

INTERNAL AUDIT REPORT

TO

MAWR COMMUNITY COUNCIL

FOR THE FINANCIAL YEAR

2017/2018

Prepared by: ROBERT WATKINS A.F.A

10th June 2018

### **Statement of Responsibility**

The audit work that I have undertaken was carried out based upon the Internal Audit requirements for Mawr Community Council.

This report has been prepared solely for Mawr Community Council's use and cannot be used for any other purpose.

The matters raised in this report are only those which came to my attention during the course of the audit and are not necessarily a comprehensive list of all improvements that might be made. Mawr Community Council should formally assess recommendations made in this report for improvements for their full impact on the Council's budget, financial regulations, standing orders, risk assessments and any other activities before they are implemented.

The responsibility for a sound system of internal control rests with Mawr Community Council and work undertaken by the Internal Auditor should not be relied upon to identify all circumstances of fraud or irregularity. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance, but implementation of any recommendations by the Internal Auditor are at the discretion of Mawr Community Council if the Council believes that they will assist in the internal control of the Community Council processes.

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### **Internal Audit - Mawr Community Council**

The Internal Audit was undertaken on the 8th June 2018. The opinion formed during the Internal Audit is based on the evidence provided at audit in the form of documents, accounts, receipts and forms together with consultations with the Clerk. No assumptions or speculation is made if evidence is not presented.

Many thanks to Rachel Bull, Clerk to Mawr Community Council, for her assistance.

Please find attached my report.

Signed

Robert Watkins A.F.A

Dated

### **Previous Internal Audit Report**

The Minutes record that Council has considered the Internal Audit Report for the previous year and that matters arising therefrom have been addressed. The VAT reclaim for the previous two years has now been finalised and the refund received from H.M.Revenue and Customs.

### **Bookkeeping**

1. Bookkeeping services are provided by Dragon Accounting Services who maintain the Cash Book/database.
2. The Cash Book is regularly maintained and was found to be accurate, mathematically correct and up to date with payment date, payee and total paid.
3. As part of the maintenance of the Cash Book Dragon Accounting Services prepare a monthly Bank Reconciliation Statement for the HSBC current account. This is presented to Council as part of a financial review.

### **Standing Orders and Financial Regulations**

1. The Standing Orders and Financial Regulations were adopted by Council on 14th May 2014 ( 57/2014 12.12 ) and this is reviewed at the A.G.M.
2. Payments recorded in the Cash Book are supported by invoices and they have been authorised at monthly Council meetings by way of the Financial Report.
3. VAT on payments is correctly identified and recorded and is subject to reclaim from H.M.Revenue and Customs. As previously noted the outstanding reclaim of VAT has now been submitted and payment received.
4. Section 137 expenditure is separately recorded and is within Statutory limits. The expenditure for the year totalled £1,812.60 and related to planting wildflowers, bench contribution, children Christmas event and an Eisteddfod donation.
5. It is noted that the Community Council has been made aware that they are Trustees of CCP
6. Internal financial controls are documented and regularly reviewed via the monthly Financial Report.
7. The 2017/2018 Risk Assessment was formally accepted and minuted on 19th May 2018 ( 1A 2017 )

### **Income Controls**

1. Any income additional to the precept that is generated by Mawr Community Council is properly recorded and is promptly banked.
2. The precept entered in the Cash Book is in agreement with the City and County of Swansea notification. The amount received was £56,000 payable in 3 equal instalments.

### **Budgetary Controls**

1. The Council has prepared an annual budget in support of its precept.
2. Actual expenditure against budget is reported to Council with the monthly Financial Report.

### **Petty Cash Procedures**

No Petty Cash float is carried or maintained.

### **Payroll Controls**

1. Salaries for all employees have been agreed by Council and are at or above the National Living Wage.
2. Allowances and expenses for the Clerk are paid monthly upon receipt of a claim.
3. Dragon Accounting Services maintain the payroll. A monthly statement is received detailing the salaries to be paid and the amount payable to H.M. Revenue and Customs for Income Tax and National Insurance.
4. Documentation has been received from the Pensions Regulator indicating that all aspects of Pensions regulations have been complied with.

### **Asset Controls**

An Asset Register is maintained detailing land held together with contents of Garnswllt Hall.

### **Year End Procedures**

1. The year end Financial Accounts have been prepared on the correct accounting basis.
2. The accounts agree with the ledger/Cash Book.
3. There is a verifiable audit trail from the primary accounting records to the accounts.



### **Recommendations**

1. The Fixed Asset Register should include all items of Capital Expenditure. These should be individually listed and include cost, date of purchase and any identification references. This will enable all items to be accounted for and more easily located in the event of disposal of such assets.
2. It is noted that an insurance review for 2017/2018 took place on 17th may 2017 ( Minute 6/2017). It is recommended that this review continues on an annual basis.