



**Clun Town Council
with Chapel Lawn**

Response to the Internal Audit Report 2025/26

The Council accepts the findings of the Internal Audit, including the many serious failings that it has highlighted in the Council's governance and financial arrangements during 2025/26. While these failings are undoubtedly the direct result of the previous Clerk not having met his obligations to the Council in the role of Proper Officer and Responsible Financial Officer, the Council accepts that it did not exercise adequate oversight of the work of the Clerk; and that it needs to make significant changes to how it assures itself, independent of any assurances that it may receive from officers, that it is meeting its statutory duties.

Internal Control Objective	Response to Internal Audit Recommendations
B	<p>The Standing Orders and Financial Regulations have been updated to the current NALC models and were reviewed and adopted at the Council meeting on 2nd June 2026.</p> <p>The Council accepts that its financial operating practices were not being followed and that this was a significant cause for concern. A Finance Committee was established by resolution at the Council meeting of 2nd June 2026. This committee will conduct quarterly inspections of the Council's financial affairs and operating practices to ensure that, in future, agreed practices are actually being followed. It will report back to Council on its findings and has delegated authority to impose additional controls and/or to require the RFO to take corrective actions.</p> <p>VAT claims for the years 2023/24, 2024/25 and 2025/26 will be made before the end of August 2026. The Finance Committee's quarterly inspections will include examination of VAT claims.</p> <p>Invoices were not regularly being presented by the previous Clerk to councillors charged with signing off payments despite the fact that this was a requirement of the Council's Financial Regulations. Councillors prioritised clearing payments, many of which were overdue, over insistence on the presentation of invoices. The absolute requirement for the presentation and checking of invoices against payments before sign-off has been emphasised to all councillors and the Finance Committee will include assurance that this is happening as part of its quarterly inspections.</p> <p>The previous Clerk either did not produce, or did not file, contracts covering the Council's main service suppliers. This is under active investigation with the suppliers and copies of contracts or, if necessary, new contracts will be produced.</p>
C	<p>The risks faced by Council, together with the actions being taken to mitigate them, will be fully re-assessed with a target of having a new Risk Register written and adopted by October 2026.</p>

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D	<p>The previous Clerk did not present Budget Reconciliations to the Council during the year, despite these being required by the Financial Regulations; and the Council did not insist that this failure be addressed. Monitoring of receipts/spend against Budget has now been made a direct responsibility of the Finance Committee.</p> <p>The Finance Committee has also been charged with monitoring and ensuring that banking and investment arrangements, and the levels of Reserves, are appropriate.</p>
G	<p>The previous Clerk was allowed to manage payroll and pension matters without any oversight or checks. This has led to serious failures in the payments of PAYE, National Insurance and in the meeting of the Council's obligations in respect of workplace pensions. The Personnel Committee's Terms of Reference will be extended to give it the responsibility to audit the payroll on an annual basis and to report back to Council in its findings; and to oversee pension arrangements.</p>
H	<p>The Asset Register had not been updated for many years and Council failed to raise this with the previous Clerk and insist that the issue be addressed. A full review of all assets, including their status and valuation for replacement, is underway with a target date for completion and adoption of a new Asset Register by October 2026.</p>
L	<p>The previous Clerk did not publish the required information on the Council's website in a timely manner and the Council did not insist that the issue be addressed. The Council has committed to timely online publication of the required information in future and to checking that this has happened.</p>
M	<p>The Notice was not published on the website and the Internal Auditor is correct in her concern that electors' rights were not correct handled. The Council left these matters to the Clerk without oversight or checks. The Finance Committee will in future have oversight of this and will be required to report back to Council to confirm that all obligations have been met.</p>
N	<p>See response to M above.</p>
O	<p>The Council notes the Internal Auditor's comments and the observation that some of the requirements of this area of council operation are not, in fact, statutory. Notwithstanding, the Council has committed to the following:</p> <ul style="list-style-type: none"> • to produce and adopt an IT Policy by November 2026 • to produce an Accessibility Statement by November 2026 • to undertake a Data Audit, with a report back to Council, by December 2026 and to repeat this process annually; • to arrange appropriate training for councillors and staff in data protection by December 2026; • to examine its arrangements and policy for protecting personal data from breaches and to consider making any necessary changes by January 2026; • to produce and adopt an up-to-date FOI Publication Scheme by November 2026.

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P	<p>The Council accepts that it has not discharged its obligations as Custodian Trustee of the Clun Recreation Trust during 2025/26. The Council has committed to the following:</p> <ul style="list-style-type: none">• to open a new bank account in the name of the Clun Recreation Trust and to deposit the funds that it is currently holding in trust in its own bank account (£1,991.79) into this account;• to secure the CCLA investment account and ensure that the dividends, including any that have been unpaid because of the closure of the previous bank account, are paid into the new bank account;• to meet at least annually in September as a Trust;• to bring the records filed with the Charity Commission up-to-date by October 2026.
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