

**INTERNAL AUDIT REPORT**  
**TO**  
**MAWR COMMUNITY COUNCIL**

**FOR THE FINANCIAL YEAR**

**2015 - 2016**

**Prepared by: SHARON CHAPMAN**

**Issued July 2016**

## Statement of Responsibility

The audit work 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 only, 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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## Mawr Community Council - Internal Audit

The Internal audit was undertaken in July 2016.

The opinion formed during the Internal Audit is based on the evidence provided at audit in the form of documents, accounts, receipts, forms etc. in addition to consultation with the Clerk. No assumptions or speculation is made if evidence is not presented.

**General** – Mawr Community Council has had a change of Clerk during the financial year and it is understood there has been a hiatus between the resignation of the previous Clerk in March 2016 and appointment of the new Clerk in May 2016. This has resulted in no direct handover or continuity that in itself has proved difficult; it is understood, for the new Clerk to assemble all the available documents. So my thanks to Cllr. R. Williams, who had temporarily covered the role of the clerk, and Rachel Bull the new Clerk of the Council, for their assistance.

Please find attached my report

Signed



Sharon Chapman

Dated

25<sup>th</sup> July 2016



## Internal Audit Report – Financial Year 2015/2016

Internal Control	Tests	Yes/No	Comment	Recommendation
Previous Internal Audit Report	Do the Minutes record that Council has considered the Internal Audit Report for the previous year and matters arising addressed	Yes	Minutes 17/06/2015 95/2015 MDT Loan agreed to repaid 5/6/14 Special meeting Employment Contracts all in process of being updated. Training for councillors put in place.	
Proper Bookkeeping	Is the Ledger/database maintained with up to date payment date, payee and amount (and backed up)	Yes	Accountancy Service - Dragon Account Services. Swansea – Cash Book Maintained	
	Is the ledger/database arithmetically correct?	Yes		
	Is the cashbook regularly balanced? Bank Statement checked.	No	Accountancy Service – Dragon Accounts Services The Cashbook does not show that is it regularly balanced and the print out received does not show complete bank reconciliation.	Recommend that the layout in the cash book is amended to facilitate carrying out and minuting in-year bank reconciliations and that the cash book is scrutinised and reviewed as part of the internal system of financial control programme.
Standing Orders and Financial Regulations	Has the Council formally adopted Standing Orders and Financial Regulations? When reviewed?	Yes	14 <sup>th</sup> May 2014 Minutes 57/2014 12.12 This is reviewed at the AGM - last review 25 <sup>th</sup> May 2016 – 6.9	Note The Council must be aware that although the Clerk is the RFO, the Council is ultimately responsible for its finances, and should review thoroughly the Financial Regulations on a regular basis.

## Internal Audit Report – Financial Year 2015/2016

	Has a responsible Financial Officer been appointed?	Yes	R.Henderson / Clerk – resigned Mar 2016. New clerk appointed, Rachel Bull May 2016	
	Have items or services above a de minimis amount been competitively purchased?	Yes		
	Are payments in the cashbook supported by invoices and have they been authorised and minuted?	Yes	Authorized at Council Monthly Meeting – Financial Report	Recommend that the cheque sub is also checked and signed
	Has VAT on payments been identified, recorded and reclaimed?	No	Claim With Accountant It is also noted that some VAT has not been reclaimed. BT monthly invoices – a VAT invoice needs to be requested and three other invoices have been identified where VAT has not been identified	Recommend that a more robust check on invoices received and that the VAT is reclaimed as soon as possible and the process also forms part of the internal system of financial control programme.
	Is Section 137 expenditure separately recorded and within statutory limits?	Yes	B Torrington Residents Gift Garnswilt Activity Centre -Play scheme Felindre Eisteddford R Mainwaring Community Project Fund	
	Other legal powers identified	N/A		



## Internal Audit Report – Financial Year 2015/2016

	Do the minutes record the Council carrying out an annual risk assessment?	No	Have seen evidence of 2015/2016 Risk Assessment Document but it is not recorded in the minutes	Recommend that the reviewed risk assessment is properly minuted
	Is insurance cover appropriate and adequate?	Yes		
	Are internal financial controls documented and regularly reviewed?	Yes	Monthly Financial Report	
Budgetary Controls	Has the Council prepared an annual budget in support of its precept?	Yes		
	Is the actual expenditure against the budget regularly reported to Council?	Yes	An Excel Spreadsheet shows a monthly expenditure to budget	
	Are there any significant unexplained variances from budget?	No		
Income Controls	Is income properly recorded and promptly banked?	Yes	No income generated by Mawr Community Council	

## Internal Audit Report – Financial Year 2015/2016

	Does the precept recorded in the cashbook agree to the City and County of Swansea council's notification?	No	Have not seen the City & County of Swansea's notification. But the Amount received agrees with precept noted in the budget minutes	
	Are security controls over cash adequate and effective?	N/A	N/A	
Petty Cash Procedures		N/A	No Petty Cash Float carried or maintained	
Payroll Controls	Do salaries paid agree with those approved by Council?	Yes	SSCE salary for Clerk all other employees paid the National Living Wage or above.	
	Are other payments to the Clerk reasonable and approved by council?	Yes	Clerk Allowance and expenses paid monthly on receipt of claim	
	Has PAYE/NIC been properly operated by the Council as an Employer?	Yes	Dragon Accounting Services run the payroll and a monthly statement is received and reviewed with monthly financial report	
Assets Controls	Does the Council keep an Assets Register of all material assets owned?	Yes		Recommend that the Assets Register is updated annually as part of financial controls programme
	Is the Register up to date?	No	The register is in the process of being updated. I have seen correspondence that indicates MCC is updating	



## Internal Audit Report – Financial Year 2015/2016

	Do asset insurance valuations agree with those in the Register?	Yes	I am informed that a review has been planned with the Insurance Broker in August 2016	
Bank Reconciliation	Is there a bank reconciliation for each bank account?	Yes	Only one account – HSBC Current Account	
	Is the bank reconciliation carried out regularly on the receipt of statements?	No	Dragon Accounts Services The Bank reconciliations are insufficient and an incorrect balance brought forward from 2014/2015 and carried throughout the year	Recommend that the Monthly Financial report includes a reconciliation of the bank statement
	Are there any unexplained balancing entries in any reconciliation?	No		
Year End Procedures	Are the year end accounts prepared on the correct accounting basis?	Yes		
	Do accounts agree with the ledger/database?	Yes		
	Is there an audit trail from underlying financial records to the accounts?	Yes		
	Where appropriate, have debtors and creditors been properly recorded?	N/A		