk & RFO for onward submission to Audit Wales in support of the FY2024-25 Annual Return, and require no further explanation of variance.

Conclusion

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

Outcome - Internal Control Objective '4'

Substantial assurance

Internal control objective '5'

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

The objective in this area of review is to ensure that the Council maintains appropriate records to ensure that all income due to the Council is identified, invoiced accordingly, and recovered within an appropriate time scale. To meet the above objectives, we have: -

Noted that in addition to the Precept the Council receives supplementary income from a relatively limited variety of sources recorded below:

Precept FY2024-25

The Council received the FY2024-25 Precept in the amount of £180,715.00

Bank Interest

The Council only receives interest payments on its Lloyds Bank Treasury (Deposit) Account. Interest income was received in the amount of £1,976.84.

Grants & Donations

The Council received Grant Aid in the amount of £6,959.00

During the 2024-25 financial year the Council received non-precept income in the amount of £8,935.84. We have reviewed all the Council's Cashbooks recorded in Rialtas Alpha for the 2024-25 financial year from the 01st of April 2024 to the 31st of March 2025 noting that this has been received in accordance with the council's currently adopted Financial Regulations and noted that there is no long term aged debt.

Conclusion

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

Outcome - Internal Control Objective '5'

Substantial Assurance

Internal control objective '6'

'Petty Cash payments were properly supported by receipts; all petty cash expenditure was approved, and VAT appropriately accounted for.'

The Council operates an informal Petty Cash Account which is used infrequently and topped up on an 'as and when' basis. The Petty Cash Account is reconciled on a monthly basis, even when no transactions have occurred.

As the year-end internal audit was conducted remotely it was not possible to check and verify the end of year cash balance, and we are reliant on the veracity of the certified Reconciliation Statement, recording a balance of £56.04 on the 31st of March 2025.

Conclusion

8) PETTY CASH MANAGEMENT

Whilst there are no matters arising in this area of our review warranting formal comment, it is our recommendation that given the extremely low level of use of the Petty Cash Account, and the fact that we are advised the Council now has a debit card in place for sundry purposes, that the Petty Cash Account be closed and any residual funds returned to the General Reserve.

Recommendation – Best practice

(a) As in the prior year, it is our opinion that the Petty Cash Account should be closed as its use is now so minor as to have become an administrative overhead, in terms of time and money, to manage the account, and a risk to maintain physical cash in the office.

Outcome - Internal Control Objective '6'

Substantial Assurance

Internal control objective '7'

'Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.'

The objective in this area of review is to ensure that the Council is appropriately observing legislation with regard to the Employee Rights Act 1998 and the requirements of HMRC legislation as regards the deduction and payment of income tax and NI contributions, together with meeting the requirements of the LGPS. To meet the above objectives, we have: -

-  Noted that during the 2024-25 financial year from the 01st of April 2024 to the 31st of March 2025 the Council employed a maximum of five people. We have checked and verified the Contracts of employment for all staff members employed during this period;
-  Noted that the Council's Payroll is outsourced to Trident Tax and Accountancy Ltd.;

-  Conducted a 100% review of the council's payroll for the 2024-25 financial year;
-  Conducted a detailed review of the individual salary payments for January 2025;
-  Checked and verified that the PAYE and NI deductions had been properly paid to HMRC and were properly recorded in the Council's Rialtas Alpha Accounting system;
-  Noted that the Council is enrolled in the National Employment Savings Trust (NEST) Pension Scheme and have checked and verified the Employees and Employers contributions for the 2024-25 financial year; and,
-  Checked & verified that only direct salary costs and corresponding deductions appear in Box 4 'Staff Costs' of the 2024-25 financial year Annual Return.

Conclusion

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

Outcome - Internal Control Objective '7'

Substantial Assurance

Internal control objective '8'

'Assets and investments registers were complete and accurate and properly maintained.'

The objective in this area of review is to ensure that the Council has prepared and maintains a register of its stock of land, buildings, vehicles, furniture and equipment as required by the JPAG Practitioners' Guide.

The Council maintains its Fixed Asset Register in the Assets module of its Rialtas Alpha Accounting Software. The module is compliant with the requirements of the JPAG Practitioner's Guide 2024.

Without conducting a physical examination of the Council's Assets, we are reliant on the Clerk's assertion as to the accuracy of information contained on the Register, which declares a Fixed Asset Value of £1,658,121 (£1,647,562 *Prior year*) in accordance with in-year acquisitions and disposals.

