



Alice Vaughan
Locum Town Clerk
Caldicot Town Council
Council Office,
Sandy Lane,
Caldicot,
NP26 4NA

22nd June 2026

Dear Alice,

Year End audit Cover Letter

An audit was carried out by Kevin Rose on Friday 19 June 2026. This was the Year End audit following on from the interim audit carried out on 12 January 2026.

The audit was undertaken using the standard IAC Audit Checklist, which we use for all Local Councils, which has 180 items. A total of 109 items were tested during this audit in addition to the 71 items tested and checked during the interim audit. 38 items were checked during this audit and confirmed as being 'Not Applicable' to Your Council. All items on the checklists were tested during the year.

The following 'Internal Control Objectives' of the Annual Internal Audit Report (part of the AGAR) were checked and confirmed as being Not Applicable to your Council for this financial year.

-Petty cash (Box 6)

Areas subject to audit were;

- the Accounting system and records (Box 1)
- the Payment system (Box 2)
- Risk and insurance (Box 3)
- Budget and precept setting and monitoring (Box 4)
- Income billing, collection and VAT (Box 5)
- Petty cash (Box 6)
- Payroll(Box 7)
- Assets and investments (Box 8)
- Bank reconciliations (Box 9)
- Accounting Statements (Box 10)
- Trust Funds (Box 11)

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Summary of tests undertaken this audit

Positive response	58
Negative response	13
Not Applicable to your Council	38
Total tests carried out	<u>109</u>

Of the 71 applicable items tested a Positive response was obtained in respect of 58 tests. There were 13 Negative responses identified and 16 Observations were made, details of which are set out in the attached Year End Internal Audit Observations.

Summary of tests undertaken for the financial year (including the Interim audit)

Positive response	111
Negative response	23
Not Applicable to your Council	46
Total tests carried out	<u>180</u>
Tests not carried out	Nil

I am pleased to advise that no 'Non-Compliances' were identified that would give rise to a negative response on the statutory Annual Internal Audit Report.

I would like to express my thanks for the assistance provided to me during my audit.

Yours sincerely,



Kevin Rose ACMA
Director

Internal Audit 'Not Covered' Responses

Internal Control Objective	Reason for Not Covered Response
6: Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	The reason for the Not Covered response for Objective 6 is that we understand that your Council does not maintain a Petty Cash. (Note: Where cash is held as a cash float, solely for the purpose of providing change, this is covered in our response to Internal Control Objective 9)

Caldicot Town Council



Internal Audit Summary for the year 2025-26

(shaded Internal Control Objectives are not applicable to your Council)

Interim Audit Date: 12/01/2026
 Year End Audit Date: 19/06/2026

Internal Control Objective	Observations	Non - Compliance	Observation Analysis			Responses				
			High	Medium	Low	Advisory	Positive	Negative	N/A	Not Checked
1 Appropriate books of account have been properly kept throughout the year.	0	0	0	0	0	0	6	0	0	0
2 Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	4	0	1	3	0	0	30	4	9	0
3 The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	4	0	3	0	0	1	7	4	1	0
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.	7	0	5	2	0	0	7	5	4	0
5 Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	2	0	1	1	0	0	17	2	6	0
6 Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9	N/A
7 Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	3	0	2	1	0	0	21	3	0	0
8 Asset and investment registers were complete, accurate, and properly maintained.	0	0	0	0	0	0	5	0	6	0
9 Periodic and year-end bank account reconciliations were properly carried out.	5	0	4	1	0	0	7	4	5	0
10 Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	1	0	1	0	0	0	7	0	4	0
11 Trust funds (including charitable trusts). The Council/Board/ Committee has met its responsibilities as a trustee.	1	0	0	1	0	0	4	1	2	0
Total	22	0	17	9	0	1	111	23	46	0

Year End audit summary Caldicot Town Council

(shaded Internal Control Objectives are not applicable to your Council)



