



# M.I. Morris & Co Ltd

Accountants, Taxation and Business Consultants

**Mrs. Clare Hope**  
**Chief Officer to Llannon Community Council**  
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16<sup>th</sup> June 2025

Dear – Chief Officer to the Community Council

**Internal Audit Report for Llannon Community Council**  
**Financial Year: 2024/2025 (1st April 2024 – 31st March 2025)**  
**Prepared by: M.I. Morris & Co. Ltd**  
**Engagement Letter Date: 4th June 2025**

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## Introduction

I have been appointed as the Internal Auditor for Llannon Community Council for the financial year ending 31st March 2025. This appointment marks the third consecutive year of my engagement, following the Internal Audit Reports for 2022/2023 and 2023/2024.

The audit was conducted in accordance with the full information guidance provided by Audit Wales (formerly the Wales Audit Office) under Section 52 of the Public Audit (Wales) Act 2004. The purpose of this internal audit is to provide an independent and impartial review of the financial affairs of Llannon Community Council for the year ending 31st March 2025.

No specific brief was provided by the Council. As such, this audit has been conducted with an open and independent approach, ensuring compliance with good governance and statutory audit standards.

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## Scope of Audit

The internal audit has focused exclusively on the financial year 2024/2025. Previous years' financial issues, as noted in past reports, have been largely addressed by the Council following changes implemented from December 2022.

I am pleased to see that Audit Wales have completed Llannon Community Council's 2021-22, 2022-23 and 2023-24 external audits, which show clear progression in the Council's

control of their governance, with 2023-24 being an “unqualified audit”, with no further recommendations.

Audit testing and verification included:

- Bookkeeping and cash book maintenance
- Reconciliations and trial balance
- Review of computerised accounting records (Microsoft Excel-based)
- Meetings with senior Council officials
- Evaluation of internal control processes
- Verification of payment processes, VAT returns, and payroll

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## **Summary of Findings**

### **1. Bookkeeping and Records**

All accounting records were properly maintained throughout the year. The totals of financial reports reflect a true and fair view of the Council’s financial position.

### **2. Financial Regulations and VAT**

The Council's financial regulations, implemented in the 2022/2023 financial year and updated in the 2024/25 financial year, are being consistently followed. All payments are supported by appropriate documentation and bear requisite approvals. VAT is accounted for properly and submitted via HMRC's MTD system.

### **3. Risk Management**

The Council adopted a formal risk register on 27<sup>th</sup> November 2024, following detailed consideration by the Finance Committee.

### **4. Budgetary Process and Precept**

The precept was based on an adequate budgetary process. Regular budget vs. actual reports are now reviewed by Council members. Variances are documented and explained appropriately.

### **5. Income Recording and VAT**

All income was properly recorded, received in full, banked promptly, and VAT accounted for accordingly.

### **6. Petty Cash**

A petty cash system was in place. A closing balance of £976.02 was recorded and carried forward. This balance reconciles with the bank and forms part of the year-end reconciliation.

## **7. Payroll and Employee Payments**

Salaries and allowances are paid in accordance with Council minutes. PAYE, NI, and pension deductions are properly applied and reported.

## **8. Asset and Investment Registers**

A professional valuation of buildings has recently been carried out and a new register with a net book value of £1,394,200.46, reflecting the value declared in the annual return, will be ratified by the Council on 25<sup>th</sup> June 2025.

## **9. Bank Reconciliations**

Monthly and year-end bank reconciliations were properly carried out. All variances are explained, and reconciliations agree with original bank statements.

## **10. Accounting Basis and Audit Trail**

The Council has applied the appropriate accounting basis. All accounting statements agree with the cash book and are supported by documentation.

## **11. Trust Funds**

The Council holds no trust funds.

## **12. Risk Areas Identified by the Council**

None Noted

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## **Governance Assurance**

Based on evidence provided, I am satisfied that Llannon Community Council, for the year ended 31st March 2025:

1. **Financial Management** – Has set its annual budget properly and maintained accurate records in accordance with statutory requirements.
  2. **Internal Controls** – Effective controls are in place and operational.
  3. **Compliance** – The Council operates within its legal powers.
  4. **Electors' Rights** – Public access to inspect accounts is acknowledged.
  5. **Risk Assessment** – Has a financial risk register in place and follows procedures set.
  6. **Internal Audit Appointment** – The auditor has been appointed in accordance with regulations.
  7. **Action on Audit Recommendations** – Previous recommendations have been acted upon.
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## **Other Matters**

### **1. Wellbeing of Future Generations (Wales) Act 2015**

The Council has considered its duties under Section 40 and is preparing to finalise its report. This will be incorporated into the Annual Report and published on the Council's website.

## **Conclusion**

I confirm that, based on the audit conducted, the financial records of Llannon Community Council for the year ending 31st March 2025 represent a true and fair view of its financial position. No irregularities were identified during the course of this audit.

I commend the efforts and diligence of the Chief Officer and Deputy Clerk/RFO, whose implementation of controls and improvements has contributed significantly to the Council's solid financial footing.

I thank Llannon Community Council for the opportunity to undertake this audit and for the cooperation received throughout the process.

My appointment as Internal Auditor for 2025/2026 has yet to be confirmed. I remain available for any clarifications or assistance required regarding prior financial years.

**M.I. Morris & Co. Ltd**  
Internal Auditor  
June 2025

A handwritten signature in black ink, appearing to be 'M.I. Morris', written over a horizontal line.