Conclusion

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

Outcome - Internal Control Objective '8'

Substantial Assurance

Internal control objective '9'

'Periodic bank account reconciliations were properly carried out during the year.'

The objective in this area of review is to ensure that the Council conducts regular reconciliations of the bank, building society and other investment accounts in which it maintains the public funds raised by taxation. That these reconciliations along with the corresponding account statements are presented to Members for their scrutiny and approval with that being recorded in the Minutes of the Full Council or its Committees. To meet the above objectives, we have:

-  Noted that there is clear evidence recorded in the Council's Rialtas Accounting system that the Clerk & RFO reconciles all three of the Council's cashbooks: CB1 NatWest Current Account, CB3 Petty Cash Account, CB4 NatWest Deposit Account on a monthly basis;
-  Checked and verified the Bank Reconciliations on the Council's two Lloyds Bank Accounts and the Petty Cash account for the 2024-25 financial year from the 01st of April 2024 to the 31st of March 2025 with no issues arising; and,
-  Although there is clear evidence of bank reconciliations taking place, our review of the Council's Minutes, as mentioned earlier in this report, lacked specificity. The minutes only record that the Bank Balances being noted in the Financial Report presented for Members' scrutiny and approval at the Monthly meeting of the Community Council.

Conclusion

9) BANK RECONCILIATION STATEMENTS

It is considered Best Practice for Members to receive a full bank reconciliation statement, presented with the corresponding bank statements on a monthly basis.

Recommendation

The Clerk & RFO should ensure that henceforth, Bank Reconciliation Statements for the Council's bank accounts are presented to Members, with the corresponding original bank statements on at least a quarterly basis, with the Receipt and Approval of the Bank Reconciliation Statements formally recorded in the Council's Minutes.

Outcome - Internal Control Objective '9'

Substantial Assurance

Internal control objective '10'

'Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records & where appropriate debtors and creditors were properly recorded.'

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments), agreed to the cashbook, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.'

The Council's accounts are managed in Rialtas Alpha Accounting software, a sector specific product designed for Town, Parish and Community Councils in Wales and England.

We have checked and verified the contents of the Council's Rialtas Alpha cashbook and year-end reports and consider that the full-year's transactions as recorded therein have been accurately and consistently made. Rialtas Alpha has been used to manage the following working records, which have all been checked and verified from the 01st of April 2024 to the 31st of March 2025 with reference to prime documentation:

Rialtas Alpha Accounting system FY2024-25

 Cashbooks 1, 3 & 4	 Annual s.126 VAT Return
 Monthly Bank Reconciliation reports	 Nominal Ledger report
 Income & Expenditure Account	 Statutory Balance Sheet
 Earmarked Reserves report	 Cash, Investments and Reserves report
 Trial balance report	 Annual Return report

Further, we have undertaken a 'line-item' check and verification of the Rialtas Alpha Cashbook for the 2024-25 financial year from the 01st of April 2024 to the 31st of March 2025 with reference to supporting prime documentation.

We have checked and verified the Closing balance declared on the Council's Rialtas Alpha Accounting system as at the 31st of March 2025, against primary documentation, ensuring that the cashbooks remained in balance, with no matters arising.

We have checked and verified the detail of the Annual Accounting statements, including the Statutory Balance Sheet with the declared VAT debtor with no matters arising.

Finally, in this area of review, we have checked and verified the Variance Report created by the new Clerk & RFO in post, noting that each variance, +/- 15% has been identified at the nominal code level with a clear and succinct explanation for that variance provided.

Conclusion

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

Outcome - Internal Control Objective '10'

Substantial Assurance

Internal control objective '11'

'Trust funds (including charitable) – The council met its responsibilities as a trustee.'

The objective in this area of review is to ensure that the Council has met its statutory requirements where it acts as a trustee for any trust fund or charitable trust, including maintaining separate financial and bank accounts and making all required statutory returns to the Charities Commission and/or the HMRC.

The Clerk has certified that Penmaenmawr Town Council does not act as the sole trustee for any charitable trust or trust fund.