Year End Audit Date 19 June 2026

Internal Control Objective	N/A	Tested	Positive	Negative	Observations	Non Compliance
Box 1 <i>Appropriate books of account have been properly kept throughout the year.</i>		2	2	0	0	
Box 2 <i>Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.</i>	7	15	7	1	1	
Box 3 <i>The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</i>	1	9	5	3	3	
Box 4 <i>The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.</i>	1	4	1	2	4	
Box 5 <i>Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for</i>	6	11	5	0	0	
Box 6 <i>Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.</i>	9	9	0	0	0	
Box 7 <i>Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.</i>		24	21	3	3	
Box 8 <i>Asset and investment registers were complete, accurate, and properly maintained.</i>	6	11	5	0	0	
Box 9 <i>Periodic and year-end bank account reconciliations were properly carried out.</i>	3	10	4	3	3	
Box 10 <i>Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.</i>	4	10	6	0	1	
Box 11 <i>Trust funds (including charitable trusts). The Council/Board/ Committee has met its responsibilities as a trustee.</i>	1	4	2	1	1	
Totals	38	109	58	13	16	0

**Caldicot Town Council
Financial Year 2025-26**



IAC Audit and Consultancy Ltd

Audit date: 19 June 2026

Year End Internal Audit Observations

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Are the Standing Orders the current version of the Model Standing Orders?	No	The Standing Orders in use are not the latest version of the NALC Model Standing Orders. (They still refer to the Public Contract Regulations which no longer apply).	Council to review and update its Standing Orders.	Medium	

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

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Does the Council maintain a formal Risk Register?	No	It was noted that Council Minutes of March 2026 state, in respect of the review of risk, "...for it to be further considered by the Health and Safety Committee in the next Governance Year, 2026-27, with recommendations from the Committee to be referred to Full Council for consideration". This is the same form of wording used in the prior year. The Health and Safety Committee did not meet during 2025-26 financial year. It appears that no action has been taken on this during the 2025-26 financial year.	The Council should, as a priority, establish a formal Risk Register to document the risks it is exposed to. This should be subject to regular review and updating.	High	
2	Council has formally documented Internal Controls	No	Council has not formally documented Internal Controls	Council should formally document its Internal Controls.	High	

3	The Council, meeting as a whole, has reviewed the effectiveness of its internal control system as required by Regulation 5 of the Accounts and Audit (Wales) Regulations 2014.	No	The Council has not reviewed the effectiveness of its internal control system as required by Regulation 5 of the Accounts and Audit (Wales) Regulations 2014.	Council to note the requirement for it to annually review its internal control system.	High	
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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.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council has reviewed any points raised by the External Auditor as required	N/A	The Council has published a notice on its website which states that "...The Council has not yet submitted the accounts to the Auditor General for audit..." It is understood that the AGAR has been submitted to the Auditor General, but has not yet been received back as the audit is still outstanding.	Council to review the Notice published on its website and consider whether it should be updated / corrected to state the correct status of the audit.	High	
2	The Council has reviewed any points raised by the Internal Auditor as required	No	It was not possible, from a review of Minutes, to confirm that the Council has considered the 2024/25 year-end Internal Audit report and the 2024/25 Annual Internal Audit Report.	The Council to review and confirm whether it has considered the 2024/25 year-end internal audit report and the 2024/25 Annual Internal Audit Report.	High	
3	Council has returned to IAC completed Internal Audit Observations spreadsheets from prior audit(s)	No	The Council has not provided its response to the Internal Audit Observations from the previous audit and returned it to IAC.	Council to provide its comments on the previous Internal Audit Observations.	Medium	