Conclusion

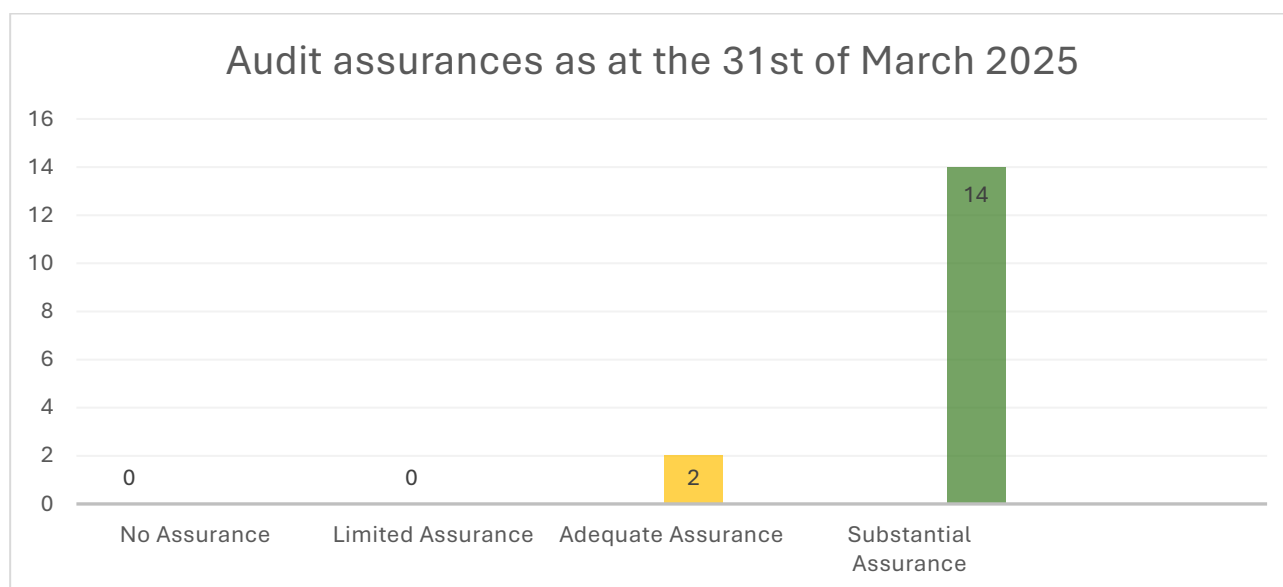
There are no matters arising in this area of review warranting formal comment or recommendation.

Outcome - Internal Control Objective '11'

Substantial Assurance

8. Audit Assurance Review

During the year-end internal audit for the 2024-25 financial year, we have undertaken 417 separate audit tests, providing sixteen separate assurances in the twelve areas of review which correspond to an enhanced review of Corporate Governance and the eleven Internal Control objectives contained within the Annual Return: Annual Internal Audit Report as detailed in the chart below.



Substantial: A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified;

Adequate: Basically, a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified;

Limited: Significant weakness(es) have been identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk; or

No: Fundamental weaknesses identified in the framework of internal control, or the framework is ineffective or absent with significant risk to the achievement of system objectives.

9. FY2024-25 Action Plan Recommendations

Corporate Governance – Best Practice recommendations

1) INFORMATION UPLOADED TO THE COUNCIL'S OFFICIAL WEBSITE

The Clerk & Clerk & RFO must ensure that all Annual Returns, Internal Audit Reports, Notice for the Exercise of Electors Rights and supporting statements published on the Council's website under the Accounts and Audit Tab.

Recommendation

(a) The Clerk should ensure that each of the Audit Wales, Auditor General's Reports and the Notice for the Exercise of Electors Rights, clearly identified as 'Audited or Unaudited'.

(b) Upon receipt of the corresponding Notices of Conclusion of Audits from Audit Wales, must also be published on the Council's official Website along with the Annual Return information for the corresponding financial year.

(c) Internal policies are not required to be published on the Council's official website. Policies such as the Grievance & Disciplinary Policy adopted in February 2005 and the Protocol on Member Officer Relations should be removed and retained in the Council's official Human Resources handbook.

(d) The currently adopted Financial Regulations are not published under the Policies section on the official website but should be. We suggest that the first three documents which appear under the Policies section are the Council's currently adopted Standing Orders, Financial Recommendations, Code of Conduct and Business Continuity plan.

(e) The Council requires a Social Media and Electronic Communications Policy.

2) MONTHLY FINANCIAL REPORTING

As we have commented on previously, the Council has a propensity to focus on and report Budget monitoring and not proper Financial Management reports, of which budget monitoring is only one facet. It is important that the Council's financial operations are properly and transparently disclosed and recorded in the Council's Approved and Published minutes:

All matters pertaining to financial decisions must record the associated Resolution against a unique reference and specific language, without ambiguity, must be used. For example:

FINANCIAL MATTERS

Minute reference FC/101/25-26

(a) Members Received and Approved the Bank Reconciliation statements for the NatWest current account as at the 31st of March 2025 with a closing balance of £xx.xx

(b) Members Received and Approved the Bank Reconciliation statements for the NatWest deposit account as at the 31st of March 2025 with a closing balance of £xx.xx

(c) Members Received and Approved the corresponding NatWest Bank Statements for the HSBC current and deposit accounts as at the 31st of March 2025.

(d) Members Received and Approved the Schedule of Payments to the 31st of March 2025 as recorded, in the amount of £xx.xx, and initialled the payment documents, including invoices and receipts, as having been Approved.

(e) Members Received and Noted the Schedule of Receipts to the 31st of March 2025 as recorded, in the amount of £xx.xx (*Where remittances have been received*)

(f) Members Received and Noted the Income and Expenditure report by cost centre to the 31st of March 2025.

(g) Members received and noted the Clerk & Clerk & RFO's Budget vs. Actual report to the 31st of March 2025. (*Quarterly basis only*)

3) GENERAL DATA PROTECTION REGULATION

Noted that the Council has very limited General Data Protection Regulation (GDPR) or Data Protection Policies in place, is registered as a Data Custodian with the Information Commissioners Office but has not conducted a Document Impact Assessment.

Recommendation

(a) As a public authority, which exchanges emails and other communications, with members of the public, and which is required to retain a wide range of documentation in hard copy and electronically the Council is required to have a reasonable and proportionate General Data Protection Regulation policy, (GDPR) Data Protection Policy and associated Internal Controls in place including a Document Retention Policy. This has been discussed at some length with the Clerk and the Clerk & RFO.

We strongly encourage the Clerk to draft an appropriate suite of GDPR and Data Protection policies for Scrutiny and onward Approval by Council Members. Further, a Document Retention policy should be drafted and maintained by the Clerk to ensure that all council documentation, either electronic or hard copy are secured and maintained appropriately for the correct period of time.

4) CYBER SECURITY

Noted that the Council's IT infrastructure is somewhat disparate and the Council can provide no clear evidence of any Cyber Security policy or resilience strategy in place.

As is the case with many small to medium sized councils, historical consideration given to IT infrastructure, resilience and business continuity has been minimal. Currently, the Council is unable to provide clear evidence of a coherent IT strategy and action plan.

In today's increasingly digital world, it is critical that all Council's address this matter in a reasonable and proportionate manner.

Recommendation

(a) Please note that the UK Government and the Senedd is increasingly focused on cyber security and will be bringing new legislation which will require a more stringent approach to this area of

Corporate Governance to all government bodies. We strongly encourage the Clerk and the Council Members to work towards Cyber Essentials Certification during the 2025-26 financial year, as we are advised that this will become a minimum requirement for all Councils in Wales & England the near future.

Internal Control Objective '1'

5) CREDIT & DEBIT CARDS

We have noted that the Council held a single debit card during the 2024-25 financial year: A Debit Card should never be used for online purchase as this is the gateway to the Council's current account! A Welsh council lost over £35,000.00 over one weekend in 2024 as its current account Debit Card was lodged as the payment method on a well-known online vendor's website.

Recommendations

(a) A Credit Card rather than its Debit Card should be utilised to make all online purchases with immediate effect. This will provide the Council with the extra protection of the Credit Card Charge Back. Once an allegation of fraud has been made, this will be investigated by the Credit card company and where the charge is deemed unauthorised or fraudulent the Council will receive a refund.

Internal Control Objective '3'

6) REVIEW & MAINTENANCE OF RISK REGISTERS

We have noted that the Council's currently holds both a drafted Health & Safety and Business Risk Register. However, the Council has failed to formally Adopt the Register during the 2024-25 financial year as required to comply with the requirements of JPAG the Practitioners Guide 2024 and Internal Control Objective 3 in the Annual Return Internal Audit Report FY2024-25.

Recommendations

(a) We remind the Clerk, Clerk & RFO and Members that it is a statutory requirement of Review and Readopt its Risk Register(s) at least once annually, recording the Readoption in the Approved and Published Minutes in the corresponding Full Council or Committee Meeting.

(b) We strongly encourage the Council to further expand and enhance its Risk Register to include consideration of Business Continuity planning, Cyber Security and Systems Resilience.

7) INSURANCE POLICY

(a) We have reviewed the Council's Clear Councils Insurance Schedule with the new Clerk & RFO in post and have advised that it may not insure Maes Y Llan children's playground equipment in the amount of £90,000, as that equipment is owned and insured by Conwy County Borough Council. This cover should be removed.