4	Level of Reserves were appropriate, their purpose is identified	Yes	It was noted that the "Reserve Movements" report provided with the other EDGE year end reports, does not agree to the total value of reserves stated on the AGAR Accounting Statements.	The Council, to obtain an updated, and correct, statement of reserve balances as at 31st March 2026 and provide them to the Internal Auditor. The statement of reserve balances should be subject to review and approval by Council.	High	
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7 Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Members allowances have been paid in accordance with approved rates	No	It was not possible to verify the allowances paid to Councillors with the rates approved by the Remuneration Panel For Wales	Council to review the payment of allowances and ensure that they agree to the approved rates. Where any differences are identified the Council to formally consider, and Minute, what action it will take in respect of these differences (for example whether to seek to recover any amounts overpaid).	High	
2	Accounting Statements Box 4 - Staff Costs value agrees to total payments of Salaries, Wages and Pensions	No	It was noted that the Box 4 costs on the draft AGAR accounting statement included £76.50 in mileage expense on nominal code 1000/4. The Practitioners Guide (Wales) states, in respect of Box 4 "It does not include employment expenses incurred on council business e.g. mileage and travel expenses" This was amended subsequent to the Internal Audit visit.	Council note.	Low	

3	Postings to staff costs nominal codes ONLY relates to employed staff and does not include costs of sub-contractors, locums or payroll provider costs.	No	Members Allowances paid have been posted to the Salaries expense code. This was amended after the audit visit.	Council to formally review and confirm the value of Councillors Allowances paid in 2025/26.	High	
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9 Periodic and year-end bank account reconciliations were properly carried out.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Year End bank reconciliations have been signed and dated as evidence of independent review.	No	The Year End bank reconciliations have not been signed and dated as evidence of independent review.	Prior to the Council's approval of the Accounting Statements the year end bank reconciliations should be subject to review and signed and dated as evidence of this review.	Medium	
2	There are no unexplained balancing entries in any reconciliation (Year End)	No	It was noted that four entries which cleared on 31st March 2026 were not reconciled on EDGE. Three of the entries were recorded, but were showing as unrepresented however the fourth entry a payment of £36,599.82 to Monmouthshire CC had not been recorded in EDGE. As a consequence of this the year bank reconciliation does not reconcile to the cleared 31st March 2026 statement balance. This was amended after the audit visit.	Council to note.	Low	

3	Bank statements are available to for all bank accounts as at 31st March.	No	The bank statement for 'Instant Access' account as at 31st March 2026 was not available at the date of the year end audit visit.	Council to note that the bank statement of the Instant Access as at the 31st March was not available and that this balance could not be confirmed as part of the Internal Audit. Council to consider whether additional bank confirmations should be obtained for the year end balances.	High	
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10 Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Prior year numbers reported on this year's Accounting Statements agree to prior year Accounting Statements	No	It was noted that Box 4 and Box 6 numbers on EDGE for 2024/25 do not agree with the audited accounts for 2024/25.	The Council to ensure that the audited accounts values are used for the prior year values when completing the 2025/26 Accounting Statements.	High	

11 Trust funds (including charitable trusts). The Council/Board/ Committee has met its responsibilities as a trustee.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Minutes of Trustees Meetings are available for audit review?	No	It is understood that no meetings of the Council, as Trustee, have been held during the 2025-26 financial year.	The Council should ensure that at least one meeting a year should be held of the Council as Trustee. The agenda for this meeting should include the approval of the Charity Commission annual return.	Medium	

Annual internal audit report to:

Name of body:

Caldicot Town Council

The Council's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2026.

The internal audit has been carried out in accordance with the Council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	Yes				
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	Yes				
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Yes				
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.	Yes				
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	Yes				
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.			N/A		
7. Salaries to employees and allowances to members were paid in accordance with contracts/ minuted approvals, and PAYE and NI requirements were properly applied.	Yes				
8. Asset and investment registers were complete, accurate, and properly maintained.	Yes				

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	Yes				
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	Yes				
11. Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.	Yes				

For any risk areas identified by the Council (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12.					
13.					
14.					

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

[My detailed findings and recommendations which I draw to the attention of the Council are included in my detailed report to the Council dated 22nd May 2026.] * Delete if no report prepared.

Internal audit confirmation

I/we confirm that as the Council's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2025-25 and 2026-26. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Kevin Rose ACMA - IAC Audit and Consultancy Ltd

Signature of person who carried out the internal audit:



Date: 22nd June 2026