(b) The Council has no cover in place in respect of Business Continuity. The Clerk & RFO should review this matter with the Council's insurers.

Internal Control Objective '6'

8) PETTY CASH MANAGEMENT

Whilst there are no matters arising in this area of our review warranting formal comment, it is our recommendation that given the extremely low level of use of the Petty Cash Account, and the fact that we are advised the Council now has a debit card in place for sundry purposes, that the Petty Cash Account be closed and any residual funds returned to the General Reserve.

Recommendation – Best practice

(a) As in the prior year, it is our opinion that the Petty Cash Account should be closed as its use is now so minor as to have become an administrative overhead, in terms of time and money, to manage the account, and a risk to maintain physical cash in the office.#

Internal Control Objective '9'

9) BANK RECONCILIATION STATEMENTS

It is considered Best Practice for Members to receive a full bank reconciliation statement, presented with the corresponding bank statements on a monthly basis.

Recommendation

The Clerk & RFO should ensure that henceforth, Bank Reconciliation Statements for the Council's bank accounts are presented to Members, with the corresponding original bank statements on at least a quarterly basis, with the Receipt and Approval of the Bank Reconciliation Statements formally recorded in the Council's Minutes.

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10. Confirmation of independence and Quality Assurance

During the 2024-25 financial year to the 31st of March 2025, we confirm that the internal auditor has acted independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation, based upon the internal audit programme, and has obtained appropriate evidence including copies of prime documentation to support our opinions from Penmaenmawr Town Council.

The year-end audit for the 2024-25 financial year, conducted on the 18th, 19th & 20th of November 2024, the 3rd & 4th of April 2025, the 28th & 30th of June and the 5th, 6th and 7th of July 2025, was carried out in accordance with Penmaenmawr Town Council's needs and planned coverage as reviewed with the new Clerk & RFO in post, Mr Peter Davis and the Chairman who had acted as the temporary Clerk & RFO during 2024.

Based on the findings in the areas examined, the internal audit conclusions are summarised in the main body of this report, which corresponds to the Internal Control Objectives table contained within the FY2024-25 Annual Return's Annual Independent Internal Audit Report, which has been duly authorised, with the following findings:

11. Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery & quality:

Annual performance indicators			
Aspect of service	Interim 2024-25 (Actual %)		YE 2024-25 (Actual %)
Internal Audit plan delivered	N/A		100%
Positive customer responses to quality appraisal questionnaire			N/A
Compliant with the Public Sector Internal Audit Standards	N/A		100%

12. Acknowledgements

We would like to take this opportunity to thank the Clerk & RFO of Penmaenmawr Town Council: Mr Peter Davis and the Chairman Mr Steven Consterdine for their assistance in performing the Independent Internal Audit for the 2024-25 financial year which was conducted onsite during the interim review and remotely during the year-end review. We are grateful for content and quality of the documentation and the responses that have been supplied to our supplementary questions.

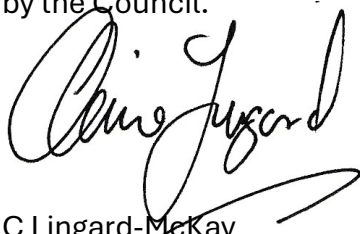
We are aware that the last few years have been very challenging for the Council, perhaps none more so than the 2024-25 financial year due turn over in the persons holding the position of Clerk & RFO which resulted in record keeping and the quality of documentation being somewhat variable.

We made eighteen recommendations for improvement as a result of the Retrospective Annual Internal Audit for 2023-24, which was only finalised in March 2025, as such the new Clerk & RFO in post had little ability to implement these during the 2024-25 financial year. We have made a further nine recommendations for improvement as a result of the 2024-25 Annual Internal Audit report.

We have noted that the not Clerk & RFO in post has made significant process improvements during his short tenure with the Council, in line with the recommendations that we have made and our further discussions on those topics. Implementation of the outstanding recommendations will assist the Council in its journey to achieve 'Gold Award' Council status.

We have noted that the Clerk & RFO has already received dedicated Rialtas Alpha accounting software training which is evident in the quality of the financial records which are now being maintained by the Council.

We now ask that the Clerk & RFO, Chairman and the Council Members consider the content of this report and acknowledge, in due course, that the report has been formally reviewed and adopted by the Council.



C Lingard-McKay
Practice Manager
WGW online internal audit practice

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 WGW Online'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 as amended from time to time.